In compliance with requests received, the following products are being reviewed hereunder in the sequence in which they are listed:

- Meat
- Dairy products
- Cereals
- Sugar
- Vegetable oils
- Fish

MEAT

A. Objective of Government Policy

The expansion of meat production constitutes the main objective of the French Government's agricultural policy.

In that sector, France in fact enjoys a privileged situation, her meat production being within reach of a surplus position sufficient not only to cover, both as to quantity and quality, the requirements of a substantial home consumption, but also to provide a potential volume of exports capable of exercising a stabilizing influence on the market, while at the same time improving the balance of payments with industrial exporting countries.

With a view to achieving this gradual conversion of the economy and to directing activities in the agricultural sector, the Government maintains a close control of market trends and resorts to a variety of working devices hereinafter described.

B. Organization of the Meat Market

Over five years ago, the authorities, acting in conjunction with the agricultural professional organizations, instituted in two stages (Order in Council of 30 September 1953 and decree — since become law — of 18 September 1957) a market organization for beef and pork based on the following plan:
"Target prices" were fixed for the year 1961, on a basis sufficiently attractive (chiefly in the case of beef) to stimulate production; at the outset of each "campaign" (15 October - 15 October) an "indicative campaign price" is established together with, below and above it, a "floor" price and a "ceiling" price, designated as "intervention prices".

At first, these prices were indexed in relation to an overall index which included the prices of industrial products required in agriculture, the cost of living and agricultural salaries.

Since the beginning of 1959, this indexing has lost its character of automaticity. The Government, however, retains the power to adapt market rates to the prevailing economic conditions.

Interventions in the market occur when the effective rates reach either the "floor" prices or the "ceiling" prices:

(a) In the former case, purchases are effected by the S.I.B.E.V. (Société Interprofessionnelle du Bétail et des Viandes), an inter-professional association administered by a board composed in equal parts of representatives of the meat trade and of meat producers, and acting solely on the strength of agreements with the State.

The S.I.B.E.V. confines its action to stock-piling within the country; these stocks may then be put back on the market or exported.

In the event of a drop in prices to the level of the "floor" price, exports are intensified and if necessary stimulated either through support provided by the "Meat Market Regulating Fund" (financed by means of a levy on the proceeds from the single tax imposed on slaughtered meats) or through very flexible systems of "compensated exchange" (inter-linked imports and exports of different categories of meat) with variable co-efficients:

(b) In the latter alternative, the system operates in reverse, i.e:

- releasing of stocks by the S.I.B.E.V.
- restricting exports and directing compensated exchanges toward imports, or if necessary resorting to imports pure and simple.

This extremely flexible system has made it possible until now to maintain a balance between supply and demand, thus precluding too wide a spread between effective prices and either "floor" or "ceiling" prices.

It should be noted that the actions described have been financed in their entirety by production itself, namely by means of a levy of 5.5 per cent of the amount of the single budget tax imposed on slaughtered meats. Yearly credits to date have not exceeded Frs.5.5 billion; at times they were not even entirely utilized and could, therefore, be earmarked either for the improvement of conditions in the dairy market or for animal prophylaxy, or else assigned to the "Fonds National de Progrès Agricole" and other organizations for the purpose of developing and improving agricultural production.
Dairy Products

The dairy sector is taking an increasingly important place in the French economy. The third modernization and equipment plan provides for a programme of expansion and improvement in value of the dairy production and at the time of writing the goals originally set for this programme are not far from being reached.

The increase in production is partly absorbed by the growing home consumption and partly exported, chiefly to the countries of the French franc area.

Market Organization

The policy governing the market organization for dairy products is formulated in the main within the framework of the decrees of September 1953 covering the general organization of the agricultural markets.

The price policy in the dairy sector is subject to the provisions of a special law (Law of 18 May 1957) known as the "Laborbe" Law.

Generally speaking, the decrees of September 1953 provide for the institution of the following bodies:

- National Inter-professional Committees
- "Intervention" Societies (the latter may be private organizations; their statutes and their functions are defined in a special decree).

With regard to milk production, the following bodies have been constituted within the framework of the above mentioned decrees of September 1953:

- The National Milk Consultative Committee (Decree of 18 May 1954), operating in connexion with the Ministry for Agriculture and composed of representatives of the authorities and of various professions; it functions in an advisory capacity to study the different problems related to the elaboration of the dairy policy.

