

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3047

19 July 1968

Limited Distribution

WORKING PARTY ON FRENCH TRADE MEASURES

Report

1. The Working Party met from 11 to 18 July 1968.
2. The Working Party elected Dr. K.W. Ryan (Australia) as its chairman.
3. The terms of reference of the Working Party, as set out in the Council Decision of 5 July 1968, are "to examine the trade measures taken by the Government of France and their implications, taking into account the discussion on the matter in the Council, to present a first report to the Council by 19 July 1968, and to continue to be available for consultations as necessary".
4. The Working Party had before it L/3035 and Add.1, setting out the communication from the Government of France, C/M/48 containing a summary of discussions in the Council and L/3042 reproducing the text of the Decision of the Commission of the European Communities dated 6 July 1968 relative to the application of Article 37 of the Treaty establishing the European Coal and Steel Community as regards the French Republic.
5. After some introductory remarks by the representative of France, the Working Party examined the trade measures taken by the Government of France and then considered their implications.

Introductory remarks

6. The representative of France said that he did not wish to repeat what had been said at the recent Council meeting. Few new developments had taken place since that time, but he drew the attention of the Working Party to the decisions recently taken by the Commission of the European Communities relating to steel items. He reiterated that the measures taken by his Government were strictly temporary; their fundamental objective was to provide a respite for certain sectors and the economy as a whole which would enable them to return to normal as quickly as possible. In choosing the measures, the French Government had taken into account the trade interests of its partners and, in particular, the developing countries.

Factual questions on the measures

Quantitative restrictions

7. Members of the Working Party addressed a number of questions to the representative of France on the quantitative restrictions affecting motor vehicles, certain domestic appliances, certain iron and steel products and certain categories of textile products. They welcomed the renewed assurances by the representative of France that these restrictions had been introduced for a specified and limited period of time. Members of the Working Party also welcomed the fact that these restrictions were to be implemented on a non-discriminatory basis. They enquired how this principle would be put into effect, pointing out that the use of a single base period could give rise to some anomalies. The representative of France said that the principal factor which would be taken into account was the traditional pattern of trade, but that a strictly mathematical approach might not be followed in all cases in order to take account of the various considerations including the rapid growth of imports from certain countries. In any case their aim would be the equitable distribution of the global quotas.

8. Members drew attention to the fact that applications for import licences must be made by 20 July; they pointed out that the time available before this date was very short and expressed the hope that there would be further opportunities to make such applications. The representative of France confirmed that further opportunities would be available. He added that further details would soon be made available.

9. The representative of France said that, while he could not give a firm commitment that all contracts concluded before the introduction of the measures could be honoured, steps had already been taken to ensure that this would be done to the fullest extent possible.

10. Members of the Working Party pointed out that the quantitative restrictions had been introduced as from 1 July but, because the quotas would not be allocated for some time and because of the holiday period in August, imports might be virtually prohibited for a significant period. The representative of France said that procedures were being developed to ensure that the introduction of the quotas interfered as little as possible with the flow of trade; some imports would be possible during the month of July.

11. In answer to questions, the representative of France said that quotas under existing bilateral agreements and arrangements and under the Cotton Textiles Arrangement would not be affected by the new measures, both as regards their size and their administration.

12. The representative of France confirmed that global quotas would be opened for each item subject to restriction in the textile sector, so that the traditional pattern of trade could be maintained in individual items. Members stressed, however, the need for flexibility in the administration of the quotas. It was, for instance, pointed out by one member that imports in the first half of 1968 would be deducted from the textile quotas, but that exports of certain items to France had already exceeded the level of the quotas before the May crisis while exports of other items were running well below the level of the quotas. According to this view, it was particularly important in the textile sector, which was subject to changes in fashion, that there should be a possibility of switching from one quota to another.

13. Questions were also raised with regard to special problems relating to the treatment of textile samples, and in particular whether these would be subject to the quotas. The representative of France said that he would bring these problems to the attention of his authorities. The short duration of the restrictions would, however, make it difficult to deal fully with all problems connected with their administration.

