NOTIFICATIONS submitted under Article XVI

The following statements have been received from the Governments of Canada and Finland. The latter should be regarded as replacing the notification by that Government as reproduced in document L/880.

CANADA

Notification of 17 November 1958

(Preceding notifications were reproduced in the following documents; GATT/OP/114, G/4/Add.3, L/223, L/351/Add.2, L/480/Add.4 and L/660/Add.4.)

A. AGRICULTURAL PRODUCTS

I. GRAIN AND GRAIN PRODUCTS

Feed Freight Assistance

I. Nature and Extent of the subsidy

(a) Background and authority - Originally a wartime measure, this policy has been continued to assist livestock producers in eastern Canada and British Columbia by reducing the freight charges on western grains and millfeeds used by them for feed purposes. The authorization is P.C. 1955-138, 26 January 1955, as amended by P.C. 1957-288, 28 February 1957.

The South African Government has drawn attention to a typographical error in its notification in this document. The last item in the table appearing at the head of page 50 should read: Meat (Pork); 3.4d. per lb.
Incidence - The subsidy is paid to the wholesalers or retailers from whom the farmers purchase western grains or millfeeds. Claims must show that the commodities are to be fed to livestock and that the amount of the assistance has been passed on to the purchaser. No payment is made on grains and feeds for export.

For the purpose of determining the rate of subsidy, five different regions have been established. Within some of these, there is a flat rate but in others the rate increases with increased distance from the point of shipment. The rate varies from $5 to $26.10 per ton according to destination.

Amount of subsidy - Preliminary figures show expenditure for the fiscal year 1957-58 as $17,691,794.

Estimated amount per unit - In 1957-58, payments averaged $7.39 per ton.

2. Effect of subsidy

The program encourages use of domestic feeds in Canada.

II. LIVESTOCK AND PRODUCTS

Hog Premiums

1. Nature and extent of the subsidy

(a) Background and authority - The payment is designed to improve the quality of Canadian hogs. It is authorized by P.C. 62, 10 January 1944, as amended.

(b) Incidence - Payment is made to producers who deliver their 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. The rates are $2.00 per head on A Grade carcasses and $1.00 per head for B-1 Grade carcasses.

(c) Amount of subsidy - The estimated expenditure for the fiscal year 1957-58 was $5,441,761.

(d) Estimated amount per unit - In 1957-58 payments totalling $5,441,761 were made on 1,577,737 Grade A carcasses and 2,286,287 B-1 Grade carcasses. The average payment per hog was $1.41.

2. Effect of subsidy

The premium is a small part of the present return but it has been instrumental in improving and maintaining hog quality.
III. DAIRY PRODUCTS

Butter and Butterfat Price Support

1. Nature and extent of the subsidy

(a) Background and authority - Butter was placed under price support in 1949 in order to stabilize prices and maintain a satisfactory price level within the dairy industry. The Agricultural Stabilization Board which replaced the Agricultural Prices Support Board effective 3 March 1958, buys butter in the summer months and releases it to the trade during the winter. The program is authorized under the Agricultural Stabilization Act, by P.O. 1958-490, 7 April 1958.

(b) Incidence - Between 1 May 1958 and 30 April 1959, the Agricultural Stabilization Board has authority to purchase First Grade creamery butter at 64 cents per pound, basis delivery Montreal, with appropriate price and market differentials for other markets, and butterfat in other forms which the Board may specify.

(c) Amount of subsidy - Loss on butter in the fiscal year 1957-58 amounted to $2.78 million. The net cost of supporting the 1956 and 1957 production is unknown as the programs are not yet completed.

(d) Estimated amount per unit - Unknown.

2. Effect of subsidy

Prices of butter remained reasonably stable avoiding serious seasonal fluctuations.

Cheddar Cheese Price Support

1. Nature and extent of the subsidy

(a) Background and authority - Cheese was placed under price support in 1949 when production, which had been expanded during the war years, was more than adequate to fill the second last "wartime" contract with the United Kingdom. After the final U.K. contract in 1950, export markets for cheddar cheese deteriorated. Price support was offered in 1951, 1952 and 1953. From 1952 until 30 April 1958 cheese was also marketed under annual Agricultural Products Co-operative Marketing Act agreements. There was no federal loss under those agreements. Cheese again came under price support in 1958 to help stabilize prices within the dairy industry. Support for the 1958 production was authorized under the Agricultural Stabilization Act by P.O. 1958-643, 1 May 1958.
Incidence - The Agricultural Stabilization Board has authority to purchase Canada First Grade waxed cheddar cheese from 1 May 1958 to 30 April 1959 at a price of 33\(\frac{1}{2}\) cents per pound basis delivery Montreal for Quebec cheese and at 34 cents per pound f.o.b. warehouse for the Ontario product.

Amount of subsidy - Not yet known.

Estimated amount per unit - Not known.

