

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2326/Add.1
6 March 1965

Limited Distribution

Original: English

SUBSIDIES

Notifications of Changes in Subsidy Measures

UNITED KINGDOM¹

AGRICULTURE

1. The subsidies to agriculture in the United Kingdom comprise two main forms of support - guaranteed prices and production grants. Under the Agriculture Acts of 1947 and 1957 the Government provides guaranteed prices for certain agricultural products. These guarantees are in general implemented through deficiency payment schemes whereby the national average market price is made up by Government payments to the level of the guaranteed price. Guaranteed prices are determined annually after a review of the economic condition and prospects of the agricultural industry - in the course of this review detailed discussions are held with the Farmers' Unions. Further assistance to the industry is given in the form of grants (called "production grants") which encourage farmers to improve their equipment, machinery, land and livestock. Many of the production grants are designed to encourage long-term improvements, as distinct from the day-to-day support provided by the guaranteed price system. The aim of Government policy towards the agricultural industry remains, as stated in the 1947 Act, to promote and maintain "a stable and efficient agricultural industry capable of producing such part of the nation's food and other agricultural produce as in the national interest it is desirable to produce in the United Kingdom, and of producing it at minimum prices consistently with proper remuneration and living conditions for farmers and workers in agriculture and an adequate return on capital invested in the industry".

2. In considering readjustments of its agricultural policy the United Kingdom has had to take into account the speed of world-wide technical advance in agriculture. As the efficiency of world agriculture increases, both productivity and production rise and the rate of expansion tends to be faster than the expansion of the well supplied markets. As the major relatively free import market the United Kingdom has been particularly vulnerable to the resulting pressures in international trade. Prices have been unstable so that the cost of the price guarantees has tended to rise and become unpredictable and at the same time some traditional suppliers to the United Kingdom were suffering from falling returns. These conditions arose both from the pressure on the market

¹Notification received 17 February 1965.

of total supplies including imports and also from the difficulty of improving the phasing and marketing of home supplies while imports remained unregulated. This situation which militated against the stability of the market and the steady expansion of consumption was not in the interests of producers in the United Kingdom or abroad.

3. It was decided, therefore, that some adaptation of policy was necessary which would ensure stability without denying to overseas suppliers access to the United Kingdom market. This could not be guaranteed without some measure of restraint both on home production and overseas supplies so that trade could expand with the market. The objective has been to maintain a fair and reasonable balance between home production and imports, starting from broadly the present proportions of the United Kingdom market which each supplied. Both domestic producers and overseas suppliers should have the opportunity to share in growth in the market resulting from the increase in population and the rise in living standards.

4. The Government decided that the standard quantity principle, which already applied to most other guaranteed commodities, should therefore be extended into the guarantee arrangements for fatstock and cereals, provided that this could be coupled with agreed arrangements for the regulation of imported supplies. The principle of standard quantities can be applied in different ways but generally speaking it takes the form of relating the basic guaranteed price to a specified quantity of produce marketed annually so that unit returns to producers are reduced if the standard quantity is exceeded. The standard quantity is determined by the Government with regard to the amount of produce which it is desirable in the national interest to produce in the United Kingdom.

5. Accordingly a bacon market sharing understanding was reached with overseas suppliers under which arrangements were made from 1 April 1964 for the phasing of supplies on to the United Kingdom market. (Domestic production already being subject to control by a flexible guarantees arrangement.) On 1 July 1964 after consultation with all overseas suppliers, minimum import prices, supported as necessary by variable levies, were introduced for cereals and certain cereal products; the arrangements provide for supplying countries to co-operate in the system by themselves observing the minimum prices, and most have concluded agreements with the United Kingdom to do so. As a counterpart to the minimum import price system, standard quantity arrangements were introduced for home produced wheat and barley on the same date. It was not possible to secure the agreement of overseas suppliers of beef and lamb to the introduction of import controls but they are participating in the work of a meat study group which reviews regularly the United Kingdom market situation with reference to estimated levels of home production and imports of meat; the group is purely advisory. Changes in the guarantee arrangements in 1964 were intended to improve the phasing of home produced fat cattle and sheep.

6. This adaptation of support arrangements does not indicate a move away from the deficiency payments system. The intention is to prevent the system from being undermined by excessively low market prices, not to raise prices generally by limiting supplies.

7. While the support given to home agriculture through deficiency payments and other measures encourages a higher level of output than there would otherwise be, United Kingdom farmers produce barely half the country's total supply of food. It is not possible to assess with any degree of accuracy the quantitative effect on trade of support measures, particularly as their influence on export/import prices is limited by the fact that in general sales take place on a free market. This is an important factor which has to be taken into account in considering the effect on trade of the United Kingdom support system. There are no special incentives to dispose of agricultural produce on export markets.

