

GENERAL AGREEMENT ON TARIFFS AND TRADE

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SUBSIDIES

Notifications of Changes in Subsidy Measures

AUSTRALIA, CANADA AND YUGOSLAVIA

In L/2284 contracting parties were invited to submit new and full responses to the questionnaire on subsidies (see BISD, Ninth Supplement, page 193) or, if they did so in 1963, to submit notifications of changes which have occurred in their subsidy measures since the time of their 1963 notifications.

Notifications received to date are circulated herewith. Additional notifications will be circulated to contracting parties as addenda to this document.

AUSTRALIA¹

I. WHEAT

1. Nature and extent of the subsidy

(a) Background and authority

Complementary Commonwealth and State legislation authorized the first five-year stabilization plan in 1948/49. The scheme has been continued by successive five-year plans with the current plan operating from 1 December 1963.

(b) Levy

Operation of the stabilization arrangement involves the building up of a fund contributed by growers from a levy on exports when the average price exceeds the guaranteed return, and payments from the fund to producers if the average price falls below the guaranteed return.

¹For previous Australian notification of subsidy measures see document L/1948/Add.19.

(c) Incidence

The Commonwealth Government guarantees to producers returns equal to cost of production in respect of exports up to 150 million bushels per annum. For 1963/64 the guarantee will be (as calculated by the Bureau of Agricultural Economics) at the rate of 14/5 per bushel compared with 15/10 per bushel for the previous year.

If the return from exports falls below the guaranteed return, the deficiency is met by payments from the fund. If the fund becomes exhausted, the deficiency is met by the Commonwealth Government.

(d) Amount of subsidy paid

Total stabilization payments made each season since 1954 have been as follows:

£ 188,525 in respect of wheat of 1954-55 season
 £ 1,009,583 in respect of wheat of 1955-56 season
 £ 396,519 in respect of wheat of 1957-58 season
 £ 6,532,179 in respect of wheat of 1958-59 season
 £ 8,023,725 in respect of wheat of 1959-60 season
 £ 8,884,166 in respect of wheat of 1960-61 season
 £ 7,287,784 in respect of wheat of 1961-62 season
 £11,317,433 in respect of wheat of 1962-63 season

The payment in respect of 1959-60 season's wheat exhausted the fund and required a Commonwealth Government contribution of £3,021,966. The Commonwealth Government has met, in full, the subsidy payments made since that time.

(e) Estimated amount per unit

- (i) 0.476d. per bushel on 95,028,456 bushels exported from 1954-55 season's crop; and
- (ii) 2.486d. per bushel on 100,000,000 bushels exported from 1955-56 season's wheat;
- (iii) 3.599d. per bushel on 26,440,000 bushels exported from 1957-58 season's crop;
- (iv) 1/3.677d. per bushel on 100,000,000 bushels exported from 1958-59 season's crop;
- (v) 1/7.257d. per bushel on 100,000,000 bushels exported from 1959-60 season's crop;

- (vi) 1/9.322d. per bushel on 100,000,000 bushels exported from 1960-61 season's crop;
- (vii) 1/5.491d. per bushel on 100,000,000 bushels exported from 1961-62 season's crop;
- (viii) 2/3.162d. per bushel on 100,000,000 bushels exported from 1962-63 season's crop.

2. Effects of subsidy

(a) The stabilization scheme did not involve any contribution from Government funds until the 1959/60 season. It is difficult because of other factors, to assess any quantitative effect on exports the scheme may have had.

(b) Wheat statistics

Production, Consumption, Imports
and Exports

	Average three seasons ended 1939	Season 1958-59	Season 1959-60	Season 1960-61	Season 1961-62	Season 1962-63	Season*
	m. bush.	m. bush	m. bush	m. bush	m. bush	m. bush	m. bush
Production	164.7	215.1	198.5	273.7	247.2	306.9	330
Local							
Consumption	54.8	69.4	77.1	78.5	75.3	72.4	75.3
Imports	-	-	-	-	-	-	-
Exports	105.6	98.9	125.4	237.2	181.9	225.9	257.3

* Preliminary estimates.

Note: As stabilization plans commenced in 1948-49, the immediate pre-war average is given to provide some sort of comparison. However, comparisons are not necessarily meaningful, since changes do not necessarily reflect the effects of the stabilization scheme.

II. SUGAR

1. Nature and extent of the subsidy

(a) Background and authority

A system of rebating part of the price of sugar used in manufacturing certain exported products whereby a rebate, the cost of which is borne by the Australian sugar industry, is paid to users of that sugar, has been established for about forty years. The system has been authorized in complementary legislation enacted by the Commonwealth and Queensland Parliaments.

(b) Incidence

The legislation requires that when the world parity price for sugar is less than the price for Australian sugar, rebates, equal to the difference between the two prices, are granted to exporters of fruit products and other approved manufactured products exported from Australia, according to the sugar content of the products. (For a time recently the world parity price was higher than the Australian domestic price. Although in these circumstances the Australian sugar industry was not required under the legislation to make any rebate payments, it has of its own decision made ex gratia payments since 1 November 1963, for payment of minimum export rebates of £25 per ton and £30 per ton respectively, on the sugar content of approved fruit products and other approved products.)

(c) Amount of subsidy paid

In the year ended 30 June 1963, the sum of £403,360 was paid in export rebates on approved products other than fruit products. Export rebates on fruit products are paid on the basis of a September-August year, and amounted to £455,274 in the year ended 31 August 1963.

(d) Rate of subsidy

Export rebate was paid during these periods on approximately 22,000 tons of sugar. The average rate of export rebate during the periods mentioned was approximately £39.0.0d. per ton.

2. Effects of subsidy

(a) Quantitative effect

The rebate provided for by legislation is designed to remove any disability in relation to exports of products containing sugar arising from payment of prices for domestic sugar above ruling free market levels. Its

effect is to place the Australian exporter of these products in the same position as if he imported the cheapest available sugar, of similar quality, free of duty. It is thus intended to safeguard, not to stimulate, exports of products containing sugar.

(b) Statistics

Raw Sugar - Production, Consumption, Imports and Exports

(long tons, 94 net titre)

<u>Year</u>	<u>Production*</u>	<u>Consumption*</u>	<u>Imports (a)**</u>	<u>Exports (a)**</u>
1959-60	1,288,500	533,700	1	681,481
1960-61	1,382,600	535,400	-	779,812
1961-62	1,382,800	561,400	4	827,853
1962-63	1,849,261	594,526 (b)	-	1,129,457
1963-64	1,727,422	600,000 (b)	-	1,106,329 (b)

The export statistics do not include the sugar content of manufactured products i.e. the sugar on which export rebate is paid. This sugar, approximating 22,000 tons for 1962-63 and 25,000 tons for previous years (refined), is included in the statistics of consumption.

(c) Previous representative year

The export rebate system has been in force for such a long period, and the fluctuations of the world parity price are so frequent, that comparison of the amounts or rates of export rebate paid in different years would be meaningless.

III. DAIRY PRODUCTS

1. Nature and extent of the subsidy

(a) Background and authority

The Dairying Industry Act, 1962 provides for the payment to producers of bounties on the production of butter and butter fat products containing not less than 40 per cent of butter fat, and cheese, through factories, for a period of five years from 1 July 1962.

* Season

** July-June year

(a) Long tons net weight

(b) Estimated

The Processed Milk Products Bounty Act, 1962-64, provides for payment of a bounty on the butter fat content of processed milk products exported between 1 July 1962 and 30 June 1965.

