I have been very keenly interested in hearing the speakers who have preceded me this morning and I should like to contribute to the discussion a few remarks concerning the problems that are of special concern to Italy.

As compared with the first ministerial meeting held in 1954, the present meeting enables us to register the development of the General Agreement and to note the new problems created by the programme for the expansion of trade adopted in 1958.

My colleagues will recall that, seven years ago, the first meeting (which I had the honour of attending) took as its objective the preparation of a revision of the General Agreement. At that time, our main idea was to make the General Agreement a more effective instrument for action designed to achieve the liberalization of international trade, a goal which then seemed rather difficult to attain.

Today the situation is very different: the Contracting Parties, on the basis of the programme for the expansion of international trade, boldly adopted in 1958, have broadened the scope of their activities and are seeking to follow new patterns. As part of this programme a tariff conference is now being held, in which several of the Contracting Parties are participating, and remarkable progress has already been made in other sectors. Our meeting, on the basis of the facts and figures that have been ascertained, will have to consider these results in order to draw up a balance-sheet which will furnish further information and guidance for the future. But we know too that, in the case of some problems, the difficulties met with seem to be insuperable and have even prevented our experts and representatives from reaching agreements.

Obviously, these are objective difficulties which are not lessened when they are referred to us. It is, all the same, useful for meetings like ours to review the work that has been done and by a frank exchange of views to try to obtain guidance so as to secure the greatest amount of support.

Our search for guidance for the future is confined within the bounds represented by the limits of the General Agreement and should be based on the reality of a constantly and fast-changing economic world which calls for a corresponding adaptation of trade policies.

It is, of course, nobody's intention here to confine discussions in GATT to the consideration of problems which concern solely the balancing of reciprocal advantages, but it would seem inadvisable to forget that the General Agreement was originally conceived to settle relations in the field of trade and economic endeavour on a basis of reciprocal and equally-balanced advantages and concessions: rights and obligations.
If the work of the Contracting Parties were to lose sight of the objectives we undertook to achieve under the General Agreement, we would run the risk of shifting the activity of the Contracting Parties to a sphere where we would be interfering with other international bodies that have to deal with economic problems from points of view different from those of GATT.

This does not mean that GATT cannot, or should not, develop within the framework of its special aims and of the principles on which the legal interpretation of the General Agreement is based. The actual conditions prevailing in a changing economic world necessitate a continuous review and appropriate adjustment of the methods best calculated to develop international trade. And from this point of view it is desirable, nay, even essential, that, in the very interests of the General Agreement and of the principles therein laid down, the discussions of the Contracting Parties should always take account of the economic realities which motivate new forms of evolution, not previously foreseen (because they were not then topical) but which today satisfy the very specific needs and circumstances of international relations.

The frequently very keen discussions carried on in GATT regarding economic integration movements, such as, for instance, the European Economic Community, do certainly evoke some doubts as to the scope of the General Agreement and the objective evaluation by the Contracting Parties of such important phenomena.

Regarding the various items on the agenda of our meeting my colleagues have already had an opportunity of hearing from the statement made by Mr. Westrick the point of view of the European Economic Community.

I myself would like to add a few supplementary remarks with more particular reference to the experience of my own country and the special situations which prevail there.

I shall begin with tariff questions or, more specifically, the problem of reducing tariff obstacles to international trade.

For quite a long time now we have realized that the tariff negotiations conducted by the traditional method of negotiations on a product-by-product basis make it impossible to secure comprehensive results because this system tends to follow the method of highly selective criteria.

I should like to point out that the search for new methods of negotiation was the subject of studies which GATT carried out nearly ten years ago on the basis of the plan submitted by the French Government for a general reduction of tariffs on automatic and consistent lines.

We ourselves felt that, for the purpose of the present Tariff Conference, we should, without further ado, have dropped the traditional system, more especially since the European Economic Community, desirous of making a specific contribution to the reduction of tariff barriers, had announced that it was...
ready to negotiate on the basis of a linear reduction of the common external
tariff for industrial products. We felt sure that this offer would have been
welcomed by the other partners to the negotiations.

With the exception, however, of the United Kingdom (which has always
practised particular exclusions on a selective basis) the GATT countries
replied to the Community’s offer with counter-offers, which generally seemed
to be inadequate and, above all, were carefully chosen so as to maintain
unchanged in most cases the protective items already contained in the respective
national tariffs. This system was applied even by the United States (which,
however, had the merit of sponsoring the conference), since under the present
structure of the Trade Agreement Act no other results could be achieved.

