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ADJUSTMENT ASSISTANCE PROGRAMMES

Addendum

Statement Submitted by the Government of France

A. GENERAL

National economies have become interdependent as a result of the development of international trade over the past two decades. The capacity of an economy to face competition in its own market as well as in third markets commands growth, the maintenance of full employment and the expansion of trade. The French policy of adjustment assistance is sited in this context.

Unlike what may have happened elsewhere, the opening up of the internal market to outside competition came about relatively rapidly in France. This effort, which was unprecedented for the French economy since the early stages of industrialization, was undertaken immediately following the second world war but only in the past ten years or so has it been implemented in a satisfactory and continuing way.

As mentioned in the report on the objectives choice between the various alternatives under the Fifth Plan, the international context in which the competitive effort must be situated is that of the elimination of customs barriers within the Common Market, and of a broad liberalization of trade with the other industrial countries and with the developing countries which are called upon to supply not only raw materials but also industrial products. Despite the progress achieved in recent years, the structures of French industry have been geared for too long to a narrow and sheltered national market and are not always adequately adjusted to the above situation.

In order not to have to oppose any new trade liberalization endeavour, it became necessary to bring into operation a policy of adjustment assistance¹ so as to enable industry to make the choices necessary for maintaining competitive capacity.

¹The term calls for additional clarification. Sometimes it refers to measures designed to strengthen the financial and technical structures of an undertaking without affecting the latter's intrinsic nature; sometimes to an attempt at reconversion of a firm which can admittedly be undertaken within the framework of a consolidation or merger, but which ultimately leads to the cutting down or even the dropping of certain production lines.

It is of course in this second meaning that the term will be used here. At the present stage, however, French industry has to resort just as much to the first type of operation as to the second, and the means of action of the public authorities (in particular, loans from the Economic and Social Development Fund - ESDF) are often identical in both cases.

In a naturally very diversified economy such as the French economy, industry as a whole cannot be specialized, but the "fining down" of industrial structures is often worth while. In other words, the abandonment of certain types of activity that are clearly unsuited to the French economic and social environment is sometimes unescapable and necessary, but it cannot in any way be a systematic and unexceptional operation. For a given production line, situations vary from one area to another, depending on the organization of production, the degree of specialization, etc.

The report on the choice between the various alternatives under the Fifth Plan is nonetheless unambiguous: the development of production facilities is sought only to the extent that it concerns internationally competitive undertakings. At the same time, "the nature and magnitude of the problems to which solutions will have to be sought during the establishment of the Fifth Plan in the various sectors of industry are of course very variable, depending on whether they concern advanced industries which must have the maximum encouragement, sectors which are to continue to expand normally, or those in which total or partial conversion must be envisaged. It would be advisable, in an increasingly broad market where some international division of labour should normally develop, not to bring the effort to bear everywhere at the same time".

For mass production in the mechanical engineering and electrical sectors "the intensification of the consolidation policy and the search for reasonable specialization (at European level)" are considered necessary.

It may be that this effort will lead to the relinquishment of one or other individual industries. Shipyards must step up internal and external conversion. The iron and steel industry, producing for a market that seems likely to develop less rapidly than in the past, must continue to modernize its equipment. The textile industries must pursue a consolidation policy and envisage certain internal conversions.

Thus the strategy to be pursued must be examined sector by sector or region by region. This is one of the tasks of the Plan's Modernization Commissions which are set up by major classes of activities and comprise representatives of the trades concerned and government representatives. This is also the task of the Commissioners for Conversion and of the Central Panel on Conversion established by an order dated 28 September 1967. Commissioners for Conversion have been appointed for the conversion areas of the Nord, Lorraine, Saint Etienne and Alès, with the task of seeking, promoting and proposing all measures likely to contribute to the solution of industrial adjustment problems. To this end they participate in the specialized committees of the ESDF which advise on the premiums and tax concessions granted by the State (see below), they participate in the stage-by-stage planning of regional equipment projects and are associated in the preparation and implementation of agreements entered into by the State to solve conversion problems. The Central Panel on Conversion is simply a link in the co-ordination mechanism between the various departments concerned and comes partly under the authority of the Inter-Ministerial Committee for town and country planning and equipment.

As these two examples show, adjustment assistance is the subject of complex mechanisms and procedures, and any action by the public authorities is considered in a very pragmatic manner. This could not be otherwise, for three series of reasons.