PRICE GUARANTEESFatstockI. Nature and extent of subsidy(a) Background and authority

Guaranteed prices for fat cattle, fat sheep and fat pigs are determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

(b) Incidence

A deficiency payments scheme administered by the Agricultural Departments enables producers to receive a subsidy payment on fat cattle, fat lambs and sheep and fat pigs which have been sold and which have been certified as eligible under the Fatstock Guarantee Scheme. Eligibility is based on certain standards of weight and conformation. The guarantee is varied according to a seasonal scale of standard prices for cattle and sheep, and according to feed costs for pigs. The guarantee for fat pigs is further varied according to the number of animals estimated to be coming forward in each year. Payments for pigs are calculated weekly and represent the difference between the average of current market prices (four weeks actual, four weeks estimated) and the standard price for that week. Payments for cattle and sheep are also calculated weekly and are, in broad terms, the difference between the average market price and the standard price for that week but these payments are reduced when the market price is low and increased when it is high. Fat cattle and bacon pigs reaching certain standards of quality attract higher subsidy payments.

(c) Estimated amount of subsidy in 1963/64

Cattle	£40.8 million
Sheep	£13.3 million
Pigs	£26.5 million
Total	£80.6 million

(d) Estimated amount per unit

Cattle	30s.9 3/4d. per live cwt.
Sheep	0s.6 1/2d. per lb. dressed carcase weight
Pigs	6s.2d. per 20 lb. deadweight

Note: These unit rates are the average rates paid on animals eligible for subsidy payments. If related to total sales of fatstock the unit rates would be lower, particularly in the case of cattle and sheep.

II. Effect of subsidy

(a) In addition to the points set out in the fourth paragraph of this notification, it is to be noted that, so far as exports have occurred, they have consisted mainly of animals not eligible for deficiency payments.

(b) Statistics of production, consumption, imports and exports of beef, mutton and lamb, and pigmeat for the years 1960, 1961 - 1962 and 1963 are given in Annex 1.

Eggs - Hen and Duck

I. Nature and extent of subsidy

(a) Background and authority

Guaranteed prices for hen and duck eggs are determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

(b) Incidence

The price guarantees for eggs are implemented by means of a deficiency payments scheme operated through a producers' marketing board. The subsidy is paid only on those eggs passing through the Board's packing stations. Eggs which are not sold through the Egg Marketing Board receive no subsidy payment; about 40 per cent of the total production is believed to be sold in this way or consumed by producers. New arrangements were introduced for hen eggs in 1963 and duck eggs in 1964. Indicator prices have been fixed which represent the price which the Board would be expected to receive from a market that was not over-supplied. The basic deficiency payment is therefore limited to the difference between the guaranteed price and the indicator price. The Exchequer bears only a proportion (at present 50 per cent) of any deficit when the market price falls below the indicator price. The proportion decreases annually and by 1969 no part of any deficit between indicator and market prices will fall on the Exchequer. Correspondingly the Board is allowed to retain one third of the excess when the market price exceeds the indicator price. For hen eggs, the Board will receive additional payments when, due to imports rising above a pre-determined norm, the market price falls below the indicator price.

(c) Estimated amount of subsidy in 1963/64

Hen eggs£20.2 million
Duck eggsnegligible

(d) Estimated amount per unit

Hen eggs Os.7 $\frac{1}{2}$ d. per dozen
Duck eggs negligible

Note: The unit cost for hen eggs is based on eggs eligible for the guarantee. If related to total sales of all eggs this figure would be substantially lower.

II. Effect of subsidy

(a) With regard to the quantitative effect on trade of the support measures for eggs see the fourth paragraph of this notification. There is a prohibition upon the export of eggs which have received subsidy to countries which are recognized to be the normal export markets of Denmark and Holland (except for consignments to British forces overseas).

(b) Statistics of production, consumption, imports and exports of eggs for the years 1960, 1961, 1962 and 1963 are given in Annex 2.

Wool

I. Nature and extent of the subsidy

(a) Background and authority

A guaranteed price for fleece wool is determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

(b) Incidence

The price guarantee for wool is implemented by means of a deficiency payments scheme operated through a producers' marketing board, which is responsible for marketing all fleece wool produced in the United Kingdom. The wool is sold by public auction and if the realized price is in excess of the fixed guaranteed price the excess is paid into a price stabilization fund. If the realized price is less than the fixed guaranteed price the deficiency is met from the price stabilization fund and if the fund is exhausted any further deficiency is met by the Government. A form of profit and loss sharing between the Government and the Board provides an incentive to efficient marketing.

(c) Amount of subsidy

The estimated cost of implementing the price guarantee for wool for the financial year 1963/64 is £0.6 million.

(d) Estimated amount per unit

Note: The estimated expenditure of £0.6 million is a carry-over from the 1962 clip; no subsidy was paid on the 1963 clip.

II. Effect of subsidy

(a) Wool. In addition to what is stated in the fourth paragraph of this notification it is to be noted that the United Kingdom production of wool forms only a small proportion of total wool consumption.

(b) Statistics of production, consumption, imports and exports of wool for the clip years 1959/60, 1960/61, 1961/62, 1962/63 and 1963/64 (forecast home production only) are given in Annex 3.

