

GENERAL AGREEMENT ON

RESTRICTED

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TARIFFS AND TRADE

Limited Distribution

SUBSIDIES

Notifications Pursuant to Article XVI:1

CANADA

The following notifications cover expenditures during the fiscal or crop year 1985-86 or, more recently where available. It is not clear to what extent such programmes constitute subsidies within the meaning of Article XVI:I 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:I.

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I LIVESTOCK AND PRODUCTS

A. DAIRY PRODUCTS

1. Agricultural Stabilization for Dairy Products

a) Nature and Extent of the Program

i) 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 Agricultural Stabilization Board under the Agricultural Stabilization Act, R.S.C. 1970. However, in order to finance the Commission's losses on skim milk powder exports, a levy is collected against producer's deliveries of milk.

ii) 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 payments under a quota system to farmers for milk and cream used for the manufacture of industrial dairy products.

iii) Amount of Payment

In the 1985-86 dairy year, the amount of direct subsidy payments by the CDC on industrial milk and cream was \$277 million at a rate of \$6.03 per hectolitre of standard milk.

b) Effect of the Program

The fundamental objectives of the Canadian dairy support program are to provide milk producers with the opportunity to obtain 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.

SUPPORT PRICES:

Period Between	Butter	Skim Milk Powder
	-- \$ per kg --	
April 1982 and August 1982	4.17	2.50
August 1982 and January 1983	4.33	2.59
January 1983 and April 1983	4.38	2.61
April 1983 and August 1983	4.42	2.65
August 1983 and January 1984	4.55	2.72
January 1984 and April 1984	4.60	2.74
April 1984 and August 1984	4.71	2.79
August 1984 and August 1985	4.78	2.85
August 1985 and August 1986	4.93	2.92
August 1986 and February 1988	5.10	3.01

Source: Canadian Dairy Commission, Annual Reports.

B. LIVESTOCK AND MEAT PRODUCTS

1. Agricultural Stabilization for Lambs and Sheep

a) Nature and Extent of the Program

i) 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 (refer to annex for recent changes).

ii) Incidence

During the 1985-86 year, deficiency payments were made on the 1981 sheep production, on the 1982 sheep and wool production and on the 1983 wool production.

iii) Amount of the Program

1981 Sheep: Two additional payments for 1981 sheep were made for \$283 on 55 lambs. Total program cost to March 31, 1986 was increased to \$470,415.

1982 Sheep (Lambs and Wool): Support for sheep in the production year 1982 (January 1, 1982 through December 31, 1982) was provided for the two (2) primary products, wool and lambs, and in accordance with the minimum provisions of the Act. Payments amounting to \$3,923 for lamb and, \$860 for wool were made during the 1985-86 fiscal year. The total cost for the 1982 lamb program to date was \$220,263. The total cost for the 1982 wool program to date was \$267,790.

1983 Sheep (Wool): Thirty payments were made in 1985-86 which amounted to \$3,978. The total program cost as of March 31, 1986, was \$130,987.

iv) Estimated Payment Per Unit

Under the 1981 program, the estimated payment per unit amounted to \$5.14 per lamb (\$5.35 per cwt). The estimated payments per unit under the 1982 Program were \$1.70 per lamb (\$1.77 per cwt) and \$0.39 per kg of wool. Under the 1983 program, the estimated payment per unit amounted to \$0.24 per kg of wool.

b) Effect of the Program

Agricultural Stabilization Board payments help stabilize producer incomes and minimize the impact of short-term price shocks. By insulating incomes against short-term disruptions in 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.

2. Agriculture Stabilization for Market Hogs and Weaner Pigs

a) Nature and Extent of the Program

i) 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.

ii) Incidence

Payments were made in the 1985-86 fiscal year towards the 1979-80, 1980-81, 1983-84 and 1985 programs for hogs.

iii) Amount of the Payment

1979-80 Hogs: One additional adjustment payment for 1979-80 hogs was made which amounted to \$527. The total 1979-80 program cost to date was \$42,843,731.

1980-81 Hogs: Adjustment payments for 1980-81 hogs were made amounting to \$9,910. The total 1980-81 hog program was increased therefore to \$106,194,487.

1983-84 Hogs: Under Order in Council P.C. 1984-2968 the prescribed price for hogs marketed during the 1983-84 production year (April 1, 1983 to March 31, 1984) was set at 95 percent of the previous five-year average market price indexed for changes in cash costs of production. Net program cost was estimated at \$59.1 million. This fiscal year, payments on claims outstanding amounted to \$384,298. Total payments as at March 31, 1986 increased to \$56,949,467.

1985 Hogs: Under Order in Council P.C. 1986-445 dated February 27, 1986, payments were authorized to provincial agencies responsible for the hog stabilization schemes for the benefit of hog producers in Canada. The purpose was to stabilize the prices of hogs at prices as prescribed by the Agricultural Stabilization Act for the second and third calendar quarters of 1985. Other payments were made directly to producers or through such agents as determined by the Agricultural Stabilization Board. The support prices per hundredweight were set at \$64.65 for the second quarter and \$70.85 for the third quarter. This, compared with market prices averaging at \$63.07 and \$67.31 for the same quarters, gave a payout of \$1.58 and \$3.54 per cwt or \$2.73 per head for the second quarter and \$6.10 per head for the third quarter respectively. As at March 31, 1986 total expenditures amounted to \$14,514,028.33.

iv) Estimated Amount Per Unit

Market Hogs:

- (1979) \$2.46 per hundredweight (\$4.15 per hog)
- (1980) \$5.35 per hundredweight (\$8.96 per hog)
- (1983) \$3.81 per hundredweight (\$6.54 per hog)
- (1985) \$1.58 per hundredweight (\$2.73 per hog) - (2nd Qtr)
- \$3.54 per hundredweight (\$6.10 per hog) - (3rd Qtr)

b) Effect of the Program

Agricultural Stabilization Board payments help stabilize producer incomes and minimize the impact of short-term price shocks. By insulating incomes against short-term disruptions in 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.

3. Agricultural Stabilization for Cattle

a) Nature and Extent of the Program

i) Background and Authority

Cattle 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.

ii) Incidence

During the 1985-86 fiscal year, deficiency payments were made on cattle production in the third quarter of 1985.

iii) Amount of the Payment

The support price for the third quarter was set at \$69.47 per hundredweight, compared to a market price of \$66.95 per hundredweight, giving a deficiency payment of \$2.52 per hundredweight or \$28.22 per head. For the fiscal year, total expenditures amounted to \$9,712,523.73.

iv) Estimated Payment per Unit

Under the 1985 Program, the estimated subsidy per unit amounted to \$2.52 per cwt (\$28.22/head) in the third quarter.

b) Effect of the Program

Agricultural Stabilization Board payments help stabilize producer incomes and minimize the impact of short-term price shocks. By insulating incomes against short-term disruptions in 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 CROPS AND PRODUCTS

A. GENERAL

1. Advance Payments for Crops Program

a) Nature and Extent of the Payments

i) Background and Authority

The Advance Payments for Crops Act (APCA) was enacted 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, based on a portion of expected market prices, to their members. The producer can then store his crops until market conditions improve. During 1985-86, advance payments were made to producers of potatoes, carrots, rutabagas, onions, cabbage, apples, pears, sunflower seeds, oats, corn, barley, honey, rye, tobacco, soybeans, parsnips, canola, alfalfa seed, leeks and flax.

