I have listened with the closest attention to the statements made yesterday and this morning by the delegates of several countries taking part in this Session. I have once more appreciated the interest shown by the Contracting Parties in the reinforcement and development of the General Agreement on Tariffs and Trade, not merely with regard to the interest of the several countries, but in the wider context of international co-operation. I trust that my statement may prove to be an ultimate confirmation of that general tendency.

1. The work accomplished hitherto by the Contracting Parties represents a substantial asset. This is all to the credit of the Governments and their delegations who contributed to the conclusion of the Agreement and who, subsequently, were able to carry out joint action between distant countries and widely divergent economies. Thus, a most useful experiment has been achieved, and it is deserving of consolidation and development, in view of the ultimate evolution of international co-operation.

The Italian Government has adapted its trade policy to the spirit and letter of the provisions of the Agreement, both in the field of tariff policy and in that of elimination of quantitative restrictions on international trade. We have adopted provisions which have eliminated or considerably relaxed these restrictions. As regards customs duties, Italy, through autonomous measures, has applied a specific customs system which has enabled considerable expansion of her imports to be carried out.

2. But at present we are faced by new situations and prospects. The Contracting Parties have been led to the conviction that a Review of the Agreement should be undertaken and that consideration should be given to the degree to which the present text could appropriately be amended and completed, with a view to facilitating the achievement of our objectives.

Furthermore, since the International Trade Organization has not come into being, the question arises as to revision of the General Agreement with a view to establishing this provisional arrangement on a permanent basis.
To achieve that result, it might be felt expedient to proceed to so wide a review of the General Agreement, as to include even questions which had formerly been envisaged in the Havana Charter. But the inherent dangers of a review of such a scope are self-evident: the difficulties which had hitherto stood in the way of application of the Havana Charter would inevitably recur.

On the other hand, it must be admitted that too limited a review would encounter other difficulties on the part of countries whose aspirations were not satisfied.

The Italian Government is prepared to contribute to any amendment of the clauses of the General Agreement which may be considered consistent with the legitimate expectations of the various countries, provided that adoption of those amendments is not carried out at the expense of the efficacy of the Agreement.

3. I do not think this is the time to embark upon the merits of the many arguments which will be the subject of discussion in the course of that review, in regard to which the Italian Delegation will have occasion to express its opinion in due course. But I should like to indicate the general lines of the views of the Italian Government with regard to certain major problems.

An argument of paramount importance is no doubt the one relating to the organic structure of the General Agreement. Several contracting parties have recognized the need for establishing the Agreement on a permanent basis, and for this purpose for setting up an inter-governmental organization. The proposals put forward to date to that effect provide as a rule for the establishment of an assembly of Member States with its subsidiary bodies, and the setting up of a permanent secretariat.

The Italian Government, in principle, supports these proposals with the reservation, obviously, that it should be able to consider the proposed legal structure and operation of the Organization.

In that connection I consider it extremely important to maintain Articles XXIII and XXV of the General Agreement.

4. It has been stated here, and I fully agree with that view, that the General Agreement has been particularly effective in the field of tariffs. Through the medium of many bindings, it has been possible to ensure a remarkable degree of tariff stability throughout the world, resulting in undoubted advantage for the development of international trade. The Italian Government considers that the system of tariff negotiations, as hitherto applied, might continue to be profitably utilized. But in principle we are not opposed to the adoption of other systems of reduction in customs tariff levels, provided they are easily applicable and that they oblige the Contracting Parties who have the widest share in world trade.

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May I point out that Italy has applied for a long time past, through autonomous measures, customs duties which are lower than the contractual rates.

I regret to have to state that the Italian Government will be forced to apply the contractual rates if further progress in the field of tariff reductions on the part of other countries is not carried out.

With regard to the timeliness of ensuring the maintenance of maximum tariff stability, the Italian Government considers that the provisions under Article XXVIII in the matter of modification of Schedules are particularly important.

Any proposal designed to confer greater flexibility upon those provisions shall be considered with great caution to avoid any weakening of the tariff stability, as ensured by the General Agreement.

I take this opportunity of lending my support, in principle, to the proposal by Mr. Thorneycroft, President of the Board of Trade, who yesterday spoke - it seemed to me, in that spirit - in favour of the maintenance of bound rates until 31 December 1957.