It must be admitted that the method of linear reductions, in its turn,
does present difficulties for primary economy countries which are particularly
interested in concessions in favour of agricultural and tropical products.

Consequently, if the Contracting Parties were in future to decide to
convene a new Tariff Conference, appropriate methods would have to be worked
out in order to make a real reduction in the level of tariffs and to remove
excessively protective items. The action in question should be automatic
and simultaneous and should commit the largest number of countries possible.
All this with the proviso that everyone should be able to practise the method
of negotiation chosen.

We should, furthermore, lay down special conditions for primary economy
countries. I believe that this is a pre-requisite for all future tariff
developments and it presents features of particular urgency.

To conclude my remarks on tariff questions, I should like to associate
myself with those who see a possibility of further progress being made on the
lines of tariff reductions designed to expand international trade. This
presupposes, obviously the need for very careful preparation in order to create
conditions conducive to fresh action being taken in this field. I can assure
you that, if such action takes shape, the Italian Government will co-operate
to the full in any work decided on by the Contracting Parties.

I have followed with special interest the work done on the complicated
problem of barriers to trade in agricultural products and I quite understand
that those Contracting Parties, whose economic development is based essentially
on agricultural exports, are urging closer compliance with the regulations of
the General Agreement, or are asking for the regulations themselves to be
strengthened.

I do not think I need tell you about the importance of agriculture as an
integral part of the Italian economy, more especially since a full explanation
of our problems in this sector has already been given by the Italian representa-
tive, Professor Ugo Pepi, not so long ago, during the consultations held in
Committee II.
For the moment, I would merely draw your attention to one aspect which may be considered as common to the agriculture of the different countries. I mean the considerably lower income earned in agriculture as compared with other economic activities and the very widespread dissatisfaction felt by agricultural producers because of the low returns obtained from their products.

The importance of the problem of remunerative prices for the producer and the substantial differences between these prices and those charged to the consumer, lead us to wonder whether a reduction of these differences would not be the path for us to follow and whether we should not take energetic action on a world-wide basis to secure a better balance between prices at the production and prices at the consumption level. Such action would greatly improve the economic prospects of agricultural countries, producers as well as exporters, even as a result of the increased consumption that would follow.

Since certain measures adopted by the Italian Government in the agricultural sector have recently evoked criticism from the Contracting Parties concerned, I think the time has come to say a few words on the fundamental trends of Italian trade policy in the agricultural sector.

We all know that, as far back as 1950, Italy adopted a policy of liberalizing the imports, not only of industrial products, but also of agricultural products.

The trade liberalization measures were adopted, first, vis-à-vis countries whose monetary agreements offered the guarantees needed for protection against the repercussions of such a policy on the balance of payments. I am referring to the OEEC countries, the sterling area and, generally, countries which were members of the European Monetary Agreement.

Thanks to the gradual improvement in the foreign exchange situation, these steps were progressively extended to other monetary areas.

I must say that this trend towards a liberal policy was, unfortunately, not followed, in the case of the agricultural sector, by most of the countries towards which typical exports of Italian agricultural products and foodstuffs were traditionally directed or else offered future possibilities.

In addition to this lack of reciprocity, the Italian Government found that serious harm to some of its agricultural production was caused by the policy adopted by some countries of flooding our market with large surpluses of agricultural goods by the device of giving massive support to exports. The practice, followed by some countries, of passing on their domestic difficulties to foreign markets which are open to imports has unfortunately found legal justification in the amendments made in 1955 to Article XVI of the General Agreement.
In my opinion, the butter market is the most striking example of the disastrous situations created for importing countries as a result of third countries resorting to artificial price reductions in order to get rid of their surpluses, without showing any consideration whatsoever for the requirements and the circumstances of the agriculture of the importing country.

The legitimate protests made by the Italian producers who asked for drastic measures of protection compelled the Italian Government to adopt for imports of this commodity the minimum price system.

This measure, which we intended should be temporary, did not, however, stand up to the shock of the persistent "dumping" practised by foreign exporters, who succeeded in unloading on the market enormous amounts of butter and brought about an immediate drop in the price at the very time when, under the minimum price system, importing was reopened. Hence a fresh close-down on imports.

As a result of this serious situation it became necessary to reconsider a system which, in practice, had proved unsuitable for tackling the problem in question. The quota system introduced at the beginning of this month is not, therefore, a protective measure designed to eliminate normal competition by foreign producers, but a measure of legitimate defence against abnormal trade practices.

