At previous meetings, the Italian Delegation has already stressed that the French Plan under consideration had lost one of its essential features, that is, its flexibility, as a result of the high number of sectors proposed and on account of other proposals which had been submitted.

For the time being, while maintaining the reservations and counter proposals which the Italian Delegation has already made, I shall limit myself to calling the attention of the Sub-Group to the particular feature of the plan which would be further enhanced by the scheme proposed by the Benelux countries.

I am referring to the consequences that would result from the data summarised by the Secretariat concerning the average incidence of duties applied by countries participating in the Sub-Group and computed for each of the 570 SITC items.

First of all, this careful presentation has confirmed the doubts expressed on many occasions by the Italian Delegation as regards the usefulness of the results to be obtained from a computation of the simple average of duty rates which are the expression of often diametrically opposed economic situations. Consideration of the case of bovine cattle (item 00.1.01) is quite convincing in this respect; the general average of 10.7 per cent results from the fact that substantially different countries have been placed on the same footing: on the one hand, countries like Italy which, while requiring to supplement their own production with mass imports in order to meet consumption demands, nevertheless have to protect their livestock in order to avoid any deterioration in the situation of one of the most important branches of their economic activity and, on the other hand, countries like Denmark which are mainly exporting countries and which, in view of the structure of their economies, do not need to protect this branch of activity.

As regards artificial textile fibres also, the results of the computation leave us very perplexed because Italy would be required to reduce its own tariff only because some countries which do not produce textile fibres and, therefore, have to import them, exempt them from customs duties.
One could also quote similar cases; but, in a statement of this kind, a few examples given by way of illustration will suffice.

Such a scheme is unacceptable. While some general simple average should be computed on an item by item basis, it should however be substantially corrected by excluding from the computation the tariffs of non-producing countries and those of exporting producing countries.

Furthermore, another series of observations should be made as regards the upper demarcation line. Computations with a view to determining the upper demarcation line are influenced by the artificial methods adopted for the determination of the average, which we have referred to, and constitute the basis for the obligation to reduce tariffs by as much as 30 per cent.

In the case of Italy, a fairly large proportion of customs duty should be submitted to the obligatory levelling-off process. That is, of course, a scheme that we could not accept because it would be contrary to the principles of the plan under consideration, under which the automatic reduction of tariffs would find a counterpart in the free selection of the items to be reduced.

Thirdly, the results of the computation relating to the lower demarcation line is still more surprising.

After all, the implementation of the treatment of low duties computed with reference to the above-mentioned demarcation line will enable countries, which have set up moderate tariffs because, in many instances, they are not interested in protecting industries which do not exist on their territories, not to reduce other duties or to reduce such other duties to a more limited extent.

The foregoing considerations lead to another observation of a general order: the scheme initially envisaged, which provided for special treatment for so-called prohibitive duties or certain facilities granted to countries which, to safeguard their own interests and take account of their economic and social situation, generally apply moderate or low tariffs, has now degenerated into a real reversal of the principles of the initial French plan, because the right to select the items that a country would wish to reduce has now been considerably limited.

The Italian Delegation therefore holds the view that it is indispensable to revert to the initial French scheme with all its basic features as regards the right for each country to deal with its own tariff and its inherent flexibility due to the small number of sectors that it envisaged.

As regards high duties and low duties, the Sub-Group would have to attempt to develop as flexible a scheme as possible, such as the notification of high duties in order that these should be taken into consideration with a view to a specific reduction and a notification of those duties that a country does not believe can be reduced and which, therefore, should be bound because they are low or moderate. Such notifications could give rise to extremely useful exchanges of view as initially envisaged.
It is therefore necessary to do away with the criterion which would subordinate the reduction of duties not to the economic situation of the country which has established them but to the situation of third countries.

Lastly, it should be recalled that tariffs are an expression of specific economic situations. Therefore the elimination of tariff disparities can only be achieved after the elimination of economic disparities itself has been secured.

Therefore, the plan should provide for the subordination of tariff reductions to the elimination of market disparities through stable liberalisation measures and the elimination of all existing kinds of discrimination which artificially disturb the conditions of production in several sectors to the benefit of certain countries.

The maintenance of the present systems of quotas, double-pricing, prohibitions on exports of raw materials, seasonal quotas, export incentives, etc., constitute as many factors which would considerably frustrate the effects of tariff reductions, so that rather than securing an expansion of trade, the result might well be the opposite, because countries would have to oppose administrative measures to the aggressivity of foreign products which might be artificially competitive.

In any case, Italy subordinates the possibility of really orientating itself towards the reduction of customs tariffs to the achievement of those objectives.