Introduction

1. In accordance with the Decision taken at the Plenary Meeting of the CONTRACTING PARTIES on 17 November 1956, the Working Party on Balance of Payments has conducted the consultation with France under paragraph 4(b) of Article XII.

2. In accordance with the recommendation of the Working Party on the Consultation with France, which had been set up by the Intersessional Committee and met in Paris on 16 and 17 July 1957, the Working Party on Balance of Payments has also conducted the consultation with France under paragraph 4(b) of Article XII concerning the intensification of import restrictions which occurred in France in June 1957.

3. The Working Party had before it:

   (a) a basic document (MGT/51/57, of 28 May 1957) prepared by the secretariat in collaboration with the French authorities, describing the system and methods of the balance-of-payments import restrictions in operation in France. The document also contained a statement under Part II - "Effects on Trade" - submitted by the French authorities;

   (b) the interim report of the Working Party on the Consultation with France (L/657 of 8 August 1957), concerning the modifications introduced by the French Government on 17 June 1957 in the field of import restrictions;

   (c) a supplementary basic document (MGT/51/57/Add.1, of 21 October 1957) prepared by the secretariat in collaboration with the French authorities, bringing up to date the basic document mentioned under paragraph (a) above; and

   (d) a communication from the French Government concerning the uniform charge of 20 per cent (L/742 of 8 November 1957);

   (e) documents provided by the International Monetary Fund.

All these documents should be regarded as supplementary material to be annexed to this report.

MGT/149/57
4. In conducting the consultation, the Working Party followed the plan recommended by the CONTRACTING PARTIES for this series of consultations, and the plan previously adopted by the CONTRACTING PARTIES for consultations with countries which intensified their restrictions substantially. This report summarizes the main points of the discussion during the consultation.

Consultation with the International Monetary Fund

5. Pursuant to the provisions of paragraph 2 of Article XV of the General Agreement, the CONTRACTING PARTIES had invited the International Monetary Fund to consult with them in connexion with this consultation with France.

6. As part of the consultation between the CONTRACTING PARTIES and the Fund, the latter transmitted the results and background material from its most recent consultation with France, concluded on 11 October 1957, and in addition provided two supplementary papers dated 19 August 1957 and 7 October 1957, respectively. The results of the Fund's consultation with France are reproduced in document QRC/17/Add.1 of 24 October 1957.

7. In accordance with the agreed procedure, the representative of the Fund was invited to make a statement concerning the situation of France, supplementing the Fund's documentation. The statement was as follows:

"The International Monetary Fund has transmitted to the CONTRACTING PARTIES the results and background material from its last consultation with France under Article 14 of the Fund Agreement, which consultation was concluded on October 11, 1957.

"These documents, of course, do not reflect the changes which the Government of France introduced on Monday, October 28, 1957.

"With respect to Section I of the Plan for Consultations, relating to balance-of-payments position and prospects, the general level of restrictions of France which are under reference does not go beyond the extent necessary at the present time to stop a serious decline in its monetary reserves.

"With respect to Section II of the Plan, relating to alternative measures to restore equilibrium, the attention of the Committee is drawn to the results of the last Fund consultation with France. The Fund has no additional alternative measures to suggest at this time."
Opening statement by the representative of France

8. The representative of France opened the discussion by a general statement. He recalled that it was difficult at present, considering that France was without a Government, to give the Working Party precise indications concerning the financial and commercial policy which the country would follow in future or to make any forecasts as regards the future balance of payments. Any statement by the French delegation was therefore bound to be strictly technical.

After introducing to the Working Party the three experts who had come from Paris for the express purpose of participating in the consultation, the representative of France recalled that there were at present three main international undertakings by which his country was committed to revert as soon as possible to trade liberalization. Those were:

(a) the General Agreement on Tariffs and Trade;
(b) the OEEC Convention; and
(c) the Rome Treaty.

He also made it clear that in the framing of its commercial policy the French Government would always bear in mind the provisions of these three international instruments.

Balance of Payments Position and Prospects

9. In connexion with this first part of the plan for consultation the representative of France submitted a very detailed statement to the Working Party. He recalled that precise data concerning balance-of-payments developments in 1956 and, in particular, of the heavy deficit recorded in 1956, had already been submitted to the Working Party in July. That was the reason why, in the course of the present consultation he was giving only indications relating to recent developments which had occurred since 1 January 1957. He stated, however, that the French authorities concerned were preparing the documentation relating to the first half of 1957. As the final report had not yet been published, he drew attention to the fact that the figures which were going to be mentioned should be treated with some reserve. Although the total figure for the deficit for the first six months of 1957 was correct, the
breakdown was only estimated and might, therefore, have to be corrected upon publication of the final data.

10. The balance of payments of Metropolitan France alone showed a deficit of $900 million for the first six months of 1957, as against $892 million for the whole of 1956. In order to emphasize the development and gradual increase of this deficit, the representative of France provided the following breakdown:

- for the first six months of 1956, the deficit amounted to $251 million
- for the second half of 1956: $641 million
- for the first half of 1957: $900 million

11. A more thorough examination of the various balance-of-payments items had shown that the deficit was mainly attributable to the trade balance proper. The trade deficit had been as follows:

- for the first half of 1956: $277 million
- for the second half of 1956: $532 million
- for the first half of 1957: $762 million

In order to secure better understanding of the underlying reasons for the deficit in the balance of trade, the French representative then gave the following indications concerning export and import development. Exports had remained fairly stable with a rate of $1,650 million per half year. The corresponding figure for the first half of 1957 indicated, however, a slight decline. The final figures for the first six months of 1957 were not yet available, but if the June figures were extrapolated, the figure of $1,600 million could be suggested. On the other hand, imports had been increasing and the relevant evolution had been as follows:

- first half of 1956: $1,935 million
- second half of 1956: $2,152 million
- third half of 1957: $2,325 million

12. The representative of France gave the following information concerning other elements in the balance of payments which had also helped to increase the total deficit in respect of invisible exports, instead of the surplus of $123 million in 1956, there had been a deficit of $30 million in the first

These figures do not apply, therefore, to the whole of the French Franc area.
half of 1957. The movement in that sector had been as follows:

- 1st half of 1956 : $130 million surplus
- 2nd half of 1956 : $7 " deficit
- 1st half of 1957 : $30 " "

13. As regards tourism, the French Franc had for many years recorded a surplus which had been transformed into a deficit of $78 million in 1956. While this item had been in balance during the first six months of 1956, it had showed a deficit for the second half of 1956 and the first half of 1957. The French delegation were of the opinion that this was an abnormal situation.

