At the Eighth Session in October 1953 Italy alleged that a serious effect on her export trade followed from the granting by the United States of subsidies on exports of oranges to certain countries, in particular European countries. The delegation of South Africa also claimed that there were difficulties in marketing South African oranges in Europe owing to the effect of the United States subsidy, and the United Kingdom delegation referred to the interest of certain dependent countries in the matter. The United States delegation gave an assurance that it was fully prepared to consult with the governments concerned and would report under Article XVI.

At this Session, M.E. Anzilotti, Italy, said that the consultations undertaken by the Italian delegation during the Eighth Session and subsequently pursued through normal diplomatic channels had not yet yielded any concrete results. The United States Department of Agriculture, acting, he said, on purely domestic grounds, had suspended, as from 1 August 1954, the subsidy on exports of oranges; but he feared that the subsidy would be reimposed. He asks the Contracting Parties to keep the matter under study in the forthcoming months during the session.

Mr. D. de Waal Meyer, Union of South Africa, said that the consultations with the United States had not been fruitful. The United States argued that without the subsidy she could not sell oranges in Europe. In fact, South Africa has been unable to sell much fruit during the American export season in those countries in which subsidized oranges were being sold. With the withdrawal of the subsidy for the rest of the 1954 season, the sales of South African oranges in Europe had doubled and the gross price had increased by 25 per cent. Mr. de Waal Meyer said that his government was very concerned about what might happen if the subsidy should be reinstated. Countries which subsidize their exports are getting more than their fair share of world markets; and, he added, the advantage lay with the financially stronger countries who can thereby exclude smaller countries from international markets, with all the disturbing consequences of such action.

Mr. N.H. Vassiliou, Greece, associated his Government with the views expressed by the Italian delegate.

Mr. G.A. Rattigan, Australia, said that, as an exporter, Australia suffered from export subsidies imposed by other countries. He hoped the United States subsidy on oranges would be permanently withdrawn.
Mr. T.H. Sinclair, Board of Trade, said that his delegation associated itself with the remarks made by other delegates. His delegation was interested on behalf of the dependent territories of Cyprus and the British West Indies whose export trade in citrus fruits, particularly in European markets, was harmed by United States export subsidies. He urged that everything possible should be done to secure the removal of the subsidies.

Mr. Winthrop Brown, United States, said that United States export subsidies for oranges were not designed to encourage domestic production in the United States but to help the fruit exporters to regain the European markets they had won before the war. The United States orange, he said, is a highly desirable product, but it is unable to compete in many markets owing to import restrictions, and for this reason the growers wanted export subsidies.

There had been signs of increased exports of United States oranges over pre-war figures, but the vast proportion went to Canada, where no subsidy was paid. The proportion of total production exported was smaller today than before the war. The United States share of the European market had increased but the increase was not more than the Italian share and it was less than the South African share. This year, he said, the Spanish crop had partially failed and the gains in the European market by other exporters were therefore not surprising. In the United Kingdom, pre-war, the United States and South Africa had supplied about 15 per cent each. Today, South Africa supplied 90 per cent of the market - the United States practically none at all. What the United States wanted was fair, competitive trade in oranges. Even in areas where the export subsidy is paid, United States oranges found a market at substantially higher prices, which showed that on a competitive basis the United States orange was highly desirable.

Mr. Winthrop Brown said that the United States had reduced subsidy payments for oranges, consistently since 1949, from $1.65 to $1.50 to $1.25 to $1.00 a box. The subsidy for the 1954-1955 season would be $0.75 a box. In conclusion, he said that it was difficult to see why there was a legitimate basis for complaint when the United States was offering oranges at substantially higher prices than competing oranges, which had the benefit of special arrangements on freight rates and other incentives not enjoyed by United States oranges, and where their share of markets was no higher than before. Why, he asked, should consumers in certain countries be prevented from exercising their preference for United States oranges, if a way can be found around dollar import restrictions? He sincerely hoped that with improving economic conditions, restrictions on dollar imports in traditional markets would be soon dismantled. This would provide a basis for the removal of export subsidies.

Several of the speakers asked that the matter should be kept on the agenda of this Session and this was agreed. The Chairman said he hoped that in the meantime consultations between the interested governments and the United States could be held.

END