1. In a liberal economy, market evolution is the key factor in structural adjustments. It is the responsibility of the industrialists themselves to adjust to new circumstances by regaining any of the dynamism that they may lack, or by shifting the essential part of their production capacity towards new or still profitable production lines. In principle, structural adjustments are the exclusive responsibility of the professional sectors concerned. Such is the case when the economic situation causes no concern, when growth is assured without any strain on the markets for the necessary inputs, and lastly when the human and financial cost of the adjustments envisaged is still tolerable for the undertakings and the workers concerned.

Where this set of circumstances is not present, the public authorities, acting as the agent which regulates and orientates the national economy, may have to intervene. But in any such intervention, care is taken not to impose on the undertakings concerned, the transformations or even termination of activities which seem inevitable from the general viewpoint. On the contrary, the undertakings concerned are left to select and apply, where appropriate with assistance from the authorities, the adjustments that they consider necessary. Furthermore the participation of those concerned (professions, undertakings, trade unions) in the formulation and implementation of adjustment assistance policy is systematically sought in the context of the Planning Commissions, the Vocational Training Association, the training or conversion agreements and the regional institutions.

2. Whatever the methods and procedures followed, adjustment assistance is designed to accompany changes and make them socially, economically and politically less abrupt, and hence less to be feared. In this sense the opening up of the internal market to products from other countries, in particular the developing countries, is made easier.

In a market economy, however, the use of adjustment assistance must be motivated by an overriding need and, except in particular cases, by the fact that damage or acute difficulties are found to exist which the undertakings adversely affected cannot offset by their own means alone. In other words, the French policy on adjustment assistance makes it possible to accompany and even speed up a reconversion movement that is found to be inescapable or necessary; such a process, however, cannot be set in motion ex ante without account being taken of the actual situation of the market and of the international economy.

3. Adjustment assistance must also take account of the need to develop economic activity in those areas of the national territory that are still under-equipped, in order to avoid any aggravation of geographical disequilibria. This need complicates still further any action to be undertaken.

Consequently, adjustment assistance in France is not based on any standard set of provisions and does not depend on action by any given department. On the contrary, it involves action by a considerable number of State administrations and co-ordination between them is actively sought through the Plan and through Inter-Ministerial Committees (town and country planning and equipment, vocational training, industrial policy) and at the level of implementation through the Economic and Social Development Fund, the Association for Adult Vocational Training, the Central Panel and the Commissioners for Conversion. In addition, adjustment assistance cannot be limited to the specific types of intervention described in the second part of this note. Action to develop economic information and to disseminate structural studies¹ and market surveys enjoys pride of place.

The maintenance of a satisfactory general economic situation, characterized by economic expansion and equilibrium, also affords a better environment to industrial undertakings for their conversion efforts. The adjustments that need to be encouraged call for economic decision-making centres, a spirit of determination and entrepreneurship that are hardly compatible with sluggish growth.

B. METHOD OF IMPLEMENTATION

Whether at the level of the community or at that of the undertaking, economic and social costs constitute the major obstacle to industrial adjustment. Structural adjustments imply that the undertakings concerned are able to find suitable and inexpensive financing sources and that the human, legal and fiscal framework of their effort should not be an undue constraint.

Action by the public authorities therefore has three components: adjustment of the tax system and of corporation law, financial and tax incentives, and lastly adaptation of workers to change. We shall refer here only to the two latter aspects which are of decisive importance.

I. Financial incentives

The public authorities can bring their action to bear upon the three standard sources of financing of undertakings: equity, medium-term credit and long-term credit. They can also, through taxation, lower the cost of certain operations.

Strengthening of their own funds of undertakings that have to reconvert or by their investments are contributing to reconversion of activities in a particular region is the major concern of the authorities. On the one hand, shortage of equity capital is one of the principal weaknesses of French undertakings as a whole. On the other hand, an undertaking that is trying to

¹In particular through the Plan.

reconvert is seldom in a position to generate by self-financing the sums required for the investment that it wishes to make. The undertakings concerned are generally fairly small and can only raise limited contributions, if any, in the financial market. Participation and mergers afford a solution, but such operations must be made sufficiently attractive by adjustments in tax treatment (see below).

The authorities, which can influence the self-financing ratio only indirectly and by their overall action on the economy, must therefore intervene by means of special aids and adjustments in the financial market.

