

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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SUBSIDIES

Notifications Pursuant to Article XVI:1

FRANCE

General remarks

This notification does not cover products coming under the common agricultural policy of the EEC countries; such products are now the subject of a system of measures applied within the framework of Community obligations. The Commission of the EEC will transmit a communication with regard to such measures.¹

So far as the products included in this notification are concerned, it has not, in general, been considered possible to reply to question II(a): estimated quantitative trade effects of the subsidy. The structure of the French aid systems is such that one cannot see which elements could be taken as a basis for analysis.

Furthermore, as regards question II(b) (ii), it should be noted that although the establishment of the "Fonds d'Orientation et de Regularisation des Marchés Agricoles" (Fund for the Orientation and Regulation of Agricultural Markets) (FORMA) constitutes a recent legislative measure, the aids which have been brought together under this system have been in existence in like or similar form for a considerable period under French regulations, and in some cases even since before the Second World War (e.g. aid to textile products). In these circumstances, it seems difficult to select a typical year suitable for serving as a representative period preceding the introduction of the subsidies.

SUGAR

I. Nature and extent of the subsidy

(a) Background and authority

Assistance in the case of sugar consists of guaranteeing the price paid to producers on exported sugar within the limit of an established quota. It is financed jointly by the State and by a fund known as "Caisse Interprofessionnelle du Sucre". This guarantee provides the possibility of supplying the various territories of the French Community at the world price and of exporting sugar and sugar products to foreign countries. The relevant legal authority is provided under Decree No. 53-703 of 9 August 1953, the Law of 6 August 1955, the Sugar Plan of 1951 and the Order of 22 May 1959.

¹See document L/1948/Add.14.

(b) Incidence

In the case of export transactions, the difference between the French domestic price and the world price is borne partly by the producers of sugar beet, the sugar-cane growers and the sugar manufacturers, who pay dues for this purpose into an inter-professional assistance fund, in application of Article 6 of the Law of 6 August 1955.

The intervention of the authorities is limited to a maximum quota of 300,000 tons beyond which exports are effected without assistance. The extent of Government aid is fixed at 25 per cent of the difference between actual prices and world prices.

(c) Amount of subsidy

Budgetary assistance to exports.

The share borne by the State applies only to the first 300,000 tons exported for each crop year.

1960/61	300,000 tons at 154 francs - 46,200,000 francs
1961/62	300,000 tons at 193.2 francs - 57,960,000 francs.

(d) Estimated amount per unit

Aid in regard to the independent States in the French franc area is determined for each crop year and is gradually being brought into line with that granted to exports to other foreign countries. Because of the present level of world prices, there has been a marked drop in the amount of aid per unit: 0.35 francs per kilo instead of 0.60-0.65 francs a year ago.

II. Effect of subsidy

(See statistics)

DAIRY PRODUCTS

I. Nature and extent of the subsidy

(a) Background and authority

To ensure sales outlets for market production at the prices fixed, interventions by a purchasing society and by the "Fonds d'assainissement des Produits laitiers" must be resorted to for the purpose of assisting exports and maintaining domestic prices. The legal authority for the subsidy is as follows: Law No. 50-508 of 6 August 1960 on the re-orientation of agriculture which in particular provides for the creation of the FORMA and the implementing regulations laid down in Decree No. 61-827 of 29 July 1961.

(b) Incidence

Assistance is granted:

- to producers on purchases for stockpiling, through the intervention of the "Interlait" Society;
- to producers for the manufacture of milk powder and casein;
- to producers through the intermediary of exporters, in the case of export transactions to the French franc area and third countries.

Assistance is extended upon request and upon investigation of each individual case in terms of the possible selling price abroad and of the "revalorization" price (purchase price established in relation to the indicative price for milk, adjusted to take account of costs).

(c) Amount of subsidy

- Aid actually granted by the FORMA in 1962 amounted to 704 million francs (domestic markets and exports);
- Estimates for 1963 amount to 822 million francs (domestic markets and exports).

