INFORMATION FOR THE SEVENTH ANNUAL REPORT

UNDER ARTICLE XIV:1(g)

ITALY

Statement dated 4 October 1956 in response to the Questionnaire

A. The system and technique of restrictions

Question No. 1: Methods of Restrictions

The system of individual licences is used by Italy in connexion with the administration of quantitative restrictions on imports.

Persons who desire to import goods must submit an application, together with the necessary documents, to the Ministry of Foreign Trade.

When special quotas for goods to be imported into Italy are fixed by bilateral clearing agreements, import licences are issued until the quotas fixed for each product or group of products, are exhausted. Applications which usually have to be submitted within a given time-limit, are examined directly by the Ministry of Foreign Trade on the basis of strictly commercial criteria, (nature and quality of the goods, price and method of payment, time-limits for delivery, etc.).

If the application is accepted, the Ministry of Foreign Trade gives the necessary authorization, but the administrative document (licence) which has to be submitted to the customs authorities when the goods are actually imported, together with other documents concerning the imports, is issued by the Ministry of Finance.

When special quotas are not fixed by bilateral trade agreements, imports may be authorized by including them in the "other goods" quotas provided for by the same agreements. Applications are examined by advisory technical committees set up by the Ministry of Foreign Trade, which include representatives of the other ministries concerned (Ministry of Industry and Commerce, Ministry of Agriculture and Forestry, Ministry of Finance) and of the various trade associations.

On the basis of the opinion given by the said committees, the Ministry of Foreign Trade decides what action is to be taken on applications and requests the Ministry of Finance to issue the licences.

Spec/150/56
English Only
As regards countries with which inter-governmental agreements have not been concluded, the importation of products still subject to quantitative restrictions is authorized in accordance with the procedure described in the preceding paragraphs, within the limits of given quantities fixed in advance or without the prior establishment of unilateral quotas, account being taken of the interest which the proposed imports have for the national economy and for Italian trade with the partner countries.

By way of exception, private or global compensatory operations are authorized in order to ensure the possibility of developing trade relations with countries with which it has not yet been possible to adopt more advanced trading systems.

At the present time, the system of private compensation is applied with regard to Czechoslovakia, by means of a bilateral agreement, as well as with other countries (Iran, Rumania), with which the general compensatory system is also in force.

Licences for these operations are issued by the Ministry of Foreign Trade.

Global compensatory operations are authorized with regard to the following countries: Chile, Continental China, Colombia, East Germany. The Ministry of Foreign Trade has made the National Institute of Foreign Trade responsible for the coordination of these operations. Applications are examined by a special committee and, if accepted, licences are granted in the form of a document issued by the Italian Exchange Office.

Question No. 2: Non-discriminatory Administration of the Restrictions

As the restrictions applied by Italy deviate from the provisions of Article XIII, this question must remain unanswered.

B. Discriminatory Application of Restrictions

Question No. 3: Policy of Discrimination

The policy followed by the Italian Government in connexion with imports, continues to be inspired by ever more liberal criteria.

1. During the last five years, Italy has adopted a series of measures which have progressively increased the liberalization of Italian imports from quantitative restrictions.

The liberalization of imports reached its maximum with regard to OEEC member countries. Since October 1951, practically the whole of Italy's imports from those countries and their overseas territories have been free from all quantitative restrictions. The same liberalization measures have
been applied unilaterally with regard to the other countries included in the EPU area. At present, the liberalization of imports from EPU countries (cf. annex 1) amounts to 98.4 per cent (reference year: 1955).

As a result, only a very small percentage (1.6 per cent) of Italian imports from these countries is still subject to quantitative restrictions. These imports are regulated generally by clearing agreements concluded with the majority of the countries in question.

2. To the liberalization measures for imports from the EPU area must be added the measures adopted with regard to the countries of the dollar area (cf. annex 2). During March 1956, the Italian Government, in the liberal spirit which inspires its commercial policy, took a further step forward in its liberalization of imports from the dollar area by expanding the list of goods importable from those countries without ministerial licence and without quantitative limits. Annex 2 lists the countries to which these liberalization measures now apply.

Following the liberalization measures introduced last March, the percentage of liberalized imports from the said countries rose from 35 per cent to 39.8 per cent. In the case of the two most important countries, namely the United States of America and Canada, it rose from 24 per cent to 39 per cent and from 38 per cent to 63.4 per cent respectively.

The importation of other goods from the dollar area is subject to the ministerial licensing system.

3. Further progress towards the multilateralization of trade was made by Italy as a result of payments and trade agreements recently concluded with Argentina and Brazil.

By a payments and trade agreement concluded with Brazil on 30 April 1956 (which came into operation on 1 June 1956), Italy participates in a multilateral system of payments and limited convertibility which has become known under the name of "Pool" or "Hague club", already adopted by Brazil in its relations with other countries.

No quantitative restrictions are imposed on imports from Brazil of goods of special interest to the Brazilian export trade (customs scheme) and included in a special schedule, whereas for other goods the licensing system still remains in force.

A similar agreement was concluded with Argentina on 24 July 1956, under which Italy takes part, since 3 August 1956, in a multilateral payments system including Argentina and several European countries. In this case, also, goods of special interest to the Argentine export trade may be imported into Italy without formality, the import of other goods being subject to the ministerial licensing system. Thanks to these agreements, still another part of Italian foreign trade takes place with another zone of limited transferability and is withdrawn from the strictly bilateral system under which it was carried out previously.
4. Bilateral clearing agreements have been concluded with other countries (cf. annex 3). The system applied to imports from these countries is regulated by the administrative regulations of the said agreements. For a certain number of products, which varies from country to country, the agreements provide for the so-called customs system, which does not involve any quantitative restriction; for other goods, the system of ministerial licensing is applied until the fixed quotas are exhausted.

