INFORMATION FOR THE SEVENTH ANNUAL REPORT
ON THE DISCRIMINATORY APPLICATION OF IMPORT RESTRICTIONS

FRANCE

Communication received on 13 October 1956
in response to the Questionnaire

A. THE SYSTEM AND TECHNIQUE OF RESTRICTION

Question No. 1: Methods of restrictions

Imports of goods still subject to restrictions are carried out under licences issued by the Exchange Bureau. These licences, which constitute the import permit, ipso facto allow the holders to obtain the foreign currency necessary for financial settlements. Import licences are issued:

- either according to supply programmes or global quotas which are fixed periodically,

- or according to quotas established in the so-called "list" trade agreements between France and other countries.

The lists of goods which may be imported from a group of countries belonging to the same currency area (purchasing plans or global quotes) or from a particular country (bilateral trade agreement) are published in the Journal Officiel of the French Republic as a Notice to Importers; these notices define the procedure for examining and issuing import permits: auction system or individual application system.

Lastly, import permits may be issued in connexion with special arrangements:

- compensatory transactions

- "Imex" transactions

- imports effected on "EFAC" or equipment accounts.

Importation is completely prohibited only for a very limited number of products, such measures being taken in the public interest or for reasons of health, in virtue of the general exceptions mentioned in Article XX of the General Agreement.

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English Only
With reference to the second paragraph of question 1, France does not apply different methods of restriction to different products. Thus, according to its origin, a product may be imported under various procedures: purchasing plans, global quotas, bilateral quotas, "EFAC" procedure, etc...

As an indication, the relative importance of imports from abroad according to the procedure used is approximately as follows:

<table>
<thead>
<tr>
<th>Procedure</th>
<th>Per cent of total imports</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports not subject to quantitative restriction (ECSC, trade liberalization OEEC area, United States, Canada)</td>
<td>34</td>
</tr>
<tr>
<td>Imports effected under bilateral agreements</td>
<td>19</td>
</tr>
<tr>
<td>Imports effected under purchasing plans, global quotas or special procedures</td>
<td>47</td>
</tr>
</tbody>
</table>

Question No. 2: Non-discriminatory administration of the restrictions

For most raw materials and primary commodities which are essential to domestic industry and for some capital goods, import restrictions do not constitute a deviation from the provisions of Article XIII: the distribution of quotas among supplier countries (supply programmes or agreements) depends, above all else, on commercial considerations such as price, quality, quantities available, transport, time of delivery, etc.

F. DISCRIMINATORY APPLICATION OF RESTRICTIONS

Questions Nos. 3 and 4: Policy of discrimination

Methods of discriminatory restriction

As stated above in reply to Question 1, goods subject to restrictions are imported either according to purchasing plans or global quotas, or according to quotas fixed by bilateral arrangement.

(a) Supply programmes - These programmes are established periodically (in theory for a one-year period) according to the needs of the French economy, on the one hand, and the monetary reserve situation, on the other. Revisions and adjustments are made to the programmes as and when necessary during their validity. Imports effected according to purchasing plans primarily concern:
1. **Goods payable in dollars**

The dollar import programme is established on an annual basis (in principle for the calendar year) and applies to goods payable in dollars, whose origin and source is any of the following countries:

United States, Canada (with the exception of liberalized products), Mexico, Cuba, the Central American countries, Peru, Ecuador, Colombia, Venezuela, Chile, the Philippines, the Middle Eastern countries (for petroleum products payable in dollars).

2. **Goods payable in sterling**

The sterling import programme, which is also established on an annual basis, applies to goods payable in pounds sterling, whose origin and source is any of the following countries:

Great Britain and its territories (with the exception of liberalized goods and goods coming under the Franco-British trade agreement), the Union of South Africa, Rhodesia, Nyasaland, India, Ceylon, Pakistan, New Zealand, Australia, Thailand, Burma, the Middle Eastern countries and Venezuela (for petroleum products payable in sterling).

3. **Goods payable in other currencies** whose origin and source is any country with which France has a payments agreement but not a so-called "list" trade agreement.

(Turkey, Syria, Yemen, Egypt, Jordan, Iran, Ethiopia, Paraguay, Uruguay, Japan.)

Import programmes for goods from these countries are established according to the provisions of the payments agreements. In any instance where France has a credit balance, import permits are granted liberally and for many products, virtually without quantitative limitation.