14. As regards transportation and shipping the situation had been as follows:

- first half of 1956 : $101 million deficit
- second half of 1956 : $135 million deficit
- first half of 1957 : $265 million deficit

15. Lastly, as regards government expenditure and income, the existing surplus had been declining. This was attributable in particular to a reduction in off-shore purchases and American Forces expenditure which constituted the main source of income in this sector.

The situation had been as follows:

- first half of 1956 : $207 million surplus
- second half of 1956 : $183 million surplus
- first half of 1957 : $125 million surplus

16. The French representative stated that these balance-of-payments figures referred only to Metropolitan France. The additional deficit in respect of the other parts of the French Franc area were of the order of $40-50 million. In this respect, the situation for the first half of 1957 was roughly the same as the situation existing during the second half of 1956. In the whole of 1956 the total deficit had reached $107 million.

1 These figures do not apply, therefore, to the whole of the French Franc area.
17. As regards the deficit in the balance of payments for the third quarter of 1957, the French delegation stated that it was in the nature of - or rather, slightly more than - 300 million dollars. The deficit for that quarter was, however, less than that for the previous quarters. The deficit of 900 million dollars for the first half-yearly period of 1957 was constituted as follows:

First quarter 1957 : 425 million dollars  
Second " " : 475 " "

18. In respect of the effect of the balance-of-payments position on the state of the reserves, the delegate of France gave the following figures: for the year 1956, indebtedness to the EPU rose to 120 million dollars and the decrease in the reserves amounted to a total of 730 million dollars. For the first half-yearly period of 1957, there was indebtedness to the EPU amounting to 123 million dollars, utilization of the right to draw on the IMF to the extent of 262.5 million dollars and a reduction in the reserves of some 280-300 million dollars. For the third quarter of 1957, the deficit of 300 million dollars was covered by a decrease in the reserves of some 240 million dollars and indebtedness to the EPU of 50 million dollars. As a result of that situation, France's entitlement to draw on the EPU and the funds drawn on the IMF were now totally exhausted. Thus, public reserves had fallen by 1,000 million dollars from 1 January 1956 to 30 June 1957, i.e. in eighteen months, while there had been for that period a supplementary public indebtedness of 245 million dollars in respect of the EPU and of 262.5 million dollars in respect of the IMF, making a total of some 1,500 million dollars. For the period of 21 months from 1 January 1956 to 30 September 1957, that total rose to over 1,800 million dollars.

19. The delegate of France subsequently related the above figures to those of the external trade statistics. In that connexion he stated that the monthly average of imports during the year 1956 was $360 million. For the first six months of 1957 that average had risen to $440 million. There was, however, a slight decrease for the months of the third quarter of 1957, for which the figures were as follows:

July 1957 : $420 million  
August 1957 : $360 million  
September 1957 : $350 million
For exports, the figures were as follows:

<table>
<thead>
<tr>
<th>Monthly average for 1956:</th>
<th>$263 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>the first six months of 1957:</td>
<td>285</td>
</tr>
<tr>
<td>July 1957:</td>
<td>300</td>
</tr>
<tr>
<td>August 1957:</td>
<td>230</td>
</tr>
<tr>
<td>September 1957:</td>
<td>263</td>
</tr>
</tbody>
</table>

20. The delegate of France did not give any details of the deficit for the whole franc area in relation to the EPU, but mentioned that the monthly averages of that deficit had been as follows:

<table>
<thead>
<tr>
<th>For the first quarter of 1956:</th>
<th>deficit of $39 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>second</td>
<td>36</td>
</tr>
<tr>
<td>third</td>
<td>73</td>
</tr>
<tr>
<td>fourth</td>
<td>70</td>
</tr>
<tr>
<td>first</td>
<td>84</td>
</tr>
<tr>
<td>second</td>
<td>98</td>
</tr>
<tr>
<td>July 1957:</td>
<td>133</td>
</tr>
<tr>
<td>the period from 1-10 August 1957:</td>
<td>120</td>
</tr>
</tbody>
</table>

For the whole of August 1957:
- September 1957: 48
- October 1957: 30

The figures for the month of October 1957 were not yet known, but from the estimates it was likely that they would be higher than those for the month of September.

21. With regard to future prospects, the delegate of France said that he could of course not be so precise. Imports during the first two months of the year would probably be less than previously, but there would still be a deficit. The latter would probably be less, and therefore the pressure on reserves would be a little less strong. The French authorities were endeavouring to restore the balance by increasing exports but the steps taken in that sphere would have a greater effect on a medium- and long-term basis. That is why the French Government was bound primarily to take action to reduce imports. The French authorities also considered that outgoings and receipts
in respect of shipping freights and tourism should show good results. Results from tourism normally showed more favourable results during the fourth quarter of the year as compared with those of the two previous quarters. In any case, it did not appear possible to show for the whole balance of payments a surplus in the fourth quarter. The deficit for the whole of the year 1957 would thus be greater than that shown for the nine first months of the year. On a longer term basis i.e. for the year 1958, it appeared very difficult to make forecasts at the present time. It was, however, very probable that the year 1958 would close with a deficit of which the extent could not be assessed. The French authorities hoped, however, to improve the present position.

22. The French representative concluded by stating that at first sight it might be disquieting to envisage a deficit in the balance of payments for the year 1958. In his view, however, such a deficit would constitute an important factor which should allow his country to promote and speed-up a return to a more liberal import policy. The French authorities were convinced that the best means of restoring the balance was to increase exports. In view of the fact that measures adopted in that sphere should make their effects felt later, it was not possible for the French Government to stop investments completely because that might jeopardize the expansion of exports. That position might appear strange, but it was reasonable to recognize that by continuing a policy of investment, particularly in respect of the industries working for export, it would be possible to make better progress towards the final goal - which was the liberation of imports - than if imports in those sectors had been checked and the deficit in the balance of payments got rid of in that way.

