Synopsis of Non-Tariff Measures for the Protection of Agriculture or in Support of Incomes of Agricultural Producers furnished by the Government of France

I.

NATIONAL AGRICULTURAL POLICIES

A. General Objectives

The main objectives of agricultural policy are to raise the standards of living of the farming population, and therefore, to increase income from farm holdings and to lower production costs.

The general aims, as set out in the Third Modernization and Equipment Plan (1957-61) are further to expand agricultural production (20 per cent in five years), to increase agricultural value added to gross national product (by Frs.370,000 million), to raise agricultural income, and to protect family holdings.

Specifically, the Government proposes to encourage the production of meat, poultry, dairy products, coarse grains, fresh fruit and vegetables, and to level off or even scale down the output of sugar beet for industrial uses, potatoes, wheat and wine. Both national and regional production targets (estimates) are laid down for 1961.

There are no legal provisions to ensure that the agricultural community as a whole or the farmer individually will have a specific guaranteed income calculated either in absolute value or in relation to the income of other sectors of the economy. However, the Government hopes that during the five years covered by the Third Plan, agricultural incomes will increase at the same rate as in other economic sectors owing to the combined effects of increased production, development of technical progress, unavoidable decline in the active agricultural population and expected increase of purchasing power.
The reorganization of regional agricultural economies has become an increasingly important factor in French agricultural policy. The aim is to reduce the existing imbalance between the North and the South and to provide for a better distribution of production and income between these two areas.

B. Special Measures

Price fixing and market organization are the main instruments for implementing agricultural policy.

For the main products the Government has fixed "target prices" to be reached in 1961 by annual stages. These "target prices" take the form of fixed prices without any limitation as to quantity (barley and maize) guaranteed prices for specific quantities (wheat and sugar beet) and base prices to be used for fixing minimum and maximum prices (beef, pork, eggs and dairy products).

The guiding principles in fixing the above "target prices" were to increase production of barley and maize for animal feed; to increase wheat production at the present level by increasing yields and decreasing the area sown; to maintain sugar production at a level adequate to meet the requirements of the Franc area; and to increase livestock products, to meet the needs of the domestic market and supply the outlets available in the Common Market countries.

Before 15 October each year the Government is obliged to fix "an annual indicative price" applicable for the next season for each of the above products. These prices then serve as a basis for the application of prices to calculate the "campaign prices" which will in turn be used to fix prices for barley, maize, wheat and beet for industrial uses (the latter two for a specific maximum tonnage) and the minimum and maximum "intervention prices" for beef, pork, dairy products and eggs.

The regulation of the grain market is the responsibility of the "Office National Interprofessionel des Céréales" (ONIC), a State Agency which supervises production, collection, storage and domestic sales of cereals and exercises a monopoly on imports and exports thereof, (see Section IV). In addition to guaranteeing the fixed prices for wheat, barley and maize referred to above, ONIC also ensures that prices fixed by the Government for rye and rice are realized. In addition ONIC intervenes on the market to ensure that market prices for oats are maintained within certain predetermined limits. ONIC is financed mostly from producers' contributions, any deficits being met by budgetary payments, (see Section II).
As regards beef and pork, market regulation is exercised through the "Société Interprofessionnelle du Bétail et des Viandes" which is financed by contributions from the Meat Transport Tax Fund and by profits from various commercial transactions.

The Government gives effect to its policy for sugar beet through an inter-professional society which not only organizes the whole market, but also centralizes all imports and exports, (see Section IV). A support fund is financed by a tax levied on producers through the "Caisse Interprofessionnelle des Sucres".

For products which have no separate market organization (including eggs referred to above) market intervention is carried out by the Mutual Guarantee and Agricultural Production Orientation Fund financed by contributions from a primary fund and by a special tax levied on all producers subject to land tax. The Fund gives market support to eggs, fruit and vegetables, flax, etc. and operates highly flexible price intervention schemes for potatoes.

The decree of 7 January 1959 provides for a target price for milk. The "campaign" price for milk to producers is fixed each year. Seasonal prices for winter and summer are then fixed on the basis of the price for the whole season. On the basis of these seasonal prices for milk at producer level, the Government fixes "floor" and "ceiling" seasonal prices for milk for human consumption, butter, powdered skim milk and certain types of cheese. These "floor" and "ceiling" prices are fixed at +5 per cent of the seasonal prices for milk, plus the cost of processing and distribution. Market stabilization measures are carried out by the Interprofessional Society for Milk and Milk Derivatives (INTERLAIT) in accordance with agreements concluded with the Government. In addition the "Fonds d'Assainissement du Marché du Lait et des Produits Laitiers", financed by a percentage contribution of the proceeds of the Meat Transport Tax and by a surplus reduction contribution, makes payment to assist butter marketing, storage and export.
For oilseeds maximum and minimum prices are established and the Government is obliged to intervene when prices fall outside these limits. This intervention, within quota limitations, is carried out by the "Société Interprofessionelle de Oleagineux et les Alimentaires" which operates a fund financed by producers contributions. When market rates drop to the "floor" level it stockpiles or exports; if market rates exceed the maximum it imports the quantities required and has in fact an import monopoly, (see Section IV).