This program is administered by Agriculture Canada.

ii) Incidence

Agriculture Canada guarantees repayment of 98 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.

iii) Cost of the APCA

During 1985-86, interest costs paid by the government amounted to \$12.9 million.

iv) Estimated Program Cost Per Producer

In 1985-86, 12,244 producers benefitted from this program. The average amount of program cost per producer was \$1,054.68.

b) Effect of the Marketing Program

This program is designed to maintain cash flow for farmers at harvest while allowing them to store commodities and market them to better advantage over the entire marketing year.

2. Crop Insurance

a) Nature and Extent of the Program

i) Background and Authority

The Crop Insurance Act of 1959 enables the Federal Government to enter into an agreement with any province to make contributions towards 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 province's liability whenever indemnities greatly exceed premiums and reserves.

ii) Incidence

In 1985-86, shared cost agreements were operative with all ten provinces. For this period, federal contributions toward total administration costs were \$5.5 million and premiums totalled \$192.7 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.

iii) Amount of the Payment

The Federal Government contributed \$198,185,985 for the 1985-86 fiscal year.

iv) Payment Per Unit

The Federal Government contributed an average of \$1,581 per insured farmer.

b) Effect of the Program

This program is designed to reduce, at the farmer level, the detrimental economic effects of severe crop losses due to uncontrollable natural hazards. Due to the high cost of such protection, federal government contributions make the program available at an affordable cost and have the effect of reducing the need for emergency financial aid when disasters occur.

3. Western Grain Stabilization Program

a) Nature and Extent of the Program

i) 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. Amendments in June 1984 provided for a "per unit" (tonne) measure to be added to the original net cash flow measures as part of the payout formula, and for the operating period for the program to be changed from the calendar year to the crop year (August 1 to July 31).

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

ii) 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 paid in 1985/86 a levy at a rate of 1 percent of eligible grain sale proceeds.

iii) Amount of the Payment

The government's share of payments made during the 1985-86 crop year amounted to \$572 million.

iv) Estimated Amount Per Unit

Payments issued in the 1985-86 crop year averaged \$4,153 per recipient.

b) Effect of the Program

While compensating producers for uncertainty and variation in their returns due to temporary market fluctuations, the program is neutral with respect to producers' choices of output and input.

4. Western Grain Transportation Act (WGTA)

a) Nature and Extent of the Program

i) Background

Until January 1984, freight rates on grains moving out of Western Canada were fixed at levels first set in 1897. Although these fixed rates originally covered the railways' costs of transporting grain, by the 1970's significant problems began to occur. These problems included large annual railway revenue losses on hauling grain, a lack of railway funds to invest in railway capacity and agricultural market distortions in Western Canada. The Western Grain Transportation Act (WGTA), which became effective January 1, 1984 was designed to alleviate these

problems. The WGTA requires that the railways be compensated for the costs of moving grain. This will generally mean that farmers will pay more for transporting their grain by rail than was the case prior to the WGTA coming into effect.

ii) Incidence

Under the WGTA, the federal government is required to pay a basic portion of total railway costs of transporting grain that is based on the difference which existed in 1981-82 between the total cost of transporting grain and what producers were then paying for transporting their grain. The government can also be required to pay an additional amount as a result of an inflation sharing provision of the WGTA. A safety net was also established which limits producers freight rate increases so that freight rates do not exceed a final percentage of average grain prices.

iii) Amount of the Payment

In the 1985-86 crop year ending July 31, 1986, the railways received \$628.0 million from the federal government for transporting grains and oilseeds.

iv) Estimated Amount Per Unit

In the 1985-86 crop year, government payments under the WGTA to the railways averaged about \$21.93 per tonne.

b) Effect of the Program

The program increases the portion of transportation costs paid by prairie grain producers; provides the railways with adequate revenues to invest in new plant and equipment thereby improving and expanding the grain handling and transport system; and partially reduces the distortions affecting prairie agriculture because more crops and products benefit equally from below cost freight rates.

5. Agricultural Products Co-operative Marketing Act (APCMA)

a) Nature and Extent of the Program

i) Background and Authority

The APCMA provides the authority for the Minister of Agriculture to enter into an agreement with a cooperative association, processor or selling agent (an organization which markets an agricultural product). This agreement guarantees to the organization the initial payment made to producers and eligible processing, carrying and selling costs of the organization, to a fixed maximum. In addition, the organization's financial obligations can be arranged to complement their marketing program.

ii) Incidence

The agreement covers the production of an agricultural product for a crop year. At the end of the period, if the actual average price received by the organization is less than the initial payment plus the eligible costs of the organization, the government makes payment for the difference to the organization. If the actual average price is greater than the guaranteed level and excess funds are available in the pooling account, a final payment is made to the producers.

During the fiscal year ending March 31, 1986, the Minister of Agriculture entered into fourteen agreements with nine different organizations under the provisions of the Agricultural Products Cooperative Marketing Act. The total guarantee under the fourteen agreements was \$226.0 million. The nine organizations represented 29,804 producers.

Since the conception of the program there have been very few incidences where the actual average price has been lower than the guaranteed level in a given agreement, in which case the government has had to make a liability payment.

iii) Amount of the Payment

No payments were made in 1985-86.

iv) Estimated Amount Per Unit

NIL

b) Effect of the Subsidy

The APCMA is a market development program designed to assist and encourage cooperative marketing of agricultural products by enabling organizations to source product more efficiently and market the product in a more orderly and systematic fashion throughout the season.

In the past, only unusual and unforeseen market disruptions have caused the actual average price to fall below the guaranteed level.

B. GRAINS AND GRAIN PRODUCTS

1. Agricultural Stabilization for Grains and Grain Products Outside the Canadian Wheat Board Designated Area

a) Nature and Extent of the Program

i) Background and Authority

Under authority of the Agricultural Stabilization Act, the Agricultural Stabilization Board must support the prices of named commodities including: corn, barley, oats and wheat grown outside the Canadian Wheat Board designated area. Support prices are set at a minimum of 90 percent of the previous five-year average market price, indexed for changes in the cash costs of production.

ii) 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. Other commodities can be designated for similar support from time to time.

