

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Held at the Palais des Nations, Geneva,
on 4 July 1968

Chairman: Mr. S. Chr. SOMMERFELT (Norway)¹

Subject discussed: French trade measures

1. French trade measures (L/3035 and Add.1)

The French representative said that the economic and social life of France had recently been affected by social events that constituted an exceptional phenomenon in recent history. Since the General Agreement had entered into force it was the first time that a contracting party had found itself faced with the problems currently confronting France.

The entire producing sector had been completely paralyzed for five weeks, either as a direct effect of strikes or indirectly as a result of the virtually complete standstill in the sectors of transport, production and distribution of power, post and telecommunications. The crisis had shaken the French economy to its foundations. In order to ensure a normal resumption of activity, the public authorities as well as individual enterprises were obliged to make major adjustments within a very short period.

There were problems of all kinds: interruption of production and decline of stocks, budget difficulties, future investments which would be seriously affected by the increase in wages and other production costs. The immediate incidence of the wage increase was as much as 20 per cent in certain sectors, and wages in the lowest brackets had been raised by 35 per cent in a single step.

The rise in production costs threatened to generate dangerous inflationary tension. It was tending to slow down exports substantially, and at the same time was making the French market abnormally vulnerable to outside competition. An external trade deficit for a certain period seemed inevitable.

¹The Chairman of the CONTRACTING PARTIES presided in the absence of the Chairman of the Council Mr. C. Besa (Chile).

The expansion of production and external trade had suddenly been checked. Whereas gross domestic product had been expected to rise by at least 5.5 per cent in 1968, that growth rate was going to be greatly diminished.

The shock sustained by the French economy was not attributable to difficulties in particular sectors of the economy or to any structural maladjustment. Nor was it comparable to the conjunctural difficulties that the industrialized countries were encountering. It therefore required specific remedies, comprising measures to restore equilibrium in the medium-term as well as interim protective measures, where necessary, to ensure the resumption of activity and avoid compromising the future.

At internal level, the French Government's policy was designed to ensure the resumption of expansion, promote the development of production capacity and productivity, and progressively permit a return to the normal conditions of a competitive economy. At external level, and despite the difficulties, France intended to respect its international obligations and to continue, as in the past, to contribute to trade expansion.

From the aspect of internal policy, the French Government had first turned its attention to countering the risks of inflation. Apart from the expected effects of international competition, in the context of the tariff reductions resulting from international commitments, measures had been taken to ensure close supervision of price movements.

Measures had also been taken to facilitate the resumption of production and to maintain the level of employment, by means of financial aids to enterprises in difficulty. In addition, provision had been made for investment promotion measures in order to enable the economy to adjust, and to expand in the longer term. Major budget adjustments were in preparation which would include new tax measures.

In the field of external trade, the French Government had not yielded to pressure from protectionist circles. It had made a point of carrying out the tariff adjustments scheduled to take effect on 1 July in the European Community and, with regard to the GATT, had put into effect the reductions resulting from the agreements reached following the multilateral negotiations completed in 1967.

The exceptional situation of the French economy had nevertheless obliged the Government to take certain temporary and limited measures in order to avoid serious disturbances in the immediate future. These interim protective measures, which were designed to preserve vital national interests, were nevertheless devised in such a way as to respect to the fullest possible extent the interests of the other contracting parties. The measures had been decided in emergency conditions that had not made possible any prior consultation with the CONTRACTING PARTIES, and they had forthwith been communicated to the CONTRACTING PARTIES in document L/3035.

The measures just adopted with respect to imports left the French market broadly accessible. It was nevertheless necessary to ensure, in certain particularly vulnerable sectors, that the resumption of activity was not hampered by any excessively large import increase whose adverse effects on national producers would be difficult to remedy. Accordingly, temporary controls had been instituted on certain import categories by fixing ceilings, in certain cases, which left no latitude for trading partners to profit unduly from exceptional circumstances, yet nevertheless enabled them to maintain their sales or expand them in reasonable proportions.

A non-discriminatory ceiling had been imposed on imports, for a period of six months, in three economic sectors that even before the crisis were already experiencing serious adjustment difficulties: electrical domestic appliances, textiles, and iron and steel products. With respect to the latter sector the measures were not yet in force because the appropriate procedure had been initiated within the European Economic Community. The ceiling was designed to ensure that trade flows were maintained, and even in most cases to permit a substantial margin of expansion.