23. A member of the Working Party began the consultation by recalling that France had to confront a very serious problem of trade policy which affected not only the country itself but also its position in relation to the international institutions with which it was linked. He recognized the fact that the French delegation could not furnish many indications as to the future, but he nevertheless considered that it would be useful for the Working Party to make
its views concerning the problem known, in order that the French authorities might take account of them when France's trade policy was being formulated. The consultation with the French delegation should also enable members of the Working Group to bring their information about the situation in France up-to-date. In this connexion, he asked the French delegation if it could give some indication of the effects of the measure recently adopted (on 28 October 1957) - the measure extending to all imports the system of a 20 per cent surcharge - on the internal and external position of France. The French representative replied that the decisions of 28 October 1957 simply put an end to the waivers which had come into effect when the measures adopted on 10 August 1957 had been applied. The August decree had applied to only 60 per cent of external trade, whereas the recent measures had made the system generally applicable. As regards the expected effects, these were the same as those hoped for from the application of the measures of 10 August, but they should now be felt in respect of all imports and exports. The French representative added that the general application of the surcharge was in conformity with the wishes expressed by the IMF. On the latter point, the representative of the IMF referred the members of the Working Party to the results of the last consultations of the Fund with France, which were concluded on 11 October 1957, in particular to paragraph 5 of document QRC/17/Add.1 of 24 October, which stated that "on 11 August, the effective exchange rate of the franc for over one-half of French trade and for all other transactions was changed from 350 to 420 francs per United States dollar by introducing a 20 per cent surcharge on payments and premium on receipts. At the same time, the special temporary compensation tax on imports was abolished, and most of the rebates to exporters of social and fiscal charges were eliminated. The Fund did not object to these changes on a temporary basis, and looks forward to further steps leading to the unification of the exchange system." The representative of the IMF added that in another more recent decision which had been taken, the Fund had approved the changes made by the Decree of 28 October, and that these had been in conformity with the statutes of the IMF.
24. One member of the Working Party thought that in view of the existing balance-of-payments position, it was difficult to see when France would be able to revert to a policy of trade liberalization. France had been going through a period of economic crisis, and had had to adopt certain measures. Exports had not, however, yet felt the effects of those measures, whereas the pressure of imports remained strong in spite of the restrictive measures which had been taken. Demand remained very great, and was due in particular to the considerable expansion of production in France. That meant that the crisis was one of a balance of payments of which the origin was internal and not in the field of foreign trade. In his view, there had been a desire in France to do more than justified by the state of reserves or by what France could get in the way of loans. This member of the Working Party went on to recall that in the course of the July discussion the French delegation had stated that the bad harvest in 1956 had been one of the factors, although not the most important, affecting the balance-of-payments position. In that connexion, he wished to be informed of the present position and asked the French delegation whether the effect of that factor had now passed. Also, he wished to know whether the French delegation could give some indication of the trend of regional balances of payments in recent months (e.g. in the dollar area, the EPU area, and that of the countries which had concluded bilateral agreements). In his reply to the first question, the representative of France recalled that the amount of the deficit in the balance of payments for the first half of 1957 was definitely higher than that of the third quarter. A comparison of the figures showed an appreciable improvement and the French authorities hoped that a still greater improvement would take place in the fourth quarter. That favourable trend was due to several factors, one of which was the state of the stocks. During the first half of 1957, imports of raw materials had been at a rate greater than that necessary for the normal functioning of the economy. It was owing to the existence of those considerable stocks that it had been possible to reduce imports during the second half of 1957. The French delegate also mentioned that the frosts in the winter of 1955-1956 had cost France £300 million. The position had, however, improved, and there had been a
decrease in the amount of cereals imported in the second half of 1957. As regards the third quarter, it could be said that the deficit due to the bad harvest had ceased to have an effect, and it was hoped that the fourth quarter would show a resumption of exports of cereals as a result in particular of a return to a normal level of production. As regards the second question, the French delegate said that it was difficult to give details at present because the risk of error was too great owing to the fact that the final figures were not yet known. He nevertheless gave the following indications. As regards exports, those to the EPU area during the first half of 1957 remained approximately equal to those of the corresponding half of 1956. On the other hand, in respect of the dollar area, there had been in the first half of 1957 a decrease in receipts of $40 million as compared with the first half of 1956. Consequently, the decline in exports in 1957 appeared to be due entirely to a decrease in exports to the dollar area. As regards imports, there had been an increase both from the EPU area and from the dollar area. However, as the figures showed, the increase had been greater in the case of imports from the dollar area. In the first half of 1957, imports from the EPU area amounted to $1,500 million as compared with $1,250 million for the corresponding half of 1956. For the dollar area, the figures were $630 million in 1957 as compared with $430 million in 1956. One of the reasons for this increase had been the purchase in the Western Hemisphere of oil products payable in dollars towards the end of 1956 and the beginning of 1957. For countries other than those included in the EPU area or the dollar area, the French delegate gave the following comparative figures:

**Exports**

<table>
<thead>
<tr>
<th>First half of 1956</th>
<th>$209 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>First half of 1957</td>
<td>$174 million</td>
</tr>
</tbody>
</table>

**Imports**

<table>
<thead>
<tr>
<th>First half of 1956</th>
<th>$250 million</th>
</tr>
</thead>
<tbody>
<tr>
<td>First half of 1957</td>
<td>$185 million</td>
</tr>
</tbody>
</table>

Those figures showed that the 1956 deficit of some $40 million had given place to a more or less balanced position in 1957.
25. A member of the Working Party emphasized the important part played by the dollar factor over a very wide sector of the French balance of payments. Having noted that France was at present paying its deficits to the EPU in gold, he pointed out that the burden of dollar payments in relation to the EPU area on the one hand and that of those to the dollar area on the other were in fact almost identical. On the subject of French exports, he drew attention to the fact that there had recently been a change. As could be seen from Table No. 18 on page 31 of the report of the IMF dated 11 August 1957, French exports, after falling in 1956, had risen again in 1957. He wished to know whether that trend was due to special circumstances. He also recalled that in the course of the consultation reference had been made to the need to increase investments in order to expand exports. On that point, he asked whether the measures adopted to promote investments took account of the need to direct them towards those sectors which were working more particularly for the export trade. As regards the first question, the delegate of France replied that in the course of the first half of 1957 there had been an increase in French exports to other countries of the franc area. In particular he recalled that France was exporting cereals to the overseas territories. Thus, when the production of cereals was poor, as had been the case in 1956, exports of cereals to the overseas territories decreased. He also mentioned the fact that France was making efforts to develop those territories, and that that had led to an increase in the demand for capital goods. That trend would naturally increase, but that did not mean that all the requirements of those territories would be met by France. On the question of investments, the French delegate stated that in France the heads of concerns were free to place investments where they wished. However, with a system of quantitative restrictions, government action in that field became possible. The French authorities, in granting licences, considered whether certain imports were such as to be beneficial to the economy. It was therefore possible in that way to check certain imports of capital goods and to encourage others which would increase the export potential. He also mentioned certain measures which had a psychological rather than a legal effect. They included a system for giving advice to
exporters. Certain of these had been selected and received advice from the authorities with a view to promoting exports. By this system, it was also possible to promote investment in export undertakings which had proved that they were sound.