Cereals

I. Nature and extent of the subsidy

(a) Background and authority

Guaranteed prices for wheat, barley, oats, rye and mixed corn are determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

(b) Incidence

The price guarantees for wheat, barley, oats and rye are implemented through a deficiency payments system administered by the Agricultural Departments. On 1 July 1964 standard quantities and target indicator prices (the latter related to the minimum import prices) were introduced for wheat and barley. In broad terms these arrangements operate so as to reduce the deficiency payment per unit when production is above the standard quantity on a weak market and increase the deficiency payment when production is below the standard quantity on a strong market. For oats, rye and mixed corn individual producers receive a payment representing the difference between the national average market price and the guaranteed price. Payments to growers of wheat and rye are based on the quantity of millable grain for which a certificate has been issued by an authorized merchant as sold and delivered. For barley and oats the deficiency payment per cwt. is converted to a rate per acre and payments are made according to individual growers' acreages without reference to sales. Certain crops of mixed corn are eligible for payment at the rate for oats (or at only 70 per cent of the acreage in the case of cereals mixed with pulse).

(c) Estimated amount of subsidy in 1963/64

Wheat	£30.3 million
Rye	negligible
Barley	£36.8 million
Oats and mixed corn	£10.0 million
	£77.1 million

(d) Estimated amount per unit of the 1963 crop

Wheat	5s.5 3/4d. per cwt.
Rye	negligible
Barley	6s.2 3/4d. per cwt.
Oats	7s.6 1/4d. per cwt.

II. Effect of subsidy

(a) See the fourth paragraph of this notification. The new guarantee arrangements recently introduced for home produced wheat and barley are a counterpart to the introduction of minimum import prices for imported cereals. Exports are comparatively small in quantity and usually occur in fulfilment of overseas demand for specialized types of cereals.

(b) Statistics of production, consumption, imports and exports for the crop years 1960/61, 1961/62, 1962/63 and 1963/64 (estimated home production only) are given in Annex 4.

Potatoes

I. Nature and extent of the subsidy

(a) Background and authority

A guaranteed price for potatoes is determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in the first paragraph of this notification.

(b) Incidence

The price guarantee for potatoes is implemented in Great Britain through a producers' marketing Board and takes the form of a deficiency payment payable to the Board in any season in which the average market price obtained by growers for potatoes (other than new potatoes i.e. potatoes delivered before 1 August in the year of harvesting) sold for human consumption falls below the guaranteed price. The deficiency payment is limited to the tonnage of home-produced potatoes (other than new potatoes) estimated to have been sold for human consumption in the United Kingdom. Seven eighths of the total United Kingdom deficiency payment go to the Board and one eighth to the Ministry of Agriculture for Northern Ireland, who operate their own arrangements.

To strengthen the market in years of surplus a Market Support Fund, to which the Government and the Potato Marketing Board both contribute, has been established for Great Britain and similar arrangements have been made to cover Northern Ireland.

(c) Amount of subsidy

The estimated cost of implementing the price guarantee for potatoes in the financial year 1963/64 is £0.5 million.

(d) Estimated amount per unit

0s.1 3/4d. per cwt.

II. Effect of subsidy

(a) The quantitative effect on trade of the deficiency payment system of support for potatoes in the United Kingdom is negligible.

(b) Statistics of production, consumption, imports and exports for the crop years 1960/61, 1961/62, 1962/63 and 1963/64 (estimated home production only) are given in Annex 4.

Milk

A guaranteed price for a limited quantity (related to liquid consumption) of cows milk is determined each year under Part I of the Agriculture Acts 1947 and 1957. This guarantee is implemented through the five producers' marketing boards covering separate regions of the United Kingdom. Milk sold for liquid consumption is subject to a Government controlled maximum retail price.

Since the beginning of the financial year 1962/63 the maximum price has been fixed at a level which results (taking one year with another) in the consumer meeting the cost of the guarantee. Under this new policy, apart from fixing the retail price the Exchequer acts largely as a stabilizing agent, receiving surpluses and meeting deficiencies in different years and balancing accounts between the various regional boards. The guarantee arrangements do not therefore in the view of the United Kingdom constitute a subsidy under the terms of Article XVI.

Sugar Beet

A guaranteed price for sugar beet is determined each year under Part I of the Agriculture Acts, 1947 and 1957, for the purpose referred to in paragraph 1 above. However, the guarantee arrangements for sugar beet do not, in the view of the United Kingdom and for the reasons outlined in the notification of 19 August 1959 (L/1131), constitute a subsidy within the terms of Article XVI.

FARMING GRANTS AND SUBSIDIES

In addition to the price guarantees for the commodities referred to above, assistance (totalling an estimated £104.2 million in 1963/64) is also given to the farming industry by way of various schemes designed to encourage the development of agricultural efficiency by improving farm equipment and machinery, land and livestock. In most cases it is not possible to attribute the cost of these schemes to a particular commodity. The principal grants and subsidies are as follows:

(i) Fertilizer and lime subsidies

Schemes under the Agriculture (Fertilizers) Act, 1952 provide grants (at varying rates not exceeding 50 per cent of the cost) to assist farmers in the purchase of nitrogenous and phosphatic fertilizers. Farmers can also obtain a refund of 65 per cent of the cost of liming the land to improve soil fertility. The cost of these subsidies in the financial year 1963/64 was estimated at £33.6 million for fertilizers and £8.1 million for lime.

(ii) Calf subsidy

To stimulate the rearing of calves suitable for beef production, schemes are made under the Agriculture (Calf Subsidies) Act, 1952 to enable subsidy to be paid for suitable calves at the rate of £9.15s.0d. for steers and £7.10s.0d. for heifers. The estimated cost of this subsidy for the financial year 1963/64 was £19.4 million.