5. As already stated in reply to question 1, imports from Czechoslovakia take place under a private compensatory system based on an agreement concluded between the two countries in July 1947. Negotiations are taking place for the conclusion of a clearing agreement with that country, under which it is proposed to expand the two trade currents.

6. Generally speaking, it may be said that about 90 per cent of the Italian import trade will henceforth be carried out on the basis of trade and multilateral payments systems, with zones of different transferability: that of the dollar area is unrestricted, those of the EPU area, the "Hague club" and the group of countries which have concluded the aforementioned multilateral payments agreement with Argentina, being limited.

As a result, the percentage of the Italian import trade which is carried out on a strictly bilateral basis, or is still subject to quantitative restrictions applied by Italy unilaterally, will henceforth be very small.

Question No. 4: Methods of Discriminatory Restriction

As already stated, Italy applies quantitative restrictions on imports from the majority of countries by issuing individual licences for the quotas provided by trade clearing agreements concluded with the countries.

With three countries (Japan, Syria, Uruguay) Italy is linked by free currency agreements. The importation of goods from these countries is also carried out under the individual licensing scheme.

As already indicated, goods from Czechoslovakia are imported under the bilateral agreement in force with that country, by a private compensation system.

By way of exception, imports from certain countries (Chile, Continental China, Colombia, East Germany) are also authorized under a global compensation system.

Below will be found, for the group of countries for which clearing agreements are in operation, the products from each of them which are subject to quantitative restrictions on importation, and the importance of each of these products as a percentage of the total imports from each country.
Similar details are given concerning imports from the three countries with which free currency agreements are in operation, and for imports from Czechoslovakia.

**COUNTRIES WITH WHICH CLEARING AGREEMENTS ARE IN OPERATION**

**OEEC Countries**

**Germany**

The Joint Italo-German Committee, at a meeting held in Rome on 12-19 April 1956, amended Schedule B of the Italo-German Trade Agreement of 14 April 1954, which was prolonged on 1 April 1956 for one year, by fixing the following quotas for the importation into Italy of goods under the licensing system:

- Wines (31 million lire);
- Alcoholic beverages (31 million lire);
- Gold and platinum jewelry (62 million lire);
- Gold manufactures (50 million lire);
- Printing machines and their parts (829 million lire);
- Motor vehicles equipped with mechanical repair shops (19 million lire);
- Motor vehicles for the transport of persons, including joint vehicles (1,400 million lire);
- Vehicles for the transport of goods, worked by electric motors and equipped with hoisting apparatus (47 million lire);
- Spares and repair parts for motor-cycles (25 million lire).

In 1955, goods imported into Italy under the licensing system amounted to 2,371.1 million lire (including 1,031.3 million for motor vehicles and 1,103.6 million for printing machines), and in consequence represented about 1 per cent of total private imports from Germany (214,030.5 million lire).

It should be added that Germany is one of the countries which have benefited most from the Italian liberalization measures, the result being that Italian imports have continued to increase (+5 per cent in 1955 as compared with 1954).

**Austria**

The minutes of the Joint Italian-Austrian Committee (set up under Article 10 of the Trade Agreement of 19 May 1949), which regulated Italian-Austrian commercial exchanges for the period 1 July 1955 - 30 June 1956, and which has been tacitly prolonged for the period 1 July 1956 - 30 June 1957, provide for the following quotas for goods subject to import restrictions in Italy:

- Diesel-powered vehicles: $20,000;
- Spares and repair parts for motor-cycles: $10,000.

In 1955, goods imported under the licensing system included 6,001 quintals of dried beetroot for a total of 18.8 million lire, and 1 quintal of motor-cycle parts for a total of 0.1 million lire.

On the whole, goods imported from Austria under licence total 18.9 million lire, a figure which represents a negligible part of the total Italian imports from Austria (70,237 million lire).
Belgium-Luxemburg

The Commercial Agreement of 10 July 1954, prolonged by tacit consent until 30 June 1957, includes an import quota for 3,000 tons of calcium citrate, while medicinal specialities with a penicillin base are mentioned pro memoria.

In 1955, imports on private account carried out under the licensing system totalled 458.6 million lire, including 99.7 million lire for the import of 13,316 q. of sugar and 270.8 million lire for the import of 17,359 q. of citric acid salts.

Total imports on private account from Belgium and its overseas territories amounted in 1955 to 47,550.5 million lire, which means that less than 1 per cent of that total was carried out under the individual licensing system.

Denmark

The Trade Agreement of 12 May 1956, which is valid until 14 April 1957, includes only an import quota of 200,000 Danish kroner for preserved milk which is imported under the licensing system.

In 1955, this product was not imported by Denmark, which however, imported 8,520 q. of sugar beet for a total amount of 43 million lire. In consequence, only 0.2 per cent of the total Danish imports (26,273.8 million lire) came under the licensing system.

France

The Franco-Italian Trade Agreement of 21 April 1956, valid from 1 April 1956 to 31 March 1957, fixes the following quotas for import into Italy of products still subject to the licensing system: soap-stocks for the soap industry, 80 million French francs; champagne in bottles, 300 million French francs; control denomination wines and defined wines of superior quality in bottles, 30 million French francs; tulle, lace and point lace, 600 million French francs; gold jewelry and manufactures, 60 million French francs; machines for the graphic arts (non-liberalized items), 70 million French francs; automobiles for carrying passengers (quota valid for the year 1956) 350 million French francs; original works of art, antiques, articles for collections, 200 million French francs; cork for mouldings is mentioned pro memoria.

