M. GONDARD stated that in the next few years, French wheat production would amount to about 11 million tons, of which 2.5 million tons would be available for export. France could not consider renouncing her established position as an exporter, which was confirmed in the International Wheat Agreement. Some countries, of which Australia was one, considered that they had a vocation to produce and export wheat; France which had been a wheat producer long before wheat had become available from non-European sources, also considered that she had such a vocation. There was a large agricultural population in France and the structure of Europe was such that it was impossible for producers to arrive at prices as low as those of Australian producers.

He emphasized that the so-called French export subsidy on wheat was in fact only a price equalization system, and suggested that a similar policy was followed by the Australian Wheat Board. For many years that Board had sold wheat for export at a price higher than that received by the domestic producer. The object was possibly to pay a premium to the producer and to permit the creation of a stabilization fund. It appeared that when flour was to be exported the mills worked directly for the Wheat Board which determined the selling price of that flour. There had been great fluctuations in freight rates: in the past year or so, there had been a drop from over 180/- per ton to 50/- per ton. When freight rates had been at their highest, however, the price of Australian wheat sold in Western Europe had not risen by the same amount. There had therefore been a reduction in the f.o.b. price of Australian wheat, which was compensated to the producer by the Wheat Board.

M. Gondard then outlined the French system applicable to exports of wheat and flour. It was a system of "permanent tendering", under which each day traders could bid for grain which they intended to export. The trader had to pay the domestic price and could then fix the export price. The bidder whose bid involved the lowest subsidy was awarded the export permit.

In the case of flour, the miller intending to export received a subsidy which was computed according to the amount of subsidy paid on grain.
During the 1957/58 season, the level of the subsidies paid until November last had made it possible to sell about 1 million tons of wheat and about 400,000 tons of wheat equivalent in the form of flour over a period of a few months. After November no important quantity of wheat or flour had been placed on the market until March, when wheat grain exports had been resumed. Exports of flour on a large scale were still suspended, because France could not grant the millers a subsidy sufficient to allow them to take part in the "price war" which other countries had started, and which had brought the price of flour to as little as £18.10.0. per ton.

In conclusion, M. Gondard had two suggestions to make. The first was that the Australian Government should withdraw its complaint; he realized, however, that it might have difficulty in doing so, and hoped that his second suggestion, for a procedural solution, might be acceptable: that further examination of the Australian complaint against France should be postponed until the Australian Government had received replies to the request for an explanation which it had addressed or intended to address to the governments of other countries which appeared to be in the same case as France. He assured the Panel that France was anxious to reach agreement with Australia on the matter which had been raised, and his Government was prepared to provide any further information that the Panel might require. He would, however, consider it unacceptable if any special procedure was to be instituted with regard to France, unless an assurance was given that the same procedure would be applied to other countries in the same position.