(b) **Global quotas** A certain number of products, which do not benefit from liberalization measures under OEEC, are imported according to global quotas which are opened annually and are valid for all EPU countries. The list of these products is given in Annex II to the French Government's report to the Tenth Session. Since the last session, amendments have been made to this list for horses for slaughter and horsemeat, bovine cattle and beef and veal, whale oil, graphite, zinc ore, and pulled or garnetted cotton and wool; these items were liberalized in January, April and September 1956.
(c) **Quotes fixed by bilateral arrangement**

1 - **OEEC Member countries.** Products which are not affected by exchange liberalization measures or by global quotas are imported, in principle, under quota arrangements made periodically with each of the Member countries. Quotas fixed by trade agreements do not constitute an undertaking to import, but merely to issue import permits up to the ceiling fixed, by value or tonnage, for each product or group of products covered by the relevant agreement.

2 - **Other countries.** France has concluded trade agreements known as "list" agreements with a certain number of countries belonging neither to the dollar area nor to the EPU area. These agreements, which are negotiated periodically and are in principle on a balanced exchange basis, fix quotas for goods which may be imported during the period of validity of the agreements. (See below, in reply to Question 8, the list of countries with which France has concluded bilateral arrangements).

**Question No. 5: Measures taken to reduce the restrictions**

Since the last Session, France has taken certain measures for the relaxation of import restrictions.

1. Within the framework of OEEC, France took measures towards trade liberalization in January and in June 1956, bringing the percentage of liberalized imports from OEEC Member countries to 79 per cent and subsequently to 82.3 per cent (on the basis of private trade in 1948). Further liberalization measures have been taken quite recently (Journal Officiel of 8 September 1956); they affect a limited number of products: horses for slaughter, horsemeat and frozen beef and veal.

2. In addition, at the beginning of 1956 France liberalized a number of items coming from the United States and Canada, corresponding to 11 per cent of French private imports (base year: 1953). Simultaneously, the French Government relaxed import regulations for the same products when coming from other foreign countries; these items receive such liberal trade treatment that they are virtually liberalized.

   In May last, in order to simplify administrative formalities as much as possible, the French Government extended the procedure of import certificates (see report for 1955) to a great number of liberalized items. Imports of items under this procedure are effected without prior authorization. Only a fairly limited number of liberalized items are still subject to licensing.¹

¹ Import permits are granted automatically by the Exchange Bureau without quantitative limitation.
The following table shows the development in imports of liberalized items from OEZC countries, on the one hand, and from the dollar area, on the other hand, since 1 January 1956. From it a comparison may be made with the level of imports of the same items during the six-month or twelve-month period preceding liberalization.

Imports from OEZC countries (in millions of francs)

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total imports</td>
<td>41.200</td>
<td>46.600</td>
<td>52.500</td>
<td>66.800</td>
<td>62.900</td>
<td>65.400</td>
<td>69.600</td>
</tr>
<tr>
<td>(not including spare parts)</td>
<td>( )</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Provisional figure

( ) The related figure for the first six months of 1954, for liberalized items, including those liberalized in April 1956, will be supplied later.

Imports from the United States and Canada

<table>
<thead>
<tr>
<th></th>
<th>Monthly average 1955</th>
<th>Monthly average 1st quarter 1956</th>
<th>Monthly average 2nd quarter 1956</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total imports</td>
<td>15.200</td>
<td>16.260</td>
<td>22.320</td>
</tr>
<tr>
<td>Liberalized imports</td>
<td>1.606</td>
<td>1.977</td>
<td>1.938</td>
</tr>
<tr>
<td>(not including replacement parts)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3. Finally, the French Government has recently concluded a new trade
and payments agreement with Brazil. This agreement provides for the
establishment of foreign accounts in francs which are transferable;
the proceeds from the sale, on the Paris exchange, of currency of EPF
member countries may be freely paid into these accounts, and likewise
these accounts may be used for the acquisition of that currency on the
Paris exchange. Although it has geographical limitations and is only
of interest to certain countries, this payments agreement provides for
payment facilities which are much more liberal than those which might
be granted under a bilateral agreement, and it may therefore be consi­
dered as a step forward towards multilateralism.