Imports on private account from France and its overseas territories of goods subject to the licensing system in Italy totalled, in 1955, 3,862.5 million lire, including 1,027.4 million lire for tulle and lace; 509.5 million lire for wines; 410.8 million lire for sugar and 432.8 million lire for antiques.

Total imports on private account from France and its overseas territories amounted to 136,349.3 million lire, which means that less than 3 per cent of the import trade was carried out under the licensing system.
Greece

The additional Protocol to the Italo–Greek Trade Agreement of 10 November 1954 signed on 22 December 1955, and valid until 30 June 1956, fixes the following quotas for products subject to the import licensing regime in Italy: dried raisins for eating purposes, 4,000 tons; locust-beans for animal fodder, 2,000 tons.

In 1955, Italy imported under the licensing system: 31,121 q. of dried raisins for an amount of 416.2 million lire; 96,264 q. of locust-beans for an amount of 306.4 million lire; 19,470 q. of oil foots and drugs for an amount of 348.1 million lire; and 6,514 q. of soap-stocks for an amount of 788.1 million lire.

Taken as a whole, imports under the individual licensing scheme totalled 858.9 million lire, which figure represents about 16 per cent of the total import trade on private account from Greece (11,551.8 million lire).

Ireland

The Trade Agreement signed on 27 July 1953 and prolonged by tacit consent does not fix any quotas.

During 1955, no goods were imported under the licensing system, therefore 100 per cent of imports from Ireland (566.3 million lire) took place under the customs scheme.

Iceland

The Exchange of Notes of 24 October 1955, which regulates trade transactions between Italy and Iceland for the period 1 November 1955 - 31 October 1956, does not fix quotas for goods subject to the licensing system, which moreover does not interest this country.

Imports from Iceland (309.2 million lire) consequently took place without any restrictions whatsoever.

Norway

The Italo–Norwegian Agreement of 28 April 1953, extended to 31 March 1957, does not include any quota for Italian imports of goods under licence. No imports of such goods, which are not of positive interest to Italy, took place in 1955. Therefore all Italian imports from Norway (9,560.6 million lire) were unrestricted.

Netherlands

The minutes of the Joint Committee which regulate trade between Italy and the Netherlands from 1 June 1956 to 31 May 1957, provide for the import into Italy of non-liberalized goods as follows: Special motor vehicles (trucks)
with hoisting apparatus, an amount of 400,000 Dutch guilders; works of art, antiques and articles for collections, for an amount of 150,000 Dutch guilders.

In 1955, imports under the licensing system amounted to 570 million lire, including 497.5 million lire for sugar. Total imports on private account from the Netherlands amounted to 41,067.4 million lire, which means that 1.3 per cent of imports from that country took place under the licensing system.

Portugal

The Italo-Portuguese Trade Agreement signed on 1 July 1954, and renewed tacitly for a year as from 1 July 1956, fixes the following quotas for goods subject to the licensing system:

- Port, Madeira and other typical Portuguese wines, $30,000; cork boards, with a thickness of over 30 mm $100,000.

- Provision is also made for a quota of "various goods" for a total of $200,000.

Italian imports of quota goods totalled, in 1955, 1,099.5 million lire (oil foots and dregs, 16,974 q., for a total of 257.7 million lire; soap-stocks 43,331 q., for an amount of 590.8 million lire; 319 hectolitres of wine for a total of 17 million lire; 9,036 q. of cork boards for a total of 234 million lire).

The total Italian imports on private account from Portugal amounted to 7,724.9 million lire, which means that only 14.2 per cent came under the licensing scheme.

United Kingdom

The minutes of the Sixteenth Meeting of the British-Italian Economic Committee, which met in Rome on 9-12 July, fix special quotas for Italian imports of a number of goods: medicinal specialities containing injectable penicillin; tulle and lace; motor vehicles (on a basis of reciprocity); motorbicycles weighing less than 190 kg; motor-bicycle spare parts and accessories; machines for the graphic arts (non-liberalized items); special vehicles containing hoisting apparatus, worked by an electric motor or internal combustion engine; antiques, works of art and articles for collections. There is no indication of the amount of these quotas, because under the British-Italian Trade Agreement such details are arranged between the two parties on a basis of reciprocity.

In 1955, Italy imported from the United Kingdom and its overseas territories goods subject to the licensing system for a total amount of 3,174.7 million lire, including 614.4 million lire of sugar (97,993 q.), 922.4 million lire of tetra-ethyl lead (17,635 q.), 643.5 million lire of works of art and antiques, and 424.8 million lire for motor vehicles.
The total figure of imports on private account from the above-mentioned sources amounted to 188,646.3 million lire, which means that only 1.6 per cent of these imports took place under the licensing system.

**Sweden**

As a result of agreements concluded between the Swedish Government and the Italian Government, the Minutes of the Joint Committee of 10 January 1952 have been prolonged year by year until 31 October 1956, and have, at the same time, undergone certain modifications. Quotas for goods at present subject to the licensing system are as follows: machines for the graphic arts and their spare parts, 500,000 Swedish kroner; motor vehicles, 500,000 Swedish kroner. There are also a number of general quotas under which it is possible to import goods under the licensing system.

Among the latter, Italy has imported only five unicolour lithographic rotary printing machines for an amount of 18.7 million lire, an amount representing a negligible percentage (0.06 per cent) of the total imports on private account from Sweden (32,527.1 million lire).