Administrative surveillance

14. Further questions were posed on the administrative surveillance measures introduced in respect of forty-seven additional products. These products are listed in an annex to this report. Members of the Working Party expressed concern that the fact that a technical visa was required might cause delays that would have a protective effect. They noted that no time-limit had been set to these measures and asked whether it was the intention of the French Government to remove them at the end of the year or at the end of January 1969 together with the other measures. They also asked for assurances that, if the level of imports of products subject to this statistical control gave the French authorities cause for concern, they would consult with their trading partners in the GATT before proceeding to further trade measures.

15. The representative of France pointed out that technical visas had already been required for some time in respect of other products and that the action referred to simply added products to the existing list. While the measure had been notified to the CONTRACTING PARTIES because it had been introduced at the same time as measures which affected international trade, he could state that it was an internal measure whose sole purpose was to give information a priori about the likely development of imports in a certain number of sectors and that it ought not to be considered in any way, directly or indirectly, as imposing a restriction on imports. The technical visas would be issued as quickly as possible and delays would be limited to a few days.

Measures on the export side

16. The Working Party then turned to the measures taken by the Government of France on the export side. The representative of France confirmed that three different measures had in fact been introduced. First, the rediscount rate for export credits had been reduced from 3 per cent to 2 per cent. Second, the coverage of the scheme under which exporters of capital goods could insure against abnormal increases in their costs had been extended. Third, a scheme had been introduced providing exporters of products other than agricultural and energy products with partial compensation for wage increases. There was a distinction between the first two, and the last of these measures. In the case of the former, existing measures had merely been temporarily modified. However, the latter measure was itself exceptional, temporary and degressive.

17. The representative of France was asked whether the extension in the coverage of the insurance scheme would be permanent, what the relationship had been between premiums and payments in main industry groups in the past and what ratio between premiums and payments was predicted for the future, so that a judgment could be formed as to whether the scheme went beyond insurance principles or not. The representative of France said that the modifications in the first two export measures were temporary and had been adopted for the period 1 July 1968 to 31 December 1968. The information on which a reply to the other questions could be based was not available. He emphasized, however, that the only modifications which had been introduced were the extension of the scheme to smaller contracts and contracts with a shorter duration and to include in its coverage commercial vehicles and tractors. In reply to another question, he confirmed that goods would not be eligible both for payments under the insurance scheme and the export compensation scheme.

18. A number of questions were posed on the temporary export compensation scheme. It was noted that the expected average payment offset would be 2 1/2 per cent of export turnover during the period 1 July to 30 October 1968, and 1 1/4 per cent in the remaining three months of the life of the scheme. The degressive element in the scheme was welcomed. The representative of France said in reply to a question that in the first period the rate of the payment would not exceed the employment tax (5 per cent) and in the second period it would be halved. The compensation actually paid was calculated taking into account the employment tax and was a function of the percentage of turnover exported and the percentage of the final price attributable directly or indirectly to wages and salaries. The precise formula used in the calculation of the assistance to exporters and examples of the way in which it was applied are set out in an annex to this report. The scheme provided only a partial compensation to exporters for increases in their wage bill; the compensation would always be lower than the increases which had actually taken place. While labour-intensive industries would, by definition, receive a larger than average compensation, having suffered relatively more from the increases in wages and salaries, their competitive position would nevertheless be proportionately weaker.

19. In reply to a question about the level of financial assistance to agricultural producers recently announced by the French Government the representative of France said that this was a purely domestic measure unrelated to international trade. The view was also expressed, however, that this type of measure did have an impact on international trade.

The implications of the measures

20. Members of the Working Party expressed their sympathy with the French Government and their understanding of the difficulties which it faced. Concerns were expressed, however, about the trade effects of the measures which had been adopted and about their wider implications.

21. On the trade coverage of the measures, the representative of France pointed out that the items affected by the import ceilings represented only 5.3 per cent of French imports and that, in establishing the ceiling, they had aimed at maintaining a normal pattern of trade and, in most cases, at permitting a substantial margin of expansion. The export compensation scheme covered all products with the exception of agricultural products, energy products and works of art and antiques. The fact that this only partially compensated for increases in wages and salaries meant, however, that its trade effects would be limited.