1. Government aids

These are granted by the Ministry of Finance, on the basis of a recommendation by the Economic and Social Development Fund. The ESDF is a special Treasury account, but at the same time an inter-ministerial body for planning and consultation which, by the advice it gives, orientates ministerial approvals and ensures consistency between the various economic interventions by the State. Its committee "I ter" whose membership includes representatives of the Ministries of Industry, Equipment and Social Affairs, the Town and Country Planning Office and the Planning Commission, administers or supervises most of the State aids and credits for regional development and structural adjustments.

These include first of all the industrial adjustment premium established by the Decree of 21 May 1964, certain provisions of which were clarified and liberalized on 10 May 1966 and 24 October 1967. This premium is designed to encourage the creation of new activities in areas, as defined by decree, which are faced or threatened with employment problems as a result of a decline in the industrial or mining activities from which they hitherto derived their livelihood. These areas include:

- mining areas: the coal basins in the Nord, the Pas-de-Calais, Lorraine and Central France and the iron ore deposits in Lorraine;
- the textile industry areas: Vosges, Haute-Saône, Alsace ...;
- certain urban areas where conversion problems are particularly serious because of disruption to certain traditional occupations (ironworks, light engineering, shipyards, mining and miscellaneous industries): Montluçon, Béziers, Chateauroux, Boucau, Toulon, and the Boulonnais and Ardennes areas, etc.

The rate of the premium is determined according to the economic merit of the operation and the replacement in employment envisaged, subject to a ceiling of 25 per cent of the untaxed investment expenditure borne by the undertaking, in the case of the establishment, reactivation or total conversion of an undertaking, and of 15 per cent in the case of extension or partial conversion.¹

¹ From 1 September 1968 to 31 December 1969, however, the same advantages may be granted for extension programmes as for establishment programmes.

The replacement of workers who are jobless because of the decline or disappearance of traditional occupations remains a primary objective; the amount of the premium may not exceed F 13,000 per job created, in the case of new activities, and F 7,000 in the case of extension or partial conversion. But eligible investments are required to be directly connected with new and competitive activities.

Moreover, the administrative procedure for approving the premium, in the context of the ESDF, ensures that any creation or conversion of activities in respect of which the premium is granted is consistent with the main lines of the Plan and industrial policy.

In 1967, forty-three applications for premiums were approved representing the amount of F 28.4 million. On average, the aid granted is equivalent to one tenth of the investment actually made.

Although tending to decline rapidly in amount, the special temporary aid for shipyard conversion is similar to the industrial adjustment premium, but is available only to undertakings engaged in programmes for the replacement of shipyard activities by other less vulnerable activities. In 1963 it reached a value of F 20.9 million, but in 1967 reached only F 0.7 million.

2. Subsidies from local authorities

At one time, aid granted by local authorities reached a high level because of the combination of different forms of subsidies: employment subsidies, price reductions on land and buildings, payment of certain works, various payment facilities, etc. Apart from the fact that action by the local authorities was not always conducive to sound adjustment of industry to economic requirements and that it could run contrary to action by the State, it was a heavy burden on local budgets.

Under a circular dated 23 September 1965, employment premiums and price reductions on buildings were prohibited, and the use of other types of aid was brought under regulation. Thus, payment facilities are now available only for certain areas where structural adjustment and industrial development are particularly necessary, and they are limited in both amount and duration.

3. Credit

(a) Fifteen regional development corporations (RDC) described by a Decree dated 30 June 1965, have been established with a view to contributing, through equity investment, to the financing of industrial concerns in areas affected by under-employment or by inadequate economic development. To this end such corporations receive preferential tax treatment. This form of action, however, has not proved as successful as had been hoped and total RDC participation is tending to decline.

The RDC have been induced to convert themselves into regional establishments for long-term credit operating either with their own funds or with the proceeds of various State-backed financial loans. State backing is subject to approval by the Economic and Social Development Fund (ESDF) - Committee I ter - of loan proposals submitted by the RDC. Furthermore, the State grants a rebate of 0.30 per cent on interest payable by the Development Corporations and an additional temporary rebate of 1.70 per cent is being granted between 1 September 1968 and 31 December 1969.