(d) Estimated amount per unit

The amount of aid varies considerably according to products and destination. Because of the very nature of the system, it is difficult to compute the amount per product unit purchased on the domestic market or exported.

II. Effect of subsidy

(See statistics annexed.)

MEAT

I. Nature and extent of the subsidy

(a) Background and authority

Assistance under this heading is designed to ensure sales outlets for meat at fixed prices with a view to stabilizing market rates and supporting agricultural income.

The relevant legislation is the same as in the case of dairy products:

- Law No. 60-608 of 5 August 1960 on the orientation of agriculture;
- Decree No. 61-827 of 29 July 1961, specifying the implementing conditions for the FORMA.

(b) Incidence

On the domestic market aid is granted to the producer on purchases for stockpiling through the intervention of the "Inter-professional Society for Cattle and Meat" (SIBEV).

On export markets:

1. As regards cattle on the hoof exported to certain destinations, the exporter can obtain assistance from FORMA enabling him to market the product at competitive prices in the country of destination.
2. As regards frozen beef, upon resale by the SIBEV the exporter receives a delivery price calculated to take account of foreign offers on the export market.
3. With respect to chilled meat, the exporter receives aid from the FORMA computed in the same manner as for cattle on the hoof.

In the three cases the assistance granted varies according to destination and to trends in international prices. In the interests of simplification, the FORMA and SIBEV establish fixed amounts applicable for a specified period.

(c) Amount of subsidy

The 1962 budget estimates for the FORMA amounted to 624 million francs of which 506 million francs were actually paid out.

The estimates for 1963 amount to 522 million francs.

(d) Estimated amount per unit

For the destinations to which assistance is applicable, the latter is almost invariably less than the assistance granted on exports to Germany, i.e. 150 francs per head of cattle and 0.60 francs per kilogram of meat during the most recent period.

II. Effect of subsidy

(See statistics.)

FRUIT AND VEGETABLES

A. Legal authority

Interventions on the fruit and vegetables market are within the framework of action of the regulation of agricultural markets and the orientation of production.

Order establishing the FORMA of 29 July 1961, Decree No. 61-827 and Law No. 60-808 of 5 August 1960 on orientation of agriculture.

In addition there are certain taxes of a para-fiscal nature:

Decree No. 61-960 of 24 August 1961 (Official Gazette of 29 August) relating to para-fiscal taxes;

Decree No. 62-997 of 23 August 1962 (Official Gazette of 24 August);

Decree No. 62-998.

Lastly, on the general level, the Law on orientation of agriculture.

The Budget Law makes provision each year for the funds required for these interventions.

B. Purpose and incidence of economic and social aids etc.

I. Tariff aids paid to producers or traders

These measures are designed to encourage the standardization of certain products so long as this is not compulsory. Intervention is eliminated as and when standardization becomes compulsory. This measure is not applied to imported or exported products (which have to comply with standard requirements).

In order to ensure better distribution to small consumer centres during a specified period of the year, the tariff for 8-ton waggons is applied to smaller waggons. This measure applies to imported as well as domestic products.

Lastly, measures can be taken to compensate the difference existing between French tariffs and those of other countries until such time as these tariffs are harmonized within the EEC.

II. Assistance to exports granted to producers or traders

A premium is granted on exports of dessert grapes to third countries (Great Britain, Ireland, Switzerland). In order to qualify for assistance, exporters must undertake to ship only specified varieties packed in a special manner.

This measure applies to producers and traders who have concluded contracts with the FORMA whereby they undertake to export a specified tonnage. Such contracts were concluded for a period of three years and will expire not later than 30 April 1964.

III. Exceptional aid in order to meet certain situations

Such aid is designed to encourage the processing of any seasonal production surplus in order to avoid the spoiling or destruction of the products.