22. It was pointed out that members of the European Communities were much more affected by the quantitative restrictions than other GATT countries. Only 3 per cent of steel imports subject to the quotas came from outside the Community and the picture was similar in the case of domestic appliances. One quarter of the textile imports came from third countries but imports under pre-existing quotas would not be affected. Eighty-five per cent of French imports of cars and commercial vehicles came from other Community countries. The corresponding figure for road tractors ("tracteurs routiers") was 65 per cent, but the quota for third countries was unlikely to be filled since total imports from these countries had been decreasing since 1965. Exact figures were not available on the export side but over 40 per cent of French exports went to other members of the Community.

23. It was also pointed out that individual members of the Community were affected to different degrees by the restrictions on imports, because these had been applied to selected products. One member of the Community estimated that the import restrictions would entail a loss of over \$30 million in its export earnings; in particular the quotas opened for cars and domestic appliances were far from providing for the growth in imports which could otherwise have been expected.

24. The representative of France said that to speak in terms of losses was perhaps not appropriate since the import ceilings would enable France's suppliers to maintain their level of exports and, in most cases, would permit an increase. This, together with the limited time period for which the measures would be in effect, demonstrated their concern for the interests of their trading partners. They were restricted to industries which had been placed in an exceptionally

difficult situation as a result of the crisis; if imports had continued unchecked there would have been not only short-term but structural damage to these industries. Other measures which France might have adopted would possibly have had a greater effect on the trading interests of other countries.

25. The Working Party noted with satisfaction that the trade of developing countries was little affected by the new import restrictions.

26. Some members said that it was difficult at this time to foresee the effects that the measures would have on trade. It was suggested that the French authorities be asked to submit an interim report at a certain date for the consideration of the Working Party.

27. Turning to the broader implications of the measures, members of the Working Party expressed regret that the Government of France had not consulted in the GATT before introducing the measures that had been taken. They emphasized the particular importance which they attached to prior consultation if any additional measures were contemplated in the trade fields. The adoption of such additional measures would make it more difficult for other governments to resist protectionist demands for temporary assistance. Experience in the past had shown that there was a tendency for such temporary assistance to become permanent and it was essential that the trade measures be phased out in accordance with the specified time-table or sooner if at all possible. It was vital for all concerned that the good of the international trading community should be placed above that of special interests.

28. The suggestion was made that France might have turned for assistance to its partners in the European Communities in dealing with its difficulties especially since these countries had an exceptionally strong reserve position. The hope was expressed that this course would be followed if these difficulties persisted. Some members of the Working Party also emphasized that France should take appropriate internal action, so that the trade measures could be removed as soon as possible.

29. One member of the Working Party said that his delegation recognized the existence of short-term problems in the French situation but pointed out that the main reason for the introduction of the measures was the loss in the competitiveness of French products on both the internal and external markets; this indicated that structural problems could develop. He therefore requested information on the measures which had been, or which would be, adopted by the French Government to overcome these problems. Without such measures it could not be seen how the temporary character of the trade measures could be maintained.

30. The representative of France said that his Government had not been able to consult with its partners in the GATT before introducing its measures because it had been confronted with urgent problems in certain industries and in the economy as a whole which, if they had not been dealt with immediately, might have caused permanent damage. As to the future, he said that it had been established that consultations would be held in the Working Party whenever these were necessary.

Figures quoted earlier had shown that, in fact, the main trade impact of the measures taken did fall upon the members of the European Communities. Discussions were continuing within the framework of the Communities and the text of a Decision relating to steel items had been circulated to contracting parties. With regard to internal economic measures, these were regarded as essential to deal with the situation. The French representative in the Council had referred to various measures which had already been taken in advance of the drawing up of a comprehensive internal programme.

31. At this stage the Working Party did not examine in detail the question of the compatibility of the trade measures taken by the Government of France with the General Agreement. Delegations referred to statements which they had made on this matter in the Council. The Working Party noted that the Government of France had not invoked individual provisions of the General Agreement. Developing countries stated that they would have preferred that the French Government had invoked specific articles of the General Agreement that permit the CONTRACTING PARTIES to authorize a contracting party to apply exceptional measures.