Import restrictions had also been imposed in the motor vehicles sector for a period of four months. In this sector, the halt of activity had been particularly long at the very moment when pressure of demand was strongest. It was necessary to alleviate the trade repercussions of delayed delivery dates, while maintaining overall import flows at the level that they would probably have reached in normal circumstances.

Lastly, statistical records were to be kept on imports of certain other products for a certain period so as to ensure more immediate information on trade flows, but this measure would not in any way affect the volume of trade.

So far as exports were concerned, it had also seemed necessary to adopt measures to mitigate the effects of the halt in production and the rise in costs, and thus to avoid any steep decline in France's foreign sales. Such a decline would have adversely affected both the present situation of enterprises and their future possibilities for expansion in foreign markets.

There again the mechanism was temporary and degressive; it was designed to limit the effects of wage increases on the activities of export industries. One such effect would be a rise in income tax payments; industrial enterprises were to receive partial compensation, at a rate and on conditions having regard to the tax situation.

Although his Government was aware that the measures implied certain disadvantages for France's trading partners, the French representative nevertheless wished to emphasize that the measures were of a limited character in volume, in duration, and in scope. The French Government intended to restore the country's economic situation by means of internal measures of much broader scope. The modifications that had been made on a temporary basis in the external trade system were solely designed to meet certain immediate difficulties.

France's situation was exceptional, it was not among those that had been envisaged by the General Agreement and for which specific provisions had been written into that instrument; (none of the articles of the Agreement mentioned a general strike). The French crisis nevertheless presented certain circumstantial elements that were covered by specific provisions of the General Agreement. Article XII, on restrictions to safeguard the balance of payments, authorized a contracting party to restrict the volume of imports to the extent necessary "to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves". The fact that in slightly more than one month approximately \$1,500 million had been withdrawn from foreign exchange reserves to finance the external deficit constituted a serious decline in monetary reserves. Furthermore, Article XIX authorized the adoption of emergency measures on imports of particular products. Those provisions were surely applicable where the maintenance of complete import freedom was exposing vulnerable industries to serious risks, at a moment when they had just suffered the effects of a general strike.

The French Government did not, however, consider that it was necessary to invoke Articles XII and XIX of the General Agreement to justify the measures it was taking. Article XXIII of the General Agreement recognized that situations might arise that might be such as to impair the benefits that each contracting party was entitled to expect from its participation in the Agreement, and it authorized the protection of those benefits. The French Government was of the opinion that, taking into account the exceptional characteristics of the crisis with which it was faced, the benefits that it was entitled to expect from its participation in the General Agreement would have been seriously impaired unless it had taken interim protective measures. It was furthermore of the opinion that it had limited those measures to what was strictly essential and had respected to the fullest extent possible the interests of its partners within the organization.

The French Government was prepared to take part in all appropriate consultations to evaluate the scope of the measures taken, and to answer any request for additional explanations.

The representative of Canada said that his delegation appreciated the detailed statement made by the representative of France. This was the first occasion on which the CONTRACTING PARTIES had been confronted with a situation of this kind - a profound social-political-economic upheaval in a major industrial state which had led to the almost complete arrest of all economic activity over a period of weeks. It was clearly an abnormal and unique situation and one to which no reference was made in the General Agreement.

It was encouraging to note that the measures introduced by France seemed to be relatively moderate in terms of the direct damage they might cause to the trade interests of the CONTRACTING PARTIES, and that they were temporary and

provisional, and would be removed in accordance with a strict time-table by the end of November 1968 in some cases or January 1969 in others. On the other hand, it was a matter of regret that the Government of France had found it necessary to introduce these measures without prior consultation with the CONTRACTING PARTIES as it was normally bound to do. His delegation was concerned that the form of the measures taken were not more in keeping with the spirit and principles of the General Agreement. He was not yet clear as to whether or not it would have been possible for the Government of France to adopt a course of action which would not have been in conflict with GATT principles.

The question of the consistency of these measures with the General Agreement raised serious problems. But the immediate problem raised by this introduction was the danger that they might be seized upon as a precedent by protectionist elements in other countries which were facing difficult economic, trade and balance-of-payments difficulties. It was most important that the CONTRACTING PARTIES co-operate closely in the swiftest possible manner to limit this danger and to ensure that the action with which they were confronted would not become a precedent, so that the basic GATT principles which held together the world trading system were not eroded, and so that a wave of restrictive actions would not result as a consequence to these measures.

He suggested that the CONTRACTING PARTIES establish a working party to meet very soon to examine the French trade measures, their possible effect on the international trading system and the best means of ensuring that these effects would be contained to a minimum. He hoped that the working party could complete its work quickly and report back to Council at a very early date.

