INTERSESSIONAL WORKING PARTY ON THE REDUCTION OF TARIFF LEVELS

Statement by the Italian Delegation

The Italian Delegation wishes to stress that the Benelux proposal as regards the grouping in sectors does not fulfil one of the essential principles of the French plan which is the principle of "leaving as much freedom as possible to each country to re-adjust individual tariffs within each sector". To safeguard this principle the French Delegation had proposed the establishment of very broad sectors.

The Benelux proposal, by taking account of the influence of the weighted method of computation, would require a general reduction of the tariff rates relating to the products listed in each sector, given the difficulty within a very limited sector of compensating for the impossibility substantially to reduce already moderate duties levied on the products which give rise to the greatest import figures. This would be the inevitable corollary of such high imports.

One must therefore consider the following question of principle: whether such a proposal can be taken into consideration given the terms of reference of the Working Party which was instructed "to examine the French plan from the point of view of its application" and not to alter the essential character of the plan.

Apart from this primary consideration, it must be stated that the Benelux proposal does not take account of the technical need for maintaining the necessary relationship between the duties on the different categories of products involved in the same cycle of production.

Products which are included in the same group will interact and, by virtue of the method of weighted calculation, the results achieved in each group will be unavoidable. This is well known to anyone who has tried to make such calculation.

Therefore, in order to restore the relationship mentioned above, the individual results achieved within each group should have to be submitted to re-adjustments which would involve future reductions of duties, while giving rise to essential difficulties of another kind.

It is obvious that any technical proposal should respect the principle set forth above. It is for that reason that the Italian Delegation, having re-examined the basis of the problem, and having attempted some calculations, has reached a conclusion which may be considered too simple at first glance, but which conforms to the principles of the French plan and could be carried out in practice, whereas others might well remain academic.

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We therefore propose to apply the French plan to the entirety of each Customs Tariff, thus agreeing to maintain the relationship between the different duties and concurrently to safeguard the French principle of flexibility.

The Italian Delegation wishes to refer to the declaration made yesterday wherein the Italian point of view was confirmed in this regard: that is to say that Italy can only consider plans for tariff reductions within the frame of economic integration.

Now, the very principle of economic integration implies the need for an opportunity, at least in the first stage, to adjust tariff protection by reducing the level of duties in certain branches of production and, at the same time, maintaining those applicable to other sectors.

The Benelux plan requires hard and fast reductions in all sectors and does not allow that a possible abandonment of certain productive activities resulting in the lowering of the relevant duties, should be used to maintain or moderately to reduce other duties in other sectors.

The Italian Delegation considers that the Benelux proposal would not make it possible to carry out in practice the complicated process of economic inte

The Italian proposal, on the other hand, would result in a substantial reduction in the level of protection by means of a flexible system which would safeguard the structure of each tariff.