32. The Working Party emphasized the danger that certain aspects of the French situation, taken out of context, might be regarded as constituting a precedent for other countries. Members stated that the use of quantitative restrictions or export subsidies could not be justified by increases in costs and prices, strikes, production stoppages or unusually large wage increases, even when these were sudden or unexpected. Examples were quoted of countries which had dealt with such difficulties without imposing restrictions on trade. Members of the Working Party also pointed out in particular that they could not condone the establishment of the link which appeared to have been made in the present case between wage increases and the grant of export subsidies. Doubts were also expressed as to whether the production losses experienced in the four sectors subjected to quantitative restriction were, in themselves, sufficient justification for the imposition of these restrictions. The view was expressed that, given the exceptionally strong reserve position of the Government of France, the imposition of the measures was difficult to justify.

33. The representative of France said that the crisis which his country had experienced had been characterized by a large number of different though inter-related problems. He agreed that it was the totality of these problems, and not any one of them taken separately, which had necessitated the action which had been taken. An increase in wages and salaries for example would not, of itself, justify the action taken although it was an important element in the French situation. Labour costs had been used as a component in the calculation of the export aid, but were important in the final analysis because they were linked with other problems. In reply to a question, the representative of France indicated that in little over a month French reserves had declined by about \$1,735 million.

34. The Working Party recalled the Council Decision of 5 July noting that the complex circumstances leading to the introduction of the French trade measures were unique. The Working Party wished to stress again this unprecedented combination of economic, social and political factors and to record its view that the present case cannot therefore constitute a precedent for the future.

35. Developing countries members of the Working Party considered that the French Government, faced with an emergency, had acted in an extra-legal manner. While they subscribed to the view that the French case did not constitute a precedent for ~~industrial~~ countries, they pointed out that the situation was not unique as far as developing countries were concerned; cases arose or might arise where specific GATT rules were found to be ill-adapted to deal with the special problems of developing countries, which were aggravated by the fact that they were characteristically long-term and structural. They stated that, whether there was a precedent or not, the situation would not affect the measures that developing countries might adopt, in view of the special status they had within the General Agreement. They expressed the wish that if such cases did arise the CONTRACTING PARTIES would show the sympathy and understanding, and act with the speed and resolution, that was being demonstrated in the present case.

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Annex I

PRODUCTS SUBJECT TO TECHNICAL VISA FROM 1 JULY 1968

The following is an extract from the Journal Officiel de la République Française of 30 June 1968.

Notice to Importers of Products Originating in
or Arriving from all Countries

LIBERALIZATION OF TRADE (TECHNICAL VISA)

Importers are advised that, as from the date of publication of the present notice, the importation of the products listed in the annex hereto originating in or arriving from all countries will be subject to the reservation that they shall be liberalized as required by the notices of liberalization of trade that are at present in force and in accordance with the procedure laid down in Title I, Chapter I, Section II of the Order of the Director-General of Customs and Indirect Duties of 30 January 1967, published in the Journal Officiel of 31 January 1967 (regulation of imports of liberalized goods requiring an administrative visa).

The lists of products requiring an administrative visa given in the liberalization notices published in the Journal Officiel of 5 January 1961, 5 April 1966 (two notices), 30 January 1966 and 23 April 1968 and their subsequent notices must, therefore, be supplemented by the insertion of the products listed hereafter in the annex in their respective places of the Customs Tariff headings.

As an interim measure, the provisions of the present notice are not applicable to goods declared to be for consumption which have not been warehoused nor put into stocks and which can be shown to have been despatched directly to a destination in the customs territory before the date of insertion of the present notice in the Journal Officiel.

The evidence to be produced shall be that which is prescribed under Article 25 of the Customs Code.

Customs
tariff
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DESCRIPTION OF PRODUCTS

Direction des industries diverses et textiles,
(Department of Miscellaneous Industries and Textiles)
3 rue Barbet-de-Jouy, 75 Paris (7e).