26. With reference to paragraph 5 of document QRC/17/Add.1 of 24 October 1957, giving the results of the last consultations of the IMF with France, and which has already been mentioned in paragraph 23 of this report, a member of the Working Party noted that the special compensation tax on imports had been abolished together with most of the rebates to exporters of social and fiscal charges. He wished to know which measures still remained in force. The French representative replied that, following the measures adopted by the Decree of 10 August 1957 concerning the payment of a 20 per cent premium to exporters, the latter had been given the option of choosing between the new measures and the old system. That option was, however, provisional, and was only valid up to 31 December 1957. The same problem had arisen when, by the measures adopted on 28 October 1957, the Government had extended to all products the system of the 20 per cent payment. Certain products such as textiles, which before 28 October had not benefited by those measures, were nevertheless placed under a special system which was brought into being by the Decree of 10 August; in that case too, the French authorities had provided for a transitional period during which exporters would be able to opt between the new measures and the old system.

27. Another member of the Working Party asked whether the French delegation could indicate the extent to which France's balance of payments had been affected by a change in the terms of trade. He asked whether the deficit might not have been still greater if the trend had been different from what had actually been the case. In his reply, the delegate of France indicated that there were two aspects of the question. First of all, he emphasized the fact that France was an importer of raw materials and that the present general downward trend was likely to ease the balance-of-payments position. At the same time, he pointed out that the structure of exports was developing and they contained an increasingly large proportion of finished products.
That being so, the part played by raw materials and semi-finished products was growing less and less. Seen from that angle, therefore, the position was favourable. He thought it was necessary in this connexion, however, to make a distinction between France and the remainder of the franc area.

As regards changes in the terms of trade, he quoted the cases of copper and wool, of which the prices had fallen. On the other hand, there had been certain compensation phenomena, particularly in the case of the \textit{f.o.b. oil prices} in the Middle East. He also mentioned the appreciable rises in freight rates during the first half of 1957, and their fall during the third quarter. In such circumstances, it seemed to him very difficult to make an estimate in that field, in view of the fact that rises and falls had occurred during the same period. On the whole, nevertheless, he considered that there had been a general easing of the balance-of-payments position as a result of the general fall in the quotations for raw materials.

\textbf{Alternative measures to restore equilibrium}

28. On the subject of this second part of the plan of consultations, a member of the French delegation made a general statement. He recalled that at the last consultation with France in July, the French delegation had given the Working Party information concerning the budgetary, fiscal and monetary measures which had been adopted. During the present consultation the delegate of France gave certain complementary explanations, indicated in the following paragraphs.

29. Since July 1957, extremely few new measures had been adopted; the most important had been the raising of the re-discount rate of the Banque de France. In the budgetary and fiscal fields, the measures adopted showed a certain recovery as compared with 1956 and as compared with the budgetary estimates for 1957. That situation was due, in particular, to a serious effort in fiscal matters. Revenue from taxation showed an increase of more than 320,000 million francs, as compared with the 1957 estimates, and of more than 500,000 million francs, as compared with 1956. The year 1958 would probably show a further improvement, and it was estimated that receipts would
increase in that year by some 150 to 200,000 million francs. Taking 1925 as the basic reference year, the index for taxation revenue was 128, for budgetary expenditure 125, and for the gross national product, 121. The French delegate also drew attention to the fact that the rate of the tax on undertakings was 45.6 per cent.

30. Another proof of the improvement in the situation was the decrease in treasury liability in 1957. This had amounted to 880,000 million francs, whereas the estimated figure had been 1,050,000 million francs. In 1956, the treasury liability had reached a total of 1,000,000 million francs. He pointed out, however, that these sums did not only cover regular budgetary expenditure. The French treasury followed a policy of short-term borrowing in order to make long-term loans to certain important sectors of the economy. If the proportion corresponding to the part played by the treasury as a banker were deducted from the total figures, the deficit became less and the figures were as follows:

\[
\begin{align*}
430,000 & \text{ million francs in 1957} \\
695,000 & \text{ " " according to the estimates for 1957} \\
593,000 & \text{ " " in 1956}
\end{align*}
\]

31. The fiscal measures thus adopted must be judged in relation to their point of impact. The attention of the French authorities was directed particularly to the sectors where the inflationary tension was most dangerous. In respect of industry, the following measures were adopted:

1. taxation of the reserves of those industries;
2. abolition of tax exemption for a portion of the stocks;
3. taxation of excess profits.

One of the results of those measures would be to reduce the liquid assets of private undertakings by approximately 60 to 70,000 million francs a year. As far as consumers were concerned, the authorities had tried to direct internal demand towards the most favourable sectors. In particular, they abolished indirect subsidies resulting from a system of tax exemption for wine, gas, and electricity. They had also done away with the subsidies
for the postal and railway services. Finally, in the public sector efforts had been made to effect economies in administration. Those measures were resulting, in particular, in a reduction in the numbers of those engaged in military service, which would undoubtedly ease the strain in the field of manpower. The French authorities had also decreed reductions in non-paying administrative investments, such as the construction of buildings for the civil service, the improvement of administrative equipment, and improvement of the highways system. These measures had resulted in a reduction of over 12 per cent in such investments as compared with 1956.