- The "INTERLIT" Society, set up by Order in Council of 16 April 1955; this is the body responsible for handling the "interventions" in the dairy market.

The "INTERLIT" Society is linked to the State through a general agreement and through special conventions. Acting within the framework of these conventions, it performs for account of the State the various market operations or "interventions", such as purchasing, stock-piling, releasing stocks, etc. of dairy products.

- The "Fonds d'Assainissement du Marché du Lait" (Dairy Market Stabilization Fund), set up by Decree of 12 October 1954; its purpose is to finance the above interventions, both in the domestic and in the export markets.
This fund is administered by a Managing Committee whose members were appointed by Decree of 4 May 1956. The Committee's Chairman is the Minister for Agriculture or his representative.

The Stabilization Fund is at present being financed by a percentage contribution from the proceeds of the "single meat transport tax".

- The "LABORES" Law (Law of 18 May 1954) included a provision whereby the price of milk at the producer was fixed for each "campaign" (1 October - 30 September), this price being indexed and representing the legally required minimum. In January 1959, the French Government abolished the index system for agricultural products, and the target price for milk at the producer was fixed at Frs.32 per litre with a content of 34 grammes of fatty substance. This price was agreed to as "campaign price" and became effective on 1 April 1959.

The "campaign price" does not entail a guarantee; no compensative subsidy is paid by the Government to cover the difference between the "campaign" price and the price actually paid at producer level. With the campaign price as a basis, so-called "floor prices" and "ceiling prices" are determined for certain products, such as butter, non-perishable cheese, powdered milk etc. These are the prices which set in motion the "intervention" of the INERLIT Society. The object of these interventions is to maintain the market rates of the various dairy products at a level permitting regulation of prices to producers.

The prices of dairy products are tax exempt, the mark-ups only being taxable, except in the case of certain varieties of cheese where they are still free.

On the other hand, prices of milk for human consumption are taxed by virtue of prefectorial ordinances.

With regard to foreign trade regulations, dairy products are not affected by the existing measures of trade liberalization, but remain within the purview of purchases contracted by the Government.

Imports of dairy products are subject to allocations of licences within the framework of trade agreements.

Butter imports are controlled by the INERLIT Society and can only be put on the market by order of the Ministry for Agriculture.

Exports are free; under certain conditions they may be allowed to receive assistance by the Managing Committee of the Stabilization Fund.

VEGETABLE OILS

The purport of Decree No.54-1136 of 13 November 1954 governing the organization of the market for edible oils falls within the framework of the selective price support policy pursued by the Government since 1953.
To secure a reasonable expansion in the production of edible oils in the French "Communauté", some of the more important steps envisaged include: substituting colza for other oil-producing seeds, increasing the production of certain oil-bearing seeds, and intensifying productive efficiency with a view to making seeds available for export.

The organization of such a vast market involves a number of complex problems and must take into account the different conditions - economic, technical and social - under which groundnuts, colza and olives are being produced.

Whilst guarantees were given to producers against price deteriorations, the market was allowed to exercise, within certain limits, a regulating influence on the trends of producing activities.

The simple formula evolved for the organization of the edible oil market in the Communauté meets the requirements of the objectives intended to be achieved.

A. Organization of the Market

A price guarantee is given within the limits of the foreseeable consumption in all of the territories of the French Communauté included in the market organization.

The global quota set by article 10 of the above-mentioned decree amounts to 420,000 tons, reckoned on the bases of refined oil, and is apportioned as follows:

225,000 tons for groundnuts
97,500 tons for colza and secondary seeds
97,500 tons for olive oils intended for consumption under the designation of "olive oil"

Prices guaranteed to producers are determined by categories of seeds.

"Campaign" prices fixed before 30 June for colza and before 30 November for groundnuts are established in accordance with oil contents and with specifications as laid down in the price ordinances, taking into account, among other factors:

(a) The technical and economic conditions affecting the production of oleaginous seeds;

(b) the market outlook in the French Communauté, as well as the price situation in the foreign markets;

(c) the necessity of maintaining the proper price relationship between the different sorts of edible oils.
Prices of secondary seeds are fixed by reference to either the price for colza or the price for groundnuts.

As a correlative to this flexibility in determining price levels, a system of market interventions has been instituted whereby surplus stocks may be purchased, stock-piled and released for sale. This system ensures that minimum prices are secured for the growers and that regular supplies are made available to manufacturers at maximum intermediate prices between "floor" and "ceiling" prices.