During the 1985-86 fiscal year revisions were made to the 1982-83 grain corn program. Payments for grain corn sold between September 1, 1982 and August 31, 1983 were made which amounted to \$283,375.

iii) Amount of the Payment

The total cost of the 1982-83 program was increased in 1985-86 to \$13,826,886.

iv) Payment per Unit

The 1982-83 grain corn program deficiency payment was \$4.48 per tonne.

b) Effect of the Program

Agricultural 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.

2. Prairie Grain Advance Payments Act (PGAPA)

a) Nature and Extent of the Marketing Program

i) Background and Authority

The PGAPA provides for cash advances to producers in the Canadian Wheat Board designated area when quota delivery opportunities are restricted. Advances to grain producers under the Act are interest free and are made by the Canadian Wheat Board using its line of credit with the chartered banks. Interest costs on monies is borne by the Federal Government. As producers deliver grain, their advance payments are repaid through deductions from the sales receipts for their deliveries. This program is administered by Agriculture Canada and the Canadian Wheat Board.

ii) 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 1985-86 was \$30,000 per individual permit holder. Partnerships were eligible for advances up to \$60,000 while multi-farmer units of three or over were eligible for advances of up to \$90,000. 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 payments for the 1985-86 Program were:

Wheat: \$107 per tonne

Barley: \$ 75 per tonne

Oats: \$ 66 per tonne

Advances made to producers totalled \$340.7 million in the 1985-86 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.

iii) Amount of Interest Payments

Interest cost paid by the Federal Government for the 1985-86 crop year amounted to \$11.3 million. Payments for defaulted accounts totalled \$145,000 for the 1985-86 fiscal year.

iv) Estimated Amount of Payment Per Unit

For the crop year 1985-86, approximately 29,634 applications were accepted averaging \$380 in interest costs per applicant.

b) Effect of the Program

As a result of this program, farmers were able to obtain an interest free advance payment for their wheat, oats and barley at harvest time when delivery opportunities were restricted. This minimizes the burden of borrowing money at commercial interest rates during such periods when cash flow to the grains sector is critical.

3. Feed Freight Assistance Program

a) Nature and Extent of the Program

i) Background and Authority

Under this program, the Federal Government pays a portion of the transportation costs incurred in shipping feed grains to users in feed deficit areas of British Columbia, the Yukon, Northwest Territories and parts of Eastern Canada.

This program is administered by the Canadian Livestock Feed Board.

ii) Incidence

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

iii) Amount of the Payment

Expenditures on feed grains freight assistance during the crop year 1985-86 were \$15.2 million for the shipment of 1.6 million tonnes of grain, about 11 percent of the feed used in Canada.

Expenditures by Province are as follows:

<u>Province</u>	<u>Expenditure</u>
	- Cdn \$ -
Yukon and Northwest Territories	29,499
British Columbia	5,082,052
Ontario	212,885
Quebec	2,368,823
New Brunswick	2,018,528
Nova Scotia	2,668,891
Prince Edward Island	911,120
Newfoundland	1,942,245
TOTAL	15,234,043

iv) Estimated Payment Per Unit

During the 1985-86 crop year, the average expenditure was \$9.57 per tonne shipped under the program.

b) Effect of the Program

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

4. Freight Charges Equalization Program

a) Nature and Extent of the Program

i) Background and Authority

Section 272 of the Railway Act froze the "stop-off" rate to flour mills in Eastern Canada "for the purpose of encouraging the continued use of the Eastern Ports for the export of grain and flour". Appropriations under the Freight Charges Equalization program are designed to equalize freight charges between eastern and western Canada on the transport of flour for export markets.

This program is administered by the Grain Marketing Bureau of the Grains and Oilseeds Branch of Agriculture Canada.

ii) Incidence

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

iii) Amount of the Payment

Payments under this program for the 1985-86 fiscal year totalled \$513,448.

iv) Estimated Payment Per Unit

Approximately 82,283 tonnes of flour processed in Western Canada benefitted from the Freight Charges Equalization scheme. The average subsidy was \$6.24/tonne.

b) Effect of the Program

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

5. Initial Payments

a) Nature and Extent of the Program

i) 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. 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.

ii) 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.

iii) Amount of the Payment

In the 1985-86 crop year, there were pool account deficits in three accounts. The barley pool account had a deficit of \$171.4 million while the wheat and oats pool accounts had deficits of \$23.0 million and \$6.9 million respectively.

iv) Estimated Amount Per Unit

	\$/tonne
Barley	31.46
Wheat	1.06
Oats	34.10

b) Effect of the Program

Guaranteed Initial Payments enable producers to make seeding decisions with preliminary indications of the final returns they can expect from the 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.

C. OILSEEDS AND OILSEED PRODUCTS

1. Agricultural Stabilization for Oilseeds and Oilseed Products

a) Nature and Extent of the Program

i) Background and Authority

Under authority of the Agricultural Stabilization Act, the Agricultural Stabilization Board is required to support the prices of soybeans grown outside the Canadian Wheat Board area. Support prices are set at a minimum of 90 percent of the previous five-year average market price, indexed for changes in the cash costs of production.

ii) 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 5 year average market price for each commodity. For designated commodities the level of support is determined annually by an Order-in-Council.

In 1985-86, additional payments valued at \$490 were paid under the 1981-82 program.

During the 1985-86 fiscal year revisions were also made to the 1982-83 soybean program. Payments for soybeans marketed between September 1, 1982 and August 31, 1983 were made totalling \$13,777.

iii) Amount of the Payment

In 1985-86, the total cost of the 1981-82 program was increased to \$1,771,485.

The total cost of the 1982-83 program was increased to \$10,946,995 to 14,829 producers on 1,358,800 tonnes.

iv) Payment Per Unit

The deficiency payments for soybeans in 1981-82 and 1982-83 were \$3.02/tonne and \$14.03/tonne respectively.

b) Effect of the Program

Agricultural Stabilization Board payments help stabilize producer incomes and minimize the impact of short-term price shocks. By insulating incomes against short-term disruptions in 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.

D. FRUITS AND VEGETABLES

1. Agricultural Stabilization for Fruits and Vegetables

a) Nature and Extent of the Program

i) 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 not made until after the end of the corresponding marketing year when market prices, returns and costs are available. In addition to this delay, the submission of producer requests and the discretionary 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 decided on its own merits and individually set by an Order-in-Council. This process precludes any guarantee of stabilization assistance until announced by the Minister.

One of the functions of the Agricultural Products Board, as established under the Agricultural Products Board Act, is to take action in support of 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 sell products at prices lower than the purchase price plus handling and storage, only if authorized by the Governor-in-Council.

ii) Incidence

Under the Agricultural Stabilization Act deficiency payments are made directly to producers for the difference between the annual average market price and declared support price based on a percentage (decided by the Governor-in-Council) of the previous five-year average market price for each product, indexed for changes in cash costs of production. During the

1985-86 fiscal year, payments were made under the Agricultural Stabilization Act on apples, cabbages, carrots, coloured beans, pears, prunes, rutabagas and yellow seed onions produced in 1982 and pears, prunes and peaches grown in 1983.

