INFORMATION FOR THE FIFTH ANNUAL REPORT UNDER ARTICLE XIV:1(g)

ITALY

Statement dated 11 August 1954 in response to I/196

QUESTION 1 - TECHNIQUE OF RESTRICTIONS

Italian commercial policy has not been materially changed since last year from the point of view of the import system. It has been maintained on still more liberal criteria though the Italian balance of payments situation, in particular with EPU countries, has deteriorated.

In particular the two import systems, the licence scheme and the customs scheme have not been modified. The list of goods which can be imported freely from the dollar area (Schedule A. Import) or from EPU countries (Circular No. 225565 of 31 October 1951 and Ministerial Decree of 29 August 1951) have remained unchanged.

During the year 1953 goods imported freely from the dollar area represented 6.7 of total Italian imports on private account from this area. Furthermore, 99.38 per cent of private imports from EPU countries were liberalized, i.e. about 66 per cent of total Italian imports from that area in 1953.

QUESTION 2 - STATE TRADING

Trade agreements at present in force include the following wheat quotas:

**Argentina**
- (Agreement of 25 June 1953, Article 5)
  - (provided the exportable surplus reaches a certain level)
  - 500,000 tons

**Bulgaria**
- (Agreement of 1 September 1953 valid until 31 December 1954)
  - (to be used in barter transactions as counterpart for Italian goods)
  - 20,000 tons

**Rumania**
- (Trade Agreement of 25 November 1950 extended to 19 December 1954)
  - 1,310 million lire

**USSR**
- (Trade Protocol of 27 October 1953 valid until 26 October 1954)
  - 100,000 tons (hard wheat)
**QUESTION 3 – BASIS OF RESTRICTION**

No change

**QUESTION 4 – ACTION TO AVOID DAMAGE TO THE TRADE OF OTHER CONTRACTING PARTIES**

No change

**QUESTION 5 – POLICY OF DISCRIMINATION**

The effect of the liberal policy maintained by the Italian Government as explained in last year's statement appears clearly if one considers Italian imports during the last few years. Italian imports have, in fact, increased even in absolute figures. (1951: volume 28,710,688 tons, value 1,354,541 million lire; 1952: volume 29,483,962 tons, value 1,459,733.9 million lire; 1953: volume 34,274,303 tons, value 1,496,954.9 million lire)

This considerable increase both in value and quantity can be accounted for by the increased demand for production goods (equipment and raw materials) and consumer goods on the domestic market chiefly as a result of the Government's investment policy.

The distribution of our imports as between the various currency and geographical areas for the years 1950/1953, as compared with the prewar period, is indicated in the annexed tables (Annex A) one of which gives the percentage share of each area in our total imports, while the other shows the fluctuations (1950 = 100) which took place from year to year in our imports from each individual area.

The above-mentioned tables show that imports from EPU countries have considerably increased (in 1953 they had more than doubled as compared with 1950), whereas imports from other areas did not show any well-defined tendency.

Imports from the dollar area, which had increased in 1951-1952, declined in 1953 chiefly as a result of a fall in purchases of raw cotton, coal and equipment goods. For those three items there was a shift in purchases in favour of EPU countries (in particular the metropolitan territories of OEEC countries where prices tend to be more and more attractive).

Imports from Eastern Europe which had increased in 1951-1952 as compared with 1950 declined considerably in 1953, while imports from other countries which had increased in 1951 then declined in 1952, increased again in 1953 though they did not repeat their 1950 level.

These latter declines should not be attributed to any quantitative restrictions on imports from Eastern European countries but to the fact that Italy cannot easily accept the price conditions offered by those countries.
QUESTION 6 - CONSIDERATIONS AFFECTING SOURCES OF IMPORTS

No change.

QUESTION 7 - IMPORT ARRANGEMENTS WITH OTHER COUNTRIES

The following are details relating to the commercial agreements entered into by Italy which provide for the importation of goods still subject to quantitative restrictions.