The operations thus financed are, in many instances, related to industrial adjustment endeavours. Intervention by ESDF ensures consistency between action by the RDC and by the State. Between 1957 and 1967, ninety-seven grouped loans were issued for development operations as well as for reconversion operations. The withdrawal of funds from the financial market enabled F 1,763 million to be distributed in the form of loans to more than 200 undertakings.

(b) The National Credit Bank which is a source of lending to large firms and the Central Credit Bank for Industry, Trade and the Hotel Industry, which specializes in advances to small and medium undertakings, also play a part through loans issued in the financial market. They also receive funds from ESDF and from the Deposit and Consignment Office.

Long-term loans from these State-controlled banking establishments carry rates of interest not exceeding 7 per cent¹ and are granted mainly in accordance with the broad lines of industrial policy and the policy for town-and-country planning and equipment. The rise in interest rates in France has led the Government to grant a rebate of 0.5 per cent on loans extended by the two bodies concerned between 1 September 1968 and 31 December 1969.

The Deposit and Consignment Office for its part contributes to industrial adjustment through the network of its branches one of which, the SCET has contributed to the establishment of seven semi-public corporations which have been engaged in the equipment of industrial areas and the building of factories, throughout the country. Half-a-dozen industrial building corporations, which are particularly active in Alsace, have made it possible to effect dozens of industrial conversion operations. Various facilities are made available by the Government.

The building and selling of prefabricated plants in areas affected by conversion problems (Decazeville, Boucau, etc.), is guaranteed by other branches of the SCET thanks to funds from local savings banks. It also facilitates adjustment to unforeseen economic developments.

¹The 0.50 per cent rebate reduces the rate of interest of the National Credit Bank to 6.75 per cent and that of the Central Credit Bank for the Catering Trade to 6.50 per cent.

(c) Finally the State plays a direct part in financing productive investments by means of "loans for the conversion, decentralization, adjustment, specialization and concentration of undertakings". These loans, approved by Committee I of the Economic and Social Development Fund (ESDF) are granted on behalf of the State by the National Credit Bank and the National Credit Bank for the Hotel Trade. Conditions are highly advantageous: long-term loans (fifteen to twenty years), periods of grace, low rates of interest (5 to 6 per cent).

Following a period of abstention justified by the expansion of the financial market, ESDF has, since 1965, substantially intensified its rôle in this field. This was made possible by new budget appropriations mainly for pilot operations and by the use of part of the proceeds of national equipment loans.

The major part of budget appropriations goes to investment loans in certain branches of activity. Thus a sum of F 1,206 million was allocated for the financial year 1967 as a result of the enactment of additional budget legislation. The moneys thus provided were, for the most part, allocated to the financing of iron and steel projects under the Convention of 29 July between the State and the Iron-and-Steel Employers' Organization (Chambre Syndicale).

The various instalments of the equipment loan allocated to particularly worth-while operations (reconversion, specialization, adjustment to competitive conditions in sectors of activity affected by wage increases, creation of jobs in areas with acute conversion problems) likewise represent considerable sums: F 250 million in 1968 and 1969, and a further F 250 million may be made available for 1969.

The same ESDF Committee also provides indirect assistance towards industrial adjustments by means of other means of other types of loans to small and medium undertakings and to touristic equipment¹ in a indirect way. The solution of local employment problems, by furthering the substitution of certain activities for others threatened with extinction, serves to ease local or sectorial tensions which might inhibit industrial adjustments.

4. Tax alleviation and adjustment measures (Decree of 21 May 1964 and Law of 31 July 1962)

The reconversion of an industrial or business concern, which results in substituting for an activity on the wane another that is better suited to economic requirements, is eligible for alleviation measures to further regional development:

¹In 1968, the initial budget appropriations for these two sectors amounted respectively to F 125 and F 190 million, to which sums should be added the re-allocation of loans on reaching maturity, and loans from the Central Bank of the Hotel Industry granted out of its own resources but in a similar spirit.

- a reduction of transfer duties on real-estate purchases from 13.2 per cent to 1.4 per cent and an extraordinary depreciation of 25 per cent in the cost of new buildings erected as part of the operation;
- exemption from licence fees for a five-year period. The creation or extension of any activity, in areas affected by unsettled employment conditions or where such difficulties are liable to arise, may be facilitated by a similar exemption. In areas where an industrial development bonus is granted, (West Centre, etc.), all three types of relief may be granted simultaneously. In areas where the adjustment bonus is granted (cf. above), the first two types only are allowed.