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

iii.) Amount of the Payment

1982 Pears, Rutabagas, Onions, Apples, Carrots, Cabbages, Prunes and Coloured Beans: Adjustment payments on claims previously submitted amounted to \$22,943.00.

1983 B.C. Prunes: The 1983 British Columbia prune crop year had been designated for support under Order in Council P.C. 1985-3241 dated October 31, 1985. A support price, set at 80 percent of the previous five-year average market price adjusted for cash cost of production changes of 10.03¢ per pound was set. A deficiency payment of 6.21¢ per pound was made. Total payments amounted in 1985 to \$452,076.

1983 B.C. Pears: The 1983 British Columbia pear crop was also designated for support under Order in Council P.C. 1985-3239 dated October 31, 1985. The support price was set at 80 percent of the previous five-year average market price adjusted for cash cost of production changes or 10.29¢ per pound. A deficiency payment of 4.07¢ per pound was authorized. Total payments amounted to \$1,269,861.

1983 B.C. Peaches: 1983 British Columbia peaches were also designated for support under Order in Council P.C. 1985-3240 dated October 31, 1985, at 80 percent of the previous five-year average market price adjusted for cash cost of production

changes of 20.21¢ per lb with market returns of 11.62¢ per lb. A deficiency payment of 8.59¢ per pound was made. Total amounts paid this fiscal year were \$1,608,403.

iv) Payment Per Unit

	<u>Crop Year 1982</u>	<u>Crop Year 1983</u>
Apples	\$ 0.0463/kg	
Cabbages	\$ 0.0141/kg	
Carrots	\$ 0.0165/kg	
Onions	\$ 0.0086/kg	
Pears	\$ 0.0749/kg	\$ 0.0407/lb
Rutabagas	\$ 0.0066/kg	
Coloured Beans	\$200.88/tonne	
Prunes	\$ 0.0547/kg	\$ 0.0621/lb
Peaches		\$ 0.0859/lb

b) Effect of the Program

Agricultural Stabilization Board payments help stabilize producer incomes and minimize the impact of short-term price shocks. By insulating incomes against short-term disruptions in 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.

2. Canadian Agricultural Market Development Initiative (CAMDI)

a) Nature and Extent of the Contribution

i) Background and Authority

The Federal Government, through Treasury Board Approved Grants and Contributions, provides financial support to assist in the development of markets for Canadian agri-food products. The program is a consolidation of 6 existing grants and contributions which was approved by Treasury Board, in February,

1985. One of the CAMDI elements is the former Fruit and Vegetable Storage Construction Financial Assistance Program. The program is administered by Agriculture Canada.

ii) 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.

iii) Amount of the Contribution

Expenditures toward the construction of storage facilities for the 1985-86 fiscal year amounted to \$994,054.

iv) Estimated Contribution Per Unit

There were a total of 22 projects financed through the Fruit and Vegetable Construction Financial Assistance Program. This amounts to an average of \$45,184 per project.

b) Effect of the Program

This federal program has improved the ability of fruit and vegetable producers to market their products over a longer season. This in turn provides consumers with high quality Canadian produce for an extended time period each year.

E. SUGAR AND RELATED PRODUCTS

1. Agricultural Stabilization for Sugar

a) Nature and Extent of the Program

i) Background and Authority

Under authority of the Agricultural Stabilization Act, the Agricultural Stabilization Board may support the price of sugar. Support prices are set at a maximum of 90 percent of the previous five-year average market returns and indexed for changes in cash costs of production. For designated commodities, such as sugar, the level of support is determined annually by an Order-in-Council.

ii) Incidence

During the 1985-86 year, sugar beet producers received deficiency payments for the 1985 sugar beet crop.

iii) Amount of the Payment

The 1985 sugar beet crop was designated for support under the Act by Order in Council P.C. 1985-3680 dated December 19, 1985. The prescribed price for 1985 sugar beets was set at 93.2 percent of the five-year average producer returns adjusted for cash costs of production. A deficiency payment of \$10.00 per standard tonne yielding 125 kg of sugar was authorized accordingly. Since final market returns to producers were not expected to be available until later in the year, an interim payment was provided. As of year end, expenditures amounted to \$2,432,992.

iv) Payment Per Unit

The payment per unit for 1985 sugar beets was \$10.00 per standard tonne yielding 125 kg of sugar or \$6.00 per field tonne.

b) Effect of the Program

Agricultural Stabilization Board payments help stabilize producer incomes and minimize the impact of short-term price shocks. By insulating incomes against short-term disruptions in 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.

TABLE A: MILK PRODUCTS - SUPPLY AND DISPOSITION

Commodities	Calendar Year	Beginning Stocks	Production	Imports	Domestic Disappearance	Exports	Ending Stocks
--- tonnes ---							
Creamery Butter	1983	36,925	103,585	25	108,647	4,144	27,744
	1984	27,744	107,788	67	106,842	288	28,469
	1985	28,469	94,882	121	102,837	877	19,758
	1986	19,758	98,693	34	99,696	420	18,369
	1987	18,369	95,367	14	100,786	3,130	9,834
Cheddar Cheese	1983	36,211	99,448	-	91,837	3,439	40,383
	1984	40,383	101,356	451	97,170	3,893	41,127
	1985	41,127	109,532	418	103,213	9,144	38,720
	1986	38,720	111,597	422	107,104	8,912	34,723
	1987	34,723	117,934	490	110,902	7,490	34,755
Other Cheese	1983	11,873	83,542	19,336	101,862	1,181	11,708
	1984	11,708	91,081	20,964	110,092	1,364	12,297
	1985	12,297	103,161	18,994	119,923	1,313	13,216
	1986	13,216	114,310	18,759	134,832	1,175	10,278
	1987	10,278	128,575	18,287	143,506	1,511	12,123
Concentrated Whole Milk	1983	25,564	153,398	-	77,340	88,512	13,110
	1984	13,110	182,716	-	39,645	132,868	23,313
	1985	23,313	160,627	-	64,709	104,037	15,194
	1986	15,194	92,917	-	43,482	55,713	8,916
	1987	8,916	72,354	-	54,740	21,831	4,699
Sweetened Concentrated Milk	1983	218	14,596	-	14,511	-	303
	1984	303	14,030	-	14,156	-	177
	1985	177	14,382	-	14,237	-	322
	1986	322	11,815	-	11,952	-	185
	1987	185	10,396	-	10,340	-	241
Skim Milk Powder	1983	29,511	122,956	-	43,699	81,864	26,904
	1984	26,904	129,387	-	63,059	70,001	23,231
	1985	23,231	98,926	-	46,022	60,581	15,554
	1986	15,554	106,133	-	45,311	66,072	10,304
	1987	10,304	101,887	5,394	58,512	46,154	12,919

Source: Statistics Canada

TABLE B: BEEF - SUPPLY AND DISPOSITION (metric tonnes)