I have referred to the case of butter because it is unquestionably the most blatant and most serious case which has occurred, but similar cases, i.e. of subsidized exports which disrupt the Italian market, have arisen on several occasions, even though less frequently, with other agricultural commodities such as beef, lard, bacon etc., and have seriously impaired the price stability of agricultural prices in our country.

It would, therefore, not be realistic to insist, as has often been done in our organization, that the rules and the principles governing the abolition of quantitative restrictions should be respected at all costs, unless at the same time we find ways and means of compelling exporters to obey the rules of fair competition. This is essential if trade is to grow and develop under the normal rules of competition, i.e. without artificial intervention. Otherwise, the job of identifying such interventions (necessary, if compensatory action is to be taken promptly on a case-to-case basis) is almost always problematical and, in any case, belated.

Moreover, when we decide to adopt compensation measures, there is obviously a risk also of unintentionally damaging the interests of countries which have not followed the easy path of subsidies and are quite blameless.

A specific case is that of beef and meat. I can assure the representatives of the countries concerned, who have expressed concern about the shutting out of imports, I can state that in this field we have no protective aims in view.
The drop in prices on the Italian market and the need to guarantee price stability led to the application of the minimum price system, but this is clearly a temporary situation, especially since the real objective feature of the Italian market is the rapid rise in the consumption of meat and the fact that our production cannot possibly cope with this rise.

The Italian Government will make a close study, in the light of the experience acquired, and in co-operation with the countries concerned, of any technical improvements which could ultimately be made in this system.

The third point in the trade expansion programme which has been brought to the notice of our meeting concerns "obstacles to the trade of less-developed countries". The Contracting Parties have given us the directives for such a study and indicated the concrete measures it would be desirable to take during the important work to be done in the Ad Hoc Committee.

I think we can feel satisfied with the work done and with the documentation assembled, even if unanimous solutions could not be achieved on several points which are still under discussion.

The economic problems of less-developed countries are, henceforth, one of the most important questions calling for the attention of the international community and are being constantly worked on by the United Nations.

Whether it be agricultural or mineral production, a summary review of these problems will reveal the need for obtaining market outlets, securing the most profitable prices for national products and making future prospects for the marketing of products as stable as possible, and, lastly ensuring equality of conditions with competitive products.

Moreover, the less-developed countries expect to find increased opportunities for selling their semi-manufactured and manufactured goods. This is a legitimate aspiration.

Some time ago, the Italian Government abolished all quantitative restrictions on such imports at the very moment when such measures were being introduced in industrial countries.

The Italian Government is participating actively in United Nations work on primary commodities, and has acceded to all the international agreements so far concluded in this field. It intends to co-operate in solving the question which the Executive Secretary of GATT described as a "crucial" one for foreign trade: stabilization of the prices of primary products.

Among the questions raised by the representatives of the less-developed countries, there is the question of internal taxes. From different sides it has been proposed, for example, to abolish the taxes which in my country are
levied on the consumption of certain tropical beverages. According to some of the views held it would seem that, if consumption taxes were abolished in one or two countries, all, or practically all, the problems of the exporting countries would be solved. Unfortunately, this is not the case and the representatives of Italy in GATT have already described in great detail what the situation really is, what are its causes and even what action it has been possible to take in order to reduce the incidence of these taxes and increase consumption. I would merely recall that the reduction of the taxable value of coffee has already given results. This shows that the Italian Government is not insensitive to the aspirations of the countries in question. It is, in any case, obvious that in the past few years the increase in the consumption of tropical beverages has followed the rise in the standard of living. This increase is also reflected in the amount of coffee imported into Italy; it rose by 17 per cent in 1960 as compared with 1959.

One of the difficulties that impede rapid and radical solutions, such as those desired in the field of domestic taxation, is the Italian fiscal system, where the taxes on consumption represent about one quarter of all the revenue taxes levied.

On the other hand, it would be a mistake to think that tropical products are the only ones affected. Actually, in Italy there are other taxes levied on the consumption of articles of prime necessity (meat, cheese, tinned fish, etc.). This tax system is being changed: for example, the tax on the consumption of wines will be abolished at the end of this year.

Thus, even the problem of the taxes levied on the tropical products in question will be considered in due course.

In conclusion, I should like to hope that what I have said on this problem proves that the Italian Government is fully alive to the requests put forward by the countries concerned.

I was anxious to make this statement in order to illustrate the Italian Government's thinking on certain special points connected with our agenda.

I should like to assure you that the difficulties arising from certain situations will in no way weaken the Italian Government's undertaking to co-operate in seeking every possible solution.