In 1962 exceptional aid of this kind was granted to producers of Williams pears who were unable to market their produce in the normal way because of unfavourable weather conditions.

Aid of this kind is limited to 10,000 tons and is payable only to producers in certain departments.

In addition, such intervention concerns processors and exporters who have entered into agreements with the FORMA regarding exports to foreign markets; they must undertake to observe certain standards in regard to quality and quantity and certain periods.

IV. Inter-professional organization of certain markets

Intervention limited to institution of an inter-professional para-fiscal levy. The funds levied at the professional level are used in order to establish a market organization on a contractual basis so as to limit output of preserved products to a reasonable level and not encourage its expansion.

V. Investment

Measures designed to encourage the establishment of packing and cold-storage plants.

VI. Publicity and propaganda

Measures designed to encourage consumption of products which are available in abundance, whatever their origin.

C. Methods of intervention and incidence thereof

I. Tariff aids

The intervention varies in amount between 7 per cent and 20 per cent of the SNCF general tariff, according to the products concerned and the marketing period.

The incidence of the intervention, under which the tariff for 8-ton waggons is applied to waggons with smaller capacity, can amount to 30 per cent of the general tariff.

II. Aids to exports

With a view to harmonizing the French and Italian tariffs, aid is granted up to a maximum of 50 per cent of actual transport costs over French territory as billed by the SNCF, plus 50 per cent of the STEF costs (road and rail).

A fixed amount not exceeding 0.10 francs per kilogram can be granted on products exported to various third countries, with the exception of the Scandinavian countries, to exporters who have concluded an agreement with the FORMA.

In the case of the Scandinavian countries, a lump sum is granted as a standing measure, amounting to 0.12 francs per kilogram on exports of all products except potatoes; the object is to compensate transit tariffs.

The maximum amount of compensation in the case of export contracts valid for three years is 0.20 francs per kilogram. The exact amount of compensation is computed at the end of each season, account being taken of prices recorded on foreign markets, of a fixed marketing fee and of a reference price for production. Global volume of contracts (7,000 to 8,000 tons).

III. Exceptional aid

The maximum reimbursement permitted is 50 per cent of the actual transport costs by SNCF and STEF (road and rail) for fruit intended for preserving during a period of surplus.

In this way exceptional assistance amounting to 0.125 francs per kg. has been paid to producers of Williams pears in certain departments.

As regards juice and concentrates of cider fruit, the assistance can amount to not more than 0.30 per kg. for the United States, 0.10 francs for Europe.

The amount of compensation is subject to review each month. It is within the system of agreements and quotas already in existence and is computed on the basis of cost prices and possible sales prices on domestic markets.

As regards cider fruit, transport costs over French routes can be partially reimbursed on a quota of 10,000 tons, up to a maximum of 40 per cent.

In the case of other products, the parties to agreements can be granted assistance computed as indicated above for fruit juices, but in any event this is limited to 0.20 francs per kg.

IV. Organization of certain markets

Interventions designed to ensure an inter-professional organization of the market, based on the establishment of para-fiscal levies. Utilization of revenue from such levies is determined by the FORMA in agreement with the inter-professional organization.

V. Investment

Assistance consisting of a subsidy of 12 per cent of total investment made in stockpiling and packing plants.

This assistance is restricted to the SICA and the co-operatives.

The agricultural credit fund grants investment loans out of State funds at 3 per cent interest to the co-operatives and the SICA, as well as to investors qualified to become members of the agricultural credit fund. Special permission is required for other applicants wishing to enjoy the same advantages.

VI. Publicity and propaganda

Payment of all costs of publicity and propaganda through the press, radio, cinema, television and posters.

As regards preserved products, publicity costs are paid out of the sums accruing from para-fiscal taxes levied within the framework of the inter-professional organization.