The representative of Switzerland supported the establishment of a working party to examine the measures taken. In his Government's view it was essential that the temporary character of these measures should be preserved and that no extension should be envisaged. He also stressed that the interests of importers and of their suppliers should be safeguarded in the administration of quantitative restrictions.

He expressed some concern with regard to the administrative measures described as statistical control and wondered whether there was any guarantee that "technical visas" would be delivered rapidly and not amount to administrative delays or barriers. He was equally worried about the possible risk of escalation that these measures might bring about. He was confident, however, that the French Government would understand this risk and would apply its measures within the fixed time-table and with the greatest care for the interests of other contracting parties.

The representative of Japan said that his Government understood that measures had to be taken to redress this exceptional situation. However, it was to be regretted and he feared they were not compatible with the provisions of the General Agreement. It was also to be feared that they might be followed by

protectionist measures in other countries. Although these measures were of a temporary character, once introduced they might be applied for a longer time. They could also harm those contracting parties which were doing their best to maintain a freer trade structure. His delegation attached particular importance to those parts of the French statement which had stressed the temporary, degressive, and non-discriminatory character of the measures. He hoped that the measures had been designed with the intention of minimizing any detrimental effects they could have on the interests of international trade.

He felt it would be appropriate that a working party be established to examine the nature of these measures and to survey their administration. It was important that the GATT should take some measures to prevent other contracting parties from reacting by taking similar measures.

The representative of Sweden, speaking on behalf of the four Nordic countries, Denmark, Finland, Norway and Sweden, said that the Nordic Governments understood the difficulties encountered by France as a result of the strikes and their consequences. They regretted, however, that, in addition to important internal measures, it had also been found necessary to take certain measures in the field of foreign trade, despite the risk of repercussions. On the other hand, they appreciated that the French Government had, in spite of the present difficulties, met its commitments in the Kennedy Round.

In the opinion of the Nordic Governments the trade measures introduced did not seem to be in conformity with the GATT rules. But they regarded the situation as exceptional, and recognized that such situations sometimes required exceptional solutions.

They were in favour of setting up a working party without delay to study the measures introduced, to examine their implications on trade with a view to diminishing as far as possible any detrimental effects, and to follow closely the developments.

The Nordic Governments had noted with satisfaction that the trade measures would be applied on a temporary and non-discriminatory basis. They expected the actual administration of the measures also to be strictly non-discriminatory. They hoped that every endeavour would be made by the French Government to abolish these restrictive measures at the earliest possible date.

It was their understanding that the "statistical control" of groups of products which, it had been said, would not affect the volume of trade, was not intended to widen the area covered by the trade measures. Should an extension nevertheless be contemplated, it was a matter of the greatest importance that this would not be undertaken without prior consultation in the working party.

The representative of the United Kingdom said that his authorities approached with great sympathy the general strategy which had been adopted by the French Government and wished them well in their efforts to bring an emergency situation to a successful end. However, like previous speakers, he was apprehensive of the possible repercussions of these measures. He was pleased that it had been possible to meet so soon after the measures had been announced and taken, to hear the French statement and to make a prompt start with the necessary GATT procedures. A difficult problem had to be faced. On the one hand, there was a contracting party which had passed through an unexpected and exceptional period of serious economic and political difficulties. Such extraordinary situations called for exceptional measures and France expected and required the understanding of the international trading community. The contracting parties normally responded to calls for sympathetic understanding. On the other hand, the General Agreement embodied essential disciplines of international trade normally requiring prior consultation, which it was important to ensure were observed as scrupulously as possible.

The representative of France had argued that, whilst the measures taken by his Government to meet a unique situation could not be fitted into any specific provision of GATT, they were in accordance with the logic and spirit of the Agreement. He had also said that the measures were modest and temporary and had been taken to enable his Government to avoid having to resort to measures which would have had even more disruptive effects on the economy of France and on the trade of France's main trading partners.

Although there was some force in this argument, a dangerous precedent could be set in the GATT if it were accepted outright. If the French action could not be fitted into any of the provisions of the GATT, the first presumption must be that they were in conflict with these provisions. It was not a new experience for GATT to have to consider action in conflict with one or other of its provisions but such actions were normally linked closely to a specific GATT article. In the French case, no such clear links, either with Article XII or indeed with any Article of the GATT, were claimed. An exceptional complex of circumstances had thus led to a quite unprecedented situation for the CONTRACTING PARTIES. However unprecedented situations could themselves create precedents. The greatest care should be taken not to set precedents which could have disastrously wide repercussions on world trading relations.

