

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## SUBSIDIES

### Notifications of Changes in Subsidy Measures

#### FRANCE

#### General remarks

This notification does not cover products coming under the common agricultural policy of the European Economic Community 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.

#### Fruit and vegetables

##### A. Legal authority

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

Order establishing the Fund for the Orientation and Regulation of Agricultural Markets (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; Decrees Nos. 62-997 and 62-998 of 23 August 1962 (Official Gazette of 24 August).

Lastly, on the general level, the Law on orientation of agriculture, of 8 August 1960.

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. Aids to encourage standardization

Assistance is granted to the Technical Centre for Fruit and Vegetables towards its publicity campaign to encourage the standardization of certain products which is still not compulsory.

II. Assistance to exporters

A premium is granted on exports to the Scandinavian countries of all products except potatoes.

A fixed amount is also granted to exporters of apples to far-off countries: tropical Africa (except the franc area), Latin America, New Zealand.

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.

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. Structural aids: producers' associations

These aids are designed to encourage producers' associations to organize production.

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. Aids to encourage standardization

The funds made available to the Technical Centre on Fruit and Vegetables are intended to finance an information programme for producers, wholesalers, and retailers and for the distribution free-of-charge of standard labels for fruit and vegetables for which standardization is not compulsory.

### II. Aids to exporters

A fixed amount of 0.12 francs ( $2\frac{1}{2}$  cents) per kg. is granted as a standing measure on exports to the Scandinavian countries of all products except potatoes; the object is to compensate transit tariffs.

Under the agreements concluded with the FORMA, fixed compensatory amounts are paid to apple exporters, according to destination.

- 100 frs. (US\$20) per ton on exports to tropical Africa (excluding the franc area);
- 120 frs. (US\$24) per ton on exports to Latin America;
- 150 frs. (US\$30) per ton on exports to Australia and New Zealand.

### III. Aid in order to meet certain situations

The principle underlying such aids still applies but it is not possible to spell it out in detail; since the producers' associations are now responsible for taking all necessary action in the event of a production surplus, it may be expected that such aids would be reserved for the associations only.

### IV. Professional organization of certain markets

Interventions designed to ensure interprofessional 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 interprofessional organization.

### V. Structural aids - producers' associations

The aids granted to producers' associations will be temporary, for a period of three consecutive years; furthermore, they will be on a declining scale as the associations gradually take over financial responsibility for their activities; lastly, they will be partial, covering only a fraction of the associations' expenditure from the first year.

The aids which may be granted to the associations are as follows:

- initial subsidy: designed to cover all operational expenditure for the first six months of the first financial period;
- participation in operational expenditure: up to a maximum of:
  - 60 per cent of expenditure in the first financial year
  - 50 per cent in the second financial year
  - 25 per cent in the third financial year.

The operational expenditure which can be taken into account is as follows:

- costs of supervision of certain activities required by the associations
- costs relating to various technical activities
- general administrative costs.

All of these aids will be paid out of the FORMA.

#### 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 interprofessional organization.

#### D. Credit opened for the 1964 budget year

I. Aid to encourage standardization	Frs. 1,100,000 (US\$ 220,000)
II. Assistance to exporters	Frs. 1,350,000 (US\$ 270,000)
III. Exceptional aid	Frs. 8,000,000 (US\$ 1,600,000)
IV. Market organization	Frs. 9,280,000 (US\$ 1,856,000)
V. Structural aids	Frs. 13,500,000 (US\$ 2,700,000)
VI. Publicity and propaganda	Frs. 6,515,000 (US\$ <u>1,303,000</u> )
	Frs. 39,745,000 (US\$ 7,949,000)

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 1965.

#### Textile products

Assistance is given on certain textile products through the intermediary of the FORMA.

The products concerned are flax, hemp, wool, angora hair and silk.

The assistance measures are designed to encourage production of these textiles and to support producers' income.

Wool. For 1965 the FORMA has allocated the amount of 1,500,000 francs (US\$300,000) to promote production of greasy wool provided it is well presented.

Three kinds of bonus can be granted out of this amount:

- (a) a grouping bonus of 0.18 francs ( $3\frac{1}{2}$  cents) per kg. of greasy wool. An additional bonus of 0.02 francs per kg. is granted in the mountainous departments in compensation for special difficulties of collection in those areas;
- (b) an incentive bonus ranging from 0.01 to 0.05 francs per kg. where the tonnage collected in 1965 is greater than in 1964;
- (c) a prospection bonus of 0.06 francs per kg. paid to producers' associations which have been set up since 1963 or have been prospecting new territories since that time.