32. In order to strengthen their fiscal policy, the French authorities had also followed a very strict credit policy. For that purpose, they had used every available weapon, (a) Quantitative control: the banks had been obliged to use a certain percentage of their assets for the purchase of public securities. That measure had frozen a proportion of the assets, the percentage having risen from 21 per cent to 25 per cent. The banks' resources had also been reduced as a result of the limits set to their re-discount possibilities. The ceiling of the margin which could form the subject of a re-discount had been reduced by 20 per cent. (b) The changes in the discount rate had raised it first to 4 per cent, and recently to 5 per cent. (c) The French authorities had also resumed the policy of credit selection. Under the former provisions, all credits in excess of 500 million francs had to have special authorization from the Credit Council. Under the new measures, such credits had been reviewed and to some extent decreased. All such credit measures would have an effect on the assets of undertakings and would be in addition to the fiscal action mentioned in paragraph 30 of this report. They would make it more difficult for undertakings to maintain speculative stocks and would oblige them to reduce their non-essential general expenditure. In the building sector, the authorities hoped that the raising of the interest rate and the reduction of credits would put a check on useless building and speed up such building as was essential or had already been begun. The French delegate recalled that in 1957 investments in housing had amounted to 800,000 million francs.
33. The French delegate further drew the attention of the members of the Working Party to the fact that the whole of the measures which he had just described represented a severe and solid effort for 1957. He also added that it would have been dangerous to go further for the reasons given below. If the French authorities had pushed their efforts too far they would have come up against certain limits. In the first place, too brutal a checking of production would have entailed the risk of causing a rise in prices and a complete stoppage of the system. He recalled that there was no direct relationship between the level of production and that of income. Some incomes were influenced by trends originating in trade union policy; others were governed by social changes independent of the level of production. That being so, if production had been checked too brutally a situation would have arisen in which there would have been decreasing production with increasing incomes. That disparity would have had very serious consequences as regards prices which, according to estimates which had been made, would have risen by 10 to 25 per cent. That would have been a considerable risk to take. Moreover, the effects of such a policy on the balance-of-payments situation would have been relatively slight. That situation, therefore, made direct action applying to the whole field of production impossible.

Secondly, the French authorities had considered that it was preferable to achieve economic equilibrium by an increase in exports rather than by a reduction of imports. Too brutal a readjustment of imports would have had the same effects as those just mentioned. The French Government therefore decided to follow a dynamic investment policy in the most competitive sectors. Of those sectors the most important were the following: power, in which investments had increased by 24 per cent in 1957, as compared with 1956; machinery, particularly machine-tools and automobiles, in which the increase in investments had been about 10 per cent; and chemicals. The French delegate further stated that the narrow limits to which he had referred would make it impossible to achieve equilibrium in 1958. The French authorities were, however, persuaded that considerable efforts had been made in 1957, and that it would have been possible to achieve equilibrium by the end of 1958, but for certain exceptional circumstances.
34. Referring to the measures adopted on 28 October 1957, concerning the payment and the levy of 20 per cent, a member of the Working Party said that in his view the generalization of the system amounted to an equivalent devaluation. He nevertheless pointed out that in France the former exchange rates in relation to the various currencies had been maintained, whereas most other countries had made a proportionate adjustment in their exchange rates for the French franc. The consequence was that, on the one hand, French exporters had an increase of 20 per cent on their receipts as a result of the change in the rate of exchange, and an additional increase corresponding to the payment; while, on the other hand, French importers had to pay a 20 per cent higher rate on imports, as well as a 20 per cent levy on imports, which made a total of 40 per cent. This member of the Working Party having asked the French delegation whether his interpretation was correct, the representative of France replied that it was based on a misunderstanding. He recalled that the payment of 20 per cent on exports was not in addition to the measures for subsidizing exports but, on the contrary, took the place of the former export subsidies. He mentioned that when the measures concerning the levy and the payment had been taken, the foreign importers had asked the French exporters to reduce their prices. The latter, however, had not had the means to do so as they were being given, in a new form, assistance which they had already been receiving. The French representative also recalled that in certain cases French exporters had the possibility, up to the end of 1957, of opting between the two systems. In some rare cases, one system might be more advantageous than the other, but in any case the possibility of opting was a provisional measure. On the subject of whether the general application of the system of the levy and payment was equivalent to a devaluation, the French representative explained that the consequence of that measure was a change in the effective rate of the franc. That interpretation was confirmed by the representative of the IMF.

35. A member observed that in a case such as that before the Working Party, the government of the country concerned was in the best position to judge what could or could not be done to remedy the situation. He wondered, however, whether
the internal measures adopted by the French authorities had gone far enough or whether there were not other steps which might have been taken in that sphere. In particular, he observed that there were so many liquid elements in the French economy, that it seemed to him that it would be possible to deal with incomes without such a policy affecting production. He also recalled that in the results of its consultation with France, the IMF had emphasized the need for that country to adopt other measures of wider scope with a view to achieving equilibrium in respect of internal demand.

System and Methods of the Restrictions

36. With reference to this third part of the plan for consultations, the delegate of France made a statement concerning the strengthening of the quantitative restrictions and the effects of the latter on trade. That statement was intended mainly to complete the documentation prepared by the secretariat and the information given in the interim report in July.

37. In his statement he recalled that the French authorities' objective was to reduce imports for the second half of 1957 to a figure of 700,000 million francs (c.i.f.), which represented a reduction of about 11 per cent as compared with the second half of 1956. In view of the uncertainty existing on the subject of the exact level of stocks and also regarding the total value of the licences issued before 17 June 1957, the French authorities had decided to limit the granting of credits during the third quarter of 1957 to a level lower than that corresponding to the figure for half the second half-yearly period.

38. The French delegate subsequently furnished information concerning the extent to which the programme for the second half of 1957 had been carried out. In that connexion he made a distinction between the customs results on the one hand, and, on the other, the expenditure commitments (i.e. the authorizations issued by the Exchange Control Office).

39. As regards customs results, the absolute figure, taking into account the 20 per cent levy, amounted to 396,000 million francs for the third quarter of 1957. The correct figure, that is to say, imports calculated on the basis of
$1 = 350 francs, amounted to 384,000 million francs. The break-down of this latter figure was as follows:

<table>
<thead>
<tr>
<th>Month</th>
<th>Amount (million francs)</th>
</tr>
</thead>
<tbody>
<tr>
<td>July</td>
<td>148,000</td>
</tr>
<tr>
<td>August</td>
<td>124,000</td>
</tr>
<tr>
<td>September</td>
<td>112,000</td>
</tr>
</tbody>
</table>

These figures showed that the results for the third quarter represented approximately 55 per cent of the estimates for the second half-yearly period. Account must, however, be taken of the fact that the total imports for July and part of those for August were covered by licences which were granted before 17 June 1957. It was really only during September that the restrictive measures adopted by the Government made their effects felt. The figures for the latter month showed a reduction of imports of 10 per cent as compared with the month of August and of 30 per cent as compared with the month of July.