**Switzerland**

The Trade Agreement between Italy and Switzerland of 21 January 1950, tacitly renewed until 31 October 1956, fixes the following quotas for goods subject to import quantitative restrictions: concentrated milk and cream, 250,000 Swiss francs; various meals for children, 100,000 Swiss francs; typical Swiss wines, 100,000 Swiss francs; machines for the graphic arts and spare parts (non-liberalized items), 250,000 Swiss francs. In addition, there is a fixed quota of one million Swiss francs for the importation of tulle and lace.

Imports of goods subject to quantitative restrictions amounted in 1955 to 91.5 million lire, a figure representing 0.1 per cent of total Italian imports on private account from Switzerland (56,143.4 million lire).

**Turkey**

The Italo-Turkish Agreement of 26 January 1952, extended by tacit consent until 31 May 1957, does not include any quotas for goods coming under quantitative restrictions. Liberal treatment is granted for imports of goods for which liberalization was suspended last year.

During 1955, imports of goods under the licensing system amounted to 800.2 million lire (dried figs: 18,955 q., for an amount of 72.8 million lire; dried raisins: 40,832 q., for an amount of 652.1 million lire; locust-beans: 25,479 q., for an amount of 75.3 million lire). Total imports on private account from Turkey totalled 13,160.7 million lire, which means that only 6 per cent of the imports took place under the individual licensing system.
Eastern European Countries

Albania

The administrative provisions of the Italo-Albanian agreement of 17 December 1954, which came into operation by an exchange of letters on 1 October 1955, for the period 1 October 1955 - 30 September 1956, provides that important quotas are to be imported under the customs scheme: crude petroleum, $480,000; chrome ores, $240,000; raw wool, $128,000; raw materials for the glass industry, $96,000. Quotas for goods importable under the licensing system amount only to $203,700.

Roughly speaking, it may be said that almost all imports from Albania in 1955 (78.6 million lire) were effected under individual licences.

Bulgaria

The administrative provisions of the Italo-Bulgarian agreement of 1 September 1953, valid until 31 December 1956, include a very limited number of quotas for imports under the customs system (millet, $25,000; vetch, $100,000; chrome ores, $250,000; silk waste, $50,000; and a few others). The licensing system is fixed for all other quotas including two quotas of goods reserved for State Trading: tobacco, $350,000 (to be imported in exchange for Italian tobacco on a reciprocal basis) and wheat, 20,000 tons (to be utilized as a counter-part for Italian goods). Included among the quotas under the licensing system are: maize, $400,000; cereals (barley and rye), $400,000; oil seeds, $450,000; eggs, $800,000; live and dead poultry, $150,000; other goods, $150,000.

In 1955 the greater part of imports from Bulgaria consisted of raw tobacco (2,010.9 million lire). Only a small percentage (about 5 per cent) of total imports on private account (784.5 million lire) was carried out under the customs system, in accordance with fixed quotas.

Hungary

The schedules annexed to the Italo-Hungarian Protocol of 18 February 1956, valid from 1 January to 31 December 1956, establish the customs system for a small number of quotas: live game, 80 million lire; dead game, 50 million lire; animal bristles and hair, 50 million lire; chicory roots, 1,000 tons; paraffin wax, 20 million lire; powdered horn, nails and powdered nails, 10 million lire. For all other quotas the licensing system is in force.

Included among goods imported in 1955 from Hungary under the customs system were: live game for an amount of 40.5 million lire. Goods imported under individual licences during 1955 represented practically the totality (99.3 per cent) of Italian imports on private account from Hungary (5,880.1 million lire).
Poland

The administrative provisions of the Italo-Polish Trade Agreement of 15 June 1949, whose quotas have been renewed until 31 December 1956, fix the customs scheme for goods such as: animal hair and bristles, $50,000; cellulose wood, 100,000 tons; potato seeds, 5,000 tons; other imports, carried out under the licensing system, include coal, 1 million tons; alcohol, $25,000 (temporary import); eggs, 45 million; guts, $100,000; various chemicals, $100,000.

About 15 per cent of the total imports on private account from Poland (4,245.1 million lire) was effected under the customs scheme, in accordance with fixed quotas.

Rumania

The administrative provisions of the Italo-Rumanian Trade Agreement of 25 November 1950, renewed until 19 December 1956, prescribe the customs scheme for quotas totalling 407 million lire, including: paraffin wax, 100 million lire; petroleum coke, 125 million lire. Other fixed quotas are imported under the licensing system.

In 1955 practically the whole of Italian imports from Rumania (4,220.9 million lire) was effected under the individual licensing system.

USSR

The Italo-Soviet Trade Protocol of 1 June 1956 which regulates commercial exchanges between the two countries from 1 January to 31 December 1956, includes quotas of raw materials for importation under the customs scheme: crude petroleum, 100,000 tons; manganese ores, 30,000 tons; benzine, 2,000 tons; chrome iron containing less than 2 per cent of carbon, 2,000 tons; apatite concentrates, 5,000 tons; flax, 5,000 tons; naphthalene, 5,000 tons.

Twelve other quotas, including that for "other goods", amounting to 500,000 million lire, will be imported under the licensing system.

More than 36 per cent of total imports on private account from the USSR (11,403.2 million lire) were effected under the customs scheme.

Other countries

Egypt

The agreement signed by Italy and Egypt on 8 November 1952 is only a payments agreement and does not therefore include any quotas. Imports from Egypt are practically unrestricted, for that country also benefits from the liberalization measures adopted autonomously for the EPU countries.
In 1955, the entire Italian import trade from Egypt (12,960.6 million lire), consisting almost exclusively of cotton (12,164.8 million lire), was carried out unrestrictedly.