(b) Incidence

Bounties on butter and cheese are paid to the Commonwealth Dairy Produce Equalization Committee, a voluntary industry organization, for distribution to butter and cheese factories which are in turn required to pass the moneys on to farmers. The bounty on processed milk products is paid to enable exporters of those products to have access to milk on the same terms as butter and cheese factories.

(c) Amount of subsidy paid

A fixed amount of £13.5 million per annum is paid for bounties on butter and cheese.

The bounty on processed milk products is paid at the same rate, on a butter fat basis, as for butter and cheese, and the amount is determined each year. For 1963/64 a maximum amount of £500,000 was made available and for 1964/65 the maximum allocation is £400,000.

(d) Estimated amount per unit

The estimated amount of subsidies per unit is slightly in excess of 6d. per lb. of butter, and of 3d. per lb. of cheese. On a butter fat basis, the amount per unit of processed milk products will not exceed the bounty rate for butter.

2. Effect of the subsidy

The bounties on butter and cheese are intended primarily to reduce the prices of these products to the Australian consumer and so maintain a high level of domestic consumption.

The bounty on processed milk products is designed to correct an anomaly in competition for milk supplies between subsidized butter and cheese factories and previously subsidized processors.

Minimum price guarantee

Since 1958/59 the Commonwealth Government has underwritten a minimum return to factories to permit an average payment to producers of 40d. per lb., commercial butter basis, for each season's production of butter and cheese. This has not required any payment of subsidy additional to the £13.5 million mentioned above.

Each year producers receive interim payments from factories in anticipation of realisations from the sale of butter and cheese. The purpose of the minimum price arrangement is to enable factories to advance a greater part (up to 40d. per lb., commercial butter basis), of the anticipated return to producers, before full realisations from butter sales come to hand.

Statistics

(i) Production, Consumption, Exports and Imports

Factory Butter (tons of 2,240 lb.)

	<u>1959/60</u>	<u>1960/61</u>	<u>1961/62</u>	<u>1962/63</u>	<u>1963/64*</u>
Production	195,007	179,208	197,505	201,272	202,540
Consumption	116,165	116,318	113,761	115,810	N.A.
Exports	78,103	62,816	79,851	79,851	90,247
Imports	N.A.	N.A.	N.A.	N.A.	17

Factory Cheese (tons of 2,240 lb.)

	<u>1959/60</u>	<u>1960/61</u>	<u>1961/62</u>	<u>1962/63</u>	<u>1963/64*</u>
Production	44,758	46,804	55,249	57,906	57,564
Consumption	28,607	29,817	30,700	31,938	N.A.
Exports	18,480	18,037	22,378	25,939	27,864
Imports	1,062	1,543	1,877	2,384	2,889

Processed Milk Products (tons of 2,240 lb.)

<u>Condensed Milk</u>	<u>1959/60</u>		<u>1960/61</u>		<u>1961/62</u>		<u>1962/63</u>	
	S ¹	US ²	S	US	S	US	S	US
Production	33,867	33,074	29,534	32,067	28,125	34,328	35,076	34,256
Consumption	11,966	31,476	11,301	29,698	11,306	31,615	N.A.	N.A.
Exports	22,564	2,685	17,048	2,516	16,084	1,932	24,300	2,267
Imports	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

<u>Powdered Milk</u> (Full Cream)	<u>1959/60</u>	<u>1960/61</u>	<u>1961/62</u>	<u>1962/63</u>	<u>1963/64*</u>
Production	19,952	18,555	19,855	17,578	18,799
Consumption	11,600	11,741	12,017	N.A.	N.A.
Exports	8,118	7,005	5,823	6,368	6,815
Imports	N.A.	N.A.	N.A.	N.A.	N.A.

* Preliminary estimates.

¹ Sweetened.

² Unsweetened.

<u>Infants' and Invalids' Food</u>	<u>1959/60</u>	<u>1960/61</u>	<u>1961/62</u>	<u>1962/63</u>	<u>1963/64*</u>
Production	15,985	16,257	17,050	18,192	20,216
Consumption	12,990	11,750	11,511	13,654	N.A.
Exports	5,874	6,832	6,530	6,717	8,002
Imports (a)	92	851	122	83	109

(ii) The amount of subsidy for butter and cheese in each of the above years was £13.5 million. Subsidy on processed milk products payable from 1 July 1962 amounted to £350,000 at 30 June 1963. Payments in 1963-64 are estimated at approximately £400,000.

IV. COTTON

1. Nature and extent of subsidy

(a) Background and authority

A bounty was paid under the Cotton Bounty Act, 1951-58 but as from 1 January 1964, a new five year scheme operates under the Raw Cotton Bounty Act, 1963. The bounty is payable on raw cotton of specified grades harvested in Australia and delivered by growers to processors after 1 January 1964, and sold for use within Australia.

(b) Incidence

Bounty is payable on cotton of grades higher than "strict good ordinary" to the processor of the raw cotton who is required to distribute it under specified conditions to the growers of cotton of grades higher than "strict good ordinary". The rate of bounty payable from 1 January 1964, in respect of raw cotton of the grade known as "middling white" and having a staple length of one inch is sixteen and one eighth pence per pound with differentiated rates of bounty for other grades and staples above and below "middling white". On the latest available prices and information the return to the grower under the new arrangement will approximate the average guaranteed price the grower received under the previous bounty scheme, but the incidence of the bounty is related to quality rather than being on a flat basis as under the previous arrangement.

(c) Amount of subsidy

The cost of the bounty for the 1962 season was £313,473.

* Preliminary estimates.

(a) Includes infants' and invalids' food not essentially of milk and excludes malted milk.

Under the new scheme the amount available for payment of bounty in respect of raw cotton sold in any year in which bounty is payable will not exceed £2 million. If production increases greatly the rate of bounty per pound will decrease, because of the limitation of £2 million per year.

(d) Estimated amount per unit

During the 1962 season the average rate of bounty paid was 5.58 pence per pound of seed cotton.

2. Effects of subsidy

The bounty under the new scheme is primarily designed to give an incentive to the production of higher quality cotton.

In 1962 bounty was paid on 13.49 million pounds of seed cotton from which approximately 4.84 million pounds of raw cotton were produced.

The proportion of locally produced to imported raw cotton is small (at present around 9 per cent) and the assistance given to the local industry by the cotton bounty has not substantially affected imports to date.

Raw Cotton Statistics - ('000 lbs.)

<u>Year</u>	<u>Consumption</u>	<u>Imports</u>	<u>Exports</u>
1959/60	47,088	41,518	-
1960/61	44,961	41,842	-
1961/62	44,543	37,735	-
1962/63	47,430	42,543	-
1963/64*	N.A.	56,664	-

Production

<u>Season 1</u>	<u>'000 lbs.</u>
1959	3,592
1960	5,540
1961	3,830
1962	4,840
1963	4,046
1964*	5,756

Bounty has been paid since 1953 and for the purposes of comparison statistics for the 1952/53 season are set out below:

* Preliminary estimate.

Statistics 1952/53 ('000 lbs.)