But whilst recognizing that the measures were not in strict accordance with the provisions of GATT and regretting that it had not proved possible to consult trading partners beforehand the main task, in his delegation's view, was to ensure that the immediate adverse effects of the French action and any wider repercussions that might follow, be reduced to an absolute minimum. There was a real danger of proliferation. The French action had come at a time of difficulty for many other countries and unless great care was taken other governments would find it difficult to resist domestic pressures to introduce measures which would have a further adverse effect on international trade and thus, directly on the prospects of France's own economic recovery. This meant that the contracting parties together should take all steps to contain and limit as narrowly as possible any harmful results through four basic propositions.

First, the measures should be terminated as rapidly as possible since the shorter the time during which they would have adverse trade effects, the less the danger of counter measures. Second, the measures should not be extended. In this connexion the products to be kept under surveillance should be carefully examined. Third, the measures should continue to be non-discriminatory and fourth, the GATT should be seen to have examined them in detail, to have considered the justification and reasons which had compelled the French Government so to act and to record clearly that the measures had been accepted as an altogether exceptional response to a unique situation.

To sum up, the problem should be approached sympathetically and it should be recalled that France had met the 1 July deadline so far as the Kennedy Round cuts were concerned. However, action taken in conflict with the disciplines of international trade, and without prior consultation, was likely to be seen by industrialists and traders in all countries as undermining the authority of the GATT. This required all to make great efforts to terminate departures from the legal provisions of the Agreement as soon as possible and to minimize their external effects. He hoped this would be the object of the discussion and of the decision of the Council which would presumably be directed to setting up a working party. Meanwhile, the legal rights of the contracting parties under the General Agreement would, of course, remain unimpaired.

The representative of the United States noted with interest the emphasis the delegate of France had placed on the unique character of the May-June events in France and of the exceptional economic situation that had derived from them. These had been generally recognized. The measures that France was undertaking to deal with the aftermath of these events were in part internal measures and in part measures relating to France's external accounts. So far as the measures dealing with the trade account were concerned, his delegation welcomed the fact that they had been made explicitly temporary, and were to be applied in a non-discriminatory way among France's trading partners. He noted that restrictions on imports were to be limited to four major categories of products. He said that if, as a result of the surveillance procedure, additional categories of imports gave rise to concern, the CONTRACTING PARTIES would be entitled to a full and complete consultation before any further action was taken. If any further measures in the field of external trade were deemed necessary by France, it was the view of his authorities that these measures should be confined within the area of the Customs Union of the European Economic Community and not extended to other trading partners of France. The bulk of France's trade was within the Community. The provisions of the Treaty of Rome would have permitted measures which could have been taken entirely within the Community, which need not have affected other trading partners of France and which need not have raised the issues and dangers which other speakers had described. However, the contracting parties were confronted with a fact. It was now a matter of limiting and circumscribing not only the measures themselves but the repercussions on the trading community as a whole.

He recognized that the situation in France after the general strike had ended was exceptional; that the work stoppages had been extensive; and that the wage increases granted had been substantial. But many countries had strikes and it might be expected that industries in other countries would see in the French

actions a compelling argument for trade measures to compensate for losses due to strikes or wage increases pressing on cost structures. He referred to the United States, which was having a year of substantial wage increases at a time when the trade account was weak and when the balance-of-payments problem was rather acute. The problem for his authorities, of maintaining adherence to the General Agreement and of refraining from some of the measures which were widely demanded in the United States, had been complicated and there was no way of minimizing that problem. There were measures on their statute books that called for compensatory action against export aids and it was possible that this statute might be mandatorily operative in this case. This was a matter to be decided by his authorities through normal procedures. The repercussions that could be expected went to the very fundamentals of the General Agreement.

He shared the conviction of many speakers that the measures before them were not compatible with the General Agreement. He warned about accepting the proposition that some of the articles of the General Agreement, interpreted freely, could lead to a justification, if not in the letter, at least in the spirit of the measures taken by France. The GATT could thus be made infinitely flexible; as it was not a model of drafting clarity justification could be found in it for any action. Such a course would very quickly make the GATT an instrument for underwriting protectionism in the world rather than an instrument for assuring maximum stability in the trading world.

