1. The Committee was instructed by its terms of reference to conduct a consultation under paragraph 4(b) of Article XII with Italy. For this purpose, the Committee had before it a "basic document" prepared by the secretariat as well as certain documentation supplied by the International Monetary Fund, including the results of the Fund's consultation with Italy concluded on 7 October 1959. The text of those results is attached to this report as Annex I.

2. In carrying out the related consultation under paragraph 2 of Article XV with the International Monetary Fund, the Committee took note of the documentation supplied by the Fund and heard a statement by its representative. The statement made by the Fund representative at the invitation of the Committee is as follows:

"The International Monetary Fund has transmitted to the CONTRACTING PARTIES the results and background material from the last consultation with Italy, which consultation was concluded on October 7, 1959.

"In connection with the consultation with Italy under Article XII:4(b) of the General Agreement, the Fund draws the attention of the CONTRACTING PARTIES to the results of its recent consultation with Italy under Article XIV of the Fund Agreement, and particularly to paragraph 5 which reads as follows:

'At the end of 1958 the Italian lira was declared externally convertible and corresponding simplifications were made in the exchange control system. In the first half of 1959, Italy further reduced restrictions and discrimination against imports from the dollar area. Only two bilateral payments agreements remain and measures to eliminate these are under active consideration. The Fund welcomes these developments but notes that discrimination against dollar imports is still substantial. In view of the improvement in Italy's balance of payments and reserve position, the Fund believes that there is no longer a justification for restrictions on imports for balance of payments reasons. Accordingly, the Fund considers that Italy is in a position to make rapid progress in eliminating such restrictions and in particular discrimination.'

3. The representative of Italy made a statement in which he described for the information of the Committee recent changes in the Italian exchange and import control systems, the evolution of its balance-of-payments situation and certain internal social and economic problems faced by the country. The complete text of the statement is reproduced in Annex II.
4. In his statement, the Italian representative explained that the decision of the Executive Board of the International Monetary Fund concluding its consultations with Italy, had been adopted only a short while ago, i.e., on 7 October. Whilst the Executive Director for Italy had abstained in the voting, the Government of Italy nevertheless had taken note of that decision and expected to draw the conclusions that it imposed. The Italian delegation had been authorized to give the assurance that at the next session of the CONTRACTING PARTIES, the Italian Government would present a concrete programme of measures for the progressive reduction of discrimination and of restrictions in conformity with the obligations which it had undertaken in international organizations and in accordance with the procedures provided for in the General Agreement.

5. In the light of the circumstances, the Committee agreed that it was not appropriate for the Committee to hold a consultation under Article XII with the Government of Italy.

Annex I: Results of the Consultations between the International Monetary Fund and Italy

Annex II: Statement of the Italian delegation