(Raw cotton)

<u>Production (A)</u>	<u>Consumption</u>	<u>Imports</u>	<u>Exports</u>
775	29,553	24,796	-

(A) 1952 season

V. SULPHATE OF AMMONIA

1. Nature and extent of subsidy

(a) Background and authority

Bounty on sulphate of ammonia is paid by authority of the Sulphate of Ammonia Bounty Act, 1962-64. The bounty is paid to assist local producers to meet competition from imports and follows consideration by the Government of a recommendation made by the Tariff Board after public enquiry.

As a result of the adoption of recommendations of the Tariff Board early in 1964, the rate of bounty has been increased from £2 to £4 per ton, and the limit on the subsidy payments was increased from £225,000 to £450,000. The industry is to be reviewed again before 1 April 1966.

(b) Incidence of subsidy

Bounty is payable to producers of sulphate of ammonia sold for use in Australia as fertilizer. There is a limitation of £450,000 as being the maximum amount of bounty payable on annual sales.

(c) Amount of subsidy paid

Subsidy of £179,753 was paid during the year ended 30 June 1963, the first year of operation. In 1963/64 a subsidy of £159,033 was paid.

(d) Amount per unit

£4 per long ton of sulphate of ammonia subject to reduction should annual profits from the production and sale of sulphate of ammonia exceed 10 per cent of capital used in such production and sale.

2. Effect of subsidy

(a) Quantitative trade effects

The subsidy has not been in operation long enough to obtain demonstrable evidence of its effect, but as evidenced by the following statistics to date it has had little, if any, adverse quantitative trade effects on imports. It is also likely that during the currency of the present Act the demand for imports will continue at a high level.

(b) Statistics

Production and Imports of Sulphate of Ammonia

<u>Year ended</u> <u>30 June</u>	<u>Production</u> <u>(Long Tons)</u>	<u>Imports</u> <u>(Long Tons)</u>
1961	99,000	110
1962	103,900	17,510
1963	95,300	31,695
1964	82,500	110,900

VI. SHIPBUILDING

1. Nature and extent of the subsidy

(a) Background and authority

Under a scheme for maintaining an effective shipbuilding industry in Australia, the Commonwealth Government subsidises the industry by meeting a portion of the cost of approved ships built in Australia for use in the Australian trade. Legislation providing for the payment of a subsidy was enacted in 1939, but there were no claims for subsidy under such legislation. The question of assistance to the industry was subsequently reviewed and a new scheme providing for subsidy payments of up to 25 per cent was introduced in 1946.

Following a public enquiry and report by the Tariff Board, the upper limit of subsidy was increased in 1956 from 25 per cent to 33.1/3 per cent. In May 1964, following a further enquiry and report by the Tariff Board, the subsidy scheme was extended to December 1969; at the same time, the lower size limit of vessels eligible for subsidy was reduced from 500 tons gross to 200 tons gross.

(b) Incidence

The subsidy is paid to the shipbuilder as part of the construction cost.

(c) Amount of subsidy paid

The amounts paid for the last four years were:

1960/1961	£3,000,000
1961/1962	£1,686,102
1962/1963	£1,928,994
1963/1964	£2,368,148

These amounts include subsidies paid on account of all vessels being constructed under the scheme, not only on those completed during the period specified.

(d) Estimated amount per unit

This amount varies according to the type and cost of each ship, but is limited to an amount not exceeding $33\frac{1}{3}$ per cent of the total cost of the ship.

2. Effect of subsidy

(a) The subsidy is the basic method of protection in respect of the construction in Australia of ships of 200 tons gross and over, as no duty is charged on the import of such vessels from British sources. The method of subsidy has been chosen in preference to duty in order to maintain an economically acceptable level of shipping costs in the Australian coastal trade. The quantitative effect on imports appears, prima facie, to be equivalent to the number of ships constructed with the aid of the subsidy. However, the real effect may be less than this because many of the ships are constructed for the Commonwealth-owned shipping line and for a shipowner who is also a shipbuilder and it is not possible to say whether these ships would have been imported in the absence of subsidy.

(b) The following are production and import figures of vessels exceeding 500 tons gross. There are no exports except of surplus or obsolete vessels.

	<u>Vessels built and completed in Australia</u>	<u>Vessels imported</u>
1938-1939	Nil	15
1957-1958	6	6
1958-1959	4	11
1959-1960	4	4
1960-1961	3	2
1961-1962	3	2
1962-1963	4	2
1963-1964	n.a.	3

(Figures for vessels of 200-500 tons gross have not been included. Subsidy was not paid on such vessels in the years covered by the table.)

VII. SULPHURIC ACID

1. Nature and extent of subsidy

(a) Background and authority

Payment of bounty on sulphuric acid produced from prescribed indigenous sulphur-bearing materials is made under the Sulphuric Acid Bounty Act, 1954-1960. The background to the bounty was a policy decision by the Government to encourage conversion of Australian sulphuric acid plants to the use of indigenous materials, because of uncertainties in the future supply of brimstone from overseas. With the discovery of new sources of brimstone overseas, this policy has now been discontinued; however, bounty is paid to discharge the Government's obligations to those Australian producers who had co-operated in the policy of encouragement by converting or erecting plants to use Australian raw materials, or by developing sources of those materials.

The rates of bounty now payable are intended to compensate acid manufacturers for disabilities involved in processing indigenous materials. The rates of bounty follow consideration by the Government of recommendations made by the Tariff Board after public enquiry.

(b) Incidence

Bounty is payable, subject to specified conditions, to registered producers of sulphuric acid from indigenous iron pyrites or lead sinter gas. The sulphuric acid must be sold for delivery in Australia, or used by the producers in the production in Australia of any commodity.

(c) Amount of subsidy paid

Year ended 30 June

1960	£1,480,638
1961	£1,353,249
1962	£1,008,908
1963	£1,094,479
1964	£1,157,478

Bounty for 1959/1960 included indirect payments to producers of iron pyrites. For part of 1960/1961 and the whole of 1961/1962, and 1962/1963, these payments have been made separately under the Pyrites Bounty Act (q.v.).

(d) Amount per unit

(i) On acid produced from iron pyrites

£3 per ton of 100 per cent sulphuric acid, except for limited quantities of acid produced from iron pyrites purchased or received before 1 January 1961. A variable rate of up to £4 per long ton is payable on these limited quantities.

Payments are, in either case, subject to reduction should profits from the production and sale of pyritic sulphuric acid in any year exceed $12\frac{1}{2}$ per cent of capital used in such production and sale.

(ii) On acid produced from lead sinter gas

£1.2.0d. per ton of 100 per cent acid, varying inversely by 1s.9d. for each of 5s.0d. or part thereof by which the landed duty free cost of imported brimstone rises or falls from £16 per long ton. (Subject also to reduction if profits exceed $12\frac{1}{2}$ per cent.)

2. Effect of subsidy

(a) Quantitative trade effects

Imports and exports of sulphuric acid are negligible. The effect of the subsidy is on imports of brimstone. Changes in the level of these imports due to the operation of the bounty cannot be estimated, as other factors such as variations in the demand for sulphuric acid, and production of acid from materials not prescribed for bounty purposes would also be relevant.

(b) Statistics

Imports of brimstone and Australian production of sulphuric acid in recent years are given in the following table.

<u>Year ended</u> <u>30 June</u>	<u>Imports of Brimstone</u> (long tons)	<u>Australian production</u> <u>of sulphuric acid (tons</u> <u>of 100 per cent strength</u> <u>acid)</u>
1958	208,028	1,001,400
1959	174,053	986,000
1960	169,547	1,071,000
1961	233,754	1,122,000
1962	176,933	1,136,000
1963	223,749	1,248,500
1964	303,999	1,429,000

Notes: (a) Consumption figures are not available but production figures quoted should provide a reasonable guide as imports of the acid are negligible.