OECE COUNTRIES

Germany

The Trade Agreement of 14 April 1954 between Italy and Germany, valid from 1 April 1954 until 31 March 1955, provides for the importation of wines (31 million lire); alcoholic beverages (31 million lire); gold and platinum jewelry (62 million lire); gold manufactures (50 million lire); various categories of typewriters (731 million lire); lorries (19 million lire); motor-cars (656 million lire); wagons for the transport of goods (47 million lire); spares and repair parts for motor-cycles (25 million lire).

In 1953 goods imported from Germany under licence amounted to 2,407.8 million lire, that is roughly 1.35 per cent of total Italian imports from Germany for the same year (178,286.2 million lire).

Austria

The minutes of the Joint Italo-Austrian Committee (set up under Article 10 of the Trade Agreement of 15 May 1952) whose validity had been extended to 30 June 1954 and then subsequently pro rata temporis until 31 October 1954, provide for yearly safeguard quotas for goods which have been liberalized independently from OECE action. The following quotas have been fixed in the case of items still subject to quantitative restrictions: presses for printing plates and parts thereof ($40,000); accessories for motor-car bodies ($20,000).

In 1953 there were no imports of licensable goods: therefore all imports from Austria in 1953, which amounted to 55,032.5 million lire, were effected under the customs scheme.

Belgium-Luxembourg

The Italo-Belgian Agreement of 10 July 1954, valid from 1 July 1954 until 30 June 1955, includes an import quota for 3,000 tons of citrate of lime, an item which does not come under the liberalization measures provided for under Circular No. 225565 of 31 October 1951, referred to above, but which can also be imported under the customs scheme.
In 1953 imports on private account under the licensing scheme amounted to 276 million lire, which means that 0.51 per cent of the total Italian imports from Belgium and its overseas territories (54,480.1 million lire) were imported under licence.

**Denmark**

The Italo-Danish Trade Agreement of 10 April 1954, which is valid for the period 15 April 1954 until 14 April 1955, includes an import quota of 200,000 Danish kroner for preserved milk. In 1953 all imports from Denmark, totalling 20,701.7 million lire, were carried out under the customs scheme.

**France**

The Franco-Italian Trade Agreement of 18 December 1951 which had been extended to 31 March 1954 has been further prolonged until 30 September 1954 in order that its period of validity might coincide with the new French import programme for the six-monthly period April to September 1954. For the above-mentioned six-monthly period the following quotas have been fixed in the case of products which do not yet come under the licensing scheme: champagne in bottles, 120 million French francs; control denomination wines (appellations contrôlées) in bottles, 12,500 French francs; repository penicillin of types not manufactured in Italy; quinine penicilate, 60 million French francs; machines for the graphic arts, (non-liberalized items) 50-million French francs; automobiles for carrying passengers, 75 million French francs.

Private imports of goods under the licensing system amounted to 794,6 million lire in 1953. In view of the fact that total private imports from France and her overseas territories in 1953 amounted to 104,384.7 million lire, the percentage of imports of goods coming under the licensing scheme amounted to 0.76 per cent, a figure which is all the more striking if one takes into account the French liberalization figures.

**Greece**

The Trade Agreement of 4 February 1953 between Greece and Italy valid for the period 1 January 1953 until 30 June 1954 and automatically renewed for one further year, does not involve any quotas for goods, imports of which come under the licensing scheme because Greece has no production in those items. Therefore, in 1953 the total amount of Italian imports from Greece (5,873,4 million lire) came under the customs scheme.

**Ireland**

The commercial agreement which was signed on 27 July 1953 does not include any list of goods. The statistical returns do not include any figures relating to import of goods under licence in the course of 1953. Therefore all Italian imports from Ireland (384.7 million lire) were unrestricted.
Iceland

The exchange of notes which took place between Italy and Iceland on 27 June 1953 did not include any list of goods. In 1953 all the Italian import trade from Iceland was carried out under the customs scheme.