- 50.09 Woven fabrics of silk or of waste silk other than noil.
- 51.01 Yarn of man-made fibres (continuous), not put up for retail sale.
- 51.02 Monofil, strap (artificial straw and the like) and imitation catgut, of man-made fibre materials.
- ex 53.01 Sheep's or lambs-wool, not carded or combed:
 - Other than greasy wool and fleece-washed wool.
- 56.01 Man-made fibres (discontinuous), not carded, combed or otherwise prepared for spinning.
- 56.02 Continuous filament tow for the manufacture of man-made fibres (discontinuous).
- 57.06 Yarn of jute.
- 64.02 Footwear with outer soles of leather or leather substitutes; footwear (other than footwear falling within heading No. 64.01) with outer soles of rubber or artificial plastic material.
- ex 70.12 Glass inners for vacuum flasks or for other vacuum vessels, and blanks therefor:
 - B. Finished.
- 70.19 Glass beads, imitation pearls, imitation precious and semi-precious stones, fragments and chippings, and similar fancy or decorative glass smallwares, and articles of glassware made therefrom; glass cubes and small glass plates, whether or not on a backing, for mosaics and similar decorative purposes; artificial eyes, of glass, including those for toys but excluding those for wear by humans; ornaments and other fancy articles of lamp-worked glass; glass grains (ballotini):
 - A. Glass beads, imitation pearls, imitation precious and semi-precious stones, fragments and chippings, and similar fancy or decorative glass smallwares, and articles of glassware made therefrom:
 - - III. Imitation precious and semi-precious stones.
 - - IV. Fancy or decorative glass smallwares, and articles of glassware made therefrom:
 - - - b. Other.
 - B. Artificial eyes.
 - C. Small glassware articles.

Customs tariff number	DESCRIPTION OF PRODUCTS
	<u>Direction des industries chimiques,</u> (Chemical Industries Department) 66 rue de Bellechasse, 75-Paris (7e).
31.02	Mineral or chemical fertilizers, nitrogenous.
31.05	Other fertilizers; goods of the present Chapter in tablets, lozenges and similar prepared forms or in packings of a gross weight not exceeding 10 kg.
32.05	Synthetic organic dyestuffs (including pigment dyestuffs); synthetic organic products of a kind used as luminophores; products of the kind known as optical bleaching agents, substantive to the fibre; natural indigo.
32.06	Colour lakes.
ex 39.01	Condensation, polycondensation and poly-addition products, whether or not modified or polymerised, and whether or not linear (for example, phenoplasts, aminoplasts, alkyds, polyallyl esters and other unsaturated polyesters, silicones): <ul style="list-style-type: none">- B. Other:- - II. Aminoplasts:- - - ex b. In other forms:- - - - <u>Polymerised in one of the forms mentioned in Note 3(d) to this Chapter.</u>
40.08	Plates, sheets, strip, rods and profile shapes, of unhardened vulcanised rubber.
40.09	Piping and tubing, of unhardened vulcanised rubber.
40.10	Transmission, conveyor or elevator belts or belting, of vulcanised rubber.
40.12	Hygienic and pharmaceutical articles (including teats), of unhardened vulcanised rubber, with or without fittings of hardened rubber.
ex 40.13	Articles of apparel and clothing accessories (including gloves), for all purposes, of unhardened vulcanised rubber: <ul style="list-style-type: none">- A. Gloves, including mittens.
ex 40.14	Other articles of unhardened vulcanised rubber: <ul style="list-style-type: none">- B. Other.

Customs tariff number	DESCRIPTION OF PRODUCTS
ex 64.01	Footwear with outer soles and uppers of rubber or artificial plastic material: - <u>Of rubber.</u>
ex 65.06	Other headgear, whether or not lined or trimmed: - <u>Rubber bathing caps.</u>
70.03	Glass in balls, rods and tubes, unworked (not being optical glass).
70.06	Cast, rolled, drawn or blown glass (including flashed or wired glass) in rectangles, surface ground or polished, but not further worked.
70.09	Glass mirrors (including rear-view mirrors) unframed, framed or backed.
70.10	Carboys, bottles, jars, pots, tubular containers and similar containers, of glass, or a kind commonly used for the conveyance or packing of goods; stoppers and other closures, of glass.
70.11	Glass envelopes (including bulbs and tubes) for electric lamps, electronic valves or the like.
ex 70.12	Glass inners for vacuum flasks or for other vacuum vessels, and blanks therefor: A. Unfinished.
70.13	Glassware (other than articles falling within heading number 70.19) of a kind commonly used for table, kitchen, toilet or office purposes, for indoor decoration, or for similar uses.
70.14	Illuminating glassware, signalling glassware and optical elements of glass, not optically worked nor of optical glass.
70.15	Clock and watch glasses and similar glasses (including glass of a kind used for sunglasses but excluding glass suitable for corrective lenses), curved, bent, hollowed and the like: glass spheres and segments of spheres, of a kind used for the manufacture of clock and watch glasses and the like.