(b) Production figures include production from imported brimstone and from indigenous materials whether or not prescribed for purposes of the bounty. Import figures are for sulphur including brimstone.

VIII. PYRITES

1. Nature and extent of subsidy

(a) Background and authority

The background to the pyrites bounty is the same as that for the bounty on sulphuric acid - to discharge the Government's obligation towards those producers who had co-operated in the previous policy of converting sulphuric acid plants to the use of indigenous materials.

Previously bounty has been paid to acid producers under the Sulphuric Acid Bounty Act 1954-1959 at a rate sufficient to compensate them both for the extra cost of pyrites vis-à-vis imported brimstone and for the additional conversion costs arising from the use of pyrites. However, following consideration by the Government of a recommendation made by the Tariff Board after public enquiry, pyrites and acid producers now receive separate bounties under the Pyrites Bounty Act 1960 and the Sulphuric Acid Bounty Act, 1954-1960.

(b) Incidence

Bounty is payable, under specified conditions to registered producers of iron pyrites, in respect of the sulphur content of pyrites received into the premises of domestic sulphuric acid producers and used in the production of sulphuric acid.

(c) Amount of subsidy paid

Year ended 30 June 1963 - £398,229. Year ended 30 June 1964 - £614,153.
(In 1961/1962, £396,951 was paid.)

(d) Amount per unit

A basic rate of £3 per ton of sulphur content of the pyrites, rising or falling inversely with variations in the landed cost of imported brimstone below or above £16 per long ton. (Subject to reduction should annual profits exceed $12\frac{1}{2}$ per cent of capital used.)

2. Effect of subsidy

(a) Quantitative trade effects

See comments on Sulphuric Acid Bounty.

(b) Statistics

In 1962/1963, bounty was paid on 96,255 long tons of sulphur contained in iron pyrites.

IX. COPPER AND BRASS STRIP

1. Nature and extent of subsidy

(a) Background and authority

The bounty on copper and brass strip stems from consideration by the Government of a recommendation by the Tariff Board, made after full public inquiry into the economies and efficiency of production in Australia. Assistance is given partly by tariffs and partly by bounty. (Production of thin gauge strip in Australia is still partly in the developmental state.)

The bounty will operate in the first instance, for two years only, from 1 October 1962. The question of continued assistance has been referred back to the Board for public enquiry and report.

Bounty is paid under the Copper and Brass Strip Bounty Act 1962.

(b) Incidence

Bounty is paid to producers of copper and brass strip not exceeding fifteen inches in width or twelve thousandths of an inch in thickness, produced in Australia under specified conditions and sold for use in Australia, during a period of two years commencing 1 October 1962.

Annual payments are limited to a total of £190,000.

(c) Amount of subsidy paid

Assistance has operated only from 1 October 1962. The amount paid for the year ended 30 June 1964, was £61,746.

(d) Amount per unit

£45 per long ton of strip, subject to reduction should annual profits from the production and sale of strip exceed 10 per cent of capital used in the production and sale.

2. Effect of subsidy

(a) Quantitative effect

With unit bounty of £45 per ton and annual payments limited to £190,000, the weight of strip eligible for bounty each year is 4,222 long tons, about two thirds of annual demand (see below). This figure could be increased, if the profit limitation clause operates to reduce the average rate of bounty per unit.

(b) Statistics

Imports of copper and brass sheet and strip for the past five years were:

	<u>Long tons</u>
1958/1959	1,261
1959/1960	2,053
1960/1961	2,149
1961/1962	1,370
1962/1963	1,756
1963/1964*	937

Copper and brass strip (up to one eighth inch in thickness) appeared to account for almost all imports. Annual demand in Australia is estimated at 2,200 long tons (copper strip) and 4,500 long tons (brass strip).

X. COPPER

1. Nature and extent of subsidy

(a) Background and authority

Under the Copper Bounty Act 1958-1963, assistance is given to the copper mining industry by means of a bounty operating from 19 May 1958. Following public inquiry by the Tariff Board, the period of bounty assistance was recently extended by two years to 31 December 1965. Assistance is also given by means of a tariff on imports of £1 for each £1 by which the determined price of copper overseas at the date of exportation is less than £A290 per ton.

(b) Incidence

Bounty is payable in respect of refined copper produced under specified conditions from copper ore or copper concentrates and sold for use in Australia. The bounty is payable to the producer of the ore or concentrate from which the refined copper was obtained. Bounty payments are subject to an annual profit limitation of 10 per cent of capital used in the production and sale of copper, except (since 1 January 1964) in the case of producers whose annual out-turn is less than 100 tons of refined copper over the two-year period. (Previously, the qualification was set at 50 tons.)

(c) Amount of subsidy paid

Subsidy of £698,685 was paid during the year ended 30 June 1963. In 1963/1964 £694,524 was paid.

* Preliminary estimate.

(d) Amount per unit

Maximum rate of £35 per ton, reduced by £1 for each £1 by which the determined overseas price of copper at the date of sale exceeds £A290 per ton.

2. Effect of subsidy

(a) The bounty is not payable on exported copper. Its effect is to enable major mines supporting substantial isolated communities to continue operations. Because of the profit limitation provisions, not all major mines producing for the domestic market qualify for bounty.

Statistics

<u>Calendar Years</u> <u>Production</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
	75,715	94,950	109,435	95,626	110,579	117,455

(Copper content
of minerals
produced in
long tons)

Years ended 30 June

	<u>1958/9</u>	<u>1959/60</u>	<u>1960/61</u>	<u>1961/62</u>	<u>1962/63</u>
Refined	27,403*	14,178	17,728	20,410	18,960
Copper on which bounty paid in long tons					
Subsidy paid	£897,760*	£407,526	£404,853	£686,451	£698,685

Imports

<u>Calendar Years</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
Figs, ingots, blocks etc. in long tons	659	3,479	4,750	3,761	5,268	1,434

* Thirteen and a half months from 19.5.1958 to 30.6.1959.

Exports

<u>Calendar Years</u>	<u>1958</u>	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
(a) Pigs, ingots, blocks etc. in long tons	-	2,749	13,577	23,073	16,497	24,485
(b) Copper bearing ores and concentrates (actual weight of ore etc. in long tons	14,951	73,286	137,897	107,234	78,983	30,937

XI. SUPER PHOSPHATE AND AMMONIUM PHOSPHATE

1. Nature and extent of subsidy

(a) Background and authority

The subsidy on super phosphate and ammonium phosphate is paid by authority of the Phosphate Fertilisers Bounty Act 1963. Initially the subsidy is to operate for a period of three years.

(b) Incidence

The subsidy is payable to the producers of the fertilisers provided that its full benefit is passed on to the user.

(c) Amount of subsidy paid

A subsidy of £9,403,343 was paid in 1963/64.

(d) Amount per unit

£3 per long ton of super phosphate, or, if the phosphorous pentoxide content is less than 19½ per cent or more than 20½ per cent, £15 per long ton of phosphorous pentoxide content.

2. Effect of subsidy

(a) Quantitative trade effects

Imports of these products themselves have constituted a minute proportion of total demand and the trade effect should therefore be negligible. However, the following table indicates an increasing import trend of phosphate rock and sulphur corresponding to increased use of superphosphate, these being raw materials for the phosphate products.