D. Credit opened for the 1962 budget year

I. Tariff aids	9,760,000
II. Assistance to exports	4,682,600
III. Exceptional aid	4,650,000
IV. Market organization	8,380,350 ¹
V. Investment	525,800
VI. Publicity and propaganda	<u>5,189,000</u>
	33,187,750

An appreciable difference will be noted between the sums indicated above and those actually disbursed. The latter figure will not, however, be available until later in 1963.

¹As regards this item, it is not really a matter of budget funds, but of the use of funds received from the inter-professional organization.

TEXTILE PRODUCTS
(Flax, hemp, silk, angora wool)

Since the incentive fund for textile production was closed down at the end of 1961, assistance measures on textile products have been re-organized under the FORMA.

I. Nature and extent of subsidy

(a) Background and authority

The assistance measures are designed to encourage production of the above-mentioned textile fibres and to support farm income, as well as the technical efforts made in the field of textile production at all stages.

As in the case of the foregoing assistance measures, the relevant legislation is the Law of 6 August 1960 for orientation of agriculture and the implementing Decree of 29 July 1961, establishing the FORMA.

(b) Incidence

1. Flax: Assistance is extended to the producer, the flax-stripper and the retter; it is designed to ensure adequate remuneration for these three activities and to stabilize the market. The amount of the subsidy varies according to crop year and depends on the level of prices prevailing during the year. In addition an organization has been established (the flax tow agency) with a view to the stockpiling of any surplus and the financing of carry-overs from one crop year to the next. At the same time action is taken in the technical field with a view to improving production and marketing conditions for flax.
2. Hemp: Measures taken with respect to hemp are similar to those applied to flax. They are, however, limited to production incentives since marketing conditions do not give rise to the same problems as in the flax market.
3. Sericiculture: Intervention relating to silk-worm production is based on economic and social factors. It is designed to sustain essential activity in under-privileged regions (in particular the Cévennes area). Assistance is granted to the producer in the form of a compensation payment on each kilogram of cocoons produced. The assistance formerly granted to the silk-spinning industry was eliminated in 1961. Action is also taken in regard to production structures with a view to the establishment of co-operative or industrial cocooneries in order to improve production conditions and reduce costs.

4. Wool: The assistance is designed solely to improve marketing conditions. It takes the form of a grouping bonus, paid only to groups of sheep-farmers who market the wool for their own account.
5. Angora: An organization similar to that established for flax, known as the French angora agency, attends to the marketing of part of the Angora hair produced, stocks it where necessary and carries over stocks from one year to the next with a view to taking up any surplus.

(c) Amount of subsidy1962 allotment (FORMA budget)

Flax	15,775,000 NF
Hemp	720,000 NF
Sericulture	680,000 NF
Wool	1,000,000 NF
Angora hair	359,000 NF

1963 allotment (FORMA budget)

The 1962 estimates have been renewed on a provisional basis. Individual allotments have not yet been made to the various items.

(d) Estimated amount per unit

1962: Flax - 15.50 francs per ton of green flax, not cleaned, to the producer.

7.50 francs per ton of stripped and cleaned flax, to the flax stripper.

11 per cent of delivery price of flax, to the retter.

Hemp - 27 francs per 100 kilos of tow for S.A.2 quality.

Sericulture - Having regard to the low level of production and the declining rate of the premium which depends on the level of output, the premium amounted to 6.50 francs per kilogram of cocoons.

Wool and angora - Having regard to the nature of intervention measures, it is not possible to indicate their unit amount.