Question No. 6: Effects of the discriminatory administration
of the restrictions

Imports into French Metropolitan Territory (excluding gold)
- Monthly average -
(in thousand million francs)

<table>
<thead>
<tr>
<th>Currency areas</th>
<th>1953</th>
<th>1954</th>
<th>1955</th>
<th>1956 (first seven months)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar area</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>including United States</td>
<td>13.8</td>
<td>13.6</td>
<td>16.4</td>
<td>22.2</td>
</tr>
<tr>
<td>Canada</td>
<td>11.2</td>
<td>11.1</td>
<td>13.5</td>
<td>18.3</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>1.1</td>
<td>1.7</td>
<td>1.8</td>
</tr>
<tr>
<td>EPU area</td>
<td>60.2</td>
<td>61.7</td>
<td>72.9</td>
<td>81.8</td>
</tr>
<tr>
<td>including OEEC countries</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>non-member sterling countries</td>
<td>39.7</td>
<td>42.4</td>
<td>53.2</td>
<td>61.2</td>
</tr>
<tr>
<td>Indonesia</td>
<td>20.1</td>
<td>19</td>
<td>19.3</td>
<td>20.2</td>
</tr>
<tr>
<td></td>
<td>0.4</td>
<td>0.3</td>
<td>0.4</td>
<td>0.4</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>12.4</td>
<td>13.5</td>
<td>13.4</td>
<td>15.7</td>
</tr>
<tr>
<td>Total</td>
<td>86.4</td>
<td>88.8</td>
<td>102.7</td>
<td>119.7</td>
</tr>
</tbody>
</table>
Import developments according to currency area

(percentage)

<table>
<thead>
<tr>
<th></th>
<th>1955 compared to 1954</th>
<th>January-July 1956 compared to 1955</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dollar area</td>
<td>+ 20.6</td>
<td>+ 35</td>
</tr>
<tr>
<td>EPU area</td>
<td>+ 18.1</td>
<td>+ 12.2</td>
</tr>
<tr>
<td>including OEEC</td>
<td></td>
<td>+ 15</td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>+ 15.6</td>
<td>+ 16.5</td>
</tr>
</tbody>
</table>

It is apparent from the above tables that imports into French metropolitan territory from abroad increased considerably in 1955 and 1956. The rate of increase for imports, compared to 1954, was 15.6 per cent in 1955 and 34.8 per cent for the first seven months of 1956. It is true that the sharp increase in imports for 1956 is accounted for by the fact that France had to import exceptional quantities of agricultural products owing to serious damage caused to crops by spring frosts, but if these imports are deducted from the total, a net increase over the 1955 figures is to be noted for all other products.

Import trends in the various currency areas bear witness to a relatively greater increase for items from the dollar area than for items from other areas (+ 20 per cent in 1955 compared to 1954; + 35 per cent for the first half of 1956 compared to 1955). Excluding imports of grains and coal, the rate of increase for all other import items from the dollar area is more than 10 per cent above the 1955 figure.

Question No. 7: Considerations affecting the source of the imports

As stated in reply to question 2, for most of the principal raw materials, primary commodities and capital goods which have a substantial effect on production costs and, consequently, on the domestic industries' ability to compete, the selection of sources of supply is essentially guided by trade considerations (price, quantities available, time of delivery etc.).
In determining sources of supply (quotes opened according to bilateral agreements or purchasing programmes) for items considered by the French Government to be "less essential" or "non-essential", the prevailing considerations are of both a financial nature (position of currency reserve required for payments) and a commercial nature (respect of traditional import channels).

Question No. 8: Bilateral commitments

1. OEEC Member Countries

France has concluded trade agreements with its principal OEEC partners covering items still subject to quantitative import restrictions. These agreements, which are reviewed regularly, establish maximum quotas for imports of such items.

List agreements are currently in force with the following countries: the Federal Republic of Germany, Austria, Denmark, Greece, Ireland, Iceland, Italy, Norway, the Netherlands, Portugal, Sweden, Switzerland, the United Kingdom, and the Belgium-Luxemburg Economic Union.

Imports from Turkey are effected under a particularly liberal purchasing programme.

2. Other countries

"List" trade agreements have been concluded with the following countries:

(a) European countries

Eastern Germany, Bulgaria, Spain, Finland, Hungary, Poland, Rumania, Czechoslovakia, USSR, Yugoslavia.

(b) Latin American countries

Argentina, Brazil.