He said the Council should proceed to take the actions that were within its powers and authority; primarily, to reaffirm the sanctity of the General Agreement and the interests of all the contracting parties in observing the limitations that the General Agreement placed on all in respect of freedom to change trading policies at will. He supported the appointment of a working party, and welcomed the willingness of the Government of France to engage in further consultations with its trading partners as necessary. He called for a Council decision to reaffirm the interest of all in the usefulness and the importance of the General Agreement. Such a decision should recognize the uniqueness of the situation that had faced the Government of France within recent weeks. It should take account of the temporary and limited and degressive nature of the measures the Government of France had undertaken to apply. It could recognize, and note, that France had proceeded with the tariff cuts of 1 July and had reaffirmed its international commitments. It should also reflect the general view that the CONTRACTING PARTIES had found the measures taken by the Government of France inconsistent with the General Agreement. Finally, it should establish a working party to examine in greater detail the specific measures taken by France and remain in being as a body to consult with the French Government during the remaining period in which these measures would continue to be in effect.

The representative of Austria said that his Government appreciated the efforts made by the French Government to solve the problems which had derived from the recent events. His Government was in favour of appointing a working party to study the measures taken by France in the hope that compatibility could be found between these measures and the provisions of the GATT. His Government was studying the effects the French measures could have on Franco/Austrian trade. If necessary his authorities would take up these effects within an appropriate body at an ulterior date.

The representative of Portugal stressed the exceptional character of the circumstances that had led France to take certain measures. Because the crisis had been exceptional these measures should not constitute a precedent. He expressed concern over the administration of the measures and hoped that the French authorities would take into account the dangers underlined by the Swiss representative. He was in favour of establishing a working party.

The representative of Poland stressed that France was one of its principal commercial partners in Western Europe. His delegation understood the urgency of the measures and noted their moderation. They affected only 10 to 12 per cent of French imports and were of a short duration. He also noted that France had honoured its Kennedy Round commitments. But his Government was concerned with the export aid measures which were to be applied in all economic sectors. A snowball effect could easily be started if these measures met with any retaliation. In this respect the statement by the representative of the United States had not brought any reassurance. The French measures which affected Polish exports were significant in the textiles sector, where practically every Polish export to France was affected. Other Polish exports to France were, in any case, not liberalized, so that it was not possible for him to assess the likely effect of the statistical control measures. He supported the establishment of a working party.

The representative of Australia recognized the unique character of the French circumstances. He was pleased to note the temporary and non-discriminatory nature of the measures. He said it would be necessary to set up a working party to examine the measures.

The representative of the Federal Republic of Germany said that as a member of the European Economic Community, his Government had great sympathy with the French difficulties and hoped it would overcome them. He supported the establishment of a working party to study the details of the measures and their GATT implications. He queried, however, whether it was opportune to denounce the incompatibility of the French measures with the GATT. It might be premature at this stage and he suggested that this question be left open until after the working party's report.

The representative of South Africa said that the fact that such measures were being discussed in the Council was an illustration of the progress that had been achieved in world trading relations since the pre-war era. He supported the establishment of a working party.

The representative of France, commenting on statements regarding statistical surveyance instituted for certain groups of products, assured the Council that this was aimed only at enabling the authorities to have immediate and daily information on trade movements. He assured the Council that these measures would not constitute a hindrance to trade. Turning to the statement made by the representative of the United States and his request that the Council take a decision at that time on the compatibility of the French measures with the provisions of the General Agreement, in his view, to declare incompatibility at this stage would prejudice the examination by the working party. He suggested that the Council could return to this point after the working party had submitted its report.

The representative of Peru, speaking on behalf of the informal group of less-developed countries, said that this Group had followed this case with great interest; it had recognized that the situation was complex and difficult, and wished to express concern on the effects the French measures might have on the trade from less-developed countries. The Group would wish to be represented on the working party.

The Chairman, summing up, said that the discussion had shown both an understanding of the difficulties which had led the Government of France to introduce its measures and a definite uneasiness as to the repercussions that these measures could have on other contracting parties.

There had been general agreement that the uniqueness of the situation in France should be stressed; that the measures which had been introduced on 1 July should be contained; that they should be limited to the period of time referred to by the French Government in its communication to the CONTRACTING PARTIES and shortened if the situation should warrant it; that they should be depressive in character and that they should be applied without discrimination as between contracting parties.

The Government of France had been urged to remove the trade measures as expeditiously as possible, and in no case later than the dates set out in its communication to the CONTRACTING PARTIES.

Several speakers had also urged that the French Government should not introduce any new trade measures in the sectors under administrative surveillance without prior consultation in the GATT.