In the case of flax producers receive a "deficiency payment" based on a scale of actual market rates on the Courtrai Exchange (Belgium). This payment is made by the "Fonds d'Encouragement à la Production Textile", financed by a tax on textile production as a whole. The hemp market is free, but a standard deficiency payment is granted to producers.

The Government annually fixes the price of tobacco and takes over the whole crop. It also controls manufacture, domestic sales and imports, (see Section IV).

For common table wine, the "Fonds National de Solidarité Agricole" and "Fonds d'Assainissement de la Viticulture", which are financed from the proceeds of various taxes, supplemented by direct budget allocations, exercise an indirect influence on supporting prices paid to producers. When production is over-abundant, Government intervention takes place at the producer level to restrict marketing through storage and compulsory distillery.
II.

SUBSIDIES

(Including all forms of income and price support)

The price stabilization funds administered by various trade associations or State bodies have been described in Section IB. As stated therein these funds are mainly financed from levies on producers; however, auxiliary assistance is afforded to meet any deficits in the form of direct budget allocations and to this extent an element of Government subsidy is introduced.

In the conditions outlined in Chapter I of this report the various intervention bodies primarily financed by inter-professional organizations make payments to cover losses on the export of wheat and wheat flour, wines, dairy produce, beef and pork, and sugar (up to a maximum quota of 300,000 tons disposed of in the French Franc Area).

To speed up agricultural motorization and mechanization and to extend to agriculture the fiscal benefits conferred upon industrial investments, the Government refunds to farmers 10 per cent of the cost of certain agricultural equipment. Similarly, petrol used for agricultural purposes is the object of a tax reimbursement within the limits of a quota; lastly within the framework of the system of taxation on added value which includes differential rates, taxes on fertilizers and fungicides are levied at reduced rates.

Subsidies are granted for drinking water supply in rural areas, electrification, rural housing and consolidation of scattered holdings. With a view to safeguarding small family holdings, special privileges are granted to agriculture in connexion with direct taxes, particularly the method of assessing taxable incomes.

III.

MIXING REGULATIONS

No mixing regulations are in force in France.
STATE-TRADING OPERATIONS

(Including private enterprises enjoying special privileges)

The wheat monopoly granted to the "ONIC" (see Section IB) applies also to the importation and exportation of various cereals. The products acquired by ONIC may be sold on the domestic market or exported.

The monopoly for sugar through a Joint Trade Board has also been mentioned in Section IB.

In accordance with a Convention concluded with the Minister of Finance, pursuant to a Decree of 30 September 1953, the Interprofessional Milk Society (INTERLAIT) is responsible for the carrying out of operations intended to stabilize the market for dairy products.

The monopoly for oilseeds and oil-bearing fruit (see Section IB) is administered by two inter-professional groups which act under powers granted by the State. One of these groups withdraws from the market at minimum prices such quantities of seeds as may be offered by recognized organizations, imports directly or through importers seeds and edible oils from foreign countries, and is responsible for the availability in sufficient quantities of seeds for the production of oil. The other group exercises similar functions in respect of linseed and linseed oil.

The tobacco monopoly (see Section IB) established in 1810, has today a protective effect in view of the considerable tobacco production in France and in French overseas territories. The monopoly is exercised by the SEITA (Service d'exploitation industrielle du tabac et des allumettes). The SEITA controls the tobacco cultivation. There are twenty State-owned manufacturing concerns, also controlled by SEITA, which buy raw tobacco on national and foreign markets. Tobaccos produced in metropolitan France and in overseas territories are bought at prices fixed by a special committee. There is also a sales monopoly which controls the distribution of all tobacco products.

The alcohol monopoly produces ethyl alcohol for the State, with the exception of certain brandies, etc. The right to import alcohols is reserved to the State and is exercised by the monopoly.
Imports of a number of agricultural products were liberalized on 1 January 1959. Licences for such imports are issued automatically; in the case of imports whose value does not exceed FRs.200,000, and for which no payment or cover in foreign exchange has been made prior to importation, the only formality involved is the submission to the Customs of an invoice showing the country of origin.

Where imports are subject to restrictions, licences are issued for imports from different sources subject to considerations such as price, quality, availability, delivery terms, etc. Some global quotas are in effect for OMEC countries and for those with which France has concluded payments agreements. Other quotas are subject to bilateral negotiation.

A. Restrictions applied to Products for which Support Measures are in Force

Wheat, wheat flour, maize, rye, rice, oats, barley  
Pork  
Wines  
Flax  
Dairy products  
Sugar, sugar beet  
Potatoes (other than for sowing)  
Certain oilseeds  
Subject to licensing from all sources

B. Other Restrictions applied for the Protection of Agriculture

None.

VI.

MEASURES WHICH TEND TO REDUCE OR REMOVE THE NEED FOR NON-TARIFF MEASURES OF PROTECTION OR SUPPORT

None.