II. Effect of subsidy

(See statistics)

STATISTICS

SUGAR

Data established for the sugar crop year
(1 October - 30 September)

Weight in tons of refined sugar

Production and consumption relate
only to metropolitan territory

	<u>1959/60</u>	<u>1960/61</u>	<u>1961/62</u>
Production	970,118	2,509,271	1,570,952
Consumption	1,362,454	1,364,683	1,441,838
Imports (Third countries	450,127	29,513	19,154
(French franc area	<u>392,543</u>	<u>324,178</u>	<u>416,596</u>
(Total	842,670	353,691	435,750
Exports (Third countries	169,260	561,968	422,534
(French franc area	<u>258,195</u>	<u>311,896</u>	<u>307,603</u>
(Total	427,455	873,864	730,137

Source: GNIBC

DAIRY PRODUCTS

I. PRODUCTION

	<u>1961</u>	<u>1960</u>
Cows (thousand head)	9,926	
Annual milk yield (kg. per cow)	2,175	
Butter (thousand tons)	402	385
Cheese (thousand tons)	420	447

1962: 5 per cent general increase (estimate)

II. IMPORTS

	<u>1962</u>	<u>1961</u>	<u>1960</u>
Butter (thousand tons)	0.5	0.5	15.2
Cheese (thousand tons)	9.3	10.2	149
Milk powder (thousand tons)	6.8	-	-

III. EXPORTS

	<u>1962</u>	<u>1961</u>	<u>1960</u>
Butter (thousand tons)	30	51.2	23.2
Cheese (thousand tons)	36	39.2	31.3
Milk powder (thousand tons)	70.9	44.3	28.7
Concentrated sweetened milk (cases of 48 400-gramme tins)	456,000	475,000	400,000
Concentrated sweetened milk (cases of 48 410-gramme tins)	276,200	407,625	210,980

IV. CONSUMPTIONPer capita evaluation for 1960¹

Fresh milk	97	litres
Butter	71.69	kgs
Cheese	9.03	"
Milk, concentrated, sweetened and non-sweetened	1.349	"
Milk powder	0.323	"

¹Data for other years not available.

BEEF AND VEAL

(Live cattle plus meat plus preserves) - Tonnages
calculated as equivalent carcass weight

	<u>1959</u>	<u>1960</u>	<u>1961</u>
Production	1,000,000 t	1,100,000 t	1,224,000 t
Consumption	930,000 t	992,000 t	1,054,000 t
Imports	33,000 t	34,000 t	15,000 t
Exports	68,000 t	110,000 t	149,000 t
<u>First six months 1962¹</u>			
Imports		15,000 t	
Exports		125,000 t	

TEXTILE PRODUCTS

	<u>Production</u>	<u>Utilization</u>	<u>Imports</u>	<u>Exports</u>
FLAX STRAW (TONS)				
1959-1960	236,404 t	194,170 t	0 t	42,234 t
1960-1961	332,816	271,320	0	61,496
1961-1962	390,104	327,689	0	62,415
SCOURED WOOL (TONS)				
1960	9,000 t	109,800 t	110,000 t	10,000 t
1961	9,900	118,900	120,000	11,000
1962	10,000	119,000	120,000	10,000
ANGORA HAIR (TONS)				
1959	180 t	52 t	30 t	138 t
1960	210	86	44	168
1961	220	100	50	170
HEMP (TOW) (TONS)				
1960	1,000 t	1,300 t	5,456 t	-
1961	1,131	1,235	3,499	-
1962	1,100	1,045	(unknown)	-
SERICICULTURE (COCOONS)				
1960	70 t	75	5 t	-
1961	49	57	8	-
1962	55	65	10	-

¹It would not be appropriate to draw conclusions from this figure which covers two exceptional contracts for SIBEV frozen meat: 40,000 tons to Russia and 20,000 tons to Spain.

FRUIT AND VEGETABLES

(including preserves)

Value in million francs

	<u>Imports</u>		<u>Exports</u>
1958	French franc area	1,123)	157)
		1,568	331
	Third countries	445)	174)
1959	French franc area	1,076)	112)
		1,618	373
	Third countries	542)	261)
1960	French franc area	1,156)	179)
		1,778	516
	Third countries	622)	337)
1961	French franc area	1,171)	180)
		1,762	582
	Third countries	591)	402)

PRODUCTION (estimates)

Fruit:	2,800,000 t
Vegetables:	8,000,000 t