40. As regards authorizations issued by the Exchange Office, the delegate of France gave the Working Party the following information. From 27 June to 25 September, that is to say for one quarter, the amount of the authorizations issued was 265,000 million francs (f.o.b.). That amount was distributed as follows:

- 206,000 million francs for Programme A
- 15,000 million francs for Programme B
- 44,000 million francs for Programme C

41. In respect of Programme A, comparison between the estimates and the execution of the programme should take into account fuel products on the one hand and other products on the other. As regards fuel products, import estimates on a c.i.f. basis were 204,000 million francs for the second half of 1957. The expense commitments, i.e., the authorizations issued by the Exchange Office during the third quarter of 1957, amounted to 70,000 million francs on a f.o.b. basis. These figures, however, required readjustment on the basis of the returns for the months of July, August and September. It would then be found that these fuel imports had kept within the programme. As regards products other than fuel, the estimates for the second half-yearly period
amounted to 343,000 million francs (c.i.f.). Since 25 June 1957, licences had been granted up to a total of 136,000 million francs (f.o.b.). If account were taken of the charge represented by freight, this figure calculated on an f.o.b. basis became 143,000 million francs on a c.i.f. basis. The result was that expense commitments on 25 September 1957, namely after one quarter, were actually 41 per cent of the estimates for the whole half-yearly period. It would thus be seen that the French authorities had followed a very cautious policy which had been facilitated by the downward trend in world prices of certain raw materials, even though in the case of other products the estimates were exceeded by the actual results. The rate of issue of licences would doubtless be a little more rapid during the fourth quarter of 1957, in view of the fact that the existing rate was not great enough to meet the normal requirements of the French economy. In any case, commitments would remain within the limit of the 343,000 million francs ceiling envisaged for non-fuel products in Programme A. The delegate of France said in conclusion that the objective fixed by the Government in respect of customs results, taking into account the position at the beginning of October, should be attained in the normal course at the end of the half-yearly period.

42. As regards medium-term prospects, the delegate of France stated that it was very difficult to venture any forecast concerning the possibility of easing present restrictions. A return to a more liberal policy could only occur if the acute crisis were overcome and the monetary reserves were brought up to a reasonable level. The main problem to be solved was still how to expand exports. In that field, it was very difficult to judge of the effects of the 20 per cent payment on the total volume of exports. The results for September had, however, not been very satisfactory. The level of exports during the month had amounted to 92,000 million francs compared with a monthly average of 99,000 million francs for the first eight months of the year. Those figures however, called for the following comments:

(1) For seasonal reasons, in particular as a result of the paid holidays, the level of exports in the month of September was traditionally low. Exports in September 1956, for instance, had been 15 per cent lower than the monthly average for the last three months of 1956.
(2) The French delegate also mentioned that there had been some vacillation noticeable, as a result of the measures adopted in August last, in relations between French exporters and their customers. (See paragraph 34.)

43. The French delegation nevertheless remained convinced that the measures adopted on 10 August 1957 would have a beneficent effect, and the results of the first fifteen days of October were encouraging. As regards the more recent measures adopted on 28 October 1957, the French representative felt that it was more difficult to forecast the effects of these on exports. However, he drew the Working Party's attention to the following two factors: (a) the export of products which had hitherto been excluded from the 20 per cent payment would be encouraged - that applied in particular to steel; (b) the application of the 20 per cent levy on raw materials hitherto exempt would be reflected by an additional burden on the working costs for the finished products manufactured from those raw materials.

44. In the case of the import estimates for 1958, studies had been undertaken, but it was not yet possible to give precise information about them. The delegate of France, however, said that it was expected that the year would show some improvement. In particular, the rate of supply of raw materials should be greater than it had been during the second half of 1957, in view of the fact that at the end of 1957 stocks would have returned to a normal level corresponding to that existing at the end of 1956.

45. A member of the Working Party recalled that in the complementary basic document prepared by the secretariat, it was stated that in granting import licences for products coming under Programme A account had been taken of the level of existing stocks in France. As they were very large, the rate at which licences had been granted had been relatively slow. In that connexion he asked the French delegation for information concerning the present state of stocks. In his reply the French representative recalled that during the first half-yearly period of 1957, and more particularly at the end of that period, the rate of imports of raw materials had been higher than that necessary for the level of French economic activity. At the time when the French
Government had abolished liberalization measures, it had been very difficult for the French authorities to have an exact knowledge of the stock position. The problem, however, was easier as regards such raw materials as had not yet undergone a primary processing. It was, however, very difficult to solve for the other raw materials. Furthermore, the French authorities did not know the volume of potential imports, that is to say those for which the licences had been issued before the liberalization measures had been withdrawn but had not yet been used. That situation had made the French authorities cautious and the opening of credit accounts had been limited to a rate lower than the monthly average envisaged for the second half-yearly period. The French authorities had studied the situation in the light of what had happened in 1956, and of what was known of 1957, including the trend of imports during the months from July to September 1957. That had made it possible gradually to acquire a more accurate knowledge of the position and to proceed with the necessary adjustments for the fourth quarter of 1957 for each category of product.

46. Two members of the Working Party asked the French delegation for further information about the import system applicable to countries of the sterling area other than those which were members of the CEEC. On that subject they pointed out that (a) many countries of the CEEC extended their liberalization measures to the sterling area, and that that did not appear to be the case with France, and that (b) in her import system France was envisaging purchasing plans for the dollar area and purchasing plans for the sterling area (see sections (c) and (d), on pages 3 and 4 of document MGT/51/57/Add.1). They wished to know the reasons for that distinction, and also asked whether that system would not have the effect of giving the sterling area a less favourable treatment than the dollar area. They further pointed out that (c) in the case of other countries (see section 6 on page 15 of document MGT/51/57), imports generally took place within the framework of the bilateral quota arrangements. In that connexion they asked what system applied to countries in that category with weak currency which did not wish to conclude such bilateral agreements. They also mentioned (d) that in the case of imports effected under the system of special procedures, they had the impression that there was discrimination between certain countries. In his reply the French delegate
explained that as far as members of the EPU were concerned, France had always limited the benefit of liberalization measures to those countries which were also members of the OEEC. He then gave the following explanations concerning the import system applicable to the sterling area.