Imports in thousands of tons and £A'000

	1961/62		1962/63		1963/64	
	Qty.	Value	Qty.	Value	Qty.	Value
Phosphate rock	1,835	4,975	1,695	4,937	1,990	6,243
Sulphur	177	1,857	224	2,341	304	2,733

(b) Statistics

	<u>Production</u> (long tons)	<u>Imports</u> (long tons)
1960/61	2,531,000	-
1961/62	2,591,000	126
1962/63	2,862,000	95
1963/64*	3,347,000	-

XII. TRACTORS

1. Nature and extent of subsidy

(a) Background and authority

Bounty is payable, under the Tractor Bounty Act 1939-1959, on wheeled tractors of from 20 to 80 belt pulley horsepower. The bounty follows consideration by the Government of a recommendation by the Tariff Board, made after full public inquiry and report.

The bounty is paid in respect of tractors produced in Australia in accordance with prescribed conditions, for sale for use in Australia or in an Australian territory. The Act expires on 30 June 1966.

(b) Incidence

Bounty is payable to the producers of the tractors. The rate of bounty depends upon the horsepower of the machine and the Australian content. It is subject to reduction should profits from the manufacture and sale of tractors exceed 10 per cent per annum of the capital used in such manufacture and sale.

(c) Amount paid

£963,147 was paid in tractor bounty during the year ended 30 June 1963. £1,006,526 was paid in 1963/64. (In 1960/61, £940,663 and 1961/62, £876,518 was paid.)

* Preliminary estimate.

(d) Amount per unit

Rate of bounty per tractor rises from £A269 to £A389, according to belt pulley horse power. It is reduced if the proportion of factory cost of the tractor represented by materials and parts of Australian origin is less than 90 per cent; no bounty is payable if the proportion falls below 55 per cent.

2. Effect of subsidy

(a) Quantitative effects

The effect of the bounty is to assist production of tractors in Australia to such an extent that about 25 per cent of the demand for tractors of the types eligible for bounty is obtained from local sources.

(b) Statistics

<u>Year ended 30 June</u>	<u>Imports*</u>		<u>Australian Production**</u>	
	<u>No.</u>	<u>Value</u>	<u>No.</u>	<u>Value</u>
1960	16,785	£11.0 M.	2,560	£4.1 M.
1961	15,640	£11.6 M.	3,696	£5.5 M.
1962	9,840	£ 7.3 M.	3,268	£4.9 M.
1963	14,198	£10.9 M.	3,932	N.A.
1964	N.A.	£13.7 M.	N.A.	N.A.

XIII. VINYL RESINS, UNCOMPOUNDED

1. Nature and extent of subsidy

(a) Background and authority

The bounty on vinyl resins stems from consideration by the Government of a recommendation by the Tariff Board, made after public enquiry. Assistance to the industry is given partly by bounty and partly by tariff.

The bounty is paid under the Vinyl Resin Bounty Act 1963 and it will operate, in the first instance, for a period of three years. Before the expiration of the bounty period, the question of continued assistance will be referred to the Tariff Board for public enquiry and report.

(b) Incidence

Bounty is paid to producers of uncompounded vinyl resins, including latex, for use in manufacture in Australia.

(c) Amount of subsidy paid

A subsidy of £114,151 was paid in 1963/64.

*20-100 belt pulley horsepower wheeled type. ** 20-80 belt pulley horsepower.

(d) Amount per unit

Four pence per lb. of vinyl resin, subject to reduction if the profit rate on capital employed exceeds 10 per cent per annum.

2. Effect of subsidy

(a) Quantitative trade effect

It is not possible at this stage to assess the effect of the subsidy on trade as the subsidy has been operative only since 15 August 1963.

(b) Statistics

	Imports (in lbs.)	Local <u>Production</u>
1959/60	11,893,545	Not available
1960/61	10,379,740	" "
1961/62	6,035,630	" "
1962/63	2,870,130	" "
1963/64*	3,702,778	" "

XIV. FLAX FIBRE

The operation of the Flax Fibre Bounty Act 1954-1957 ceased on 31 October 1960. Under an administrative arrangement bounty continued to be paid on sales of flax fibre obtained from crops harvested on or before 30 June 1960. The final payment under this arrangement was made on 24 December 1963.

XV. CELLULOSE ACETATE FLAKE (RAYON GRADE)

1. Nature and extent of subsidy

(a) Background and authority

(i) Payment of bounty on cellulose acetate flake produced and sold for rayon yarn manufacture was commenced in 1956, after consideration by the Government of a recommendation by the Tariff Board following a public enquiry by the Board. The question of continued assistance has been referred to the Board at regular intervals since 1956. The effective date of the bounty has been extended to 31 December 1964, pending further report by the Board.

(ii) Bounty is paid under the Cellulose Acetate Flake Bounty Act 1956-1961.

* Preliminary estimate.

(b) Incidence

Bounty is paid to the producer of cellulose acetate flake sold for use in the manufacture in Australia of rayon yarn. The maximum amount of bounty is limited to £90,000 per annum (previously £142,000).

(c) Amount of subsidy paid

1960-61 - £127,428; 1961/62 - £69,178; 1962/63 - £101,059; 1963/64 - £108,725. (Actual payments in 1962/63 included £31,142 due in respect of 1961/62 production.)

(d) Amount per unit

Seven pence per lb. (previously ten pence per lb.).

2. Effect of subsidy

(a) Quantitative effect

With unit bounty of seven pence per lb. and limitation of annual bounty payments to £90,000, the amount of flake eligible for bounty per annum is slightly over 3 million lbs. per annum (previously 3.4 million). In practice, quantities of flake on which bounty has been paid each year have been less than 3 million lbs.

(b) Statistics

Cellulose acetate flake (rayon grade) ('000 lbs.)

<u>Year ending</u> <u>30 June</u>	<u>Production</u>	<u>Sales</u>	<u>Exports</u>	<u>*Imports</u>
1956	2,424	2,388	Nil	-
1960	2,877	2,881	Nil	-
1961	+	2,721	Nil	-
1962	+	2,817	Nil	-
1963	+	+	Nil	-
1964	+	+	Nil	-

XVI. ACETATE RAYON YARN

1. Nature and extent of subsidy

(a) Background and authority

The Rayon Yarn Bounty Act 1954-1962 provides for the payment of a bounty on continuous filament acetate rayon yarn produced and sold for delivery in Australia up to 30 June 1965. In addition, a tariff of 10 per cent (BPT) and

* Not separately recorded but apparently negligible.
+Not available.

22 $\frac{1}{2}$ per cent (MFN) is imposed. The assistance follows consideration by the Government of recommendations made by the Tariff Board after full public enquiry and report.

(b) Incidence

Bounty is payable to the producer of continuous filament acetate rayon yarn. A limit of £130,000 is imposed on the total amount of bounty paid annually.

(c) Amount of subsidy paid

Subsidy of £135,021 was paid, during the year ended 30 June 1963. During 1960-61 a total of £72,141 was paid, and in 1961/62 £69,155. No payments made in 1963/64.

(d) Amount per unit

Nine pence per lb. as from 3 May 1962 (previously 6d. per lb.), subject to reduction if profits exceed 10 per cent per annum.