Speakers had welcomed the fact that the French Government had lived up to its international obligations by introducing the first Kennedy Round tariff reductions on 1 July.

The fact that the French Government had not consulted in GATT before putting the measures into force on 1 July had, however, given rise to uneasiness and some criticism.

Some contracting parties had stated that the measures which had been introduced by the French Government could not be regarded as in accordance with the General Agreement. This had not been accepted by the French representative. The Council would have to consider further how to deal with this aspect of the problem. The representative of France had felt that judgment should not be passed at that stage on the compatibility of the measures with the General Agreement but that any determination in that respect should be postponed until after the measures had been examined in a working party. Other delegations had felt that the result of the discussion in the Council should be a Decision by the Council that the measures were not compatible with the provisions of the General Agreement.

It seemed to be agreed that a working party should be set up and that it should start its work as quickly as possible. He added that, in his opinion, the Council should agree immediately on the date of the first meeting of the working party, and that it should submit a first report, perhaps of a predominantly fact-finding nature, in a very short space of time.

It had also been suggested that the working party should remain in being until the French measures were removed so that there was a body to which to turn if new developments should arise, such as the removal of the measures more quickly than originally envisaged or if the French Government should consider taking further steps in the trade field as a result of the surveillance exercise.

The Chairman concluded by saying that, whatever the Council decided with regard to the present case, nothing in its decision would affect the rights of contracting parties under the General Agreement.

On the proposal of the Chairman, the Council requested the Director-General to prepare a draft decision for the Council along the lines which he had just indicated.

The Council then adjourned, reconvening on 5 July to examine the draft decision drawn up by the Director-General.

The representative of Nigeria drew attention to the fact that the Council's work of the previous day had been in part made available to the Press. He stressed that the confidential nature of Council meetings should be preserved.

The representative of Peru, commenting on the draft decision on behalf of the Informal Group of Less-Developed Countries, said that this Group supported the decision but would have liked to see in the penultimate paragraph an explicit reference to the implications of the French trade measures for the trade of less-developed countries. Speaking as the delegate for Peru, he queried the usefulness of stressing the uniqueness of the French circumstances in the second paragraph of the draft decision. He thought this might represent a difficulty for the working party.

The Chairman assured him that the terms of reference of the working party were sufficiently wide to enable it to deal with the point to which he had referred. With regard to the second point, most speakers had stressed the unique character of the French circumstances. It was therefore appropriate that this should figure in the decision.

The representative of Argentina said that, in his opinion, it was useful to make clear that the circumstances that had led to this decision were of an exceptional character. He queried whether the reference, in the second paragraph of this draft decision, to the long stop in production in May and June and the immediate and considerable increase in the production costs of enterprises really contributed to the objective of the CONTRACTING PARTIES to circumscribe the problem so that it would not establish a precedent for other countries to follow.

The following Decision was adopted:

The Council,

Reaffirming its confidence in the General Agreement as the contractual basis for the trading relationships of contracting parties and noting the determination of contracting parties to continue to co-operate in the trade field within the framework of the Agreement,

Noting:

the communication of the Government of France reproduced in L/3035 and the additional clarifications given by the French representative,

the unique complex of circumstances which led the Government of France to introduce the measures, including the long stop in production in May and June and the immediate and considerable increase in the production costs of enterprises,

the fact that the measures have been introduced for a limited period of time i.e. until 1 November 1968 in the case of quantitative import restrictions on motor vehicles; until 31 December 1968 in the case of quantitative import restrictions on certain electrical domestic appliances, iron and steel products and certain categories of textile products; and until 31 January 1969 in the case of export aids on products other than agricultural and energy products,

the fact that the measures are, in some cases, degressive,

the fact that these measures will be applied without discrimination,

the fact that the Government of France has reaffirmed its commitments undertaken during the trade negotiations concluded on 30 June 1967 and has carried out the first tariff reductions on 1 July 1968,

Decides, without prejudice to the legal issues involved, to appoint a working party 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, and

Declares that nothing in this Decision affects the rights of contracting parties under the General Agreement.

It was agreed that the working party would have the following composition:

Argentina	India	Pakistan
Australia	Italy	Peru
Austria	Ivory Coast	Spain
Belgium	Japan	Sweden
Canada	Luxemburg	Switzerland
France	Netherlands	United Kingdom
Germany, F.R.	Norway	United States
Ghana		

The European Communities will participate in the work.

It was agreed that the working party would elect its own Chairman and would hold its first meeting on 11 July 1968.

It was also agreed that the Decision just taken should be released to the Press.