(iii) Ploughing grants of £5 per acre are available under the Agriculture (Ploughing Grants) Act, 1952 for land that has been under grass for not less than three years, to encourage the regular ploughing up and extended use of leys. An increased rate of £12 may be paid on land which has been continuousl under grass since before 1 June 1952. The cost of these grants in the financial year 1963/64 was estimated at £9.9 million.

(iv) Farm improvement scheme

Under Part II of the Agriculture Act, 1957 grants of one third of the cost are available to the owners and occupiers of agricultural land towards the cost of improving certain kinds of fixed equipment, including farm building roads, fences and electricity supply; grants of one third are also made towards the incidental cost of amalgamating uneconomic holdings. The estimate cost of this scheme for the financial year 1963/64 was £10.2 million.

(v) Assistance for small farmers

To establish on a firm basis small farm businesses whose main handicap is lack of working capital, grants under schemes authorized by the Agriculture (Small Farmers) Act, 1959, are offered to small farmers who carry out approved three, four or five-year improvement plans. The limit is £1,000, for any one farm business plan. Up to 30 June 1962 supplementary grants were also available to assist those farmers who are not immediately able to commence an approved plan. The estimated cost of these schemes in the financial year 1963/64 was £5.6 million.

(vi) Eradication of bovine tuberculosis

Under the Tuberculosis (Attested Herds) Scheme, authorized by the Diseases of Animals Act 1950, bonuses are paid to farmers in Great Britain towards the initial capital costs of eradicating bovine tuberculosis from their herds. Payment takes the form of either a rate of 2d. per gallon of milk produced for four years followed by 1d. per gallon for two years, or, at the farmer's option, at the rate of £2 per head of cattle for four years, followed by £1 per head for two years. The estimated expenditure on this scheme for the financial year 1963/64 was £3.1 million. Payments now decline annually as entry into this scheme has almost ceased since 1 March 1960, when the last eradication areas were declared. A similar scheme is in operation in Northern Ireland under which expenditure was estimated to be £1.0 million for the financial year 1963/64.

(vii) Hill cow subsidy

To encourage the production of breeding cattle on hill farms, schemes under the Hill Farming and Livestock Rearing Acts, 1946-56, authorize payment of £12 per head on cows and in-calf heifers in regular breeding herds maintained on hill farms or land used for livestock rearing throughout the year. The cost of this subsidy for the financial year 1963/64 was estimated at £5.6 million.

(viii) Farm drainage grants

Grants of 50 per cent of the cost of approved schemes for ditching and field drainage are made under the Agriculture (Miscellaneous Provisions) Act 1940, as amended by later enactments. The estimated cost of these grants in the financial year 1963/64 was £2.6 million.

(ix) Livestock rearing land improvement grants

Fifty per cent of the cost of comprehensive improvement of hill livestock rearing farms is paid under powers in the Hill Farming and Livestock Rearing Acts, 1946-56, and the Agricultural Improvement Grants Act, 1959. The estimated cost of this expenditure for the financial year 1963/64 was £1.5 million. Final date for the submission of schemes was 5 November 1963.

(x) Hill sheep subsidy

The Hill Sheep Schemes made under the Hill Farming and Livestock Rearing Acts 1946-56 are designed to stabilize the income of hill sheep farmers at a reasonable level in order to encourage them to maintain foundation flocks of hardy hill sheep. Expenditure under these schemes was estimated to be £2.4 million for the financial year 1963/64.

(xi) Special assistance to Northern Ireland

Under the Agriculture Act 1957, payments are made to the Northern Ireland Exchequer by the United Kingdom Exchequer for expenditure on approved schemes to or for the benefit of Northern Ireland producers. These payments are intended to compensate Northern Ireland producers for their remoteness from the main markets in the United Kingdom. Expenditure on such approved schemes in the financial year 1963/64 was estimated to be £1.5 million.

(xii) Water supply grants

The Agriculture (Miscellaneous Provisions) Act, 1941, as amended by later enactments provides for grants of 25 per cent and 40 per cent of the cost of providing water supplies to farms. The estimated cost of such grants in the financial year 1963/64 was £0.7 million.

(xiii) Marginal production assistance (Scotland only)

Schemes under the Agriculture (Scotland) Act 1948 to aid producers who are handicapped by poor soil, remoteness or other factors beyond their control are estimated to have cost £0.7 million for the financial year 1963/64. These grants ended in 1964, some remnant expenditure payable in the current year.

(xiv) Grants for agricultural development in Northern Ireland

Paid under the Agriculture Act (Northern Ireland) 1949, expenditure on drainage, water supply and other schemes out of Northern Ireland funds was estimated to be £0.7 million for the financial year 1963/64.

(xv) Silo subsidies amounting to about half the cost of approved projects, up to a maximum of £250 a farm, are available under the Agriculture (Silo Subsidies) Act, 1956, for constructing and improving silos for conserving grass and fodder. The estimated cost of these grants for the financial year 1963/64 was £0.3 million.