To this end, an inter-professional society was formed under the name of "SOCIETE INTERPROFESSIONNELLE DES OLEAGINEUX FLUIDES ALIMENTAIRES" (S.I.O.F.A.) which comes under the control, on technical matters, of the Ministry for Agriculture, and which carries out, on instructions from the Government, the necessary transactions to regulate the market.

The financing of stock-piling and trading operations necessary to maintain a proper balance of the market is covered by a professional contribution included in the campaign price of colza, groundnuts and olive oil, the amount of which is fixed every year.

The Treasury has opened, under the heading of special accounts, a joint inter-territorial fund known as "Fonds de Soutien et de Régularisation du Marché des Oléagineux fluides alimentaires", maintained by:

(a) the professional contribution referred to above;
(b) any income which may be earmarked for it by law.

Outlays from this Fund are made up of:

- the loss between the cost price of imported seeds and the price at which they are disposed of;
- the sums required for purchasing and stock-piling operations to support market rates, as well as administrative expenditures incurred.

The Fund is administered by the Minister in charge of Economic Affairs, assisted by a Managing Committee set up by Ordinance of 7 July 1955 and comprising representatives of the ministries and of the professions concerned.

Decree No 54-1138 of 13 November 1954, relating to certain oil-bearing seeds, provides for payment of a temporary premium to growers of colza when the market price is below the basic cost of cultivation, which is considered as an irreducible minimum: this basic cost was estimated in 1955 at Frs.6,600 per quintal and has since then followed the general price fluctuations of vegetable produce, reaching Frs.7,250 in 1958.
An additional guarantee fund for the Metropolitan Territory, administered by the Minister for Agriculture, was opened by the Treasury under the heading of special accounts; it is maintained by an additional contribution to the professional contribution provided by Decree No.54-1136 of 13 November 1954 and included in the campaign price for metropolitan oil-producing seeds, and by any other income appropriated for it by law.

This additional Fund is transferred to the "Fonds de Garantie Mutuelle et d'Orientatitio de la Production Agricole" into which all the above proceeds are finally paid.

**B. Operating Bodies**

1. "COMITE NATIONAL CONSULTATIF INTERPROFESSIONNEL DES CORPS GRAS FLUIDES ALIMENTAIRES" (National Inter-Professional Consultative Committee for Edible Oils).

   This Committee, set up in pursuance of Article I of Decree No.53-974 of 30 September 1953 (Decree of 7 July 1955), is composed of representatives of all professions concerned. Representatives of the respective government departments attend the Committee's deliberations, but are not entitled to vote. The Committee's functions are to study, suggest and recommend any economic or technical measures pertaining to production, collection, processing, stocking, quality improvement, product standardization, etc., to submit opinions on matters referred to it by the government departments concerned, etc.

2. "COMITE DE GESTION DU FONDS DE SOUTIEN ET DE REGULARISATION DU MARCHE DES OLEAGINEUX FLUIDES ALIMENTAIRES" (Managing Committee of the Fund for Support and Stabilization of the Edible Oil Market).

   This Committee, created in pursuance of Article 7 of Decree No.54-1136 of 13 November 1954 (Ordinance of 7 July 1955) assists the Minister in charge of Economic Affairs with the administration of the Fund.

   It consists of five representatives of the authorities and six representatives of the professional organizations.

   This Committee is to be consulted on all cases where a financial contribution from the Fund is being solicited.

3. "SOCIETE INTERPROFESSIONNELLE DES OLEAGINEUX FLUIDES ALIMENTAIRES" (Inter-Professional Edible Oil Society) - S.I.O.F.A.

   The terms governing the Society's intervention in the markets are specified by Ordinance of 7 July 1955.

   The appointment of its members is approved by Ordinance of 13 September 1955.
A general convention between the State and the S.I.O.F.A. was concluded on 14 September 1955.

**FISH**

In the sector of deep-sea fisheries, the French economy is characterized by the following features:

- production is fairly well in line with current demand;
- distribution methods are insufficiently modernized;
- exports are at a low level in relation to the volume of consumption.

National policy, evolved within the framework of the Plan for Modernization and Equipment, aims at:

- proceeding with the modernization of the fishing fleet with a view to improving its efficiency;
- developing the processing industries and the channels of distribution;
- promoting the consumption of sea food which, while already on an upward trend, is still capable of being considerably increased.

