1. In November 1960, the United States requested a consultation under Article XXII:1. with France, which had disinvoked Article XII in June 1960, in relation to those commodities the importation of which into France from the United States remained subject to quantitative restriction (see L/1392). In accordance with the procedures adopted by the CONTRACTING PARTIES on 10 November 1958 for consultations under Article XXII on questions affecting the interest of a number of contracting parties, the Governments of Canada, Australia, New Zealand and Israel, which claimed a substantial trade interest in a varying range of products among those on the French restricted list for the United States, were accordingly joined in consultation. The consultation was held from 4 to 6 April 1961 in Geneva.

2. When the consultation was initiated in November 1960, the products to be covered by the consultation were as listed in Annex I to the Notice to Importers published in the Journal Officiel of 24 September 1960. Subsequently a shortened list of restricted imports from OEEC countries, Canada and the United States was published in the Journal Officiel of 31 December 1960; this was circulated to contracting parties in L/1417. At the outset of the present consultation the representative of France called attention to a new measure of liberalization which had come into force on the preceding Saturday; by a Notice to Importers published in the Journal Officiel of 31 March 1961, a considerable number of industrial products had been freed from restriction when imported from the OEEC countries, Canada and the United States with effect from 1 April (with respect to a few items, the liberalization would take place at a specified later date or at an undetermined date in the near future). This Notice to Importers, which enumerates the items remaining subject to restriction after 1 April 1961, has since been circulated as L/1417/Add.1. The representative of France also referred to the recent 5 per cent reduction in customs duties unilaterally undertaken by France and the termination of price controls, measures which should be of interest to exporters to the French market.

3. The representatives of the other contracting parties participating in the consultation welcomed the new measures of liberalization as an important step in the dismantling of French import restrictions. They noted that while among industrial products only a few items remained for the time being subject to restriction for OEEC countries, the United States and Canada, a large number of items in the agricultural sector continued to be on the restricted list, and that there remained discrimination against the United States and Canada, as well as against other contracting parties. In the course of the consultation, the

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1 See BISD, 7th Supplement, page 24.
participating countries reviewed with the French representative the whole list of restricted products, and made specific representations or suggestions with respect to a number of items. Some of the more important points of a general nature are noted in the following paragraphs.

4. The representative of France pointed out that the recent liberalization of industrial imports was not only valuable in itself, but provided an indication of the general policy of France with regard to import restrictions. Representatives of consulting countries expressed the hope that the few remaining industrial items would be freed from restriction in the very near future. In this connexion the United States representative referred, among other things, to smaller passenger aircraft as an item which might be given particularly early attention.

5. Representatives of consulting countries expressed concern at the lack of action in the agricultural field and in particular at the absence of any clear indication of France's intentions regarding the timing for the removal of such restrictions. The French Government was urged to prepare and present to the CONTRACTING PARTIES a definite programme for further liberalization and ultimate elimination of the restrictions. There was a systematic review of all the items still under restriction; early removal or relaxation of restrictions was particularly urged with respect to certain products of a special trade interest to the consulting countries. The products mentioned included: canned fruit and vegetables, citrus fruit, fruit and vegetable juices, apples and pears, vegetable oils, edible ground nuts, poultry, cheese, milk, butter, lamb, mutton and other meat, offals and meat products.