Calendar Year	Beginning Stocks	Production	Imports	Supply	Disappearance	Exports	Ending Stocks
1983	13,293	994,582	90,650	1,098,524	998,534	82,375	17,615
1984	17,690	951,845	113,624	1,083,159	963,030	104,526	15,603
1985	15,704	988,853	113,643	1,118,200	984,108	116,492	17,600
1986	17,600	991,684	109,836	1,119,120	1,003,619	102,309	13,192

Source: Livestock and Animal Products Statistics, Statistics Canada, 1986

TABLE C: MUTTON AND LAMB - SUPPLY AND DISPOSITION (metric tonnes)

Calendar Year	Beginning Stocks	Production	Imports	Supply	Disappearance	Exports	Ending Stocks
1983	2,056	8,731	13,792	24,579	19,919	197	4,463
1984	4,496	9,180	9,834	23,477	21,852	39	1,586
1985	1,592	8,547	11,719	21,858	19,384	98	2,376
1986	2,376	8,752	16,210	27,338	24,145	53	3,140

Source: Livestock and Animal Products Statistics, Statistics Canada, 1986

TABLE D: PORK - SUPPLY AND DISTRIBUTION - SUPPLY AND DISPOSITION (metric tonnes)

Calendar Year	Beginning Stocks	Production	Imports	Supply	Disappearance	Exports	Ending Stocks
1983	9,449	852,047	19,418	880,914	712,906	157,552	10,456
1984	10,456	562,536	14,739	887,731	721,208	175,295	11,228
1985	11,062	900,298	17,038	928,393	722,953	196,457	8,983
1986	8,983	907,774	13,883	930,640	707,557	215,008	8,075

Source: Livestock and Animal Products Statistics, Statistics Canada, 1986

TABLE E: SUPPLY AND DISPOSITION FOR CANADIAN GRAINS AND OILSEEDS, CROP YEARS ('000 t)

	Grain and Crop Year a/	Beginning Stocks	Pro- duction	Imports	Total Supply	Exports b/	Food and Industry c/	Other Domestic Use d/	Total Domestic Use	Ending Stocks	Average Price (\$ t) e/
Durum	1982-83	1,233	3,121	0	4,354	2,723	90	367	457	1,174	\$223.43
	1983-84	1,174	2,620	0	3,794	2,577	87	306	453	764	\$245.15
	1984-85	764	2,085	0	2,849	1,847	102	376	478	524	\$243.82
	1985-86	524	1,957	0	2,481	1,404	135	388	523	554	\$234.02
	f/ 1986-87	554	3,897	0	4,451	1,987	121	723	844	1,620	\$194.51
	f/ 1987-88	1,620	3,712	0	5,332	2,200	135	380	515	2,617	\$185-192
All Wheat Excluding Durum	1982-83	8,480	23,616	0	32,095	18,645	1,909	2,732	4,641	8,809	\$226.15
	1983-84	8,809	23,885	0	32,694	19,188	1,928	3,153	5,081	8,426	\$237.12
	1984-85	8,426	19,114	0	27,540	15,694	1,875	2,898	4,772	7,074	\$235.12
	1985-86	7,074	22,295	0	29,369	16,279	1,998	3,063	5,060	8,030	\$219.57
	f/ 1986-87	8,030	27,480	0	35,510	18,801	1,986	3,429	5,414	11,295	\$181.39
	f/ 1987-88	11,295	21,295	0	32,588	19,800	1,965	3,320	5,285	7,503	\$170-171
Wheat	1982-83	9,713	26,737	0	36,449	21,368	1,999	3,099	5,098	9,983	
	1983-84	9,983	26,505	0	36,488	21,765	2,015	3,519	5,534	9,190	
	1984-85	9,190	21,199	0	30,389	17,541	1,976	3,274	5,250	7,598	
	1985-86	7,598	24,252	0	31,850	17,683	2,133	3,450	5,583	8,584	
	f/ 1986-87	8,584	31,377	0	39,961	20,788	2,107	4,152	6,258	12,915	
	f/ 1987-88	12,915	25,005	0	37,920	22,000	2,100	3,700	5,800	10,120	
Barley	1982-83	4,131	13,965	1	18,097	5,648	399	6,921	7,320	5,129	\$100.13
	1983-84	5,129	10,209	0	15,338	5,536	395	7,435	7,830	1,971	\$130.11
	1984-85	1,971	10,296	84	12,351	2,781	385	7,029	7,414	2,156	\$133.16
	1985-86	2,156	12,443	6	14,605	3,795	378	7,127	7,505	3,305	\$103.26
	f/ 1986-87	3,305	14,688	0	17,993	6,740	375	7,623	7,998	3,255	\$81.54
	f/ 1987-88	3,255	14,241	0	17,496	5,500	400	7,650	7,900	3,946	\$65-71
Corn	1982-83	1,185	6,513	759	8,457	511	1,026	5,353	6,379	1,567	\$116.54
	1983-84	1,567	5,933	226	7,726	429	1,181	5,111	6,292	1,005	\$160.07
	1984-85	1,005	7,024	612	8,641	574	1,146	5,520	6,666	1,401	\$139.02
	1985-86	1,401	7,472	416	9,289	653	1,241	5,893	7,133	1,503	\$114.79
	f/ 1986-87	1,503	5,912	635	8,050	140	1,213	5,395	6,679	1,231	\$87.34
	f/ 1987-88	1,231	6,243	360	7,774	100	1,200	5,500	6,700	974	\$78-88
Oats	1982-83	855	3,637	0	4,492	105	82	3,135	3,217	1,170	\$94.83
	1983-84	1,170	2,773	0	3,943	121	73	3,054	3,127	695	\$127.62
	1984-85	695	2,670	1	3,366	18	74	2,655	2,729	619	\$123.87
	1985-86	619	2,997	0	3,616	44	72	2,724	2,796	776	\$92.02
	f/ 1986-87	776	3,380	0	4,156	245	90	2,724	2,814	1,097	\$76.96
	f/ 1987-88	1,097	3,161	0	4,258	150	80	2,820	2,900	1,208	\$60-70
Rye	1982-83	334	929	0	1,262	314	64	233	297	651	\$121.01
	1983-84	651	823	0	1,474	747	57	239	296	431	\$142.70
	1984-85	431	658	0	1,090	376	51	281	331	383	\$132.59
	1985-86	383	591	0	974	276	48	348	396	302	\$109.34
	f/ 1986-87	302	609	0	911	201	48	269	317	393	\$92.20
	f/ 1987-88	393	473	0	866	200	50	300	350	316	\$82-92

a/ The Canadian crop year is on a August-July basis.

b/ Includes exports of wheat and barley products.

c/ Includes rapeseed and flaxseed processed in Canada.

d/ Includes feed, seed, handling losses, waste and dockage.

e/ Crop year average prices: Durum (No.1CWAD, in store, St. Lawrence Ports)
Wheat (No.1CWRS 13.5% protein, in store, St. Lawrence Ports)
Barley (No.1Fd., WCE cash, in store, Thunder Bay)
Canola (No.1 Canada, WCE cash in store, Vancouver)
Flaxseed (No.1 CW, WCE cash, in store, Thunder Bay)
Soybeans (No.2, in store, Chatham)

f/ Agriculture Canada forecast.