**Ecuador**

The Trade Agreement entered into by Italy and Ecuador on 12 May 1951, which has been tacitly extended, includes lists of goods. At present, all imports from Ecuador are subject to the licensing system and imports are tied in with exports.

It was by this system that the entire import trade from Ecuador in 1955 (1,934.1 million lire) was effected.

**Spain**

In accordance with an Exchange of Letters annexed to the Fourth Additional Protocol (dated 13 April 1956) to the Trade Agreement of 26 May 1952, the customs scheme applies to a large number of goods of positive interest to the Spanish export trade, including: pyrites, iron and wolfram ores, iron oxides, rosin, essential oils, potash, lamb- and kid-skins, pig-iron, lead cakes.

The proportion of Spanish imports at present subject to the customs scheme as compared to total Spanish imports on private account was 21.7 per cent in 1955 as against 25.5 per cent in 1948.

It must also be noted that a number of Spanish products for which the Trade Agreement mentions special quotas are imported in smaller quantities than the quota figure and therefore, in practice, these quotas do not constitute real quantitative restrictions on the goods in question. Among such goods are: fresh and dried raisins, dried plums and apricots, ethyl alcohol (temporary import), typical Spanish wines, imitation pearls, various machines, etc. It should also be pointed out that the Trade Agreement in operation provides among other things for the application of an automatic procedure in the issue of import licenses to be used under "other goods" quotas ($5 million) up to an amount of $50,000 for each item and a maximum of $150,000 for each chapter of the Italian customs tariff, with the exclusion of a few products.

From the above figures, it will be seen that the 21.7 per cent indicated above should be considerably increased.

**Finland**

The administrative provisions of the Italo-Finnish Trade Agreement of 10 October 1955, valid from 1 October 1955 to 30 September 1956, include quotas importable under the individual licensing system for the following items: cheese ($200,000), felspar ($10,000), prefabricated wooden houses ($200,000), birch plywood (500 cubic metres), wood fibre panels (1,500 tons),
kraft paper (1,000 tons), paperboard (6,000 tons), paper for condensers (30 tons), other paper ($100,000), paper bags (200 tons), packing containers of paper or paperboard ($100,000), machines and apparatus, especially for the paper and wood industry (p.m.), sports goods ($10,000) and several other classes of goods.

About 70 per cent of the total imports from Finland (5,561.4 million lire) consisted in 1955 of products admitted without restrictions (wood, mechanical wood-pulp, chemical pulp, newsprint). In consequence, about 30 per cent of the total Italian imports from Finland were effected under individual licences.

India

The exchange of letters of 14 December 1955 between Italy and India for the renewal of schedules "A" and "B" annexed to the Trade Agreement of 29 July 1954 did not introduce any change in the list of goods for importation into Italy. Such goods include products available in India for exportation towards Italy and there is no question of real quotas. In practice, the liberalization measures adopted with regard to the EPU countries have been applied to imports from India.

In 1955, all Italian imports from India (9,854.2 million lire) were effected under the customs scheme and without any quantitative restrictions.

Indonesia

The Italo-Indonesian Trade Agreement, which came into force on 1 April 1951, and was subsequently automatically extended until 31 March 1956, includes quotas which no longer apply as Indonesia also benefits from the EPU liberalization measures.

In 1955, the only commodity imported from Indonesia under the licensing system was molasses (59,224 quintals for a total amount of 97.1 million lire). In consequence, only 1 per cent of total imports on private account from Indonesia was effected under individual licence.

Iraq

The Agreement signed by Italy and Iraq on 31 December 1951 and extended automatically until 28 February 1957 provides for import quotas, but such quotas have no limitative character as Iraq also benefits from the liberalization measures adopted for the EPU area.

The quotas fixed for dates (5,000 tons) and date juice (€20,000) which are imported under the licensing system are, however, of a limitative nature. At the same time, it should be pointed out that the customs system applies to imports of packed dates of a gross weight of not more than 0.500 kg, while packed dates of a higher gross weight require import licences in the case of stoned or unstoned dates in packages not exceeding 50 kg in weight.
In 1955, Italy imported from Iraq 44,112 quintals of dates for an amount of 126.2 million lire, and 2,413 quintals of date juice for an amount of 13.2 million lire. In consequence, only 0.1 per cent of the total imports on private account from Iraq (91,994.7 million lire) was effected under the individual licensing system. These imports, moreover, consisted almost exclusively of crude petroleum, usually paid for in sterling to the large petroleum companies and which are admitted without any quantitative restrictions.

**Iran**

The quotas annexed to the Protocol signed on 15 September 1954 have been renewed without change for the period 15 September 1955 - 14 September 1956. A small number of quotas still remain subject to the licensing system including: dried fruits, $400,000; Iranian carpets, $1,000,000; raw silk for weaving, $500,000; zinc and antimony ores, $600,000; various goods (first category), $1,100,000.

It can be calculated that not more than 2 per cent of the total imports on private account from Iran (9,393.8 million lire) were effected under individual licences.

**Israel**

The administrative provisions of the Italo-Israel Agreement, signed on 5 March 1954, and extended until 31 March 1957, sanction the import under individual licences of a restricted number of specified quotas, as well as for the "other goods" quota ($300,000).

As the most important goods including, for example, iron and steel scrap (104,143 q., representing 306.2 million lire) were imported under the customs scheme, only a small percentage of the total import trade from Israel (526.6 million lire) consisted of goods subject to the licensing system.