Foreign trade regulations provide for a measure of protection for the home market, this protection being necessary to achieve a degree of modernization of the fishery industry such as to put it on a par with competing foreign economies.

**Market Organization and Current Regulations**

There is no market organization in the deep-sea fishing trade.

The deep-sea fishing trade organization (Central Committee of Fisheries, Inter-Professional Committees, Local Committees) instituted by Ordinance of 14 August 1945 is empowered to control the quantities supplied by the fishing trade so as to regulate distribution.

In actual fact, however, it has not yet been possible for a long-term purchasing contract to be put into continuous operation between the fishing trade and the canning industry.

Prices at landing are fixed by the method of public auction sales.

Prices at retail are tax-free for all species except two (whiting and skate) which are taxed and incorporated in the living cost index.

While there is no quality control at landing regulations are in force as to the minimum marketing size of fish, crustaceans and shell-fish.
Control of manufacture in the sea-food canning industry is exercised by the "Institut Scientifique et Technique des Pêches Maritimes" (Decree of 15 May 1940 and Ordinance of 27 December 1958). It is based on:

- legislation on repression of fraud (Law of 1905 and related application texts);
- professional specifications approved by the Department of Mercantile Marine.

The fresh-fish trade is regulated by the Law of 5 September 1948 and related application texts; the profession is subject to inspection by the "Institut Scientifique et Technique des Pêches Maritimes". No fresh fish may be despatched outside of the coast zone unless it has been bought or handled by an approved fisherman.

The import trade for products of deep-sea fishing is also controlled: no one is admitted into the trade unless the applicant can qualify as a tradesman (Law of 11 May 1951 and related texts of application).

Wholesale and retail trade in products of deep-sea fishing comes under the jurisdiction of the Ministry for Trade and Industry. It is not governed by any special regulations.

SUGAR

The Government policy aims at securing a proper balance between supply and demand within the French Communauté and the French franc area.

In the case of sugar, as in the case of most agricultural products, the objective is to stabilize the producers' gross income by reducing excessive fluctuations in domestic prices; on a longer range basis, the endeavour is to bring about, through such control and stabilization of the home market, a trend toward selection in production.

Market Organization

Pursuant to Decree of 10 October 1957 pertaining to the organization of sugar production for the "campaigns" 1958/59 to 1961/62, the production target is fixed by the Government at 2,014,000 tons of sugar, in terms of tonnage of refined sugar, to meet the requirements of the French franc area. This target may be revised for each campaign on the advice of the "Groupement National Interprofessionnel", but may not, in the event of a drop, be less than 1,850,000 tons.

As per Decree of 10 October 1957, this production target is then divided between the territories concerned within the French Communauté.

The equalization of surpluses and shortages within each territory and between the different producing territories, as well as the sharing of charges for the liquidation of sugar outside of the producing territories between planters and manufacturers are fixed by the Government on advice from the "Groupement Interprofessionnel".
An inter-departmental ordinance is intended to fix the terms for the building up, the blocking and the financing of an emergency or safety stock.

An Inter-Professional Export Fund has been established under the auspices of, and is administered by, the "Groupement Interprofessionnel".

This Fund undertakes to re-imburse the exporters in the French franc zone and, as the case may be, in foreign countries, for the difference between the price prevailing in metropolitan France and the selling price in these territories. This is due to the fact that certain territories in the French franc zone are supplied with French sugar at prices which are fixed by the Government in accordance with the economic status of those territories and which are below the domestic prices.

In order to facilitate the sale of sugar outside of the producing areas, the afore-mentioned Decree of 9 August 1953 (Article 12) specifies that the Government shall assume part of the selling charges incurred. This Government share of the charges consists of a fixed refund, within the limits of 300,000 tons, of 30 per cent of the difference between the price of sugar in metropolitan France and the average world market quotation immediately preceding the first day of October of the campaign under consideration.

This Government share is paid out directly by the Equalization Fund of the Ministry of Finance, upon audit of the documents by the Export Fund.

The Export Fund is financed by a non-fiscal contribution known as "surplus disposal dues" instituted on the strength of Article 6 of the Law of 6 August 1955 and which is levied by the "Groupement Interprofessionnel" on all of the sugar produced within the French Communauté; its amount is fixed in the yearly price ordinance, on advice from the "Groupement Interprofessionnel".