(xvi) Grassland renovation scheme

Grants of £4 per acre will be paid under the Agriculture (Miscellaneous Provisions) Act, 1963, for approved programmes of improvements to permanent grassland which is at least seven years old. The schemes operate from 1 September 1963 and will run for a period of three years.

(xvii) Winter keep schemes

Under the Agriculture (Miscellaneous Provisions) Act, 1963, grants will be paid on specified crops grown as winter keep on predominantly livestock rearing land. In England, Wales and Northern Ireland flat rate grants of £3 per acre will be payable; in Scotland there will be three levels of grant (50s., 70s. and 100s.) differentiating in favour of poorer quality land but averaging approximately £3 per acre. The schemes operate from 1 January 1964.

MARKET DEVELOPMENT SCHEME

Grants are payable under the Agriculture (Miscellaneous Provisions) Act, 1963, to encourage research and development in the marketing of agricultural and horticultural produce. The Scheme was introduced for an experimental period of three years, ending 31 March 1965, but powers are available to extend the scheme beyond that date. The estimated expenditure in 1963/64 was £0.03 million.

HORTICULTURE

The Horticulture Improvement Scheme, 1964, made under the Horticulture Act, 1960, as amended by the Agriculture and Horticulture Act, 1964, provides for grants to growers, their landlords and horticultural marketing co-operatives of one third of the approved cost of certain improvements in facilities for the production, storage, preparation for market and transport of horticultural produce. To be eligible a grower's production business must occupy at least four acres of "eligible land"; i.e. open land (or its "equivalent" under glass or other forms of especially intensive cultivation) which has been used for horticultural production for at least the preceding two years, and it must be capable of providing a full-time livelihood. Approval is given only to improvements that will result in worthwhile benefit to the efficiency of the business.

The Scheme, which came into force on 1 July 1964, replaced the Horticulture Improvement Scheme 1960, introduced in April 1960. Between then and the end of October 1964, approval had been given to proposals for work estimated to cost £10.7 million, of which £3.6 million will come from the Exchequer grant. £2.4 million of this amount has already been paid.

The Small Horticultural Production Business Scheme, 1964, made under the Agriculture and Horticulture Act, 1964, also came into operation on 1 July 1964. The Scheme is intended to help small growers to improve the efficiency of their businesses. The grant is a contribution to the working capital needed while they are carrying out an approved three-year programme of reorganization or improvements. To be eligible for grant the business must occupy at least four and not more than fifteen acres of "eligible land" which has been used for horticultural purposes for at least the preceding two years, calculated in the same way as for the Horticulture Improvements Scheme. The grant is at the rate of £50 per acre of "eligible land" up to a maximum of £500, and is payable in four equal instalments over the three years of the approved programme. To excluding the small horticultural unit which is part of a much larger farming business, a mixed business including not more than fifteen "eligible" acres of horticulture is eligible for grant only if the total acreage occupied by the business is not more than thirty statute acres.

Grant for Grubbing Orchards. Section 3 of the Agriculture and Horticulture Act, 1964, provides for grants of a third of the cost of clearing orchards planted originally for profit but which are now producing only poor quality fruit. The grant is available to owners or occupiers of any commercial orchards of quarter acre or more provided it is intended to use the land for agriculture when the orchard has been cleared.

Grants to Horticultural Marketing Co-operatives. Under section 4 of the Horticulture Act 1960, grants are available to central bodies (for example, the Agricultural Central Co-operative Association Ltd.) whose purpose is organizing, promoting or developing horticultural producers' marketing co-operatives, towards the cost of approved programmes designed to assist in achieving that purpose. The grants cover a range of activities but they are used mainly to help in the formation of horticultural co-operatives by such means as surveys of horticultural production areas and advice on the legal or physical organization of co-operatives. Similar grant aided advice is available to established co-operatives who may also get grant towards the cost of employment of managers. Rates of grant range from $33 \frac{1}{3}$ per cent to 100 per cent over varying periods of up to three years.

Section 4 of the Agriculture and Horticulture Act 1964 provides for the making of working capital grants to newly set-up horticultural producers' marketing co-operatives, towards their initial expenses (excluding building and land), until such expenses can be met out of income. These grants may also be used to help finance the expansion or an increase in the efficiency of existing co-operatives. Grants under this provision are available up to a maximum of one third of the estimated expenses of carrying out an approved programme.

Grants under all the provisions mentioned above are available for ten years from 15 April 1964, and to provide for them and for those previously available under the Horticulture Act 1960, the amount of £8 million provided under that Act has been increased to £24 million; it may be further increased by order to £27 million.

Credit. Section 9 of the 1964 Act provides for the making of grants towards the expenditure incurred by a body in fulfilling its guaranteeing of loans made by banks to any persons carrying on a horticultural business. Grants under this provision are available in respect of guarantees given by the bodies over the five-year period which commenced on 1 April 1964, but this period may be extended by order for a further five years.

FISHERIES

I. Nature and extent of the subsidies

(a) Background and authority

The subsidies consist of the following:

(i) The white fish and herring subsidies are paid in respect of white fish and herring landed in the United Kingdom from vessels registered in the United Kingdom or voyages made by such vessels for the purpose of catching white fish or herring and landing them in the United Kingdom. They are paid under the White Fish and Herring Industries Acts 1953 and 1957 and the Sea Fish Industry Acts 1959 and 1962.