47. In respect of raw materials under Programme A, the French authorities were applying a system of global quotas. In the case of products of which the importation had previously been liberalized as far as the OEEC and the dollar area were concerned, those global quotas applied to the widest geographical area, namely the dollar area, the EPU area and that of the so-called "transferable franc" countries. For products in that category, the importation of which had not previously been liberalized except for the OEEC, the present global quotas applied to a geographical area covering the OEEC countries, the countries which were members of the EPU which were not members of the OEEC, and the so-called "transferable franc" countries. As a result, in respect of those products and within the framework of the relevant geographical area, French importers enjoyed complete freedom as to the choice of the country of origin. The French delegate pointed out that under such conditions there was no more discrimination now than previously. Under the old system the liberalizations applying to countries of the OEEC did not apply to the other countries of the EPU. That distinction was, however, more juridical than real, because France in point of fact applied a very liberal system of imports of such products from countries of the sterling area. That was all the more the case because the currency of settlement was the same as for imports from the United Kingdom, for instance, and some of those products from the sterling area were sometimes sold at more advantageous prices. As for the existing system, that was in no way discriminatory, as the countries of the Commonwealth and those of the OEEC were placed on a footing of strict equality in respect of the previously liberalized products. In reply to the second observation, the French delegate explained that in respect of raw materials the importation of which had not been liberalized for the dollar area, the French authorities continued, as in the past, to establish separate purchasing plans and the import licences then issued were valid solely for the area in question. Similarly, for certain raw materials such as coal and oil, the importation of which was not liberalized in respect of the OEEC countries nor those of the
dollar area, the French authorities continued to import within the framework of purchasing plans applicable either to the sterling area or to the dollar area, according to the currency used for payment and not according to the origin of the products. He added that the sterling supply programme mentioned earlier applied almost solely to coal and oil. With reference to the third observation, the delegate for France explained that in her relations with other countries which were not members of the EPU area and did not belong to the dollar area France continued to import within the framework of the list agreements she had concluded with those countries. In respect of other countries, namely those which did not wish to conclude bilateral agreements with France, the French authorities had unilateral purchase plans. That was the case with regard to Egypt, Jordan, Syria, the Yemen and Uruguay.

48. In respect of the importation of products under Programme B, the delegate of France recalled that the quotas opened were reserved solely for countries which had previously benefited by the liberalization measures. In other terms, those quotas applied to countries which were members of the OEEC, and to their dependent territories, which thus excluded the other countries of the Commonwealth. He added that products under Programme B were not all essential, and that in the case of a crisis as severe as that which France was now undergoing, some of those products should actually not be imported. However, when departing from those measures of liberalization, France had wished to take account of the commitments she had undertaken within the framework of the OEEC, and import quotas for those products had been opened to allow of some trade, and in particular out of deference to the traditional interests of France's trade partners. He further said that he was unaware whether concrete and difficult cases arose in connexion with Programme B, but that in any case the countries concerned always had the possibility of examining such problems with the French authorities. On this latter point, a member of the Working Party said that it was very difficult for a country which followed a policy of non-discrimination in imports to attempt to develop its exports to France through bilateral discussions dealing with several products. Such countries, particularly when they were very distant, did not always have all the necessary information concerning the system of
issuing licences, the extent to which these were used, and imports from other sources, to work out a system of bilateral agreements covering a whole range of products. Finally, this delegate pointed out that it would be very useful if the CONTRACTING PARTIES could apply the general rule of non-discrimination in that field.

49. Having recalled that the French system for dealing with foreign trade was particularly complex, and expressed the hope that in the future the French authorities would endeavour, as other countries had already done, to simplify the system, a member of the Working Party drew attention to two points:

(a) He noted that within the framework of Programme C, which provided for imports during the second half of 1957 up to a total of 82,000 million French francs, there was a provision excluding raw materials from the Programme. That meant that within the framework of Programme A there was a certain amount of means of payment reserved for the purchase of raw materials within the framework of bilateral agreements. In view of the fact that, on the one hand, certain of those raw materials were supplied by his country, and that, on the other, he had noted an increase in imports into France of those raw materials from certain countries in the East, he expressed the hope that in implementing Programme A, the French authorities would not try to encourage certain bilateral imports.

(b) With regard to discrimination by areas and by countries, he pointed out that even within the framework of Programme A the use of the term "global quotas" was not entirely justified. In view of the fact that France had exhausted her possibilities as far as the EPU and the IMF were concerned, and that all imports were therefore in practice paid for in gold or in dollars, he expressed the hope that when the French Government finally decided its foreign trade policy, it would endeavour to give it a less discriminatory aspect.

50. In his reply the French representative confirmed that in the case of raw materials imported within the framework of contractual commitments, estimates had been established and incorporated in Programme A. He recalled that it had appeared fair to the French Government not to let the burden of the new restrictions fall on countries which had not previously benefited by the
liberalization measures, as those countries could not be held responsible for the difficulties which France was at present experiencing in connexion with her balance of payments. That was why the French authorities had maintained, although without increasing them, the imports which were to be effected within the framework of the bilateral quotas. On the subject of the problem of discrimination, the delegate of France recalled that there was no more discrimination to-day than there had been previously, and that once one reverted to a procedure with licences and quotas, it was natural to revert to a system differing according to areas. He emphasized that in view of the fact that France was paying for all her imports in gold and in dollars, considerations of a commercial nature prevailed at present.

51. Another member of the Working Party asked what had been the measures adopted by the French Government with a view to avoiding the unnecessary prejudicing of the commercial and economic interests of the other contracting parties. In particular he asked for information about the procedure followed in relation to existing contracts. The French representative recalled that at the time when the liberalization measures were abandoned, the French Government had taken certain steps of a temporary nature. One of them had been to allow the importation of products which were already on their way, even if the import licence had not yet been granted. The French authorities had also decided to approve, up to 50 per cent of the value and, when possible, import applications which had been made before the date on which the liberalization measures had been abolished, insofar as such applications had not yet received a reply. As regards existing contracts, he drew a distinction between (a) raw materials, and (b) capital and consumer goods. With regard to the first category, all existing contracts not covered by a licence had been carried out, during the period immediately following 17 June 1957. The problem was more difficult to solve in the case of products in the second category. By means of a notice published in the Journal Officiel, importers had been invited to inform the Exchange Office of the contracts which had been concluded before 18 June 1957 (50,000 applications had been lodged). The French services concerned were at present proceeding with the allocation of the licences and the work was still going on. If it were found that the amount of the applications came to more than the total estimated for the
purpose, the fulfilment of existing contracts would have to be in part deferred. If on the contrary the volume of applications appeared normal, taking the relevant criteria into account, the licences for those imports would be granted and they would be given a priority.