If the production of the campaign under consideration exceeds the requirements of the French franc zone, the surplus may either be carried over to the next campaign, or exported to countries outside of the French franc zone, at the expense of the parties responsible for these surpluses.

Prices

It was stipulated in the Decree of 10 October 1957 that the price of sugar beet was to be fixed in pursuance of the provisions of Decree No.57-1017 of 18 September 1957 pertaining to the terms for the establishment of agriculture.

As per Article I of the above Decree, sugar beet was in fact included in the items of agricultural produce governed by the system of target prices, yearly index prices and campaign prices; the campaign price for sugar beet was indexed until 1959 and may, after that date, be adjusted in accordance with current price levels.

The price for sugar cane is to be fixed in relation to its saccharine contents, on the bases of conditions which are to be specified by ordinances which at the moment have not yet been issued.
As for the price of sugar, it is fixed each year by Government ordinance, upon advice from the National Price Committee. It is not indexed, and the Decree of 10 October 1957 specifies that, when establishing it, consideration shall be given to the trends at 30 September in the cost of production items and to the fluctuations in productive efficiency.

The price is established uniformly for the entire year, the charges for stocking and warehousing being borne by a fee which is levied on all sugar produced and paid out at the end of each month by the Equalization Fund to the holders of the stocks.

This procedure is intended to replace the system of "future" buying and selling which before the war provided for the proper control and support of existing sugar stocks.

CEREALS

The intent of the following brief summary is to outline the aims, the modalities and the results of the system governing the French market for wheat and other cereals.

This system, implemented in 1936 in the case of wheat and in 1940 for other grains, has since been subjected to several changes varying in their extent. Despite these amendments, however, the essential structure of the system has remained unchanged.

The fundamental purpose of the measures implemented can be summarized as follows:

- firstly, to establish a price which should be profitable to the producer as well as acceptable to the consumer;

- secondly, to guarantee this price.

A guarantee of price presupposes that financing and selling must also be guaranteed.

The market organization in this sector is entrusted to a National Inter-Professional Office. The form, the institutions, the competences, the sources of income and the operating procedure of this office are specified by law.

The National Inter-Professional Office is constituted as a public undertaking having legal personality and financial autonomy.

As such, it has its own budget and makes its own decisions, except in cases reserved for the Government, as to the proper technical and financial measures required to ensure the stability of the market. With regard to technical measures, it comes under the control of the Ministry for Agriculture, whilst on financial matters it is answerable to the Ministry for Finance.
It exercises its functions through the agency of inter-professional bodies whose sessions have both deliberative and executive powers. The competence of some of these bodies is national in scope (i.e. Central Committee, Administrative Committee), while for others it extends only to the local "département" (i.e. Committee of Cereals).

In the case of more important items (such as the fixing of prices for instance), the deliberations of the Central Committee have executory power only if the decisions are reached by a minimum of three-quarters of the votes cast, with four-fifths of the members being present.

The principal duties of the National Inter-Professional Office are:

- to fix prices for wheat (at the producer and at the outflow from stocking organizations);

- to regulate the proper flow of wheat from the producer to the stocking organizations and from these to the processing industries;

- to secure adequate supplies for these industries (flour mills, semolina mills);

- to contribute to a large extent to the financing of deliveries from producers by endorsing bills signed to that effect by co-operative societies;

- to secure a properly balanced market by maintaining a census of availability, by fixing bolting rates, by carrying out (directly or through the medium of private undertakings) the appropriate export or import transactions;

- to settle any disputes of a technical nature (conflicts between stocking organizations, litigation concerning quality, etc.);

- to collect income (dues, fees), to pay out expenditures such as those arising from absorption of surpluses.

To perform these duties, the National Office has the following means at its disposal:

On the administrative level:

(a) an administrative body of its own;

(b) the co-operation of specialized administrative services (indirect taxation, agricultural services).

On the technical level:

(a) a stocking network (co-operative societies, tradesmen);
(b) the co-operation of the "Crédit Agricole Mutuel" (national head office, regional branch offices) and of the Banque de France.

**INTERVENTION PROCEDURE: METHOD OF FIXING WHEAT PRICES**

While for the seven harvests from 1947 (inclusive) to 1953 (inclusive) wheat prices had been established on the basis of the "cost price" method, a new method of calculation was initiated starting with the 1954 harvest.