(c) African and Asian countries

Israel, Lebanon, Indonesia.

Volume of imports effected under bilateral agreements

The following table, which has been prepared in reply to the last paragraph of question 8, gives only approximate information.
<table>
<thead>
<tr>
<th>Monthly average</th>
<th>Percentage of total trade</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st quarter 1956 (in thousand million francs)</td>
<td></td>
</tr>
<tr>
<td>Total imports</td>
<td>110.8</td>
</tr>
<tr>
<td>Imports from OEEC countries</td>
<td>12</td>
</tr>
<tr>
<td>Imports from other countries</td>
<td>9.2</td>
</tr>
<tr>
<td><strong>Total:</strong></td>
<td><strong>21.2</strong></td>
</tr>
</tbody>
</table>

C. STATE TRADING

**Question No. 9: Import restrictions through state trading**

The items in which trade is carried out on governmental or "para-governmental" account are given in the list below, which is the same as that communicated previously.

Imports of these items are principally determined according to the needs and the level of production in the territories of the franc area. In principle, there is no discrimination in these imports, and sources of supply are selected according to trade considerations.

**List of items under state trading**

**Agricultural and food products**
- Butter - Cheese
- Grains and flour
- Oil seeds and fluid oils
- Unmanufactured and manufactured tobacco

**Raw materials**
- Solid mineral fuels
- Illuminating gas
- Petroleum products
- Electrical power
- Gold and gold alloys
- Alcohol
Finished products

- Powder and explosives
- Matches
- Newspaper
- Machinery and apparatus for extracting and digging
- Transformers and various electrical apparatus for telegraphy and telephony
- Seagoing vessels
- Aircraft
- Arms of war and war ammunition

D. PROTECTIVE EFFECTS OF RESTRICTIONS

Question No. 10: Incidental protective effects of the restrictions

In connexion with the implementation of the reconversion programme and its investment policy, the French Government pays the fullest attention to the recommendations contained in paragraphs 18 and 19 of the CONTRACTING PARTIES' Report on the Use of Quantitative Restrictions for Protective and other Commercial Purposes. As already stated, import restrictions have been relaxed considerably since the beginning of 1955. The incidental protective effects which might result from the restrictions are greatly lessened by the trade liberalization measures in the OEEC area which affect a large part of France's import trade.

Question No. 11: Action to avoid damage to trade of other contracting parties

In applying its policy of restriction, the French Government avoids any unnecessary damage to the trade or economic interests of other contracting parties. While there is no special system in France for permitting the import in minimum trade quantities of goods other than those included in trade agreements or purchasing programmes, imports of this kind may in fact be effected through certain procedures or trade methods. Thus, the majority of trade agreements include an item "Miscellaneous" under which items not included in the lists annexed to the agreements may be imported.

In addition, items not included in purchasing programmes or in excess of the quotas fixed by these programmes may be imported by use of "EFAC" accounts; these are accounts which represent a fraction, varying according to the currency area, of the f.o.b. value of exports of products or capital goods which are essential to industry in that area. Since May 1955 "EFAC" accounts set up for the EPU area may be used freely in the EPU area and in the dollar area.

France has signed the Samples Convention and applies a liberal import policy for commercial samples.
E. FUTURE PROSPECTS

Question No. 12: Current programme and the prospects

Taking into account the improvement in France's trade balance and reserve currency situation during 1955, the French Government has advanced as far as possible towards a progressive relaxation of restrictions and abatement of discrimination.

In present circumstances, however, it appears much more difficult to achieve substantial progress because of the considerable imbalance in France's foreign trade.

It can be seen from the following table that the imbalance in France's foreign trade has become much more marked from 1955 to 1956, imports having fallen from 90 per cent to 75 per cent of the export figure.

Foreign trade with all areas (excluding gold)

<table>
<thead>
<tr>
<th></th>
<th>1955 I</th>
<th>1956 I</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports c.i.f.</td>
<td>102.4</td>
<td>118.3</td>
</tr>
<tr>
<td>Exports f.o.b.</td>
<td>92.6</td>
<td>88.8</td>
</tr>
<tr>
<td>Deficit</td>
<td>9.8</td>
<td>29.5</td>
</tr>
</tbody>
</table>

Nevertheless, the French Government will make every effort to continue to apply liberalization measures to its import policy and to make progress, even if limited, towards the relaxation of import restrictions.