Norway

The Trade Agreement of 20 April 1953 between Italy and Norway, valid from 1 April 1953 until 31 March 1954 and subsequently extended to 30 June 1954 does not include any quota for Italian imports of goods under licence. No imports of such goods which in any case are not necessary to the Italian economy took place in 1953. Therefore, all Italian imports from Norway (9,732.4 million lire) were unrestricted.

Netherlands

The Minutes of the Italo/Dutch Commission of 21 June 1954 which regulate trade between Italy and the Netherlands from 1 April 1954 until 31 May 1955 provide for the import of special motor vehicles (trucks) with hoisting apparatus for an amount of 270,000 Dutch guilders.

All Italian imports from The Netherlands (29,146.3 million lire) were unrestricted.

Portugal

The Trade Agreement between Italy and Portugal, signed on 1 July 1954 and valid from 1 July 1954 to 30 June 1955, includes the following quotas for items coming under the licensing scheme. Cork slabs more than 30 mm. thick, 100,000 dollars; port, Madeira and other typical Portuguese wines, 30,000 dollars. In 1953 imports of these items amounted to 94 million lire (wines, 205 hectolitres representing 11.3 million lire; cork, 4,582 quintals representing 82.7 million lire). Considering that total Italian imports on private account from Portugal and Portuguese overseas territories amounted to 6,320 million lire, only 1.49 per cent came under the licensing scheme.

United Kingdom

On the occasion of the signature of the Minutes of the Fourteenth Meeting of the British/Italian Economic Committee, which met in London on 9 July 1954, the Italian Government has undertaken to authorize imports of some licensable items in conformity with domestic needs. In 1953 imports of licensable goods from the United Kingdom and her overseas territories amounted to 844.9 million lire. Considering that the total figure of imports on private account from the above-mentioned sources amounted to 184,033 million lire, 0.46 per cent of the Italian import trade from the United Kingdom and her overseas territories was, therefore, subject to quantitative restriction.
Sweden

The Minutes of the Joint Commission of 10 January 1952, the validity of which has been extended to 31 October 1954, includes as regards licensable goods, a quota for printing machines and parts thereof amounting to 300,000 kroner and a quota for powdered milk amounting to 125,000 kroner, the latter have now been added as a result of a recent agreement between the two governments together with a small number of general quotas under which a number of items which come under the licence scheme can be imported. Imports of the above-mentioned goods in 1953 totalled 21.6 million lire, representing a negligible percentage (0.08 per cent) of total Italian imports from Sweden (25,554.6 million lire).

Switzerland

The Trade Agreement between Italy and Switzerland of 21 October 1950 which has been extended automatically to 31 October 1954, includes the following quotas for goods subject to import quantitative restrictions: concentrated milk and cream, 250,000 Swiss francs; typical Swiss wines, 100,000 Swiss francs; printing machines and parts thereof (non-liberalized items) 250,000 Swiss francs.

Imports of goods coming under quantitative restrictions amounted to 241.4 million lire in 1953 representing 0.39 per cent of total Italian imports on private account from Switzerland (62,290.1 million lire).

Turkey

The Italo/Turkish Agreement of 26 January 1952, which had been prolonged until 31 May 1954 and which is being further extended, does not include any quotas for goods coming under quantitative restrictions. In 1953 Italy imported 201,519 tons of wheat representing 14,532.2 million lire. All Italian imports from Turkey on private account (19,485.9 million lire) were effected under the customs scheme.

OTHER COUNTRIES

Spain

The Second Additional Protocol to the Italo/Spanish Agreement of 26 March 1952 signed on 7 May 1954 and valid until 31 March 1955 provides for imports under licence which do not quite amount to 5 million dollars though imports of goods which can be freely effected under the controlled customs scheme are considerably more important. Among the goods to be imported freely are the following: iron ore, lamb and kid skins, wood from Guinea.
Finland

The Italo/Finnish Agreement of 5 June 1954 valid from 1 June 1954 until 31 May 1955 includes import quotas for the following items: cheese, ethyl alcohol, feldspar, prefabricated houses, wood piles, machinery and apparatus etc., under the licensing scheme. The most part of 1953 imports (2,911.5 million lire) were unrestricted (wood, cellulose, etc.).