The Decree of 30 December 1953, known as "Plan Céréalier", contained the following provisions for the harvest years 1954(inclusive) to 1957(inclusive):

1. It provided that, to the reference price of Frs.3,600 per quintal, was to be applied the average co-efficient of variation, in relation to July 1953, of the following two indices, weighted respectively at the rate of 60 and 40 per cent:
   
   (a) price index of industrial products required as agricultural working stock;
   
   (b) retail price index of manufactured products and services in Paris.

2. The figure thus arrived at was to be subject to a reduction resulting from improvement in productive efficiency and established at a fixed rate of 1 per cent for the 1954 harvest, 2 per cent for 1955, 3 per cent for 1956 and 4 per cent for 1957.

3. To the resulting figure could be applied a corrective factor up to 6 per cent, plus or minus, to account for - among other considerations - the probable volume of the nation-wide harvest.

4. This price was understood to apply to soft wheat, sound, unadulterated and of saleable grade, of a specific weight of 75 kgs. per 100 litres.

5. The price was to be fixed latest by 31 July by decree issued by the Council of Ministers, on the recommendation of the Central Board of the National Inter-Professional Office, which latter was to make a prior study of proposals submitted by the regional cereal committees of the French "départements" and by the Algerian division of the O.N.I.C.

It should be noted, however, that the price thus established is no longer of compulsory application to the total volume of wheat delivered by producers. By Order in Council of 30 September 1953, the Government is authorized under certain conditions to limit the quantity of wheat intended to be entitled to the guaranteed price; the quantity over and above this "quantum" is only payable to growers at the actual price at which it can be sold.

The "quantum" referred to has until now been fixed at 68 million quintals. Thus, if for instance total deliveries by growers represent, for one campaign, 75.5 million quintals, a portion equal to 75.51 or 90 per cent of each individual lot delivered is payable at full price, the balance (in excess of "quantum") being payable at the net surplus disposal price.
The "quantum" system meets the following objectives:

(a) it acts as a brake to excess production, the net average price per quintal being reduced in the ratio in which the quantity in excess of quantum increases;

(b) it makes it easier for producers to bear the re-absorption tax payable by them, since this tax is not a proportional, but a progressive one and applies only to the surplus included in the quantum;

(c) it reduces the financial contribution on the part of the State.

The Decrees of 18 September 1957 and 23 January 1958 relative to the fixing of agricultural prices, provide for a target price for 1961, for a yearly indicative price and for an effective price.

The yearly indicative prices are "indexed" on the basis of the mean co-efficient of three weighted indices:

- the price of industrial products needed in agriculture (40 per cent);
- the combined retail prices of products other than food products (40 per cent);
- agricultural salaries (20 per cent).

The grains which fall under this category are soft and hard wheat, barley, corn, rice and rye, all of which, therefore, have the advantage of an effective legal price.

The price for oats is established solely on the basis of intervention prices.

The prices fixed as target prices are those set by the Government in 1957 as the objective to be attained at the end of a four-year period, i.e. before 1961. They are intended to give to farmers an outlook into the future and at the same time to induce them to choose for their production the sorts of grains which are of greatest benefit to the country's economy.

The level of these prices was fixed in such a way that they tend to reduce production of grains which are in over-supply and difficult to dispose of - as is the case for wheat - and to increase production of other items for which there is a growing demand, such as livestock.

Indicative prices are the prices prevailing in the intermediate years between 1957 and 1961, in other words the prices which each year are to mark an additional step toward the target prices.

The Government's decision to repeal indexation was implemented by Article 79 of the Finance Law of 1959, which stipulates that "all general dispositions issued by virtue of legislation or by-laws providing for automatic indexation
of prices for goods and services are hereby repealed. Any new dispositions, statutory or conventional, providing for indexations based on a guaranteed minimum inter-professional salary or on the general level of consumer prices are prohibited. The only provisions of this nature which remain in force are those pertaining to indexation of guaranteed minimum salaries.

While this abrogation of indexation does not, therefore, affect agriculture only, it nevertheless has far-reaching repercussions on the system of guaranteed prices implemented by the Four-Year Plan, in respect of about 60 per cent of the agricultural income.

Henceforth it will be incumbent on the Government to decide on the advisability or otherwise of re-adjusting prices for products covered by the system of target prices.

By Decree of 18 September 1957, a so-called "Four-Year Plan" was instituted for a number of basic agricultural products (such as wheat, barley, corn, industrial sugar beet, beef, pork, eggs). This Decree contained specific provisions as to the scope and aims envisaged for fixing the prices of these items.