6. Representatives of participating countries stated that the continuation of the French restrictions was damaging to their trade interests and urged that the restrictions be removed quickly. Moreover, the continued maintenance of these restrictions almost a year after the International Monetary Fund had determined that there was no longer any balance-of-payments justification for them, is prejudicial to the integrity of the Agreement. The maintenance of import restrictions, particularly restrictions of a discriminatory character, was the subject of increasingly serious criticism in the exporting countries and might adversely affect the ability of other countries to continue their liberal commercial policies. In addition, some of those countries were at present faced with balance-of-payments problems and needed expanded export markets so that they would not be compelled to resort to policies of a less positive nature. The most urgent action was called for where there was discrimination or where there was a complete prohibition or very severe restriction of imports. With regard to certain products, the French policy seemed to reflect an attitude of regarding imports as a residual element to be tolerated only where demand could not be fully met by domestic production and looking upon the restrictions as a means of protecting industries. The basic principle of the General Agreement was, however, that imports should be allowed to compete on equal terms with domestic products subject, where necessary, only to the customs duty.
7. On the subject of reciprocal benefits under the General Agreement, certain representatives called attention to the fact that some of the products subject to the French import restrictions were items on which France had granted concessions for which compensation had been given by other countries. French exports to other contracting parties had either been generally free from restriction or had benefited from measures of liberalization as well as from the stable and low customs tariff of some of these countries. The failure on the part of France to indicate a timetable for the liberalization of imports was disquieting as this would fundamentally upset the balance between the rights and obligations between France and contracting parties exporting agricultural products. It was pointed out that under the General Agreement, the protection of domestic industries, where necessary, should be effected through the use of the customs tariff and not through quantitative restriction.

8. The view was also expressed that where restrictions could not be removed immediately, they should be administered to the fullest possible extent in accordance with the provisions of GATT, particularly Article XIII, and increasing access to the French market should be provided for the exports of other contracting parties through the opening and progressive expansion of global quotas.

9. Representatives of consulting countries noted that a number of products were subject to state-trading in France and called attention to the provisions of Article XVI, which require that any such operations should be consistent with the general principle of non-discrimination. They also noted that the restriction of importation through state-trading was within the purview of Article XI and urged that France should endeavour to reduce the scope of state-trading and the restrictive elements involved.

10. The representatives of consulting countries also questioned whether the differential treatment accorded by France to imports from EEC countries and from other countries was in conformity with the Agreement. The French representative maintained that its action in this regard was in accordance with the provisions of the General Agreement. The other representatives recalled that the question had been discussed in the past by the CONTRACTING PARTIES, and divers views had been expressed. In any event, whether France was or was not entitled to liberalize intra-EEC imports, it was now incumbent upon France to remove all restrictions which were no longer justified on balance-of-payments grounds.

11. In response to the views expressed by the other representatives, the French representative stressed that the process of liberalization in France had been started barely two years ago, that considerable progress had been made within this short period and that most importantly the present policy contrasted most strikingly with the previous general protectionist attitude of the French public. In view of the long standing of the protectionist tradition in France, time was needed to influence public opinion and to introduce the desirable changes gradually. Within the short span of two years, France had progressed rapidly in the removal of restrictions, and it should be noted that the general consistent trend was now towards further liberalization and elimination of restrictions. As regards discrimination, the differential treatment
of imports from OEEC countries and from the United States and Canada had been reduced substantially and the remaining dollar discrimination would be removed as soon as possible. As a further step, products liberalized for the United States, Canada and OEEC countries would be liberalized for all GATT countries. The French Government recognized its obligation to remove existing restrictions and, in the meantime, would be prepared to consider any representations concerning the administration of the restrictions or other trade barriers that might be made by a contracting party.

12. The representative of France assured the other representatives that the French Government would give early and serious consideration to the possibility of liberalizing imports or otherwise reducing the incidence of restrictions. It hoped to be able to report further progress not later than the Eighteenth session. Owing to the various problems mentioned above, it was not able at present to supply a definite programme with exact dates of liberalization for individual products.

13. The representative of Australia referred to the restrictions in force in the territories of New Caledonia (and other French possessions in the Pacific). These territories constituted traditional markets for many Australian products and a number of items tariff concessions in respect of New Caledonia had been granted by France. The French representative stated that the French Government would be prepared to continue discussions in Paris on the New Caledonian import restrictions.

14. The representative of France indicated that all the views expressed by the other representatives at the consultation would be reported to his Government for consideration. The representatives of other contracting parties stated that they would make a full report on the present consultation to their Governments which would no doubt determine their further action in the light of these reports.