2. Effect of subsidy - Not known.

Dry Skimmed Milk Price Support

1. Nature and Extent of the subsidy

Background and authority - Dry skimmed milk was placed under price support on 19 March 1957 to stabilize the price level during the heavy spring and summer production period. It is authorized for support under the Agricultural Stabilization Act, by P.C. 1958-642, 1 May 1958.

Incidence - Between 1 May 1958 and 30 April 1959 the Agricultural Stabilization Board has authority to purchase Canada First Grade dry skimmed milk at 15 cents per pound spray process and 12 cents per pound roller process, in storage Montreal, with appropriate price differentials for other Canadian markets.

Amount of subsidy - The estimated expenditure was $1.09 million in the fiscal year 1957-58. The total cost is not yet known as the program has not yet been completed.

Estimated amount per unit - Not known.

2. Effect of subsidy

There were substantial increases in imports and in the absence of restraints unusually large imports would have been attracted. Stocks of the products have accumulated in government hands as a result of the program. These have been offered as donations to international relief agencies which have accepted small shipments. Additional quantities that had been in storage for some time have been sold to Denmark at competitive prices for livestock feed purposes.
Cheese Quality Premiums

1. Nature and extent of the subsidy

(a) Background and authority - The payment is designed to encourage the production of high quality cheese. The authority is the Cheese and Cheese Factory Improvement Act and P.C. 1954-1969, 16 December 1954, as amended.

(b) Incidence - Producers receive a quality premium of one cent per pound on whole milk cheese scoring 93 points and two cents per pound on such cheese scoring 94 or more points if it is of the cheddar type (including "washed curd" cheese) or blue-vein cheese of the Roquefort type. This assistance is paid to the factory on the basis of premium earned for distribution to its suppliers in proportion to their deliveries of milk from which the cheese is made. The factories must distribute all premiums to producers by the end of December each year.

(c) Amount of subsidy - For the fiscal year 1957-58, the expenditure was estimated at $844,823.

(d) Estimated amount per unit - The subsidy averaged 1.4 cents per pound on production of 26.18 million pounds of 94-score cheese and 33.88 million pounds scoring 93 points.

2. Effect of subsidy

Although it forms a small part of the returns to the producer, the payment induces the production of high quality cheese.

IV. EGGS AND POULTRY

Egg Price Support

1. Nature and extent of the subsidy

(a) Background and authority - Price support for eggs has been authorized annually since 1950 when the end of the last British contract and the non-availability of major export outlets resulted in a decline in prices in Canada. It was authorized from 5 May 1958 under the Agricultural Stabilization Act, by P.C. 1958-644, 1 May 1958.

(b) Incidence - Between 5 May 1958 and 4 May 1959 the Agricultural Stabilization Board has authority to purchase Canada Grade A Large eggs, and any other grades and forms of eggs it may specify at prices equivalent to 44 cents per dozen for Grade A Large, graded and packed in new wooden cases, delivered Montreal.
(c) **Amount of subsidy** - During the fiscal year 1957-58 the loss on this program amounted to $1.44 million, but the program has not been completed.

(d) **Estimated amount per unit** - Not available.

2. **Effect of subsidy**

The price support program has tended to adjust and stabilize egg prices.

**Fowl Price Support**

1. **Nature and extent of the subsidy**

(a) **Background and authority** - The program outlined in the previous submission was terminated 31 March 1958.

**V. FRUITS AND VEGETABLES**

**Potato Price Support**

1. **Nature and extent of the subsidy**

(a) **Background and authority** - Stocks of 1956 potatoes were at a high level in the Maritime Provinces, particularly New Brunswick, in the spring of 1957. To attempt to stabilize prices of potatoes and assist in their orderly marketing, a starch diversion program was put into effect.

Canadian stocks of 1957 potatoes at the end of January 1958 were about 10 per cent above those of a year earlier. For this reason a starch diversion program similar to that of the 1956 crop applied under authority of the Agricultural Stabilization Act and P.C. 1958-180, 31 January 1958.

(b) **Incidence** - For the 1957 crop producers were to receive a minimum price of $1.35 per barrel of Canada No.1 potatoes weighing not less than 165 pounds, delivered to starch outlets. This was increased to $1.65 per barrel for potatoes delivered during February 1958, to $1.55 for those delivered during March and April, and $1.45 for those delivered on and after 1 May as producer prices for potatoes delivered to consumer market outlets other than starch between 1 February and 31 May remained above $1.35 per barrel.

(c) **Amount of subsidy** - To 31 March 1958 the net cost of price support for the 1957 crop was $30,955. This program has not been completed.
(d) Estimated amount per unit - Approximately $1.27 per barrel (165 pounds) delivered under the program for the 1956 crop. Not yet known for the 1957 program.

2. Effect of subsidy

Prices were maintained to producers.

OTHER ANNOUNCED PRICE SUPPORTS

Price supports have been announced on a number of other products but so far there have been no operations under the programs. If the programs involve any subsidies they will be reported in later notifications.