Customs tariff number	DESCRIPTION OF PRODUCTS
70.16	Bricks, tiles, slabs, paving blocks, squares and other articles of pressed or moulded glass, of a kind commonly used in building; multi-cellular glass in blocks, slabs, plates, panels and similar forms.
ex 70.17	Laboratory, hygienic and pharmaceutical glassware, whether or not graduated or calibrated; glass ampoules: <ul style="list-style-type: none">- A. Laboratory, hygienic and pharmaceutical glassware:- -I. Of fused silica or fused quartz:- - - Neither graduated nor calibrated.- -II. Other:- - - Neither graduated nor calibrated.- B. Serum ampoules and similar articles.
70.18	Optical glass and elements of optical glass, other than optically worked elements; blanks for corrective spectacle lenses.
ex 70.19	Glass beads, imitation pearls, imitation precious and semi-precious stones, fragments and chippings, and similar fancy or decorative glass smallwares, and articles of glassware made therefrom; glass cubes and small glass plates, whether or not on a backing, for mosaics and similar decorative purposes; artificial eyes, of glass, including those for toys but excluding those for wear by humans; ornaments and other fancy articles of lamp-worked glass; glass grains (ballotini): <ul style="list-style-type: none">- A. Glass beads, imitation pearls, imitation precious and semi-precious stones, fragments and chippings, and similar fancy or decorative glass smallwares, and articles of glassware made therefrom:- -I. Glass beads.- -II. Imitation pearls.- -IV. Fancy or decorative glass smallwares, and articles of glassware made therefrom:- - - a. Glass grains (ballotini).- D. Other.
<u>Direction des industries mécaniques, électriques et électroniques</u> (Department of Mechanical, Electrical and Electronic Industries) 23 avenue Franklin-Roosevelt, 75-Paris (8c)	
ex 70.17	Laboratory, hygienic and pharmaceutical glassware, whether or not graduated or calibrated; glass ampoules: <ul style="list-style-type: none">- A. Laboratory, hygienic and pharmaceutical glassware:- -I. Of fused silica or fused quartz:- - - Graduated or calibrated.- -II. Other:- - - Graduated or calibrated.

Customs tariff number	DESCRIPTION OF PRODUCTS
82.05	Interchangeable tools for hand-tools, for machine-tools or for power-operated hand-tools (for example, for pressing, stamping, drilling, tapping, threading, boring, broaching, milling, cutting, turning, dressing, morticing or screw driving), including dies for wire-drawing, extrusion dies for metal, and rock drilling bits with a working edge or working surface.
84.45	Machine-tools for working metal or metallic carbides, not being machines falling within heading No. 84.49 or 84.50.
84.47	Machine-tools for working wood, cork, bone, ebonite (vulcanite), hard artificial plastic materials or other hard carving materials, other than machines falling within heading No. 84.49.
84.48	Accessories and parts suitable for use solely or principally with the machines falling within headings Nos. 84.45 to 84.47, including work and tool holders, self-opening die-heads, dividing heads and other appliances for machine-tools; tool holders for the mechanical hand-tools of heading No. 82.04, 84.49 or 85.05.
84.49	Tools for working in the hand, pneumatic or with self-contained non-electric motor.
ex 84.59	Machinery and mechanical appliances (except those suitable for use solely or principally as parts of other machines or apparatus), not falling within any other heading of this Chapter: <ul style="list-style-type: none">- D. Machines and appliances for rope or cable making, including electric wire and cable-making machines.
ex 84.63	Transmission shafts, cranks, bearing housings, plain shaft bearings, gears and gearing (including friction gears and gear-boxes and other variable speed gears), flywheels, pulleys and pulley blocks, clutches and shaft couplings: <ul style="list-style-type: none">- <u>Other than crankshafts and camshafts for engines falling within heading 84.06A.</u>