All these bonuses are paid to the regional collection organizations which must comprise at least seven sheep farmers and collect a minimum of 200 tons.

The National Interprofessional Wool Committee is responsible for applying the system. It receives a fixed indemnity of 45 francs per ton of wool.

Angora hair. For 1965 the FORMA has allocated the amount of 500,000 francs (US\$100,000) for regulation of the angora hair market through the French Angora Board, which is responsible for stockpiling and partly merchandizing this product.

Hemp. The FORMA makes the following payments through the General Inter-professional Hemp Committee:

- (a) to producers, a bonus of 25 francs (US\$5) per 100 kg. of retted fibres. If producers have delivered hemp straw to the scutching centres, the latter receive the bonus but they must refund two thirds of it to the producers;
- (b) a bonus of 2 francs (40 cents) per 100 kg. of straw to producers who entered into production contracts for semi-retted hemp in 1964;
- (c) a stockpiling bonus of 40 francs (US\$8) per 100 kg. for a tonnage of not more than 400 tons, to producers of water-retted fibres from the 1964 harvest which had not been marketed by 30 September 1965;

- (d) to seed suppliers, a stockpiling bonus of 0.44 francs (0.9 cents) per kg. of monoecious hempseed from the 1964 crop which has not been marketed by 30 September 1965, up to a maximum amount of 250 tons.

For payment of these bonuses the FORMA has an allotment of 1,290,000 francs (US\$258,000). In addition, it pays out of this allotment a subsidy of 90,000 francs (US\$18,000) to the General Interprofessional Hemp Committee and another subsidy of a like amount to the Federation of Hemp Producers, towards a technical improvement programme.

Silk. The FORMA grants a credit of 850,000 francs (US\$170,000) to the Interprofessional Society for the Production of Cocoons, Silkworm Seeds, and Raw Silk in France, to enable the latter to pay a compensatory indemnity of 5.70 francs (US\$1.14) per kg. to cocoon producers. This amount is increased by 1 franc (20 cents) for producers with an output of 250 kg. or more of cocoons (co-operative of industrial cocooneries).

An additional 1 franc is paid to silkworm breeders who have formed associations having a contractual arrangement with the Interprofessional Society providing for the observance of technical production regulations. Such associations must produce at least 500 kg. of cocoons.

Furthermore, the Interprofessional Society receives three subsidies to encourage technical improvement of production:

- (a) 70,000 francs (US\$14,000) for the purchase of selected seeds and their incubation;
- (b) 90,000 francs (US\$18,000) for the maintenance and modernization of cocooneries;
- (c) 90,000 francs (US\$18,000) to cover operational expenditure.

Lastly, an amount of 100 000 francs (US\$20,000) is allotted for the study of development possibilities for French silkworm breeding.

Flax. The following assistance is granted on flax cultivation:

(1) The FORMA has an allotment of 5,750,000 francs (US\$1,150,000) for payment to flax producers, through the National Interprofessional Flax Association, of a bonus of 115 francs (US\$23) per hectare sown with flax and harvested. Producers are only entitled to this bonus if their flax acreage in 1965 is smaller than the average of their flax acreage in the three preceding years.

In certain cases the bonus is paid to the scutchers and not the flax growers.

(2) The General Association of Flax Producers receives a grant of 600,000 francs (US\$120,000) towards a modernization programme for flax production.

(3) The National Interprofessional Flax Association receives a fixed subsidy of 650,000 francs (US\$130,000).

(4) The FORMA reimburses to the Association the costs of verifying acreages under cultivation, up to a maximum of 50,000 francs (US\$10,000).

(5) For the period 16 July 1965 to 31 July 1966, a scutching bonus is fixed at 6 per cent of the selling price of scutched flax and tow delivered to consuming industries. There is an allotment of 8,000,000 francs (US\$1,600,000) for this purpose.

(6) The amount of 1,000,000 francs (US\$200,000) is allotted for improving scutching facilities.

(7) The Technical Association for the Production and Utilization of Flax receives a subsidy of 35,000 francs (US\$7,000) by way of reimbursement of its costs for experiments in drying and merchandizing green scutched flax.

(8) The French Flax Fibre Board is authorized to market fibre for the account of the scutchers and for this purpose it receives grants and loans up to an amount of 5,750,000 francs (US\$1,550,000).

The total assistance granted to flax cultivation in France amounts to 21,835,000 francs (US\$4,367,000).