B. FISHERY PRODUCTS

As a measure of assistance to the fishermen of the Atlantic Coast Provinces producing salted fish products, the Government in July 1956, announced a programme to rebate to individual producers of salted cod one-half of their laid-down cost of salt used in producing these products. Total payments in the year 1957-58 amounted to $594,997.00. This amount represented approximately 3 per cent of the total exported value of the products eligible for assistance in this form.

C. MINERAL PRODUCTS

I. COAL FREIGHT SUBVENTIONS

Authorization - Dominion Coal Board Act, 1947 Act II Geo. VI

and Order in Council P.C. 1958-516
Order in Council P.C. 1958-517
Order in Council P.C. 1958-518
Order in Council P.C. 1958-519
Order in Council P.C. 1958-520
Order in Council P.C. 1958-521
Order in Council P.C. 1958-749
Order in Council P.C. 1958-796

Circumstances - This form of assistance, which has been maintained in varying degrees since 1928, has arisen from the geographical position of Canadian coal fields in relation to the major Canadian coal markets. The aid was designed to assist the movement of Canadian coal to certain areas in Central Canada by equalizing the laid-down cost of Canadian coal with imported coal.
Extent and Nature - There is some variety in the subventions authorized to assist the Canadian coal movements. They are all designed to place Canadian mined coal in a position of competitive equality with imported coal in the markets of Central Canada.

Cost - The total cost of these subventions in the calendar year 1957 amounted to $8,781,014 on a total tonnage moved of 3,181,120 tons. In 1957 the total production of coal in Canada was 13,189,155 tons.

Effect - It is likely that, in the absence of subventions, very little of the coal produced in the Maritime Provinces or in Western Canada would have moved to Central Canada.

II. COAL EXPORT SUBSIDY

Authorization - Dominion Coal Board Act 1947 and Order in Council 1958-517
Order in Council 1958-520

(a) British Columbia and Alberta Coal

Circumstances - This subsidy was to assist the coal producers of British Columbia and Alberta to find markets elsewhere than in Canada since they are located far distant from the major consumer markets of Central Canada. It provides a subsidy on coal exported to all countries other than the United States, or its territorial possessions, or used as fuel for ships.

Extent and Nature - The subsidy provides a payment of up to 2.25 per net ton on Alberta and British Columbia coal exported from Canadian seaports, and 75 cents per net ton on coal sold for ships' stores for use in ocean going vessels as fuel.

Cost - In the calendar year 1957 the subsidy amounted to $86,934 on 40,466 tons of coal shipped to Japan and $70 on 93 net tons used as ships' stores.

Effect - In the calendar year 1957 the total Canadian exports of coal was 396,311 tons and the small amount of coal shipped under subsidy from Western Canada had little effect on the movement.

(b) Nova Scotia Coal - Export Subsidy

The Orders in Council covering the export of Nova Scotia coal were, prior to this year, for specific tonnages. These orders were left open in the hope of moving coal to Europe in 1957. However, no shipments were made during the year.

III. COKE BOUNTY


Circumstances - This subsidy provides that any iron and steel producer, not entitled to a drawback of duty on imported coal, may be granted a subsidy on the coal of Canadian origin converted into coke and used for the smelting
of iron ore. It was designed to assist those iron and steel producers who, because of their geographical position, are not able to take advantage of the reduction in duty on imported coal for coking purposes. It thus tends to equalize the cost differentials between various Canadian primary steel producers.

**Extent and Nature** - This subsidy amounts to 49.5 cents per net ton of Canadian coal used by primary iron and steel producers for converting to coke.

**Cost** - In the calendar year 1957 the subsidy amounted to $378,849 on 765,352 tons of coal.

**Effect** - This subsidy has no adverse effect on imports of coal into Canada. Those companies receiving the subsidy would not be able to use imported coal for coking purposes because of their geographical location.

**FINLAND**

Notification of 18 November 1958

(This notification replaces that reproduced in L/880)

Under a new law regulating agricultural income, promulgated on 14 October 1958, the level of gross agricultural proceeds is tied to the costs of production in such a manner that changes in the costs of production call for a corresponding change in gross agricultural proceeds. In order to maintain gross agricultural proceeds at the level defined by the law, each year the Government guarantees prices to be paid to producers of cereals and stipulates the average target prices for milk, pork and eggs.

If the price of some of these commodities differs during the crop year from the target price, the Government has to take measures to equalize the producer's price with the target price. In calculating the gross agricultural proceeds, only the subsidies which are paid to the producers living under more difficult conditions, due to climatical or other reasons, are taken into account. Consequently, the possible export subsidies will no longer be incorporated in the calculated gross agricultural proceeds.

In principle, only the producer's prices are fixed, as explained above. If the consumer's prices should have to be reduced for social or other reasons below the level of the fixed producer's prices, as is at present the case with cereals and butter, this will be done by using State funds to finance the difference.