Bulgaria

The Italo/Bulgarian Agreement of 1 September 1953 valid until 31 December 1954 includes a limited number of fairly large quotas for goods to be imported free from quantitative restrictions: (grains 400,000 dollars; eggs 800,000; poultry 150,000 dollars) Among quotas for imports under the licensing system are the following: oil seeds, 450,000 dollars, kaolin, 60,000 dollars; tobacco 350,000 dollars, (to be used as a counterpart for exports to Italian tobacco up to a maximum of 150,000 dollars). In 1953 the limited imports which took place from Bulgaria (859.4 million lire) with which Italy had signed a reciprocal transaction arrangements were subject to previous government authorization.

Yugoslavia

The Italo/Yugoslav Protocol of 4 August 1949 which has been extended to 31 December 1954 includes many import quotas under the customs scheme. On the other hand, quotas for imports under the licensing scheme have become more limited. In 1953 an important share of Italy's total imports from Yugoslavia (18,120.5 million lire) was unrestricted. In particular wood imports (10,297.7 million lire) represented about 56 per cent of total Italian imports from Yugoslavia.

Roumania

The Trade Agreement of 25 November 1950 between Italy and Roumania, which has been prolonged until 19 December 1954, includes many quotas for items to be imported under the customs scheme, such as: eggs (530 million lire), pulses (310 million lire), soft-wood and hardwood (750 million lire). Quotas for imports under the licensing scheme on the other hand are more numerous than before. In fact, the major part of Italian imports from Yugoslavia in 1953 (2,561.4 million lire) came under this scheme.

Poland

The Trade Agreement of 15 June 1949 between Italy and Poland, which included quotas which had been prolonged on a pro-rata basis for a six-monthly period until 31 December 1954, provides that certain goods will be imported under the customs scheme: (animal hair and bristles, $25,000; cellulose wood 50,000 tons; potato seeds, 2,500 tons), while other imports will be carried out under the licensing scheme (coal, 500,000 tons; alcohol, $25,000; 22,500,000 eggs; various chemicals $50,000).
The most important among those latter goods is no doubt coal, imports of which in 1953 amounted to 627,586 tons, representing a value of 6,408.9 million lire, that is, roughly 60 per cent of total Italian imports from Poland (10,608.3 million lire).

Hungary

The Italo/Hungarian Protocol of 26 January 1954, valid from 1 January until 31 December 1954, includes many import quotas to be used under the licensing scheme: horses, 3,400; cattle, 6,000; hogs, 3,000 (including 2,000 imported on a temporary basis); offal, 40 million lire; various seeds, 300 million lire; alcaloids, 150 million lire; machine tools and parts thereof, 250 million lire.

The following items were imported under the licensing scheme in 1953: cattle (3,815 head representing 349 million lire); hogs (3,685 head representing 93.5 million lire); meat (7,580 quintals representing 308.8 million lire); butter (3,715 quintals representing 219.6 million lire); machine tools (2,673 quintals representing 188.6 million lire). Goods imported from Hungary under the licensing scheme represent a substantial percentage of total Italian trade from this country (2,199.1 million lire).

USSR

The Trade Protocol between Italy and the USSR of 17 October 1953, valid from 27 October 1953 until 26 October 1954, includes important quotas for imports to be carried out under the customs scheme: crude mineral oil, 200,000 tons; manganese ore, 25,000 tons; chrome ore, 15,000 tons; lumber, 100,000 cu. m.; and also for import under the licensing scheme (inter alia hard wheat, 100,000 tons; naphtha, 100,000 tons; anthracite, 100,000 tons; fur skins, 625,000,000 Lit.) Trade between the USSR and Italy took place without any quotas having been fixed in 1953. Imports from the USSR (5,788.1 million lire) were generally admitted under the licensing scheme. Imports carried out under this system in 1953 included: wheat (19,233 tons representing 1,459.3 million lire); crude oil (160,753 tons amounting to 2,046.5 million lire).