TABLE E: SUPPLY AND DISPOSITION FOR CANADIAN GRAINS AND OILSEEDS, CROP YEARS ('000 t)

	Grain and Crop Year <u>a/</u>	Beginning Stocks	Pro- duction	Imports	Total Supply	Exports <u>b/</u>	Food and Industry <u>c/</u>	Other Domestic Use <u>d/</u>	Total Domestic Use	Ending Stocks	Average Price (\$/t) <u>e/</u>
Mixed Grain	1982-83		1,483		1,483			1,483	1,483		
	1983-84		1,162		1,162			1,162	1,162		
	1984-85		1,336		1,336			1,336	1,336		
	1985-86		1,441		1,441			1,441	1,441		
	f/ 1986-87		1,083		1,083			1,083	1,083		
	f/ 1987-88		1,075		1,075			1,075	1,075		
Total Coarse Grains	1982-83	6,505	26,531	760	33,796	6,578	1,571	17,125	18,696	8,517	
	1983-84	3,517	20,904	226	29,647	6,834	1,706	17,001	18,707	4,102	
	1984-85	4,102	21,990	697	26,789	3,749	1,658	16,818	18,476	4,572	
	1985-86	4,572	24,951	422	29,945	4,767	1,739	17,533	19,271	5,886	
	f/ 1986-87	5,886	25,672	635	32,193	7,341	1,726	17,094	18,891	5,971	
	f/ 1987-88	5,976	25,193	300	31,469	5,950	1,730	17,345	18,925	6,444	
Canola Seed	1982-83	692	2,225	3	2,920	1,271	904	258	1,162	486	\$306.99
	1983-84	486	2,609	6	3,102	1,498	1,159	325	1,484	120	\$439.11
	1984-85	120	3,428	6	3,554	1,456	1,285	342	1,628	470	\$387.32
	1985-86	470	3,508	11	3,989	1,456	1,211	372	1,583	950	\$303.02
	f/ 1986-87	950	3,809	11	4,770	2,120	1,552	462	2,014	636	\$239.89
	f/ 1987-88	636	3,549	20	4,205	1,800	1,450	420	1,870	535	\$242.00
Flaxseed	1982-83	259	752	0	1,011	430	N/A	N/A	117	465	\$293.92
	1983-84	465	444	0	909	627	N/A	N/A	127	155	\$361.03
	1984-85	155	694	0	849	560	N/A	N/A	145	144	\$352.35
	1985-86	144	902	0	1,046	614	N/A	N/A	159	273	\$292.16
	f/ 1986-87	273	1,026	0	1,299	690	N/A	N/A	151	458	\$210.45
	f/ 1987-88	458	706	0	1,164	680	N/A	N/A	150	334	\$200.00
Soybeans	1982-83	88	848	419	1,356	117	1,043	38	1,081	157	\$245.59
	1983-84	157	735	280	1,172	61	937	41	978	132	\$344.00
	1984-85	132	944	228	1,305	124	928	37	965	217	\$270.00
	1985-86	217	1,048	175	1,440	173	894	250	1,144	123	\$242.60
	f/ 1986-87	123	958	200	1,281	150	952	59	1,011	120	\$232.42
	f/ 1987-88	120	1,124	150	1,394	200	1,000	60	1,060	134	\$241.00
Total Oilseeds	1982-83	1,040	3,825	422	5,287	1,824	N/A	N/A	2,354	1,109	
	1983-84	1,109	3,788	286	5,182	2,186	N/A	N/A	2,589	407	
	1984-85	407	5,065	234	5,707	2,139	N/A	N/A	2,737	851	
	1985-86	851	5,458	186	6,475	2,243	N/A	N/A	2,886	1,346	
	f/ 1986-87	1,346	5,793	211	7,350	2,960	N/A	N/A	3,176	1,214	
	f/ 1987-88	1,214	5,379	170	6,763	2,680	N/A	N/A	3,080	1,003	
Total Grains and Oilseeds	1982-83	17,258	57,092	1,182	75,532	29,770	N/A	N/A	26,148	19,609	
	1983-84	19,609	51,197	512	71,317	30,785	N/A	N/A	26,830	13,699	
	1984-85	13,699	48,254	931	62,885	23,429	N/A	N/A	26,463	13,001	
	1985-86	13,001	54,661	608	68,270	24,693	N/A	N/A	27,740	15,816	
	f/ 1986-87	15,816	62,842	846	79,504	31,089	N/A	N/A	28,325	20,100	
	f/ 1987-88	20,105	55,577	470	76,152	30,630	N/A	N/A	27,805	17,567	

a/ The Canadian crop year is on a August-July basis.

b/ Includes exports of wheat and barley products.

c/ Includes rapeseed and flaxseed processed in Canada.

d/ Includes feed, seed, handling losses, waste and dockage.

e/ Crop year average prices: Durum (No.1CWAD, in store, St. Lawrence Ports)
Wheat (No.1CWRS 13.5% protein, in store, St. Lawrence Ports)
Barley (No.1Fd., WCE cash, in store, Thunder Bay)
Canola (No.1 Canada, WCE cash in store, Vancouver)
Flaxseed (No.1 CW, WCE cash, in store, Thunder Bay)
Soybeans (No.2, in store, Chatham)

f/ Agriculture Canada forecast.

TABLE F: FRESH FRUITS AND VEGETABLES - SUPPLY AND DISPOSITION (metric tonnes)