**Yugoslavia**

In accordance with the Protocol of 26 June 1956, signed after the meetings of the Joint Committee provided for by Article 7 of the Italo-Yugoslav Agreement of 31 March 1955 (extended automatically until 31 March 1957), the list of goods which have to be imported under licence has been further reduced. Fish, poultry, alcohol, eggs, wood, ores, lead, antimony, zinc, meerschaum, lamp-black, pig iron, benzol, toluene, alkaloids, cellulose, essential oils, silk waste, sensitized films and glycerine, are all liberalized products.

Imports subject to the licensing system include: beef and veal, 2,000 tons; bovino animals, 12,000 head; draught horses and horses for slaughter, 15,000 head; animals of the porcine species, 8,000 head; fresh and salted fish, 2,000 tons; cement, 4,000 tons; arsa coal, 70,000 tons; tanned hides, 50 million lire.
In 1955, a large part (about 75 per cent) of total imports on private account from Yugoslavia (23,667.4 million lire) took place under individual licences.

Pakistan

The Agreement signed by Italy and Pakistan on 8 February 1956 includes a list of goods to be imported into Italy which is of an indicative character only, for Pakistan also comes under the liberalization measures adopted vis-à-vis the EPU countries.

In 1955, all Italian imports from Pakistan (11,045.1 million lire) were unrestricted.

Paraguay

The administrative provisions of the Italo-Paraguayan Trade Agreement of 24 April 1952, which has been extended indefinitely, place most of the goods listed as imports under the customs scheme. The licensing system is fixed only for "various products". It is to be noted that imports, which in 1955 totalled 131.7 million lire, are tied in with exports.

Viet Nam

In accordance with the Trade Agreement concluded with Viet Nam, imports from that country are subject to the system established for imports from the EPU area. All Italian imports from Viet Nam were effected in 1955 without any quantitative restrictions.

COUNTRIES WITH WHICH FREE CURRENCY TRADE AGREEMENTS ARE IN OPERATION

Syria

The Italo-Syrian Trade Agreement of 10 November 1955 provides for the settlement of trade operations in United States' dollars, or in any other currency accepted by the exporting country. As to import restrictions, Italy applies "Import Table A" to products imported from Syria.

In 1955, the majority of Italian imports on private account from Syria (5,197 million lire), consisting almost entirely of raw cotton (4,062.4 million lire), were effected under individual licences.

Japan

In accordance with the Protocol of 18 October 1955, Italo-Japanese trade transactions for the period 15 January - 31 December 1956 were settled in free currencies and by means of compensatory operations (balanced and multilateral transactions) considered case by case.
The customs scheme was fixed for the importation into Italy of a certain number of products corresponding to items included in "Import Table A" and considered to be traditional Japanese exports.

In 1955, most of the Italian imports from Japan (3,471.2 million lire) were effected under the licensing system.

Uruguay

The Payments Agreement, signed on 26 February 1947, requires that current payments between the two countries to be made in freely transferable currencies.

Subsequently, in order to ensure a more satisfactory trade balance between Italy and Uruguay, the two countries signed on 5 June 1953 a compensatory agreement, the validity of which has been extended year by year until 4 June 1957.

Italian imports from Uruguay in 1955 (3,020.6 million lire) consisting chiefly of wool (1,966.9 million lire) were, as usual, coordinated by the Institute of Foreign Trade.

C. COUNTRIES WITH WHICH PRIVATE COMPENSATORY AGREEMENTS ARE IN OPERATION

A private compensatory agreement was signed with Czechoslovakia on 2 July 1947.

All trade transactions between the two countries are effected under a private compensatory system, and must in each case have the prior authorization of both parties.

The transactions authorized so far have not been based on restrictive principles, since they have sanctioned the import of goods competing directly with like Italian products.

Question No. 5: Measures taken to reduce the Restrictions

During 1955, Italy continued to apply the liberalization measures indicated in the preceding statement to imports from the EPU countries.

It was only recently, by a circular dated 4 August, that it established once again the ministerial licence system for imports of fatty acids, in order to regulate the oil market.

At present, liberalization measures cover 98.4 per cent of all Italian imports on private account from the said countries during 1955, such imports representing a total of 1,146.4 thousand million lire.

Annex 4 contains a list of the various goods which at present are subject to quantitative restrictions on imports from the EPU area. During 1955, more flexible restrictions were adopted for some of these products, either by increasing previous quotas fixed bilaterally or by fixing new quotas.
Taken as a whole, imports on private account at present subject to the EPU zone restrictions, amounted in 1955 to 1.6 per cent of the total Italian imports on private account from that area (13.8 thousand million lire out of a total of 1,165.2 thousand million lire).

A ministerial decree of 29 March 1956, published in the Italian Official Gazette of 7 April 1956, considerably expands the list of liberalized imports from the countries of the dollar area (cf. Annex 5). The goods liberalized recently include certain chemical and pharmaceutical products, untanned hides, certain types of machine tools and office machines and various other machines and apparatus.

As already stated, the liberalization of imports from the dollar area has increased from 35 per cent to 39.8 per cent (United States of America: from 24 per cent to 39 per cent; Canada: from 38 per cent to 63.4 per cent).

When it is recalled that in 1955 Italian imports from that area represented about 18 per cent of the total Italian imports (302.6 thousand million lire out of a total of 1,691.2 thousand million lire), it is seen that by recently adopted liberalization measures, Italy has increased its participation in the multilateral trade which is carried out, without any restrictions, within the dollar area.