Egypt

The Agreement signed by Italy and Egypt on 8 November 1952 is only a payments agreement and does not, therefore, include any list of goods. Imports from Egypt are practically unrestricted because they come under the regulations applicable to imports from the sterling area (Circular No. 225565 of 31 October 1951). Therefore all the Italian import trade from Egypt in 1953 (20,661.9 million lire) which, in fact, consists almost exclusively of cotton, was carried out under the customs scheme.

Indonesia

The Italo/Indonesian Trade Agreement which entered into force on 1 April 1951 and was automatically extended to 30 March 1955, included quotas for imports under the licensing scheme, but, in view of the fact that Indonesia
is a member of EPU, such quotas have practically ceased to be used. The provisions of Circular No. 225565 of 31 October 1951 are applicable to imports from Indonesia (8,215.4 million lire) which have, therefore, been unrestricted.

Iraq

The Agreement which was signed by Italy and Iraq on 31 December 1951 and was automatically extended to 22 February 1955 includes import quotas which involve no limitations because Iraq is a member of EPU and enjoys the benefits of Italian liberalization measures under the above-mentioned Circular. Therefore, all imports from Iraq which come under EPU regulations were unrestricted in 1953. It should be noted that nearly all Italian imports from Iraq consist of crude oil which is generally paid for in sterling to international companies and is, therefore, imported without any quantitative restrictions.

Iran

The Trade Agreement between Italy and Iran, which was signed on 3 February 1952 and automatically extended until 2 February 1955, includes many quotas for items to be imported freely and a more limited number of items to be imported under the licensing system. Among the latter category are the following: raisins and pistachio, $280,000; vegetable oils, $280,000; Persian carpets, $980,000; half-tanned hides, $196,000. It can, however, be noted that imports in 1953 were carried out mostly on the basis of the customs scheme.

Israel

The Trade Agreement between Italy and Israel, which was signed on 5 March 1954 and is valid for one year (from 1 April 1954 until 31 March 1955), includes quotas for imports under the customs scheme representing more than twice the amount to be admitted under the licensing scheme. Imports under the latter scheme include a small amount of finished products and the most considerable quotas related to refrigerating equipment ($200,000) and "other items" ($300,000).

In 1953, as there was no trade agreement in force, the licensing system was applied to imports from Israel other than those indicated in Schedule A Import, which are carried out under the customs scheme as previously indicated. Nearly all imports from Israel consisted of iron and steel scrap (45,224 quintals representing 174.9 million lire) indicated in the Schedule and therefore 87.4 per cent of the total Italian imports from Israel in 1953 (200.5 million lire) were unrestricted.

Japan

The Agreement of 27 December 1952, valid until 14 January 1955, provides for the importation under licence of a fairly wide range of goods, mainly iron and steel products ($3,400,000) and graphite electrodes for electric ovens ($1,000,000). A substantial percentage of the Italian import trade from
Japan (4,400.4 million lire) was carried out under the licensing scheme in 1953, mainly on account of the fact that iron and steel products, imports of which in 1953 represented 2,268 million lire, that is, more than 50 per cent of total Italian imports from that country, can be admitted only under the licensing scheme.

**Argentina**

The Italo/Argentinian Agreement of 25 June 1952, valid until 31 December 1958, provides for importation under licence of a limited number of goods, including edible oils (not including olive oil), $2,000,000; lard, $500,000; butter, $500,000; hides and skins simply tanned, $700,000; and a wheat quota of 500,000 tons mentioned above. In 1953 the greater part of Italian imports were carried out under the customs scheme though, as in the course of the previous year, imports were subject to the tie-in provisions in order to avoid any undue credit in favour of Italy within the framework of the Italo/Argentinian clearing system. Imports of butter under the licensing scheme amounted to 23,276 quintals representing 1,253.7 million lire. One-fifth of total Italian trade on private account from Argentina was carried out under the licence scheme.