In order to protect farmers against currency depreciation, it was provided that the prices for these products could be adjusted for fluctuations in accordance with an index based on 100 at 1 July 1957.

Notwithstanding the abrogation of indexation through the plan for economic rehabilitation, the other provisions of the Decree of 18 September 1957 remain nevertheless in force. But there is no longer any legislation compelling the Government to re-adjust target prices for 1961 (nor the resulting yearly indicative prices) in the event of an increase of costs in agricultural production.

The Government has deemed it proper, however, to establish new target prices with a view to offsetting, despite the abrogation of indexation, the already prevailing cost increases, or to intervene within a few weeks of such increases in agricultural costs. Accordingly, target prices for 1961 have been re-adjusted twice since they were established, namely first in October 1958, and again, by Decree published in the Official Gazette, on 11 January 1959.

It should be recalled, in this connexion, that according to an unabrogated provision of the Four-Year Plan, campaign prices are to come each year a step nearer to the 1961 target price, so that the difference between the latter and the 1957 reference price may be reduced by at least 40 per cent in 1959 and by 70 per cent in 1960.

Two conclusions may be drawn from this brief review of the pricing situation since the inception of the National Inter-Professional Office, i.e:

- the establishment of a suitable pricing system has been and still is uppermost in the minds of both the producers and the authorities;
the fairly frequent changes in the methods used are to be ascribed to the common endeavour to arrive at a formula which must be at once adequately equitable and sufficiently simple.

IMPLEMENTING THE TECHNICAL AND FINANCIAL RESOURCES

The fundamentally new feature of the Law of 1936 which instituted the National Inter-Professional Office — and which has since remained unchanged in this respect — is to be found in the following dual obligation:

1. the producer may not deliver wheat to anyone but a stocking organization;
2. the producer may not receive payment from any other but a legal person. This may be a co-operative society if he is a member thereof or the local branch of the Crédit Agricole if he delivers to a tradesman.

The producer is thus afforded the following assurances:

- that he can deliver all of his wheat production (since the stocking organization is compelled to accept all of the good quality wheat which it is offered);
- that he will receive payment for it immediately and in full, this being achieved as follows:

1. If the producer is a member of a co-operative society: the co-operative society makes out bills payable for the value of the stocks constituted by deliveries from its members and forwards these bills to the regional branch of the Crédit Agricole, which has then endorsed by the National Inter-Professional Office.

These bills are then discounted by the regional branch or re-discounted by the head office of the Crédit Agricole if the disposable funds of the regional branch are not sufficient. The Crédit Agricole handles the bills within the limits of its resources and re-discounts the balance with the Banque de France.

As the stocks are sold according to the schedule of deliveries prescribed by the National Inter-Professional Office, the co-operative society repays the regional branch of the Crédit Agricole. In the event that the co-operative is not in a position to repay the bill at due date, it is debited by the Crédit Agricole to the National Inter-Professional Office which has endorsed the bill. It is then incumbent on the National Inter-Professional Office to recover the amount due from the defaulting co-operative.

2. If the producer delivers to a tradesman: the latter procures the funds through the regular banking channels and makes payment into an account opened in favour of the producer by the regional branch of the Crédit Agricole. In the event that the tradesman does not pay in full or promptly at due date for the wheat received, he is liable for sanctions pronounced by the local "Comité des Céréales" (warning, temporary suspension of activities, final radiation).
It should be mentioned that, according to a law which became effective on 6 February 1952, tradesmen may secure endorsement by the National Inter-Professional Office provided they are members of a mutual surety society.

The financial operations just described are performed according to a schedule which follows, with a minimum loss of time, the schedule of deliveries by producers to the stocking organizations.

For the financing of these deliveries to proceed normally, it is essential that the stocking organizations be in a position to sell their stocks at the price set by the regulations and at the proper rate time-wise and volume-wise.

To that effect, selling schedules are assigned monthly to the stocking organizations by the "Comité des Céréales" of the respective geographical departments.

These schedules are established by the management of the O.N.I.C. for each geographical department, taking into account:

- on one hand the monthly requirements of local mills and of mills located in departments which are in short-supply;
- on the other hand the export possibilities.