52. A member of the Working Party also asked for additional information concerning the methods adopted by the French authorities in relation to the allocation of quotas. In particular he wished to know the bases on which were determined the products to which a quota would apply, how the amount of quota was fixed, and what were the criteria by which the authorities were guided. While mentioning that the reply to these questions would raise a large number of technical problems, the French delegate explained that when his country's authorities had to fix the level of an import quota, they considered France's resources, including those of the overseas territories, and import requirements, taking into account the position in respect of existing stocks. The requirements were then allocated as between two or more import plans. For imports from the widest geographical area (EPU area, dollar area and "transferable franc" countries), the global quotas fixed generally corresponded to the total requirements, and importers had free choice as regards their supplies. The system was, however, different for products for which the quotas were distributed over several purchase plans. In particular, that was the case with certain raw materials which formed the subject of two purchasing plans, one for the dollar area and the other for that of the European Payments Union and the "transferable franc" countries. The allocation as between those two areas took account of possibilities of obtaining supplies in one or the other, and of certain commercial considerations, such as the existence of any long-term contracts which might have been concluded. Account was similarly taken of the proportion of imports which should be effected within the framework of the bilateral agreements. That proportion was deducted from the requirements and the remainder was divided between two or more purchasing plans. As for the choice of products, the annexes to the complementary document prepared by the secretariat (MGT/51/57/Add.1) showed the breakdown of the products by main groups; important raw materials were taken separately, and secondary items were included under the designation "Other".
53. With reference to compensation and equalization arrangements, a member of the Working Party said that exporters in his country were not well informed about the kind of transactions which were authorized, nor about existing possibilities in that field. The delegate of France recalled the main special procedures (compensation arrangements, IMEX and EXIM transactions, equipment procedure and EFAC procedure) which had been described in the basic document prepared by the secretariat. In particular, such procedures made it possible to import consumer goods for which France could not afford to open credits. The purpose, however, was not so much to allow of such supplementary imports, but primarily to promote the export of certain French products which would otherwise sell with difficulty. An inter-ministerial committee examined applications made to it, and considered each case individually on its merits. That committee systematically refused to approve any transactions relating to exports which could have been effected in the normal way. The member of the Working Party who had raised the question recalled that any system based on a study of separate individual cases represented an element of uncertainty. He therefore urged that the greatest possible amount of information be supplied to importers concerning such procedures.

54. A member of the Working Party stressed the important part in relation to the working costs of national industries played by the price level of imported products, in particular agricultural products. In this connexion he recalled that there were in France various organizations called "import and distribution groups" and "national purchase groups" to which the Government had granted facilities for the importation of several agricultural products. In view of the fact that the basis for such imports was essentially related to requirements and to the level of production of such products in territories of the franc area, this member asked whether that meant that as soon as domestic production was able to satisfy demand no further importation of those products was envisaged. In his reply, the French delegate said that it was necessary to draw a distinction. (a) In the case of agricultural products forming the subject of contractual commitments, imports were effected within the framework of the provisions of those agreements. In the case of a deficit in domestic production, the authorities arranged for complementary imports. (b) For agricultural products forming the subject of purchase plans initiated unilaterally by the
Government, credits were only opened if imperative supply requirements arose. He recalled that that had been the case in 1956 with wheat imports. The representative of France further explained that as regards the groups to which the French Government had granted an import monopoly or quasi-monopoly, the abandonment of the liberalization measures had not changed the system. He nevertheless emphasized that government trading did not always have the effect of restraining imports, but was also sometimes aimed at encouraging them. That had been so in France in a number of cases when huge quantities of butter had been purchased in order to prevent a rise in internal prices which would have had an unfavourable effect on the price index.

Effects on Trade

55. On the subject of France's case, a member of the Working Party made certain general observations. He recognized the serious nature of the problems which France had to face and hoped she could solve them successfully. He recognized that in present conditions all that could be hoped for was a gradual improvement in the flexibility of quantitative restrictions. He expressed the hope, however, that in its future policy the French Government would take into consideration the advisability and considerable advantage for France of as rapid a reduction as possible of the quantitative restrictions in force. In particular he emphasized that, in view of the fact that reserves of foreign currency were low, the most adequate arrangements possible should be envisaged to enable French importers to buy on the most favourable terms. He again expressed the hope that the French authorities would take that fact into account and adopt a non-discriminatory policy, which would offer advantages not only for France but for the other contracting parties too. He also recalled that the present system was very complicated, and he hoped that in the very near future it would be simplified and freed from all its discriminatory effects, direct and indirect. The complicated nature of the system appeared to him to be due to the existence of the network of bilateral agreements and other discriminatory practices. He recalled that France's trade with the dollar area was very important and had even increased recently in respect of certain goods of primary necessity. However, in spite of the fact that the United States had found it possible to sell their products under one or other of the systems, it nevertheless
remained true that American exports to France encountered difficulties and that American exporters were in fact only residual suppliers (for instance, in the case of cotton). In conclusion, this member of the Working Party again stressed the need to simplify the system - such simplification being in his opinion closely linked with the question of discrimination.

56. Replying to these comments, the French representative recalled that it was very difficult to make forecasts for 1958. He said, however, that if the system were maintained, it was very likely that the intensity of the quantitative restrictions in respect of raw materials would be less during the first half of 1958 than it had been in the second half of 1957. He also said that the French authorities were convinced of the need to be able to buy on the best terms, and the procurement of raw materials was governed by strictly commercial policy considerations. He emphasized that the discrimination which appeared to exist in the French system was juridical rather than real. He pointed out, however, that as regards trade with the dollar area, the figures were very eloquent, and the growth of the disequilibrium in the balance of payments was relatively greater with the dollar area than with the others. With reference to bilateral agreements, in particular as regards cotton, he said his country had to try to make the fullest possible use of opportunities for obtaining supplies from the countries with less strong currencies in cases where, from the technical and price aspects, the difference was very slight. He added, however, that while making use of opportunities for obtaining supplies of cotton in countries with weak currencies, the French authorities had continued to open important credit accounts for that product in both the EPU and the dollar area.

57. In concluding the consultations with France, the Chairman of the Working Party thanked the French delegation for the spirit of co-operation which it had shown, and for the information it had kindly furnished concerning matters which were sometimes difficult and delicate in present circumstances.

58. The representative of France thanked the Chairman and members of the Working Party for the great courtesy they had shown during the consultations. He said that the French delegation would see to it that all that had been said in the course of the discussions was brought to the notice of the future French Government.