

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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13 October 1950
ENGLISH
ORIGINAL: FRENCH

CONTRACTING PARTIES

S U B S I D I E S

NOTIFICATION REQUIRED BY ARTICLE XVI AND
BY THE DECISION OF THE CONTRACTING PARTIES
OF 2 MARCH 1950

Communication from the Government of France

"6 October 1950

"Article XVI of the General Agreement on Tariffs and Trade provides that, if any contracting party grants any subsidy which operates to increase exports or to reduce imports, it shall notify the Contracting Parties of the extent and nature of the subsidization. Though the French Government is of the opinion that the subsidies it grants do not fall within the categories referred to in Article XVI, it wishes, however, to notify the Contracting Parties of the measures concerned that the Contracting Parties may be in a position to form an opinion in full cognizance of the case. Such is the object of the annexed note that I have the honour hereby to transmit."

FRANCH ALLOR NDUM ON SUBSIDIES

Besides subsidies granted on an individual basis and in occasional cases to agricultural producers whose crops have been destroyed by some calamity and subsidies granted, as is the case in most countries, with a view to stimulating technical progress and research in the agricultural and industrial domains, the French Government grants directly or indirectly of active assistance to producers only in a number of limited cases listed and described below. 1)

Price guarantees apply to some products the procurement of which is deemed to be essential to meet internal needs, or the market in which was organized long before the war within the general framework of the economic policy of the country; with respect to other products which constitute generally an important, if not unique source of prosperity for one particular region and which it has not appeared necessary to protect by means of customs duties, direct financial support, sometimes called "customs compensation county", is granted by the public authorities.

Those are the two forms of state assistance to French production which, for reasons explained further in this document, do not seem to fall within the category of subsidies mentioned in Article XVI of the General Agreement on Tariffs and Trade, but which the French Government, however, has deemed it necessary to bring to the attention of the Contracting Parties.

I. PRODUITS POUR LEQUELS UNE PRISE GARANTIE EST DONNEE PAR L'ETAT

A. Principe de la prise garantie

A decree authorizing this measure determines, with respect to stable commodities (wheat, beetroot and milk), the basis on which prices will be fixed for four crop years (standard yield, cost factors and taxes).

Every year a Departmental Order fixes the amount of the various cost factors.

Every year a Departmental Order fixes the price of the products concerned on the basis of costs and cost factors.

B. Produits auxquels le systeme de prise garantie s'applique

1. Wheat

Authorisation: Decree of 23 March 1947 guaranteeing the price of wheat for the years 1947/48 up to and including 1951/52.

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- 1) The assistance granted with a view to lowering the price of some categories of imported coal should be mentioned separately and only ad memoriam as such assistance is being eliminated.

2. Beetroot

Authorisation: Decree of 30 April 1946 subsequently amended by Decrees of 23 February 1948 and 1st December 1949.

3. Alcohol

Authorisation: Article XXVI of the Law of 1st August 1924 laying down the principle of sugar and alcohol price equalisation.

4. Chicory

Authorisation and Determination method: Every year a Departmental Order fixes the price of chicory; the determination method consists in applying a certain coefficient to the price of beetroot.

The market for the 4 above-mentioned products is organised by the State and therefore price guarantees are an essential factor supplementing the arrangement.

5. Oil Seeds

Authorisation: Decree of 25 July 1947.

Determination method: The price of oilseeds is determined on the basis of the price of colseed which depends on the price fixed for wheat by virtue of the relevant decree promulgated every year.

Effect: Specifications relating to use of oilseeds are added to price guarantees; the effect of these measures is to maintain in France a satisfactory level of production to satisfy the minimum needs of the metropolitan territory.

6. Milk

Authorisation: Decrees of 23 February and 27 September 1948 and of 10 September 1949.

Determination method: Under the above-mentioned legislation the price for milk is determined on the basis of the geographical location of producers.

Effect: The effect of this measure is to standardize conditions on the national market and more specifically to keep price differences, as between various production areas, within reasonable limits.

II. PRODUCTS FOR WHICH DIRECT FINANCIAL ASSISTANCE IS GRANTED BY THE PUBLIC AUTHORITIES

Authorisation: Law of 15 September 1943 instituting a Textile Fund.

Circumstances: The resources of the fund make it possible to further the production of a number of commodities (flax, silk and hemp) for which this form of subsidy is granted. As regards flax and hemp, the subsidy was instituted with a view to furthering the use of national textile fibres which constitute an important source of prosperity for the producing areas.

As regards silk, the subsidy solely aims at insuring the maintenance of this production which could not be carried on without protection and

which is highly essential for a region otherwise very poor.

Effect: The above-mentioned subsidies are not likely to operate to reduce imports substantially as the national production of these commodities is very limited. The consequences on exports also appear to be negligible.

