Panel on Uruguayan Recourse to Article XXIII

NOTE ON THE DISCUSSIONS OF THE PANEL WITH ITALY

1. On 27 July the Panel held discussions with Italy, represented by Mr. Vitale. The Panel had before it document Spec(62)162 containing information supplied by Uruguay on its earlier representations to and consultation with Italy and information supplied by Italy as contained in Spec(62)193. Mr. Campbell Smith took the Chair and the discussions followed the procedure laid down in Spec(62)187.

I. Establishment of Facts

2. The Italian representative proposed the following amendments to the list in document L/1662 as it concerned Italy:

<table>
<thead>
<tr>
<th>Tariff item No.</th>
<th>Description of products</th>
<th>Amendments</th>
</tr>
</thead>
<tbody>
<tr>
<td>02.01</td>
<td>Meat of animals of the bovine species, frozen and chilled</td>
<td>Substitute symbol 8 for symbol 6</td>
</tr>
<tr>
<td></td>
<td>Meat of animals of the ovine species, chilled, and offals</td>
<td>Delete symbol 6</td>
</tr>
<tr>
<td>15.07</td>
<td>Linseed oil, crude</td>
<td>Delete symbol 1</td>
</tr>
<tr>
<td>15.08</td>
<td>Linseed oil, boiled</td>
<td>Delete symbols 1 and 8</td>
</tr>
</tbody>
</table>

The list as regards Italy can thus be transcribed as follows:

<table>
<thead>
<tr>
<th>Tariff item No.</th>
<th>Description of products</th>
<th>Measures in force</th>
</tr>
</thead>
<tbody>
<tr>
<td>02.01</td>
<td>Meat of animals of the bovine species, frozen and chilled</td>
<td>Quota system</td>
</tr>
<tr>
<td>10.01</td>
<td>Wheat</td>
<td>State trading</td>
</tr>
<tr>
<td>11.01</td>
<td>Wheat flour</td>
<td>State trading</td>
</tr>
<tr>
<td>10.03</td>
<td>Barley</td>
<td>Seasonal regulations</td>
</tr>
<tr>
<td>15.07</td>
<td>Linseed oil, crude</td>
<td>Discrimination, quota system and production or turnover tax</td>
</tr>
<tr>
<td>15.08</td>
<td>Linseed oil, boiled</td>
<td>Production or turnover tax</td>
</tr>
</tbody>
</table>

The Government of Italy has not yet confirmed its acceptance of this Note which may have to be modified in the light of any amendments it may propose.

Spec(62)256
3. The representative of Italy was unable to give any indication as regards possible future modifications of the measures in force other than those implicit in the introduction of the Common Agricultural Policy.

4. The Italian representative stated that the measures falling under symbol 2 were consistent with the terms of Italy's protocol of provisional application and those under symbol 9 with Article III of the GATT. It was noted that none of the other measures in force were in accordance with the provisions of the General Agreement. The representative of Uruguay did not wish at that stage to question the conformity of measures with the General Agreement where this was claimed by Italy.

II. Nullification and Impairment

5. The Uruguayan representative was not yet in a position to provide statistical information of the type suggested in paragraph II(b) of Spec(62)187. However, the following points were made by the representative of Uruguay concerning the effects on Uruguayan exports of the measures listed:

(a) Quotas and discrimination

The Italian representative claimed that the introduction of quotas was necessary on the grounds that Italy had, for social reasons, to protect livestock production and because there was no anti-dumping legislation in Italy. The quotas had been introduced in respect of meat to replace minimum and maximum pricing regulations previously in force. In 1958 and 1959 when minimum price regulations were still in force imports of beef from Latin America had amounted to 48,000 and 41,000 tons respectively. At present quotas were granted on a four-monthly basis and, in the current period, amounted to 14,000 tons for all countries divided on the basis of 11,900 tons for frozen beef and 2,100 tons for chilled. The representative of Uruguay stated that whilst he sympathized with Italy's agricultural problem, Italy, by fostering domestic livestock production, was curbing the export opportunities of countries such as his own, whose meat exports were not subsidized.
The representative of Uruguay pointed out that discrimination existed in the case of linseed oil, crude, (15.07) although this was one of the items for which Uruguay had negotiated a binding with Italy at Annecy. The Italian representative drew attention to the fact that the position as regards crude linseed oil had improved insofar as it had become possible to export this item to Italy.

(b) Mixing regulations (edible oils)

The representative of Italy stated that mixing regulations were employed to absorb seed oil held in the State stock and in order to maintain purity standards for olive oil. The volume of oils which could be imported varied according to the types and amounts of locally produced oils in the State stock.

(c) Production or turnover taxes

The representative of Italy confirmed that these taxes were not applicable to olive oil and agreed to advise the secretariat on the incidence of the tax as regards other oils.