Commodity	Crop Year <u>1/</u>	Production	Imports	Fresh Exports	Available for Processing	Available for Fresh Use <u>2/</u>
Apples	1983-84	484,853	91,288	77,353	205,061	233,204
	1984-85	434,248	97,279	40,567	198,595	240,370
	1985-86	478,606	102,630	60,027	206,195	255,400
Apricots	1983-84	2,170 <u>3/</u>	1,233	23	966	2,414
	1984-85	2,323	1,510	91	1,043	2,699
	1985-86	2,274	1,751	N/A	N/A	N/A
Cherries (sweet and sour)	1983-84	14,962	8,638	11	9,788	13,801
	1984-85	15,763	6,756	176	10,477	11,865
	1985-86	16,039	2,816	N/A	N/A	N/A
Grapes	1983-84	84,791	161,726	1,410	75,459	169,648
	1984-85	94,208	155,448	2,434	84,598	162,608
	1985-86	70,636	164,638	2,597	N/A	238,677
Pears	1983-84	28,679	51,268	704	8,052	51,191
	1984-85	24,353	34,697	446	5,974	52,630
	1985-86	28,217	33,061	775	8,486	52,017
Plums	1983-84	6,249	25,889	4	323	31,811
	1984-85	5,392	30,995	47	412	35,928
	1985-86	6,340	26,179	-	807	31,712
Cabbage	1983-84	134,124	37,265	8,496	7,009	155,884
	1984-85	160,644	29,675	2,720	N/A	N/A
	1985-86	156,202	29,747	9,986	N/A	N/A
Carrots	1983-84	255,093	52,363	58,929	41,193	207,334
	1984-85	283,757	54,310	61,963	48,204	227,900
	1985-86	264,563	58,872	55,080	51,154	217,201
Cucumbers	1983-84	76,217	37,172	914	46,505	65,970
	1984-85	83,391	35,591	1,505	47,355	70,122
	1985-86	74,974	36,975	1,841	41,541	68,567
Onions	1983-84	115,436	58,073	21,979	8,471	143,050
	1984-85	147,799	52,939	23,852	9,262	167,624
	1985-86	147,957	53,824	26,599	N/A	N/A
Rutabagas	1983-84	79,033	-	28,797	4/	4/
	1984-85	111,274	-	28,799	3/	3/
	1985-86	92,585	-	25,689	4/	4/
Tomatoes	1983-84	450,963	149,393	861	388,206	211,289
	1984-85	618,249	134,992	1,444	534,198	217,599
	1985-86	560,920	142,162	969	545,410	156,703

1/ Crop Year: 1 July to 30 June

2/ May also include fresh imports for processing

3/ British Columbia only

4/ Confidential data

Source: Horticulture and Special Crops Statistical Tables 1986,
Agriculture Canada

TABLE G: SELECTED VEGETABLES - SUPPLY AND DISPOSITION (metric tonnes)

Commodity	Crop Year	Production	Imports	Fresh Exports	Processed	Available For Use <u>2/</u>	Shrinkage	Used For Seed
Beans <u>1/</u> (Dried)	1982-83	90,460	11,088	58,107	-	43,441	-	-
	1983-84	52,000	14,044	52,336	-	13,708	-	-
	1984-85	63,800	11,528	58,925	-	16,403	-	-
	1985-86	86,000	11,576	66,587	-	30,989	-	-
Potatoes <u>3/</u>	1982-83	2,798,980 (F)	253,380 (T) 7,510 (S)	104,285 (T) 101,276 (S)	164,412 (T)	810,960 <u>4/</u>	576,565	1,004,182
	1983-84	2,556,070 (F)	263,540 (T) 8,414 (S)	136,108 (T) 115,746 (S)	145,364 (T)	753,190 <u>4/</u>	532,892	889,860
	1984-85	2,798,490 (F)	145,619 (T) 10,399 (S)	202,253 (T) 121,380 (S)	767,326	1,008,108	583,101	N/A
	1985-86	2,952,670 (F)	135,012 (T) 10,649 (S)	142,617 (T) 80,274 (S)	850,000	1,413,084	612,383	N/A

(F) Fresh
(S) Seed
(T) Table

1/ Crop Year: August 1 to July 31
2/ Domestic Use Only
3/ Crop Year: July 1 to June 30
4/ Preliminary Estimate

IV TERMINATED PROGRAMS

FRUIT AND VEGETABLE STORAGE CONSTRUCTION FINANCIAL ASSISTANCE PROGRAM

In 1985-86, the Fruit and Vegetable Storage Construction Financial Assistance Program was terminated. The role played by this program in providing financial assistance to the construction of fruit and vegetable storage facilities was incorporated as one of the elements of the new Canadian Agricultural Market Development Initiative (CAMDI). The Canadian Agricultural Market Development Initiative provides financial support to assist in the development of markets for Canadian agri-food products.

LOCAL FEED GRAIN SECURITY PROGRAM

This program began operating in March of 1978 with applications for assistance being accepted until March 31, 1984. Under this program, assistance was provided to the development of grain storage at feed mills in grain deficit areas of eastern Canada and British Columbia. Assistance was provided under the program up until the point where additional inventories were equal to the new storage space created.

V ANNEX

ANNEX TO THE NOTIFICATION PURSUANT TO ARTICLE XVI:I
CANADA, 1985/86

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.

AGRICULTURAL STABILIZATION CHANGES

In July 1985, the Agricultural Stabilization Act was amended to enable "tripartite" plans that secure participation by producers and the Federal and Provincial Governments. Programs currently exist for lambs, hogs, slaughter cattle, feeder calves, dry beans, sugar beets and apples. Participation in these voluntary programs varies significantly for these commodities. The programs for livestock came into effect January 1, 1986. The programs for sugar beets, beans and apples came into effect in 1987.

For hogs, slaughter cattle and feeder cattle, the support price under the new plans is based on a guaranteed margin approach which equals an estimate of national cash costs plus a percentage of the historical margin of prices over cash cost. (95 percent in the case of hogs, 50 percent in the case of slaughter cattle and 90 percent for feeder cattle.)

For lambs and cow-calf operations, the support price is based on a percentage of the ten year average price, adjusted for inflation. For lambs, this percentage is 95 percent, for feeder calves it is 85 percent.

For the sugar beet program, the support price is equal to 75 percent of the current year cash cost of production plus 20 percent of the previous fifteen year average price, adjusted for inflation.

The program for dry beans covers three categories of beans, each having its own support price. The categories of beans included are white pea beans (navy beans), kidney and cranberry beans and other dry, edible beans. The support price for each category of beans is based on a guaranteed margin approach where the support price is equal to the current year cash cost of production plus 90 percent of the historical margin of prices over cash costs, over the last seven years.

For the apple program, the support price is based on 85 percent of the ten year average price, adjusted for inflation.

For these plans, levels of support have been chosen such that the financing costs are a percentage of gross cash receipts in each sector. Each participant pays one-third of the costs of the program by paying a premium into an interest bearing stabilization fund. All payments are made from this fund. Premium rates are chosen to provide an expected zero balance to the fund over time.

SPECIAL CANADIAN GRAINS PROGRAM

Under the Special Canadian Grains Program (SCGP), announced in December 1986, grain and oilseed farmers received cash payments totalling \$1 Billion to cushion the impact of the subsidy war between the European Economic Community and the United States. Crops covered were wheat, barley, oats, rye, mixed grains, corn, soybeans, canola/rapeseed, flax and sunflower.

Under an extended program, farmers will receive payments totalling \$1.1 Billion for crops grown in 1987. Other crops also covered include dry peas, lentils, canary seed, safflower, buckwheat, fababeans, mustard, dry beans, triticale, summerfallow and alfalfa.

DEFICIT IN CANADIAN WHEAT BOARD POOL ACCOUNTS

A deficit occurred in the 1986-87 Canadian Wheat Board operations for barley as a result of sales being less than initial payments to producers plus marketing costs. Although initial prices and CWB pool deficits are guaranteed by the federal government, payments to cover deficits are very rare. Since 1943 the value of all the deficits has only totalled \$392.3 million.

