

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3178/Add.4  
19 June 1969

Limited Distribution

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### FRANCE

#### The French subsidy system for exports and production

Like the previous French notifications,<sup>1</sup> this notification does not cover products coming under the common agricultural policy of the European Economic Community. The relevant notification is made by the Commission of the EEC.

#### Aid in favour of some textile raw materials

The Fund for the Orientation and Regulation of Agricultural Markets (FORMA) continues to provide aid to producers of some textile raw materials (flax, hemp, silk, wool).

#### FLAX

The production of flax enjoys the benefit of the following aids:

1. A bonus for the encouragement of cultivation of F 110 per hectare, for a maximum area of 42,000 hectares. Beyond this figure, the bonus's amount is reduced in proportion to the crop.

A sum of F 4,620,000 is allocated to the payment of the bonuses.

2. A bonus for the encouragement of the production of selected seeds for flax weaving. The sum of F 450,000 has been allocated in this respect.
3. A subsidy of F 750,000 for financing a technical programme for modernizing flax production, by the technical service of the General Flax Producers Association once this service presents its provisional budget.
4. Two subsidies to the National Interprofessional Flax Association, one amounting to F 790,000 for operating expenses, the other, F 50,000 for the cost of supervising areas under cultivation.

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<sup>1</sup>See L/2326/Add.11 and L/2742/Add.3.

5. A scutching bonus of 6 per cent on the price of sale of scutched flax and flax tow, sold and delivered to traders, spinners and other industrial utilizers. The sum allocated is F 6,480,000.

6. An additional bonus of 1 per cent on the price of sale of tow may be granted to firms which have merged in order to improve the marketing of their products. Amount allocated: F 450,000.

7. A sum of F 2 million allocated to finance operations aimed at improving the conditions of scutching production and promoting research into markets for flax fibres.

8. Until 31 July, FORMA may pay non-interest loans to the Tow Board, up to a maximum of F 1,620,000, in order to buy a tow tonnage of 3,000 tons maximum. The loans will be repaid as the tow is sold. If the sales proceeds are insufficient, FORMA can change the loans into ordinary subsidies.

A maximum of 9,000 tons for total tow tonnage can be stored.

9. Also until 31 July, an equilibrium subsidy for a maximum of F 3,250,000 may be paid to the Tow Board in order to complete its own resources. The amount of the subsidy is determined at the end of the season according to the accounts of the Board, and it may be granted non-interest treasury loans by FORMA during the season.

10. A provisional sum of F 1,700,000 is allocated for the guarantee given to:

- (a) credit establishments for tow marketing by the Board;
- (b) regional funds of mutual agricultural credits to refund bills issued by the Board in exchange for its tow sales which it discounts from these regional funds.

The guarantee of the reimbursement of bills only comes into play after exhausting the rules of legal collection by the regional funds. This credit applies to the loans and discounts presented for the tows of the 1968/69 season, as well for the tows of previous commercialized seasons which have not been marketed by 1 January 1968.

#### HEMP

The production of hemp enjoys the benefit of the following aids:

1. On the basis of F 20 per quintal for the SA2 quality a grading bonus to producers of artisanal retted hemp tow. The amount is determined according to the qualitative classification of tow.

This aid is provided for a maximum quota of 5,000 quintals of tow. Beyond this figure the rates of the bonus are reduced in proportion to the marketed quantities.

As regards tow produced from unprocessed hemp straw delivered by the growers to scutching centres, the bonus is refunded on a two-thirds basis, by the scutchers to the hemp straw producers.

2. A bonus of F 2 per quintal to the producers of semi-retted hemp straw industrially scutched. The payment of this bonus is restricted to a maximum quota of 40,000 quintals of straw. Beyond this quota, the bonus rate is reduced in proportion to the quantities which are in effect processed on a jobbing basis by the scutcher.

3. A stock-piling bonus for water- and soil-retted tow from the 1968 crop which was not marketed by 30 September 1969. The bonus amounts to F 30 per quintal for a maximum tonnage of 1,500 quintals.

4. A stock-piling bonus of F 40 per quintal for seeds of monoecious hemp, for a maximum tonnage of 2,000 quintals.

#### SILK

Silk-worm breeding enjoys the benefit of the following aids:

1. An aid to cocoon producers. A bonus of F 5.20 per kg. of cocoons is paid to silk growers who deliver their cocoons by 1 September to the French Inter-professional Association for the production of cocoons, silk-worm seeds and raw silk, for a maximum quota of 14,000 kgs. for 1968.

2. Technical aids:

- (a) a subsidy of F 45,000 to the Interprofessional Association for the purchase and incubation of selected seeds;
- (b) another subsidy of F 75,000 also to the Interprofessional Association to cover operating expenses.

#### WOOL

Wool production enjoys the benefit of the following aids: for 1968 FORMA allocated the maximum sum of F 800,000 for three types of bonuses to regional bodies collecting greasy wool in order to promote an adequate presentation of the collected greasy wool:

1. A grouping bonus of 6 centimes per kg. of adequately presented greasy wool, an additional bonus of 2 centimes per kg. being granted in mountainous regions owing to the special difficulties of collection in these areas.

2. As well as a grouping bonus, an incentive bonus varying between 1 and 3 centimes per kg. when the tonnage collected exceeds that of the previous year.

The table below shows the detailed amount of this bonus:

Tonnage increase collected in 1968 in relation to 1967	Amount of the incentive bonus
From 1 to 3.99 per cent	1 centime
From 4 to 5.99 per cent	2 centimes
From 6 per cent and over	3 centimes

3. An exploring bonus of 2 centimes per kg. of adequately presented greasy wool is paid to the regional co-operatives approved by FORMA.

The National Interprofessional Wool Committee is responsible for applying the system, for which it receives a fee at a flat rate of F 30 per ton for adequately presented wool.

#### ANGORA HAIR

The aids previously granted to producers of angora hair have not been maintained.

In general, aids granted to producers of textile raw materials have been subject to reduction or even (in the case of angora hair) abolished.

#### Aid in favour of shipbuilding

The building and refitting of ships of over 50 tons in gross tonnage are subsidized in order to compensate for the difference in cost prices between France and abroad.

Since 1 July 1968 the level of this aid has been fixed at a 10 per cent maximum of the contractual price of ships. In each case, the services of the Merchant Navy determines the subsidy according to this maximum of 10 per cent ad valorem. Before 1 July 1968 the subsidy could reach 15 per cent.

#### Aid in favour of paper-pulp production

A general fiscal tax, whose rate varies between 1 and 1.6 per cent according to the paper categories, is levied on papers consumed in France, whether they are imported or of French manufacture, excluding newsprint.

In 1969, 75 per cent of the proceeds of this tax will be used for the payment of bonuses to French paper-pulp production, 16 per cent for financing operations of reafforestation and research by the National Forest Fund, and 9 per cent for professional paper research.

The aid paid to the pulp industry was mainly aimed at facilitating the depreciation of existing plants and developing the manufacture of pulp according to new techniques which make it possible to use hardwood in particular.

The rates of bonuses paid to the pulp industry vary according to the categories of paper pulp; they will decrease until the bonuses are finally abolished.