Question No. 6: Effects of the Discriminatory Administration of the Restrictions

Italian imports from all areas have noticeably increased during recent years. In 1955, they amounted to 1,691.2 thousand million lire, a figure representing a 10.9 per cent increase over the figure for the previous year (1,524.4 thousand million lire).

The development of productive activity and the increase in internal consumption, which characterized the economic situation in 1955, led to the noticeable development of Italian imports from 1954 to 1955.

This increase, moreover, is clear proof that import restrictions have been kept within the lowest possible limits. The distribution of Italian imports by currency and geographical areas for 1955, and the corresponding figures for 1954 are shown in the following table:
Imports

<table>
<thead>
<tr>
<th>Source of Imports</th>
<th>1954</th>
<th>1955</th>
<th>% of Variation</th>
</tr>
</thead>
<tbody>
<tr>
<td>OEEC countries</td>
<td>784.3</td>
<td>843.8</td>
<td>+7.6%</td>
</tr>
<tr>
<td>Other countries of the sterling area, non-members of OEEC</td>
<td>326.4</td>
<td>333.2</td>
<td>+2.1%</td>
</tr>
<tr>
<td>Indonesia</td>
<td>13.9</td>
<td>6.7</td>
<td>-51.8%</td>
</tr>
<tr>
<td>Total EFU</td>
<td>1,124.6</td>
<td>1,180.7</td>
<td>+5.0%</td>
</tr>
<tr>
<td>Total dollar area countries</td>
<td>222.2</td>
<td>302.6</td>
<td>+36.2%</td>
</tr>
<tr>
<td>Total Eastern European countries</td>
<td>40.9</td>
<td>44.4</td>
<td>+8.6%</td>
</tr>
<tr>
<td>Total other countries</td>
<td>136.7</td>
<td>163.5</td>
<td>+19.8%</td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td>1,524.4</td>
<td>1,691.2</td>
<td>+10.9%</td>
</tr>
</tbody>
</table>

As may be seen from the above table, Italian imports from the EFU area in 1955 increased by 5 per cent in comparison with 1954, when they represented 69.8 per cent of total imports, as compared with 73.8 per cent in 1955.

The most noticeable increase is that for the OEEC countries (+7.6 per cent). The imports from the other countries of the sterling zone, non-members of OEEC, increased by only 2 per cent.

The increase in imports from the dollar area was 36.2 per cent, a fact which resulted in a larger participation by that area in total Italian imports. The change in the volume of purchases from the dollar area was particularly great for certain raw materials (coal, iron and pig iron).

Imports from countries of Eastern Europe also show a remarkable increase, those countries supplying larger quantities of tobacco, animals, fresh and frozen meats, wood, glassware and crystal.

Lastly, the increase recorded in imports from other countries was about 20 per cent.

**Question No. 7: Considerations affecting the Source of Imports**

The main reason justifying the administration of quantitative restrictions having discriminatory effects possible in the meaning of Article XIV of GATT, is the non-convertibility of the currencies of the majority of the countries to which Italy exports goods. As a result of multilateral payments agreements (EFU, The Hague Club, the Agreement with Argentina) and to bilateral agreements concluded with a number of countries, payments difficulties hampering the normal development of trade between Italy and other countries have decreased.
Following the elimination and palpable attenuation of payments difficulties, countries which have signed trade agreements are most favoured in the choice of sources of supply, provided that the imports in question are specified in the agreements.

In the case of countries with which special inter-governmental agreements are not in operation, the choice of sources of supply is conditioned by factors of a commercial nature (price, quality, method of delivery and time-limits, etc.), as well as by the general balance-of-payments position.

Question No. 8: Bilateral Commitments

As already stated, Italy, in order to regulate reciprocal trade transactions, has concluded with many countries bilateral agreements which, in most cases, are based on a general compensatory system, the only exception being the private compensatory agreement concluded with Czechoslovakia. Within the context of these agreements, provision has been made for special quotas of goods of positive interest to the export trade of the partner countries.

As a rule, it may be said that the bilateral obligations which Italy has undertaken under these agreements, do not involve discrimination against third parties; in practice, if the latter are interested in the export of the same products, special import quotas are fixed bilaterally in favour of each of them in proportion to the volume of their production, the importance of reciprocal trade, etc.

In no case do the agreements concluded with those countries contain any formal undertaking by Italy to import a specific quantity of goods under a global quota. In addition, these agreements do not contain any provisions involving curtailment of Italy's right to establish, review or suppress quotas. The establishment of special quotas provided for under each agreement involves only an undertaking on the part of Italy to issue import licences until the exhaustion of the quotas, without any restriction of the possibility of granting similar quotas to other countries.

Italian imports under the clearing agreements with other countries amounted, in 1955, to 1,167.3 thousand million lire, representing about 70 per cent of the total Italian import trade.

C. State Trading

Question No. 9: Import Restrictions through State Trading

Goods imported by the State or by undertakings to which exclusive or special rights have been granted are shown in the following table:
In 1955, imports of these products represented 3.2 per cent of total Italian imports. None of these goods are subject to State trading for balance-of-payments reasons.

Imports of tobacco, bananas, matches and lighters are included in the State trading system for reasons of a purely fiscal nature.

Wheat, flour and quinine are reserved for State trading in order to ensure that their supply will be adequate to meet national requirements at equitable prices.

With regard to tobacco, it has to be remembered that Italy is a large producer of raw and processed tobaccos. Tobacco imports include special types of raw and processed tobacco, which are chosen on the basis of the national consumers' taste. The quantities to be imported are established by the State Tobacco Monopoly on the basis of strictly commercial criteria.