5. In addition to the problem of reduction of customs tariffs, there is the very important question of quantitative import restrictions.

The Italian Government has always been and continues to be in favour of the widest possible liberalization of trade, but in the long run, that can be maintained only if stable economic equilibrium has been achieved. Such a condition implies that liberalization of trade be accompanied by the free transfer of capital and the free movement of manpower. This is, in my view, a fundamental point to which I wish more particularly to draw the attention of the Contracting Parties.

We must clearly recognize that the practical application of the provisions of the General Agreement, regulating recourse to quantitative restrictions for balance-of-payments purposes, has not provided an effective instrument for the elimination of restrictions. This has been generally recognized. Therefore proposals have been made that those provisions become more binding, so that countries which continue to apply those restrictions may feel compelled to eliminate them and to introduce the appropriate measures.

I fully share the view expressed in this Assembly that certain questions which have been discussed here belong to the purview of other organizations who have successfully attained what are undoubtedly appreciable results, although in more limited spheres. Therefore, as regards certain decisions, account should be taken of those organizations to avoid any injury to their activities.
In that connection, it would be unrealistic and even dangerous to ignore the progress achieved by the OEEC in the field of liberalization of inter-European trade. In my view, the General Agreement should not stand in the way of continued action by the Organization for European Economic Co-operation which has produced very appreciable results in that sector. Co-operation should even be established for this purpose between the General Agreement and the OEEC.

6. As regards the reinforcement of the provisions regulating the use of quantitative import restrictions for balance-of-payments purposes there should be a clear definition of the relations which should necessarily be established between the General Agreement and the International Monetary Fund.

I consider that closer functional co-operation between the General Agreement and the International Monetary Fund is indispensable in the light of past experience which has shown us that certain measures adopted in the sector of foreign exchange have inevitably had repercussions in the sector of trade, and vice versa.

In that connection, I should like to draw the attention of the Contracting Parties to actual developments for some time past. Measures adopted by certain contracting parties in the sector of foreign exchange have substantially affected certain tariff obligations contracted under the General Agreement. This is obviously a complex and delicate question which should be considered in a spirit of close co-operation between the General Agreement and the Fund.

7. Another subject for which thorough consideration has been asked on various sides is that of export subsidies. It does not seem possible to speak of eliminating quantitative import restrictions while subsidies or grants of all sorts are maintained or introduced, together with special forms of protectionism, although they may be limited to specific sectors of production. This subject is at present regulated by Article XVI of the General Agreement. This is a provision which, in view of its essentially formal character, has hitherto been unable to provide a basis for the practical regulation of these matters. From various sources it has been requested that more rigid rules should be set up, especially for the more accurate definition of questionable practices. No doubt this subject is an intricate one and the experience of the OEEC in that connection is extremely instructive.

At all events, the Italian Government can only confirm its attitude which is in principle opposed to all artificial methods of export supports. Consequently, it is in favour of reinforcing, in so far as possible, the present provisions of the Agreement and of subjecting to precise conditions and limitations all exceptions to the prohibition of such practices.
As regards the position of countries who intend to carry out, or have already initiated plans for economic development, the Italian Government has carefully examined their position with regard to the undertakings contracted by them under the General Agreement. I consider that the efforts of those countries towards expanded development of their economic resources, and improvement in the standard of living of their populations, should be given sympathetic consideration. Therefore the Italian Government is prepared, in so far as possible, to meet their demands. This would entail the practical review of the provisions under Article XVIII of the General Agreement to adapt them to the requirements, as resulting from the legitimate aspirations of these countries.

9. Several delegations have suggested inserting into the General Agreement items dealing with international trade.

These proposals will no doubt be given careful consideration, but in my view, caution should be exercised when considering an expansion of the scope of the General Agreement. The more so as certain questions which it is proposed to include in the Agreement itself, might more appropriately be dealt with, in view of their character, through specific treaties and agreements outside of the General Agreement.

If a constructive effort is to be achieved, I think it necessary clearly to delineate its scope and to keep it within the frame of the initial discussion which took place at the Eighth Session.

I can assure the Contracting Parties that the Italian Government through its delegation, will take an active part in the work of reviewing and improving the General Agreement, in the conviction that the joint efforts of the countries taking part in this Session will ensure the success of the current deliberations.

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