The white fish subsidy was instituted in 1950 as a temporary measure to help the inshore, near - and middle-water sections of the industry through the period during which the fleets were being reconstructed and modernized. Its objects were to prevent the existing obsolescent fleet of coal-burning vessels from going out of existence too quickly and to encourage the provision of a continuous and plentiful supply of white fish. All of the coal burners have now been replaced by modern diesel vessels but, owing to the financial state of the fishing industry, these subsidies which were extended to include the distant-water fleet under the White Fish and Herring Industries Act 1961, are being continued, but reducing in value year by year, until 1972.

The herring subsidy was instituted in 1957 to arrest the trend away from herring catching to white fishing and to prevent a further decline in the size of the herring fleet.

(ii) Grants for the acquisition of new fishing vessels and engines. These grants were originally intended to encourage and speed up the modernization and reconstruction of the inshore, near - and middle-water fleets. This aim has almost been completed as regards the inshore, near - and middle-water fleets but the Sea Fish Industry Act, 1962 extended the grants to include distant-water vessels over 140 feet in length. Except for vessels under 80 feet in length and engines for them, grants will in future be mainly confined to vessels built to replace old vessels roughly on the basis of the one new vessel for two old ones scrapped. These grants are paid under the White Fish and Herring Industries Act 1953 and the Sea Fish Industry Act 1962.

(b) Incidence

(i) White fish subsidy is paid by one of the following two methods:

(a) at 1s.3d. a stone for gutted and 1s.0d. for ungutted fish (except ungutted fish not sold for human consumption for which the subsidy is 6d. a stone) landed and sold otherwise than by retail from vessels under 60 feet in length (with the exception of seiners which normally make voyages of eight days or more);

(b) at a flat rate per day at sea, which varies between £6 and £12.15.0d., according to the length of the vessel for vessels other than coal burners over 60 feet and to seiners under 60 feet which normally make voyages of eight days or more. Special supplementary payments are made in addition to those in (b) above to certain classes of vessels of 80 feet or over which are in particular financial difficulties. These payments vary between £2 and £8 a day according to the length of the vessel, its method of propulsion, and the port from which it fishes.

(ii) Herring subsidy is paid by one of the following two methods:

(a) at 6d. a stone of herring landed from vessels under 40 feet;

(b) at a flat rate per day at sea, which varies between £6.10.0d. and £13 according to the length of the vessel for vessels over 40 feet.

(iii) The grant payable towards the cost of a new vessel 80 feet in length or over is 25 per cent of the total cost with a maximum of £80,000 or £110,000 in the case of a freezer trawler. The grant for a vessel under 80 feet and for an engine for such a vessel is 30 per cent of the total cost up to a maximum of £13,000 for a new vessel and £2,500 for a new engine.

(c) Amount of subsidy

(i) Expenditure on white fish subsidy in the financial year 1963/1964 was £4,376,000 and provision is made for £3,950,000 in 1964/1965.

(ii) Expenditure on herring subsidy in 1963/1964 was £407,000 and provision is made for £400,000 in 1964/1965.

(iii) Expenditure on grants in 1963/1964 was £244,000 and provision is made for £907,000 in 1964/1965.

(d) Estimated amount per unit

Generally, the amount of subsidy is not related directly to the quantity of fish landed, but to the time spent at sea by the vessel concerned.

II. Effect of the subsidies

Exports are very small in proportion to total landings and it is impossible to say what precise effect the subsidies have on the trade in white fish. It is not considered that the subsidy payable on catches of herring has had any effect on exports. Statistics are given in Annex 5...

ANNEX 1
UNITED KINGDOM
Carcase Meat
('000 tons)

	Home-fed Production (c)	Imports (c)		Exports (c)		Disap- pearance (b)
		As meat	As live animals (a)	As meat	As live animals (a)	
<u>BEEF AND VEAL</u>						
1960	752	353	55)	not	16	1,151
1961	822	288	69)	avail-	48	1,185
1962	870	327	34)	able	31	1,244
1963	911	358	18	2	40	1,294
<u>MUTTON AND LAMB</u>						
1960	222	375	2)	not	5	596
1961	262	347	1)	avail-	7	618
1962	248	352	2)	able	8	609
1963	240	343	1	3	10	586
<u>PORK</u>						
1960	440	22	...)	not	-	463
1961	444	18	...)	avail-	-	462
1962	499	20	...)	able	-	520
1963	522	11	...	5	-	533
<u>TOTAL ALL CARCASE MEAT</u>						
1960	1,415	750	57)	not	20	2,210
1961	1,528	653	70)	avail-	55	2,265
1962	1,617	699	36)	able	39	2,373
1963	1,673	712	19	11	50	2,413
<u>BACON AND HAM</u>						
1960	180	405	-	1	-	586
1961	202	394	-	1	-	596
1962	222	399	-	1	-	621
1963	217	385	-	1	-	602

... = less than 500 tons

- (a) Estimated meat equivalent.
 (b) Domestic and exports, (and including re-exports which are negligible); also includes carcase meat subsequently used for canning, and takes account of changes in public and government-owned cold store stocks.
 (c) Fifty-three week statistical year in 1960. Imports and exports are on a calendar year basis.