2. Effect of subsidy

(a) Quantitative effect

With unit bounty of 9d. per lb. and limitation of annual bounty payments to £130,000 the amount of yarn eligible for bounty in any one year is approximately 4.5 million lbs. This figure would be higher if profit limitation operated to reduce the unit rate of bounty below 9d. per lb.

(b) Statistics

In the year ended 30 June 1962, bounty was paid on 3,466,667 lbs. Sales of Australian made yarn and imports over the past three years have been:

<u>Year ending 30 June</u>	<u>Sales ('000 lbs.)</u>	<u>Imports ('000 lbs.)</u>
1960	2,849	406
1961	2,710	615
1962	Not available	611
1963	" "	752
1964*	" "	681

Note: Actual bounty payments in 1962/63 include amounts due in respect of 1961/62 production.

* Preliminary estimate.

CANADA¹

The Government of Canada has notified changes in subsidies covering the following subjects:

- (1) Revisions of previous notification on agricultural products;
- (2) Subsidies on coal and coke for the year 1963;
- (3) New regulations on assistance to fishing vessels, 1964.

These new regulations, which amend previous regulations in this field, represent the only changes in subsidies on fisheries products since the last notification. The new regulations cover assistance to vessels over 35 ft. in length up to a maximum of 99.9 gross tons. The basic change has been to substitute a percentage of the approved cost for the previous flat rate of \$250 per gross ton.

A. Agricultural Products

The following revisions to the previous notification (L/1948/Add.12) relate to subsidies paid during the fiscal year 1962-63.

I. GRAIN AND GRAIN PRODUCTS

Feed freight assistance

(c) Amount of subsidy

The estimated expenditure was \$14.5 million on the quantity shipped in the fiscal year 1962-63.

(d) Estimated amount per unit

Payments averaged \$7.99 per ton in 1962-63.

Storage on temporary wheat reserves

(c) Amount of subsidy

For the 1962-63 crop year the Canadian Wheat Board received \$28.5 million as the Treasury payment of carrying charges on approximately 145 million bushels.

¹For previous Canadian notification of subsidy measures see document L/1948/Add.12.

(d) Estimated amount per unit

In the 1962-63 crop year, payments into the pool averaged 8.8 cents per bushel on total stocks held by the Board, or 19.6 cents on the quantity in excess of the 178 million bushel basic stocks.

Crop failure assistance

(c) Amount of subsidy

The Federal contribution required in addition to the amount in the fund was \$6.9 million in the 1962-63 crop year.

(d) Estimated amount per unit

The average Federal Government award per farm in eligible areas was \$128 in the crop year 1962-63.

II. LIVESTOCK AND PRODUCTS

Hog quality premiums

(b) Incidence

Payments are made to producers who deliver Grade A hogs for slaughter at inspected plants or approved establishments throughout Canada. The farmer receives with his settlement statement a hog premium warrant which is negotiable at par at any chartered bank. The Government reimburses the bank. Between 2 October 1960 and 3 September 1962, the rate was \$3.00 per Canada Grade A carcass. Between 4 September 1962 and 31 March 1963, the rate was reduced to \$2.00 as a contribution to measures curtailing government expenditures at that time. The rate of \$3.00 was restored on 1 April 1963.

(c) Amount of subsidy

The estimated expenditure on Grade A carcasses graded in the fiscal year 1962-63 was \$5.4 million.

(d) Estimated amount per unit

The average payment per Grade A carcass graded was \$2.38 and \$0.86 for all carcasses graded.

Pork price stabilization

(c) Amount of subsidy

No deficiency payments were required during the fiscal year ending 31 March 1963, but disposal of pork acquired before January 1960 under the purchase programme cost the Federal Government \$7.5 million during 1962-63 fiscal year.

Lamb quality premiums

(c) Amount of subsidy

Premium payments on carcasses graded during the 1962-63 fiscal year totalled \$531 thousand.

(d) Estimated amount per unit

The average payment for all lamb carcasses graded during the 1962-63 fiscal year was \$1.08.

Sheep price stabilization

(c) Amount of subsidy

Since the average market price was above the support level for the twelve months, no support assistance was required under the current deficiency payment programme. A net cost of \$31 thousand was incurred during the year in connexion with the completion of the 1961-62 purchase programme.

Wool price stabilization

(c) Amount of subsidy

Deficiency payments to producers during 1962-63 amounted to \$943 thousand on the 1962 wool marketings and \$13 thousand on the remainder of 1961 marketings.

(d) Estimated amount per unit

1961 clip - 22 cents per pound
1962 clip - 18.26 cents per pound.

III. DAIRY PRODUCTS

Butter and butterfat price support

(c) Amount of subsidy

The Stabilization Board's total net costs on butter in the fiscal year 1962-63 amounted to \$45.2 million, primarily through a 12 cent per pound subsidy to manufacturers of creamery butter to reduce the price of butter to domestic consumers and at the same time maintain a support to producers at the 64 cent level.

(d) Estimated amount per unit

Not available as some of the butter on which Board losses occurred in 1962-63 was acquired during previous marketing years. However, on the basis of production in the fiscal year 1962-63, the loss amounted to 12.5 cents per pound.

Cheddar cheese price support

(c) Amount of subsidy

The net cost of the support programme during the year was \$1.02 million.

(d) Estimated amount per unit

The loss averaged about 3.9 cents per pound on Board sales of 1961 and 1962 cheese during the 1962-63 fiscal year and 0.88 cents on the 116.5 million pounds produced during that fiscal year.

Cheese quality premiums

(c) For the fiscal year 1962-63 the expenditure amounted to \$925 thousand.

(d) Estimated amount per unit

The expenditure during 1962-63 averaged 0.87 cents per pound of cheese graded and 0.79 cents per pound of cheese produced in 1962-63.

Whole milk for processing price stabilization

(c) Amount of subsidy

The expenditure during 1962-63 period amounted to \$13.3 million. Of this amount \$1.3 million was the balance of payments for the 1961-62 production year. This additional amount brought total payments for the 1961-62 production year to \$12.6 million.

IV. EGGS AND POULTRY

Egg price support

(c) Amount of subsidy

During the 1962-63 fiscal year, deficiency payments were made to producers covering the 1961-62 production. Total payments amounted to \$663 thousand. As market prices were above the support level, no payments will be required on 1962-63 production.

(d) Amount per unit

The deficiency payment to producers on 1961-62 production averaged about 0.3 cents per dozen on the quantity of eggs marketed through registered egg grading stations during that marketing year.

V. FRUITS AND VEGETABLES

Potatoes price support

(c) Amount of subsidy

The payments made during the 1962-63 fiscal year for 1961 crop potatoes delivered to starch factories totalled \$359 thousand while those made for potatoes delivered for export amounted to \$260 thousand.

(d) The cost of support during 1962-63 fiscal year averaged 5.42 cents per barrel (about 3.29 cents per 100 pounds) on potatoes produced during 1961 in the Maritime Provinces.

VI. OTHER CROPS

Sugar beets price support

(c) Amount of subsidy

In the 1962-63 fiscal year, the Federal Government paid producers \$1.98 million in deficiency payments on the 1961 crop of sugar beets.

(d) Amount per unit

Payments on the 1961 crop produced in Ontario were made at the rate of approximately \$2.96 per ton of beets yielding 250 pounds of sugar, and in the other provinces at the rate of \$1.56 per ton.