**Brazil**

The Trade Agreement of 4 June 1952 between Italy and Brazil, which was extended to 30 April 1955 and which includes lists of goods prolonged for six months as of 1 May 1954, includes a restricted number of quotas for imports of goods under licence. Among those six-monthly quotas are the following: groundnut oil, $250,000; pharmaceutical products, $200,000; tanned hides and skins, $100,000; cocoa-butter, $125,000; tea, maté and tropical fruit, $125,000. A negligible percentage of the total Italian imports from Brazil (25,953.1 million lire) which consists almost exclusively of coffee (20,272.7 million lire) comes under the licensing system, the rest have been effected under the customs scheme though, as in the case of trade with Argentina, imports were tied in with exports.

**Ecuador**

The Trade Agreement entered into by Italy and Ecuador on 12 May 1951 which is valid for three years as from the date of ratification, does not include any list of goods. At present, all imports from Ecuador are subject to the licensing system and imports are tied in with exports.

**Paraguay**

The Trade Agreement of 24 April 1952, which had been extended to 3 May 1954 and which has lately been prolonged for an indefinite period, does not include any quotas. However, it lists the items to be imported under licence (vegetable oils and miscellaneous items), whereas other items to be imported can be admitted without restrictions. All imports from Paraguay in 1953 (230.5 million lire) came in under licence.
As indicated above, the import policy which Italy will follow in the forthcoming months will not be substantially different from the policy followed in the course of the last few years. As regards liberalization of imports from EPU, our country has reserved the right to reconsider, within the OEEC, the import system applicable to certain goods in the case of which she has suffered a specific prejudice as a result of foreign competition. This does not mean that Italy proposes to rescind her liberalization measures even partly. On the contrary, Italy envisages maintaining such measures to the extent that her balance-of-payment situation enables her to do so and subject to other countries adopting a similar attitude with respect to traditional Italian exports.

As regards imports from the dollar area (USA, Canada, etc.) and other countries with which payments are effected in convertible currencies (US dollars, Canadian dollars, free Swiss francs) it is at present envisaged that the list of goods which can be imported under the customs scheme should be extended.

Import programmes for 1954 will be communicated as soon as possible.
### ANNEX A

#### Distribution of Italian Imports by Areas

<table>
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<tr>
<th>Currency or Geographical Areas</th>
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<th>1950</th>
<th>1951</th>
<th>1952</th>
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<tbody>
<tr>
<td></td>
<td>Value</td>
<td>%</td>
<td>Value</td>
<td>%</td>
<td>Value</td>
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<tr>
<td>EPU area</td>
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<td>62.56</td>
<td>467.2</td>
<td>50.43</td>
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<td>Eastern countries</td>
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<tr>
<td>Other</td>
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<td>12.77</td>
<td>137.8</td>
<td>14.88</td>
<td>180.4</td>
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<td><strong>Grand Total</strong></td>
<td><strong>11.27</strong></td>
<td><strong>100</strong></td>
<td><strong>926.4</strong></td>
<td><strong>100</strong></td>
<td><strong>1,354.5</strong></td>
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#### Movements in the Value of Italian Imports from the various Currency and Geographical Areas (1950 = 100)

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<thead>
<tr>
<th>Currency or Geographical Areas</th>
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<th>1952</th>
<th>1953</th>
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<td>EPU area</td>
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<td>178.5</td>
<td>217.9</td>
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<tr>
<td>Dollar area</td>
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<td>155.7</td>
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<td>Eastern countries</td>
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<td>141.1</td>
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<tr>
<td>Other</td>
<td>100</td>
<td>130.9</td>
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<tr>
<td><strong>Grand Total</strong></td>
<td><strong>100</strong></td>
<td><strong>146.2</strong></td>
<td><strong>157.5</strong></td>
<td><strong>161.5</strong></td>
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