

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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WORKING PARTY 5 ON BALANCE-OF-PAYMENT IMPORT RESTRICTIONS

Statement made by the Representative of Italy at the meeting held on 16 October at 3 p.m.

"I think there is very little to add to the complete and clear report made by the International Monetary Fund as regards the balance-of-payment situation of my country. As a matter of fact my country has balance-of-payment difficulties only with dollar area countries, and, particularly, with the United States and Canada. As regards the EPU countries there has been in the last year a very favourable balance; in these last months our financial position with EPU has become less favourable in consequence of the quantitative import restrictions adopted by the United Kingdom and some sterling area countries at the end of last year and by France in the first quarter of this year against some typical Italian exports like fresh fruits, vegetables and textiles. Italian exports to the United Kingdom have dropped from 116 million dollars in the first seven months of 1951 to 69 million dollars in the corresponding period of this year; as regards the other above mentioned countries we have respectively the following figures: France 80 and 58; Union of South Africa 27 and 9; Australia 27 and 12.

"The trend is now for a certain deficit whose amount for the future is difficult to foresee for the time being. As regards the other countries, that is countries outside the dollar and EPU areas, the balance-of-payment position of my country is satisfactory.

"I must point out, that almost 55 per cent of the total imports of my country are effectuated from EPU countries, 30 per cent from the dollar area countries (of which 21 per cent from the United States) and 15 per cent from the other countries.

"According to the situation of our balance-of-payment position with the above said countries, Italy has formally and substantially abolished almost all import and discriminatory restrictions from EPU countries and "de facto" also from the other countries.

"Quantitative restrictions are still in force, with the exceptions of some products, which have been already communicated to the Contracting Parties, only from the dollar area countries.

"The maintenance of such import restrictions is justified by the increasing dollar deficit of the balance-of-payments of my country with the dollar area. As has been pointed out in the Report of the Fund (Table 4 in page 27) the trade deficit of Italy with the United States and Canada has been of 260 million dollars in 1950 and of 361 million dollars in 1951. I am now in a position to say that in the seven months of this year we have had

a trade deficit with the United States and Canada of 294 million dollars with respect to a trade deficit of 194 million dollars in the corresponding period of 1951.

"The worsening of the trade position of my country as regards the United States and Canada is a direct consequence of the increasing imports from these countries. In the first seven months of this year we have imported from the United States commodities for 338 million dollars against 252 million dollars in the corresponding period of 1951. As regards Canada we have imported in the considered periods respectively 11 and 32 million dollars.

"What has been said gives a clear demonstration of the fact that Italy has expanded her trade with the dollar area countries to the maximum level afforded by her gold and dollar reserves. On this occasion I would like to give some clarification as regards an assertion contained in the report of the Fund. On page 26 of the report it is stated that in spite of the deterioration of its balance-of-trade my country has increased in 1951 the gold and dollar reserves having received nearly 100 million dollars from the EPU. Now it must be pointed out that, according to the deterioration of the balance-of-payments of Italy with EPU, this sum must be repaid and in part has been repaid.

"The policy of my Government may be summarized briefly as to enlarge and if possible to liberalize imports from all monetary areas insofar as the balance-of-payments position makes it possible.

"As regards particularly the dollar area countries the import licences are granted with priority to materials and products necessary to the economic life of my country. Nevertheless import licences are granted in principle for every other typical dollar area product when the financial difficulties are solved. I will cite the cases of whisky and of dried prunes. There is also an opportunity for token imports of dollar area products and commodities on occasion of the Italian Exhibitions.

"It must be noted on this point that the possibility to allot a certain share of dollar receipts for non-essential products is limited insofar as Italy receives grants and off-shore purchases on the ground of her financial difficulties with the dollar area countries."