ANNEX 2

UNITED KINGDOM

Eggs (Hen and Duck)

Million dozen.

Calendar years	Home (a) Production	Imports	Exports and re-exports	Disappearance (b)
1960 (c)	1,088	35	1	1,123
1961	1,083	39	1	1,122
1962	1,118	25	1	1,143
1963	1,110	28	... (d)	1,138

(a) Production for human consumption.

(b) Disappearance includes home production, imports and any stock-change.

(c) Fifty-three week year.

(d) Less than 500,000 dozen.

ANNEX 3

UNITED KINGDOM

Raw Wool

Million lbs.

	1960	1961	1962	1963
<u>VIRGIN WOOL - CLEAN WEIGHT</u>				
Production (a)	78	86	86	82
Imports	446	436	432	435
Consumption	481	472	448	458
Exports (b)	47	54	52	59
Re-exports	35	32	27	20

(a) Estimated.

(b) Including imported wool scoured etc, in the United Kingdom
and wool from imported skins.

ANNEX 4
UNITED KINGDOM

Crops
('000 tons)

	Home Production	Imports	Exports	Disappearance
<u>Wheat</u>				
July-June 1960/61	2,992	4,631 ^a	31 ^a	7,419 ^a
" " 1961/62	2,573	4,618 ^a	15 ^a	7,168 ^a
" " 1962/63	3,911	4,188 ^a	152 ^a	7,618 ^a
" " 1963/64 ^c	2,998	4,540 ^a	18 ^a	7,502 ^a
<u>Barley</u>				
July-June 1960/61	4,241	950	126	4,909
" " 1961/62	4,974	531	341	5,302
" " 1962/63	5,773	292	190	5,631
" " 1963/64 ^c	6,599	419	75	7,018
<u>Oats</u>				
July-June 1960/61	2,058	47	6	2,058
" " 1961/62	1,822	42	5	1,915
" " 1962/63	1,747	53	18	1,751
" " 1963/64 ^c	1,438	21	4	1,490
<u>Mixed corn</u>				
July-June 1960/61	219	-	-	220
" " 1961/62	171	-	-	171
" " 1962/63	154	-	-	154
" " 1963/64 ^c	118	-	-	118
<u>Rye</u>				
July-June 1960/61	18	9	-	27
" " 1961/62	18	6	-	24
" " 1962/63	17	5	-	22
" " 1963/64 ^c	22	6	-	28
<u>Potatoes</u> ^b				
July-June 1960/61	7,158	279	85	7,350
" " 1961/62	6,258	545	67	6,738
" " 1962/63	6,658	496	74	7,080
" " 1963/64 ^c	6,576	358	58	6,876

^aIncludes flour as wheat at 72 per cent extraction.

^bIncludes ware, new and seed potatoes.

^cProvisional figures.

ANNEX 5

UNITED KINGDOM

FISHERIES

Statistics of production, consumption and trade (all fish excluding shellfish)

(cwt.s. except where stated to the contrary)

	1950		1957		1959		1961		1962		1963	
	White fish	Herring	White fish	Herring	White fish	Herring	White fish	Herring	White fish	Herring	White fish	Herring
Production (excl. salmon and migratory trout)												
England and Wales	11,069,378	1,528,841	10,747,823	684,333	10,500,056	443,182	9,609,329	371,554	10,213,143	272,030	9,756,524	480,746
Scotland	3,058,700	1,997,300	4,227,500	1,648,720	3,846,397	2,218,111	3,451,907	1,359,663	3,599,692	1,486,646	4,294,026	1,567,114
N. Ireland	49,450	30,180	81,952	60,949	111,327	73,053	72,637	49,834	113,107	34,125	69,544	47,308
Total	14,177,528	3,556,321	15,057,275	2,394,002	14,557,780	2,734,346	13,133,873	1,781,051	13,925,942	1,792,801	14,120,094	2,095,168
Household Consumption (oz/hd/wk)												
		6.09		5.82		5.48		5.41		5.50		5.53 ^a
Trade												
Imports	2,377,191	258,170	2,911,780	352,331	3,365,613	314,998	3,587,837	283,965	3,953,945	185,743	3,433,784 ^a	206,705 ^a
Exports	352,580	1,006,063	338,446	448,415	385,598	518,552	387,813	341,802	454,543	385,032	497,449 ^a	365,318 ^a

^a Provisional

FORESTRY

I. Nature and extent of the subsidy

(a) Background and authority

The Forestry Act, 1919, empowers the Forestry Commissioners, subject to Treasury approval, to "make advances by way of grant or by way of loan ... upon such terms as they think fit, to persons (including local authorities) in respect of the afforestation (including the replanting) on land belonging to those persons". Grants have only been available in their present form, however, since the 1947 Act came into force and the dedication schemes began to operate, although for five years or so even after this date the scheme went very slowly and it was not until 1952 or 1953 that it began to work more or less as it does today.

(b) Incidence

Financial assistance to encourage the expansion of private commercial forestry in the United Kingdom is given to owners of woodlands on the basis set out at I(d) below.