A further condition for the releasing and financing of stocks to proceed normally is that these stocks be constantly and accurately known. Accordingly, the stocking organizations are required to issue, every month, a statement of their stocks and of incoming and outgoing deliveries. These statements are subject to audit by the Central Office.

With the guarantees thus afforded to the domestic wheat market as regards prices and selling possibilities, it follows that foreign trading in wheat must also be properly organized.

To that end and pursuant to the Law of 1936, the O.N.I.C. was granted a monopoly of imports and exports. The principles underlying these operations are the following:

(a) the stocking organizations sell to the exporter at the same price as they sell to the mills;

(b) the mills purchase foreign wheat in the quantities fixed by the National Inter-Professional Office at the standard domestic price.

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1 The National Office may either perform these operations on its own or entrust their execution to private organizations (co-operatives or trading concerns). The latter method has been practised by the National Office for the last few years, the importers and exporters being designated by way of adjudication.
THE MARKET FOR CEREALS OTHER THAN MEAT

By a law enacted in 1940, the control of cereals other than wheat, i.e. rye, barley, oats, corn and rice, was attached to the control performed for wheat by the National Inter-Professional Office, which then became and has since remained the NATIONAL INTER-PROFESSIONAL OFFICE FOR CEREALS.

The principal aim of the present regulations governing these cereals is to guarantee prices in the case of cereals which it is deemed advisable to promote (such as rye, rice, barley) and to afford relatively limited support to crops (such as oats) which no longer meet the same needs as in former times.

Consequently, fixed prices are established for corn, rye, barley and rice, and these cereals are marketed through the regular stocking organizations.

In the case of oats, transactions are free. When the prevailing price is below the level fixed by decree at the beginning of the campaign, the O.N.I.C. is entitled to relieve the stocking organizations of their surplus at the prevailing price level.

For all these cereals, a complete import and export monopoly is held by the O.N.I.C., which makes use of it as in the case of wheat.

It might be pointed out that, except as regards export, the National Office leaves the stocking organizations entirely free to choose their purchasers, confining itself to seeing to it that fixed prices are enforced. In fact, these cereals are mainly intended as feed for livestock (except rice) and are largely consumed on the farm which grows them.

With regard to foreign trade in these crops, it is still characterized by an excess balance of imports over exports, but this deficit is dwindling at a nearly steady rate.

In fact, while before the war imports amounted to 12-15 million quintals yearly (chiefly corn and rice), they did not exceed during the last few years 3 to 4 million quintals in the case of corn and hardly reached 1 million quintals of rice.

Broadly speaking, therefore, as is the case for wheat, production of these cereals is being stimulated through the intervention of a market organization proceeding from the institution of the O.N.I.C. and whose main task is to ensure the enforcement of legal prices to producers by means of appropriate market operations (balancing out surpluses and shortages, stock-piling, exporting of surpluses, etc.).

These systems of intervention have, for the last few years, been successful in maintaining stability in the home market. It would seem, however, that they cannot be interpreted as constituting measures of support
or of stimulation in the sense in which these terms are traditionally understood by GATT. In the sector of cereals, for instance, present regulations do not provide for any premium by unit of cultivated area or for any bounty in favour of growers in particular geographical areas, as is the practice in several European countries.

At the moment, the only case of actual assistance to production concerns the item of sowing seeds, in respect of which the following measures are in force:

(1) Cereal sowing seeds are free of all fiscal or social taxes at all stages of merchandizing, including resale (Article 53 of Finance Law of 14 August 1954).

(2) Growers are exempted from the special taxes imposed by the national market regulations in the case of deliveries of ordinary grades of cereals on the basis of a system of exchange of sowing cereals against ordinary grade cereals. These special taxes consist of: the re-absorption dues (for barley and rye), the statistical tax, and the tax levied in favour of the "Fonds National de Progrès Agricole" (National Fund for Agricultural Development).

This exemption is confined, however, to exchanges at the rate of 150 kgs. of ordinary grade cereals for 100 kgs. of sowing cereals.

(3) A subsidy is granted to growers in order to foster the cultivation of feed corn; it takes the form of a price reduction on sowing seeds and is borne by the "Fonds d'Orientatation et de Garantie Mutuelle". This subsidy, which in 1956/57 was at the rate of Frs.1,000.- per quintal, dropped to Frs.800.- per quintal in 1957/58 and will be further reduced for 1958/59.

Lastly the Fund contributes financially to the building up and the maintenance of an emergency stock of hybrid corn.