As to wheat and flour, purchases are made by the Federation of Agricultural Consortiums at international prices, in accordance with the quotas fixed in the
International Wheat Agreement for Italy, or quotas established under bilateral agreements concluded with certain countries or, in countries not linked to Italy, by government agreements, whenever such appear necessary.

As a rule, goods reserved for State trading, the choice of a foreign purveyor (source) is determined by the factors of a commercial nature (quality, price, etc.) which are the basis of the trade which Italy conducts with the foreign countries concerned.

D. Protective Effects of Restrictions

Question No. 10: Incidental protective Effects of the Restrictions

As already stated, only a very small percentage of the Italian import trade is subject to quantitative restrictions (about 10 per cent on the basis of data relating to 1955).

Allowing for the fact that Italy has liberalized practically the whole of its imports from the countries of the EPU area, the restrictions still applied relate to the countries of the dollar area and to the majority of the countries not included in either of the two areas.

It has already been pointed out (cf. reply to question 5), that in March 1956 Italy adopted new liberalization measures with regard to the countries of the dollar area, which considerably expanded the list of products imported from these countries without any sort of quantitative restrictions. These measures prove that the Italian Government has made every effort to reduce progressively still existing quantitative restrictions vis-à-vis that area, in so far as that is compatible with the evolution of the Italian balance-of-payments situation.

The increase in Italian imports from the dollar area, even in goods subject to quantitative restrictions, is, moreover, a proof that Italy is gradually expanding its import trade policy.

Attention must be drawn in this connexion to the noteworthy imports affected in connexion with finished goods, including chemical and mechanical products.

The fact that adequate imports of products subject to quantitative restrictions have been authorized has led the effect of establishing for some of these products a position almost similar to that existing for imports completely liberalized vis-à-vis the EPU area.

The Italian Government, on the basis of the evolution of its balance-of-payments position and the requirements of its national economic situation, will endeavour to expand, whenever possible, the liberalization of imports from the dollar area, while avoiding, to take any measures which might encourage the maintenance of discriminatory quantitative restrictions in a wider section of trade and for a longer period than the balance-of-payments situation justifies.
as to other countries, mention has already been made of the system applied to imports from Argentina and Brazil, which, for products of positive interest to the export trade of those countries, are admitted into Italy without any restriction.

It only remains to refer to the countries not included either in the EPU area or the dollar area. The possibility of reducing quantitative restrictions imposed by Italy on imports from such countries is closely bound up with the operation of bilateral agreements concluded or with the special conditions obtaining in some of them.

Question No. 11: Action to avoid Damage to Trade of other contracting parties

(a) - Import of goods in minimum quantities

Generally, in issuing licences, the criteria followed is to authorize imports of minimum quantities of practically all goods traditionally imported into our country, this being done so as not to hamper future sales possibilities.

The different international fairs held in Italy also afford the possibility of importing goods in minimum quantities, as the authorities fix the currency quotas to be used for the importation of goods which the country concerned desires to exhibit and sell at such fairs.

(b) - Import of commercial samples

All countries are entitled to import into Italy, without any formalities, the following samples when sent free of cost:

1. samples of no intrinsic value, intended to represent objects of which they form part;
2. samples of no intrinsic value imported by letter post, only for goods and in quantities established for this method of despatch by the International Postal Convention, at present in operation;
3. free samples of medicaments addressed to physicians, provided they are sent by the producers directly to each physician;
4. samples, of small size and value, of goods still on board ship on the quayside or in customs depots, to be used in connexion with placing goods on the market, and for arbitration purposes;
5. the importation, free of cost, of any other kind of sample requires authorization by the Ministry of Foreign Trade. Authorization is issued, directly by the Bank of Italy for samples of goods imported under the customs scheme, of a total value of not more than 500,000 lire per quarter.

The importation of samples which involves payment is effected in accordance with the provisions regulating the import of goods, but authorization is generally granted more easily than for the goods themselves.
E. Future Prospects

Question No. 12: Current Programme and the Prospects

The trends shown by Italian trade with abroad during 1955 and the first few months of 1956, together with the development plans in certain branches of production, point to a considerable ultimate increase in the volume of imports during the current year.

It is estimated, for 1956, that total imports will amount to $2,717 million, representing an increase of more than 11 per cent over 1955 ($2,433.5 million).

The increase in imports from the dollar area should be considerable in all branches, and more especially for agricultural and alimentary products, raw materials for the iron-smelting industry, cotton and also to a certain extent, for chemical products. It is calculated that the increase will amount to $131 million, as imports are expected to rise from $472 million in 1955 to $603 million in 1956. In connexion with imports from all sources, remarkable increases are foreseen for chemical products, crude oil and iron-smelting materials.

In 1957, import requirements are estimated at $2,884, which means an ultimate increase (6 per cent) of $167 million, as compared with 1956, the increase being concentrated mainly in the field of raw and accessory materials (cotton, coal, crude oil, metals, wood, etc.).

It is foreseen that increased imports will be accompanied in 1957 by a substantial increase in Italian global exports (9 per cent).

At the same time, the deficit in the Italian trade balance will remain very considerable, a fact which is especially important for an economic system such as obtains in Italy, where the means of cover necessarily lies mainly in movements of capital, and consequently in the contraction of debts, two factors which have a remarkable incidence in the relatively modest revenue of our country.

The possibilities of ensuring a long-term expansion programme consequently continue to be conditioned by the possibility of maintaining the aforementioned trends and securing for the national economy a steady income from the increasingly important services, and a permanent flow of capital.

Within the context of these possibilities, the Italian Government will examine what measures are likely to contribute towards a progressive reduction of the quantitative restrictions still imposed on imports from various countries.