Honey price support

1. Nature and extent of the subsidy

(a) Background and authority

Price support by a deficiency payment programme for white No. 1 extracted honey sold in Canada, was provided under the Agricultural Stabilization Act as part of the overall agricultural policy of stabilizing farm income, and to prevent a further decline in the number of honey bees which are very important pollinators of fruit and legume seed crops.

(b) Incidence

The Agricultural Stabilization Board was authorized to provide price support at a national average of 13.5 cents per pound to producers of extracted honey delivered to registered packers during the period 1 July 1960 to 30 June 1961 and 1 July 1961 to 30 June 1962. Producers were to receive a deficiency payment equivalent to the difference between the national average producer price during the marketing year and the support level. This programme is being continued through 30 June 1964.

(c) Amount of subsidy

During the 1962-63 fiscal year, payments by the Board amounted to \$224 thousand for the 1960-61 production. A payment was authorized for 1961-62 production but was not completed by the end of the fiscal year.

(d) Amount per unit

A payment was made of 1 cent per pound on 1960-61 production. A payment of 9/10 of a cent per pound was authorized on 1961-62 production.

2. Effect of subsidy

It helped to stabilize the price of honey produced in Canada and stopped the steady decline in the number of colonies of honey bees that had occurred since 1947.

VII. SUPPLIES

Agricultural lime assistance

(c) Amount of subsidy

The expenditure during 1962-63 was \$2.5 million.

(d) Estimated amount per unit

The Federal share of this assistance in 1962-63 averaged \$1.88 per ton of lime transported.

B. Mineral Products

I. COAL FREIGHT SUBVENTIONS

1. Nature and extent of the subsidy

(a) Background

The major coal consuming areas of Canada are in the central provinces where there are no coal occurrences, while the coal deposits lie far to the east and to the west. In these distant areas, the coal consumption is comparatively small.

This form of assistance, which has been in effect since 1928, was designed to overcome this geographical handicap.

The amount of aid provided is the amount necessary to enable the Canadian coal to lay down at the point of consumption at the same price as imported coal. Subventions were also made available in 1963 to enable coal to meet the competition of imported residual oil in Eastern Canada.

Authority - The authority for the expenditure lies in the annual provision by Parliament of the necessary sums of money. This money vote specifies that the payments shall be made as directed by the applicable Orders in Council. These Orders in Council vary in their terms from area to area and are subject to change at any time when competitive conditions alter.

The Orders in Council in effect during the calendar year 1963 were as follows:

Order in Council PC 1962-458
Order in Council PC 1963-957
Order in Council PC 1962-459
Order in Council PC 1963-956
Order in Council PC 1962-460
Order in Council PC 1962-461

(b) Incidence

Payments are designed to overcome the geographical position in the case of subvention against imported coal, and to overcome the competition of imported residual oil in Eastern Canada.

Payments are made to producing coal companies, and transportation agents.

The amount paid per ton of coal is fluctuating depending upon the cost of the Canadian product at the destination compared with the cost of the imported coal at the same point. The area within which assistance is available is defined in the Order in Council by geographical description and is also limited by the provision in the Order of a stated maximum amount of assistance.

(c) Amount of subsidy

The total cost of subventions in the calendar year 1963 was \$15,220,797.

(d) Estimated amount per unit

The tonnage of eligible coal moved was 2,773,241 net tons giving an average cost of subvention per ton of \$5.49.

2. Effect of subsidy

(a) Estimated quantitative trade effects of the subsidy

The effect of the assistance during the calendar year 1963 was to provide a market for 2,773,241 tons of Canadian coal. This amount of coal displaced a similar tonnage of imported coal.

The provision of a market for this amount of coal has maintained mines in operation that could not survive if dependent on the local market alone; it has provided employment and maintained communities in Eastern and Western Canada that would otherwise be derelict.

(b) Statistics of production, consumption, imports and exports

(i) These statistics are as follows in short tons (2,000 lbs.):

	<u>1963</u>	<u>1962</u>	<u>1961</u>
Production	10,575,694	10,284,769	10,397,704
Imports			
Bituminous	13,925,380	11,469,709	11,147,232
Anthracite	807,375	851,668	985,217
Briquettes	7,693	6,510	10,149
Exports	1,054,367	893,919	939,336

(ii) It is not possible to present statistics that would be meaningful on earlier production, etc. The subvention policy was adopted in the late 1920's and since that time the coal trade has altered tremendously due to competition with other fuels. For example, the railways that used to consume approximately 25 per cent of the total coal supply now use practically none; the household market has also fallen from some 15,000,000 tons of Canadian and imported coal to 5,000,000 tons. Under these conditions, it is not possible to isolate statistics that would illustrate in a meaningful fashion, the effects of the assistance over the years.

II. COAL EXPORT SUBSIDY

1. Nature and extent of the subsidy

(a) Background

The previous section outlines the basis for the coal subvention policy adopted in 1928. Because of geographical difficulties and distance, coal mines in the extreme west were unable to benefit from the subventions granted to move coal to Central Canada. There was an outlet for coal from these mines in the bunker trade and in exports to other countries in the Pacific area. Assistance was, therefore, provided in 1931 on coal exported to countries other than the United States and its territorial possessions or used as fuel for vessels and has been continued since that time.

Authority - As outlined in the previous section, the authority lies in the annual vote by Parliament of the funds for this specific purpose. The relevant Orders in Council regulating the payments are:

Order in Council PC 1962-462
Order in Council PC 1962-1509

(c) Incidence

The payments are made to the companies producing and shipping the coal.

The assistance is defined as the amount deemed necessary to enable the Canadian coal to lay down at destination at a cost equal to, but not above, that of competitive coal. There is provision that the payment shall not be more than \$3.50 per net ton, January to 31 March and \$3.15 per net ton thereafter.

(c) Amount of subsidy

The total cost in the calendar year 1963 was \$2,323,118.

(d) Estimated amount per unit

The tonnage of coal assisted was 716,740 net tons giving an average cost over the year of \$3.24 per net ton.

2. Effect of subsidy

(a) Estimated quantitative trade effects of the subsidy

The effect of the assistance was to provide a market for 716,740 tons of Canadian coal. This tonnage was purchased by Japan for use in the making of coke for blast furnace use and complemented the supply of native coal which is unsatisfactory for such purpose if used alone.

(b) Statistics of production, consumption, imports and exports

- (i) These statistics refer only to the mines directly concerned in the movement. Imports are not given since it is not possible to isolate the imports of the coal into Canada that have been in direct competition with these mines.

	<u>1963</u>	<u>1962</u>	<u>1961</u>
Production	1,453,073	1,334,684	1,441,299
Mine shipments	777,888	647,882	719,207

- (ii) The same remarks apply here as in Section A above.

III. COKE BOUNTY

1. Nature and extent of the subsidy

(a) Background

In 1929, representations were made to Government that the duty of 50 cents per ton levied on imported bituminous coal should be removed when that coal was used to produce coke that, in turn, was used in the manufacture of iron or steel. It was held that this duty was, in effect, a levy upon the users of the end products. Action was taken, in consequence, to provide a drawback of 99 per cent of the duty on the imported coal.

Immediately, further representations were made by the one iron and steel producer using Canadian coal that this action had altered the competitive position of their product by reducing the cost of coal to their competitors who used imported coal.

The Government, therefore, to restore the status quo, provided that, as long as the concession in regard to the duty on imported coal remained in effect, a subsidy of 49 1/2 cents per net ton would be paid on bituminous coal mined in Canada and converted into coke to be used in the manufacture in Canada of iron or steel.