Licence exemptions were not applicable to reconversion prior to a Government Order on 28 September 1967 which also contained liberal provisions on the staggering of taxes on short-term surplus values, arising out of the transfer of assets associated with any approved reconversion operation.

Tax alleviations are subject to the approval of the Minister of Finance acting on the advice of responsible ESDF sub-committees. Relief for small undertakings, however, may be granted directly by the official in charge of the regional inland revenue office.

Incentive for concentration margins, merging and other operations also rely on taxation methods, namely; the Law of 12 July 1965 to mitigate the effect of fiscal levies on the occasion of corporate asset reappraisals or the assignment of corporate rights, yielding surplus value but made necessary by such operations; the Government Order of 28 September 1967 to alleviate temporarily the provisions of the Law of 1965. The above measures necessarily have a fortunate bearing on industrial conversion and adjustment which often proves to be the corollary, and sometimes the real objective, of concentrating or merging operations.

II. Adaptation of workers to industrial adjustments

The adaptation of workers to adjustments which have been noted or can be foreseen both enables firms to rely on the requisite manpower resources for their possible reconversion and reduces the social difficulties involved in such operations, which prevent or unduly delay their fulfilment. The effort of workers to adjust themselves is a token of the normal adjustment of undertakings to economic changes which competition steps up or renders inevitable. It thus obviates the need to resort to protective measures which the existence of social unrest might otherwise have warranted. The burden of this effort in France is assumed mainly by three bodies, or groups of bodies, responsible for manpower policy from the angle of security, training and mobility, namely: the National Employment Agency, Adult Vocational Training, and the National Employment Fund.

Adult Vocational Training has a treble objective: to provide skilled labour, promote social advancement and facilitate the reconversion of workers. The possibility of taking up another trade and of acquiring adequate skills, or of improving their skill and knowledge greatly reduces harmful effects due to loss of employment. Now, industrial adjustments are usually conducive either to large-scale lay-offs or to a decrease in the number of unskilled or relatively unskilled hands.

The organization of this body (AVT) was completely overhauled by the Law of 3 December 1965 for the specific purpose of increasing both the mobility of labour and its adaptability to adjustments in industry. The basic principle of the present system resides in State co-operation with employers' and workers' representatives. General planning is entrusted to an Inter-Ministerial Committee, assisted by various groups of public officials and study groups, also of an inter-ministerial character. Industrial and regional aspects of training problems are thus duly combined with purely social aspects.

Decisions concerning the content of investment programmes, the nature of training courses and the choice of sites for training establishments continue to depend entirely on the Minister of Social Welfare. Even so, the public authorities do consult responsible employers' and workers' representatives on these two points at national (National Vocational Training Board, Joint Committees for each profession), regional and departmental levels. There is thus a constant effort to adapt training media to quantitative and qualitative training requirements.

As regards the administration of training centres, co-operation between the State and employer and trade-union bodies concerned is brought about, on the contrary, by the Association for Adult Vocational Training (AAVT) provided with a tripartite assembly and governing body. The director of AAVT administers the operational budget, the overall allocation of which is made by the Minister of Social Welfare.

In addition to these normal and constantly increasing budget resources, the Association, which is equipped to handle more than 40,000 trainees a year, derives substantial resources from the National Vocational Training Fund (F 200 million a year on an average). It is thus in a position to embark upon pilot schemes and finance AVT conventions, which are open to private centres and bodies as well as to public institutions, make it possible to meet training needs in various sectors, generally in agreement with professional organizations, and even to cope with problems arising out of industrial conversion for any kind of suitable training activity.

In endeavouring to prevent imbalance and obviate accidents due to the short-term economic situation and to the consequences of foreseeable structural developments, AVT acts in consonance with the general assistance policy in favour of industrial adjustments.

Action undertaken by the National Employment Fund (NEF), established by the Law of 13 December 1963, is inseparable from that of AAVT. The essential purpose of NEF is to provide ways and means of meeting the impact on employment of changes due to company concentration and conversion.

Under the Law of 1963, the function of NEF is to help "workers pursue their activities through the changes implied in economic development", technical evolution, or altering conditions of production. NEF proceeds by means of direct action in the form of cash assistance to workers and through indirect action in relation with training and conversion.

