

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3081

21 October 1968

Limited Distribution

WORKING PARTY ON FRENCH TRADE MEASURES

Report on Second Meeting

1. As instructed by the Council (C/M/49, page 4), the Working Party held a second meeting on 14 and 16 October 1968.
2. The representative of France said that certain modifications had been made in the temporary measures adopted by the French Government in the field of foreign trade since the last meeting of the Working Party. The ceiling imposed on imports of certain categories of textile products had been eliminated with respect to the following products: 59.04, twine, cordage, ropes and cables, plaited or not (Official Gazette of the French Republic, 23 July 1968) and ex 53.11, fabrics of carded wool (Official Gazette of the French Republic, 5 September 1968). The reference bases used for determining the global quotas applicable to electrical domestic appliances and to textile products had also been amended. For these two categories of products, the import ceiling for the period 1 July-31 December 1968 had been fixed at a level 10 per cent, or slightly more than 10 per cent in the case of certain textile articles, above the level of such imports in the corresponding period of the year 1967.
3. Apart from these relaxation measures, the programme announced was being carried out to the letter. So far as imports are concerned, licences corresponding to the first instalment of the quotas were issued during the month of August for three categories of products, and only at the beginning of September for textile articles, because of the very large number of applications submitted.
4. The second, and last, quota instalment was opened for allocation by a Notice to Importers published in the Official Gazette of the French Republic on 21 August 1968. Import licences had already been issued for motor vehicles and for electrical domestic appliances, and would be issued shortly for the other two categories of products.
5. As regards the temporary and degressive compensation granted to exporters it was difficult at this juncture to give any very precise indications, because by reason of the holiday period the necessary files had been presented by only 269 undertakings, together representing an export turnover of F 142 million. It appeared from an examination of these files, however, that the average rate of compensation was equivalent to approximately 2.5 per cent of the value of these exports. The rate of temporary compensation would be reduced as planned by one half as from 1 November 1968.
6. Members of the Working Party welcomed the statement made by the representative of France. They asked for assurances that the measures would be removed on the dates specified in the French Government's communication and noted in the Council

Decision of 5 July 1968 (C/M/48, page 13). Members asked for assurances that the administrative surveillance measures introduced in respect of forty-seven additional products would be removed at the same time as the other trade measures.

7. Members of the Working Party further urged the Government of France to examine the possibility of removing the measures before these dates. The abolition of temporary exchange controls on 4 September and the satisfactory development of the French trade balance in July and August was welcomed. It was suggested that the danger that the French action might be regarded as a precedent still persisted. The measures should be terminated as quickly as possible since the shorter the period of their existence the lesser would be the danger of proliferation.

8. The representative of France said that the programme was being implemented strictly according to plan; this was a demonstration of the fact that the Government of France would adhere to the time-limits laid down. On 1 November quantitative restrictions on motor vehicles would be removed and the rate of temporary compensation on exports reduced by half. The other trade measures would be removed on the dates foreseen. With regard to the administrative surveillance measures, the representative of France referred to the remarks made at the previous meeting of the Working Party (L/3047, paragraph 15). His delegation continued to be of the opinion that these were internal measures which did not influence international trade. Reference had been made to French trade figures for July and August. These months were somewhat exceptional and returns for September were less good. Nevertheless there were grounds for reasonable optimism. Regarding the possibility of accelerating the removal of the measures the representative of France drew attention to the fact that the measures had been introduced for an unusually short period of time.

9. One member of the Working Party said that his delegation recognized that the French authorities had made an effort to administer the quotas in as equitable a manner as possible. However, certain decisions taken had affected the interests of exporters from his country. Licences had been refused for goods firmly ordered before the introduction of the measures, in some cases import demand had only partially been honoured and account had not always been taken of the particularities of trade in fashion articles, etc. He expressed the hope that this would be corrected during the second allocation of the global quotas.

10. The representative of France agreed that certain difficulties had arisen in the distribution of licences in the textile sector but gave assurances that the competent services would endeavour to correct some of the deficiencies which had occurred and to minimize disturbances in currents of trade.

11. The representative of a developing country said that his delegation appreciated the efforts being made by the French Government to deal with an exceptionally difficult situation. Exporters of textile products in his country

had, however, had some difficulty in persuading French importers that the new measures did not affect existing bilateral and multilateral agreements and arrangements (L/3047, paragraph 11) and trade had suffered, especially in the items subject to quotas. The matter had been taken up with the French authorities.

12. The representative of France said that, in drawing up the measures which it had taken, the French Government had taken great care to ensure that these would not affect the trade interests of developing countries. He regretted that some importers thought that the new measures affected existing agreements in any way. If the problem had been brought to the attention of the French authorities earlier, steps would have been taken to ensure that misunderstandings did not arise.