Authority - Canadian Coal Equality Act.

(b) Incidence

The subsidy is paid to the companies operating the coke ovens. The payment is as noted above, fixed at 49 1/2 cents per ton.

(c) Amount of subsidy

In the calendar year 1963, the subsidy paid was \$238,791 on 482,406 tons of coal.

(d) Estimated amount per unit

49 1/2 cents per net ton.

2. Effect of subsidy

(a) Estimated quantitative trade effects of the subsidy

The subsidy, as noted in the background item above, permits the producer of iron and steel, using Canadian coal as the source of the necessary coke, to operate under those competitive conditions in the iron and steel trade as developed and were effective prior to the action of Government in reducing the duty on the imported coal used by other producers.

(b) Statistics of production, consumption, imports and exports

Statistics of this type are not available nor are they relevant to this type of subsidy.

C. Fishing Vessels

Following is the text of an Appropriation Act (SOR/64-437) which was published in the Canada Gazette Part II, Volume 98, No. 21, 11 November 1964:

His Excellency the Governor General in Council, on the recommendation of the Minister of Fisheries, pursuant to any enactment of the Parliament of Canada for defraying the several charges and expenses of the public service from and after the first day of April 1964 that provides for payments in respect of assistance in the construction of fishing vessels for which capital subsidies are not payable pursuant to any other Federal authorization, is pleased hereby to amend the Fishing Vessel Assistance Regulations, 1964, made by Order in Council P.C. 1964-855 of 11 June 1964¹, in accordance with the Schedule hereto.

SCHEDULE

1. Paragraphs (a) and (b) of section 3 of the Fishing Vessel Assistance Regulations, 1964 are revoked and the following substituted therefor:

¹The text of this Order in Council and of the amended Fishing Vessel Assistance Regulations is given below, following the text of the Appropriation Act.

- "(a) the fishing vessel is at least thirty-five feet in length and is constructed on the Atlantic Coast; and
- (b) the application for the contribution is accompanied by evidence satisfactory to the Minister that it is made in respect of a vessel for which the Board received a request for assistance from a fisherman or builder on or after 1 July 1964";

2. Sub-section (2) of section 6 of the said Regulations is revoked and the following substituted therefor:

- "(2) No payment shall be made by the Minister under this section;
 - (a) in respect of a vessel of fifteen tons gross tonnage or under, until the Board has certified that the vessel has been inspected and approved by the Board; or
 - (b) in respect of a vessel of more than fifteen tons gross tonnage, until an inspector of the Board of Steamship Inspection has issued an Inspection Certificate indicating the operational limits of the vessel and approving its construction and propelling machinery."

The Order in Council referred to in the Appropriation Act, (SOR/64-221) and the Fishing Vessel Assistance Regulations, 1964, annexed thereto are as follows (The Canada Gazette Part II, Volume 98, No. 12, 24 June 1964):

His Excellency the Governor General in Council, on the recommendation of the Minister of Fisheries, pursuant to any enactment of the Parliament of Canada for defraying the several charges and expenses of the public service from and after the first day of April 1964 that provides for payments in respect of assistance in the construction of fishing vessels for which capital subsidies are not payable pursuant to any other Federal authorization, is pleased hereby to make the annexed Fishing Vessel Assistance Regulations, 1964.

FISHING VESSEL ASSISTANCE REGULATIONS

1. These regulations may be cited as the Fishing Vessel Assistance Regulations, 1964.
2. In these Regulations
 - (a) "approved cost" means the cost of construction approved by the Minister, and includes the cost of such gear and equipment as is normally part of or attached to the vessel; and
 - (b) "Board" means
 - (i) in the Province of Nova Scotia, the Fishermen's Loan Board;
 - (ii) in the Province of New Brunswick, the Fishermen's Loan Board;

- (iii) in the Province of Prince Edward Island, the Fishermen's Loan Board;
 - (iv) in the Province of Newfoundland the Fisheries Loan Board; and
 - (v) in the Province of Quebec, the Minister of Industry and Commerce;
- (c) "fishing vessel" means a ship or boat or any other vessel used in commercial fishing;
 - (d) "length" means the horizontal distance measured between perpendiculars erected at the extreme ends of the outside of the hull; and
 - (e) "Minister" means the Minister of Fisheries.

3. These Regulations apply in respect of contributions paid out of moneys appropriated from time to time by Parliament for assistance in the construction of fishing vessels where

- (a) the fishing vessel is at least thirty-five feet in length and is constructed on the Atlantic coast;
- (b) the application for the contribution is made on or after 1 July 1964;

and the Fishing Vessel Assistance Regulations do not apply in respect of any contributions to which these Regulations apply.

4. The Minister may enter into an agreement with a Board providing for the payment to the Board of a contribution in respect of the construction of a fishing vessel owned by one or more persons and having a minimum length of thirty-five feet and a maximum size of less than one hundred gross tons.

5. An agreement made under section 4 shall provide

- (a) that the Board shall pay to the owner of each fishing vessel in respect of which a contribution for construction has been made by the Minister all money received from the Minister as a contribution towards its construction;
- (b) that the Board shall ensure that each fishing vessel in respect of which a contribution has been made shall, for a period of five years from a date fixed in the agreement by the Minister, be kept actively engaged in fishing operations in each fishing season and that during this period the vessel shall not be sold or chartered to engage in any operation other than fishing, except with the consent in writing of the Minister;

- (c) that the Board shall, in the event of the non-observance of any term or condition of the agreement, repay to the Minister such amount as may be mutually agreed upon; and
 - (d) for such other terms and conditions as may be agreed upon for the purpose of giving full effect to the meaning and intent of these Regulations.
6. (1) Subject to sub-section(12), the Minister may, in accordance with an agreement entered into with the Board under these Regulations, pay to the Board a contribution in respect of the construction of a fishing vessel not exceeding
- (a) 25 per cent of the approved cost of any fishing vessel having a minimum length of thirty-five feet and a maximum length of less than fifty-five feet; and
 - (b) 30 per cent of the approved cost of any fishing vessel having a minimum length of fifty-five feet and a maximum size of less than one hundred gross tons.
- (2) No payment shall be made by the Minister under this section until an inspector of the Board of Steamship Inspection has issued an Inspection Certificate indicating the operational limits of the vessel and approving its construction and propelling machinery.
7. The Minister may, from time to time, enter into an agreement with a Board whereby the terms and conditions of any agreement entered into by the Minister and that Board either before or after the coming into force of these Regulations may be altered or varied in a manner consistent with these Regulations.

YUGOSLAVIA¹

The following modifications should be made in document L/1948/Add.27 of 30 October 1963, relative to subsidies applied in Yugoslavia:

By an order of 4 March 1964, published in the Official Gazette of the SFRY, No. 10/64, the export premium is abolished for zinc concentrate and artificial fertilizers. Consequently the items in L/1948/Add.27 listed below are modified to read as indicated:

	<u>Per cent</u>
Section 115, item 5:	
5. Other concentrates, except lead concentrate and zinc concentrate	10
Section 120, item 12:	
Delete the item	
Section 120, item 13:	
13. Other chemicals (except chemical elements not specified, bases and basic acids, silver nitrate, mercury for dental use, oleum salviae, bone scraps and all kinds of artificial fertilizers, precipitate of mercury, chloride and sublimate of mercury)	22

¹For previous Yugoslav notification of subsidy measures see document L/1948/Add.27.