GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Action Committee
Sub-Committee 1

REPORT OF SUB-COMMITTEE 1 OF THE ACTION COMMITTEE ON ITS MEETINGS IN OCTOBER AND NOVEMBER 1964

Corrigendum

In Annex I to the report, the following corrections and amendments should be made:

1. In Table 1 on page 8 the parenthesis should be removed in the entry relating to import restrictions maintained by the Federal Republic of Germany in respect of certain jute manufactures.

2. In the note on the consultation with Japan, appearing on page 16, the word "thus" in the last sentence of the penultimate paragraph should be replaced by "they".

3. In the note on the consultation with the United Kingdom, the figure "10.83 per cent" appearing in the penultimate paragraph on page 18 should be deleted and "9.02 per cent" be inserted instead.

4. In the note on the consultation with the United States the word "alleviation", appearing in the penultimate line of the last paragraph, should be replaced by "allocation".

5. The text of the note on the consultation with Italy - to which various amendments and additions were made - should be deleted and the following text be inserted instead:

ITALY

In opening the consultation, the representative of Italy explained that - notwithstanding the reservation recorded in paragraph 6 of the Ministerial Conclusions (MIN(63)7) and the fact that his country had run a substantial balance-of-payments deficit (including a growing deficit in trade with the less-developed countries) - his Government had not taken any restrictive trade measures and had, indeed, made every effort to maintain and increase possibilities for access to the Italian market for products of particular interest to the less-developed countries.

In line with this general policy, an important decision had recently been taken regarding the import treatment of bananas. With effect from 1 January 1965, trade in bananas will cease to be subject to Government Monopoly. Instead, a charge of 70 lira per kg. will be imposed on fresh bananas, while dried bananas and banana flakes will be subject to a charge of 350 lira per kg. It was envisaged that the new system would lead to a reduction in the internal price of bananas, and thus encourage consumption and imports.

The Sub-Committee took note of this statement. In this connexion, a representative of a less-developed country expressed appreciation of the spirit of understanding which Italy had shown in regard to the problems of the less-developed countries.

While the adoption of the new import system for bananas was noted with satisfaction, members of the Sub-Committee expressed the hope that the Italian Government would also find it possible to reduce and eliminate the internal charge on bananas in the near future. It was pointed out that a higher charge was levied on dried bananas and banana flakes than on fresh bananas.

The representative of Italy explained that the imposition of fiscal charges on bananas, following the elimination of the Banana Monopoly, would be necessary for budgetary reasons and that, in any event, the new system would be more favourable than the present one. He stated that the Ministers had made no recommendations in that respect and that he was therefore not in a position to undertake to engage in a discussion of the points raised in this regard in the Sub-Committee but would not fail to bring the comments made to the attention of the competent Italian authorities.

In reply to a question on the operation of the Italian Tobacco Monopoly, the representative of Italy stated that the Monopoly followed a liberal import policy. Tobacco products from many countries were now available on the Italian market. Among the less-developed countries exporting significant quantities of tobacco to Italy were Greece, Brazil, Argentina, Indonesia, India, Rhodesia and Bulgaria.

In reply to a question regarding the indication given in document AC/SC1/11/Rev.1, page 8, that import restrictions were maintained only on soyabean oil, the representative of Italy explained that, in the view of his Government, the import controls on this product did not affect the opportunities in the Italian market for exports from less-developed countries, which, furthermore were not substantial exporters of soyabean oil. Italy itself did not cultivate soyabeans. The restriction on soya oil was maintained for social reasons and to avoid adulteration of olive oil. Olive oil was the principal source of income for small farmers in Southern Italy, who often had to depend on land which would be difficult to utilize for other purposes. The global quota for imports of soyabean oil had been increased this year to $750,000 from $650,000 in previous years.

In further discussion of the import treatment for vegetable oils the question was raised whether there did not exist a regulation requiring that other imported oils be mixed with soya oil. The representative of Italy informed the Sub-Committee that import controls applied only to soyabean oil, but that the Italian authorities concerned would be prepared to furnish information on these regulations to delegations which so requested.