1986 SUGAR BEET CROP (FINANCIAL SEEDING ASSISTANCE)

A payment was authorized to Alberta and Manitoba sugar beet producers for planting their 1986 sugar beet crop. Payment was based on the 1986 planted acreage, the average yield related to the tonnes/hectare of beets, and sugar extraction rates of previous years. At March 31, 1987, 938 producers had received payments amounting to \$9,942,874.

Order-in-Council P.C. 1986-1/2388, dated October 23, 1986, authorized the Minister of Agriculture to enter into an agreement with sugar beet growers in the province of Quebec to provide compensation for the loss of equity due to declining land values as a result of the discontinuation of sugar beet refinery operations in Quebec, pursuant to subsection 5(2) of the Department of Agriculture Act, 1970 RSC, C.A-10. While such payments were made directly to the producers, they were based on the terms and conditions of the proposed provincial program, more specifically, on that component of the program covering the loss of equity in land asset value.

At March 31, 1987, 102 producers had received payments amounting to \$1,796,167.

1985 PRINCE EDWARD ISLAND AND NEW BRUNSWICK POTATOES

Order-in-Council P.C. 1986-1/1426, dated June 12, 1980, authorized the Minister of Agriculture to enter into agreements with the Governments of the Provinces of Prince Edward Island and New Brunswick for contributions to the costs incurred in the diversion of excess table potato inventories.

At the end of the fiscal year 1986-87, \$3,130,000 was paid to the province of New Brunswick and \$6,000,000 to the province of Prince Edward Island for the benefit of producers.

PART II: OTHER PROGRAMMES

A. EXPORT DEVELOPMENT CORPORATION

The Export Development Corporation (EDC) of Canada is a Crown Corporation wholly owned by Canada established 1 October 1969 by the Export Development Act. It is 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, provides 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

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 1987 was approximately \$0.9 billion, which, combined with \$3.5 billion of insurance and related guarantees extended, resulted in 1987 in a total of \$4.4 billion.

B. FISHERIES PRICES SUPPORT BOARD

The Fisheries Prices Support Board is responsible for investigating and, when appropriate, recommending action under the Fisheries Prices Support Act to support prices of fishery products where declines have been experienced.

Subject to Governor in Council approval, the Board is empowered to:

- (a) prescribe prices for fishery products;
- (b) purchase fishery products at such prescribed prices and to process, package, store, ship, market or otherwise dispose of such products;

- (c) compensate producers for the difference between such prescribed price and the average market price; and
- (d) enter into contract and to appoint agents for the purposes listed.

The Board may consequently be authorized to purchase and store fishery products. Processors must agree to pay storage, insurance and other related costs during the time the product is held by the Board and have the option to repurchase their product at cost from the Board within a specified time frame. Products not claimed by the original supplier may be disposed of by the Board (Buy and Sell Programme).

There were no price stabilization programs implemented in 1987/88 by the Board due to favourable market conditions for most fisheries products.

C. PROGRAM FOR EXPORT MARKET DEVELOPMENT (PEMD)

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 1987/88 is \$22.3 million and in 1988/89, \$22.3 million as well.

D. INDUSTRIAL AND REGIONAL DEVELOPMENT PROGRAMME (IRDP)

The IRDP was instituted in 1983 as the major program of the newly created Department of Regional Industrial Expansion. The IRDP was a multi-faceted programme of industrial financial assistance designed to promote industrial development and combat regional disparities in Canada. The IRDP incorporated a number of previous programmes including, in particular the Regional Development Incentives Act (RDIA), and the Enterprise Development Program (EDP).

Commercially viable projects in the manufacturing processing sectors which would provide significant economic benefits, but would not proceed without assistance were eligible for assistance under the IRDP. Assistance in the form of contributions was provided for eligible projects in the following programs elements:

- 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 information; special events; market research.

The level of assistance depended on the nature of the project and its location; 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. In 1986-87, \$206.6 million was authorized for projects supported under the IRDP.

The Programme expired on June 30, 1988.

E. CANADA/YUKON SUBSIDIARY AGREEMENT ON MINING INDUSTRY RECOVERY:
YUKON MINING RECOVERY PROGRAM

The objective of the Yukon Mining Recovery Program is to help stimulate and stabilize Yukon's mining industry by providing Yukon mining operations with a proportion of the capital investment required to resume production and/or continue production in the face of continuing economic hardships. This program provides up to \$3 million of eligible expenditures for approved recovery projects. Funds of \$3 million have been provided for this program by the federal government and any future funding will be sought on the basis of qualified projects which demonstrate merit and availability of funds. The program is managed by the Yukon Department of Economic Development. Funding provided for this program amounted to \$3 million in 1985/86. No funding was available for 1986/87 or for 1987/88. The agreement expires on March 31, 1989.

F. ATLANTIC CANADA OPPORTUNITIES AGENCY (ACOA)

The Atlantic Canada Opportunities Agency (ACOA) was established in June, 1987, by the Government of Canada to spearhead combined regional and national efforts to increase earned incomes and improve employment opportunities in Atlantic Canada. The region is comprised of four provinces - New Brunswick, Nova Scotia, Prince Edward Island, and the Province of Newfoundland and Labrador.

ACOA's primary objective is to develop and implement new policies and programs contributing to the long-term economic well-being of Atlantic Canada. ACOA now administers a number of programs related primarily to small and medium-sized businesses. In February 1988, the ACOA Action Program was introduced, replacing two previous regional development efforts - the Industrial and Regional Development Program (IRDP) and the Atlantic Enterprise Program (AEP). The Action Program offers assistance adapted to the special circumstances of Atlantic Canada which includes direct financial and tax credit assistance towards feasibility and marketing studies; establishment, expansion and modernization of business facilities; new product development; and innovation assistance.

Eligible sectors under the program include aquaculture, business service industries, certain agricultural industries, commercial research and development facilities, freight forwarding industry, logging industry, manufacturing and processing industries, mining and related services, repair and maintenance services, storage and warehousing industries, and tourism.

G. THE WESTERN TRANSPORTATION INDUSTRIAL DEVELOPMENT PROGRAM (WTID)/WESTERN DIVERSIFICATION PROGRAM (WDP)

Responsibility for the WTID Program was transferred to the Department of Western Economic Diversification (WD) from the Department of Regional Industrial Expansion on August 4, 1987. The program expired on March 31, 1988. WD developed the Western Diversification Program (WDP) under which it has been funding diversification projects since the fall of 1987.

In general terms, the purpose of the Western Diversification Program is to encourage the development of new products, new technology, new markets, productivity improvements or import replacements for the western economy. The Program operates under the frame of reference of the 5-year, \$1.2 billion Western Diversification Fund which was established to promote the economic diversification of the western economy.