(c) Amount of subsidy

The actual amount paid in grants for the year ending 30 September 1963 was £1,230,000, and the actual expenditure for the year ending 30 September 1964 was £1,584,000.

(d) Estimated amount by unit

Financial assistance is given on the following basis:

(i) Where the owner dedicates his woodland permanently to forestry a grant of up to 25 per cent of his operating losses until the woodland becomes self-supporting or, alternatively, £22.12.0d. per acre for planting plus an annual management grant of 20/3 per acre for the first one hundred acres of eligible land, 13/9 per acre for the second one hundred acres and 8/9 per acre for the remainder.

(ii) A grant of £22.12.0d. per acre for planting woodlands not suitable for dedication.

(iii) Where woodlands are considered suitable for dedication and the owner has not dedicated but is working to a plan of operations approved by the Forestry Commissioners, the planting grant of £22.12.0d. per acre referred to in (i) in respect of any planting carried out in the woodlands.

II. Effect of subsidy

(a) Forestry is a long-term project and it is not thought that grants to woodland owners can have any effect on imports or exports for at least fifty years.

(b) Statistics of production, consumption and exports

Not applicable.

NORTHERN IRELAND FLAX

I. Nature and extent of the subsidy

(a) Background and authority

Under the terms of the Flax Act (Northern Ireland), 1954, the Ministry of Agriculture in Northern Ireland may in any year prescribe standard prices for flax and re-scutched tow consequent upon an agreement with the flax spinners under which the latter contract to purchase the entire flax crop grown in Northern Ireland on conditions approved by the Ministry. The purpose of the agreement is to endeavour to ensure that the technical knowledge of flax growing in Northern Ireland is not lost.

(b) Incidence

Government support has taken the form of a guaranteed minimum price (based on world price) to flax growers for each crop (except 1959, when there was no agreement) up to 1960. No Government subsidy has been paid since that for the 1960 crop.

(c) Amount of subsidy

Subsidies paid by the Northern Ireland Government since 1954 have been as follows:

Crop year	Subsidy on dampretted flax £'000	Subsidy on unretted straw £'000	Total £'000
1954	57	3	60
1955	63	3	66
1956	123	7	130
1957	20	4	24
1958	5	3	8
1959	-	-	-
1960	4	5	9

(d) Estimated amount by unit

See I(b) above.

II. Effect of subsidy

(a) There has been a general decline in the acreage of flax grown in Northern Ireland since 1953 when over 18,000 acres were under flax. By 1958 the extent of the crop had fallen to 1,000 acres and this declined further to 350 acres in 1960, 180 acres in 1961, 20 acres in 1962 and 20 acres in 1963. The quantities produced from such low acreages however, represent an extremely small proportion of the Northern Ireland flax spinners' requirements which are, in fact, almost entirely met by imported flax.

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

Not applicable.

FILMS

I. Nature and extent of the levy

(a) Background and authority

The receipts of British films are augmented from a Fund (The British Film Production Fund) which derives its revenues from a levy payable on cinema admissions. The statutory authority for this scheme is the Cinematograph Films Act, 1957. The scheme is a successor to a similar arrangement which was operated voluntarily by the various trade associations in the industry from 1950 to 1957, and ensures that a reasonable amount of British film production continues to come forward.

(b) Incidence

Under the scheme, levy is currently assessed at the rate of one ninth of the amount by which any payment for admission exceeds eleven pence. At the same time provision is made for exemption from levy where the total receipts at a cinema in any week are less than £300. Overall payments into the Fund at present amount to some 7 per cent of total box office receipts.

(c) Amount of levy

The Act provides that the levy collected shall be not less than £2 million and not more than £5 million per year. At present the levy amounts to about £4 million a year.

(d) Estimated amount per unit

The proceeds of the levy are divided between British films in proportion to their box office success in the home market. Overall, about one quarter of British film producers' receipts from all sources at home and abroad come from the levy.

II. Effect of levy

(a) The effect of the levy over the last ten years has been to maintain United Kingdom feature film production at a level of slightly less than eighty films a year.

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

(i) For the three most recent years for which statistics are available

TABLE A1

Long films (over 6,500 feet) registered by the Board of Trade		
<u>Year ended 31 December</u>	<u>British</u>	<u>Foreign</u>
1961	77	270
1962	71	248
1963	72	243

TABLE B1

<u>Year</u>	<u>Sums received or receivable from overseas in respect of British films the distribution rights of which are held by United Kingdom registered companies</u>	<u>Sums paid or payable to overseas in respect of cinematograph films</u>
1961	£5,119,000	£11,569,000
1962	£4,039,000	£10,399,000
1963	£4,757,000	£10,572,000

(ii) For a previous representative year, which, where possible and meaningful, should be the latest period preceding the introduction of the subsidy or preceding the last major change in the subsidy.

TABLE A2

Long films (over 6,500 feet) registered by the Board of Trade		
<u>Year</u>	<u>British</u>	<u>Foreign</u>
1950	81	283

TABLE B2

<u>Year</u>	<u>Overseas earnings of British films actually remitted to the United Kingdom</u>	<u>Sums payable to producers of foreign films in respect of exhibition in the United Kingdom</u>
1956	£3,972,000*	£9,647,000

* Statistics on the export earnings of British films are not available before 1956.