The first group includes:

- an allowance for occupational conversion: also available for workers in employment since the Government Order of 13 July 1967, it enables them to follow a training course; these benefits, combined with various forms of unemployment relief, ensure the workers concerned of receiving 80 to 90 per cent of their previous average earnings. (These were 3,000 such recipients in 1967);

- a temporary decreasing allowance for laid-off workers who are re-employed at a wage distinctly lower than the one they received previously;

- a special allowance for elderly workers affected by collective labour cuts and who cannot be re-adapted. These cumulated allowances make it possible to guarantee 75 to 80 per cent of their previous earnings;

- removal bonuses and allowances for those leaving areas where under-employment has been found to exist or can be foreseen.

In the second group of means of intervention is action in sectors where conversion operations are hampered by lack of training facilities. ATV mobile teams may be set up, but the NEF main efforts are mainly carried out through;

- the conclusion of agreements reached with professional bodies or firms whereby workers, over sixty years of age, are granted pre-retirement benefits, which are being paid to over 4,000 workers (in the Saint Nazaire and Port-de-Bouc areas, etc.);

- training agreements whereby temporary AVT sections are established; this is the result of joint efforts by NEF and AAVT, acting in co-operation with associations in trade and industry and private unemployment-insurance schemes to which both firms and workers coming under the scheme contribute.

The administration of assistance, granted by the Ministry of Social Welfare under ESDF (Committee I ter) for vocational retraining and changes of residence from one area to another¹, has been placed under NEF since 1965. The first of these subsidies is granted to firms for training skilled labour and retraining workers laid off by other undertakings. In 1967, 224 such subsidies were granted for an amount of F 22.7 million for the purpose of retraining 31,500 salaried workers. More than 100,000 workers in all have benefited by this aid since 1959 through the firms to which it has been granted.

¹Decrees of 14 September 1954 and 30 June 1955.

Whereas discharged workers alone were concerned by this action initially, NEF tends increasingly, like AAVT, to take preventive steps and thus permit the adjustment of firms to existing economic conditions while limiting the resultant social effects.

Lastly the implementation for jobless workers of a scheme of guaranteed resources to afford effective protection by its scope of application, its rate and duration against the hazards of economic activity, constitutes the final component of an employment policy, designed to enable industrial adjustments to be carried through smoothly. Such is the aim of the Government Order of 13 July 1967 and the implementing decree which:

- provide for a more up-to-date and flexible system, in the framework of a National Employment Agency for fact-finding, placement, occupational guidance and the granting of public assistance for job seekers;

- guarantee the benefit of public unemployment relief to all workers without any residence conditions;

- provide for the extension of supplementary unemployment insurance (UNEDIC) to all employers in the private sector;

- increase substantially the level of guaranteed subsistence resources and liberalize the terms and conditions, the payment of allowances from the State and supplementary insurance benefits being unified.

The conclusion of national inter-professional agreements on partial-unemployment relief (21 February 1968) and on job security (10 February 1969), on the initiative of the public authorities, is also and primarily motivated by the desire to provide procedures that can assist in the reclassification and alleviate any adverse effects of structural adjustments. The job-security agreement provides in particular for the setting up of joint labour committees for the main purpose of keeping both parties informed, studying the present position and foreseeable outlook of employment, and examining reclassification and readjustment facilities in the event of large-scale lay-offs in liaison with the National Employment Agency, AAVT and supplementary unemployment funds (ASSEDIC). Provision is also made for a time interval for fact-finding and research in the event of collective lay-offs, and also for machinery to assist reclassification (maintenance of wages at their former level and decreasing allowances when down-grading proves necessary).

Agreement on partial unemployment relief is particularly useful in the case of undertakings which are compelled to restrict the scope of their activities for the sake of specialization or reconversion and in sectors threatened with extinction, especially labour-intensive industries affected by competition from developing countries (textiles, clothing, hides and skins, various industries, etc.).

The policy of adjustment assistance leads the State to go beyond its usual mission of ensuring a flexible economic environment. Such action would not be politically acceptable for the national community if it was exclusively conceived as being designed to increase the export earnings of third countries. Yes this action, which is designed to prevent economic and social difficulties from slowing down international trade expansion is essentially situated in a context of opening up foreign trade markets.

Thus although the French policy is based rather on the recognition of the development of new industrial activities in certain under-developed countries than on any deliberate course of action, it does contribute substantially nonetheless to the industrialization of developing countries and to the growth of their export trade.