Customs
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DESCRIPTION OF PRODUCTS

- ex 85.15 Radiotelegraphic and radiotelephonic transmission and reception apparatus; radio-broadcasting and television transmission and reception apparatus (including those incorporating gramophones) and television cameras; radio navigational aid apparatus, radar apparatus and radio remote control apparatus:
- C. Parts:
 - - II. Microstructures.
 - - III. Parts, mass-stamped, of base metals, not exceeding 25 mm. in diameter.
 - - IV. Unspecified.
- ex 85.18 Electrical capacitors, fixed or variable:
- Variable.
- ex 85.19 Electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits, or for making connexions to or in electrical circuits (for example, switches, relays, fuses, lightning arrestors, surge suppressors, plugs, lamp-holders, terminals, terminal strips and junction boxes); resistors, fixed or variable (including potentiometers), other than heating resistors; rheostatic, inductance, motor-driven and vibrating contact automatic voltage regulators; switchboards (other than telephone switchboards) and control panels:
- A. Electrical apparatus for making and breaking electrical circuits, for the protection of electrical circuits, or for making connexions to or in electrical circuits:
 - - Relays other than for telephony or telegraphy.
 - B. Resistors, fixed or variable (including potentiometers), other than heating resistors.
- 85.21 Thermionic, cold cathode and photo-cathode valves and tubes (including vapour or gas filled valves and tubes, cathode-ray tubes, television camera tubes and mercury arc rectifying valves and tubes); photocells; crystal diodes, crystal triodes and other crystal valves (for example, transistors); mounted piezo-electric crystals.

Direction des industries du fer et de l'acier,
(Department of Iron and Steel Industries)
97 rue de Grenelle, 75-Paris (7e).

- 73.18 Tubes and pipes and blanks therefor, of iron (other than of cast iron) or steel, excluding high-pressure hydro-electric conduits.

Annex II

EXCEPTIONAL, TEMPORARY AND DEGRESSIVE
ALLOWANCE TO EXPORTERS

FORMULA: $x = t \times \frac{E}{CA} \left(S + \frac{H}{3} \right)$

x = amount of the allowance

t = rate (6 per cent, then 3 per cent)

E = amount of exports during the month under consideration,
as resulting from customs declarations.

CA = turnover (before taxation) for the month under consideration.

S = overall sum of wages for the month considered. For practical reasons, the sum of wages, including social welfare charges, is estimated at 27 times the tax on wages which is paid monthly by the enterprises.

This tax is 5 per cent of the direct wages. When it is multiplied by 27, the result is the overall wage sum, i.e. direct wages increased by social welfare charges estimated at 35 per cent of these gross wages.

H = the amount, including taxes, of purchases of all kinds of goods or services of French origin effected on the home market and imports from the overseas "départements" and territories. (The amount of the wages incorporated in the intermediary consumption of the undertakings has been estimated in a lump sum as one third of the purchases effected by the exporting undertakings.)

EXAMPLES:

(1) Let us take an undertaking where the sum total of wages constitutes 25 per cent of its cost price and intermediary consumption 39 per cent.

Let us suppose that the increase in wages is 14 per cent. On a product which had an export value of 100 in the previous situation, the cost price will be increased by + 3.5 under wages and by + 1.62 per cent under intermediary consumption; the total increase will therefore be + 5.12.

The compensation will be as follows:

- First period: $\frac{6}{100} (28.5 + \frac{40.82}{3}) = 2.53$

Increase to be borne by the industrialist: 3.29

- Second period: compensation 1.26

(2) Let us take an undertaking where the sum total of wages constitutes 40 per cent of the cost price and intermediary consumption 30 per cent.

Under the same assumptions, the product worth 100 on export in the previous situation will have its cost price increased by + 5.6 for wages and + 1.4 for purchases, i.e., an overall increase of + 7.

Compensation will be as follows:

- First period: $\frac{6}{100} (45.6 + \frac{31.4}{3}) = 3.36$

Increase to be borne by the industrialist: 3.64

- Second period: compensation 1.60