

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
GATT/CP/58/Add.17
18 October 1950
ENGLISH
ORIGINAL: FRENCH

CONTRACTING PARTIES

SUBSIDIES

Communication from the Government of Italy

Italy is listed in document GATT/CP/58/Add.10 among the Governments which advised that they did not grant or maintain any subsidy required to be notified under Article XVI. An explanatory memorandum has now been received and is reproduced below.

"No export bounty or subsidy is granted in Italy. Customs duties represent the only form of protection granted to industrial or agricultural production.

The quantitative restrictions that Italy had to impose to safeguard her balance of payments are being eliminated within the general framework of trade liberalization measures (Ministerial Decree of 15 July 1950).

Further independent measures have been adopted as regards imports from the sterling area (Foreign Trade Ministry Circular of 31 August 1950).

Italy does not apply any price support measures. The task of the Inter-departmental Price Committee instituted under Law No. 347 of 19 October 1944 is rather to fix price limits for some raw materials and staple food or industrial products in great demand among consumers.

The only two industries to which state subsidies are granted are the coal industry in Sardinia and the sulphur industry in Sicily.

The above-mentioned subsidies are based on the need for giving work to part of the labour force available in Sardinia and Sicily - that is, in two regions where demographic pressure is particularly acute in relation to economic development.

The aim of these subsidies is therefore of a social rather than of an economic nature, and these measures will remain in force until such time as the technical reorganisation of these industries makes it possible to reduce the cost of production to international level.

As regards the effects of export and import subsidies, it will suffice to note that:

- (a) the quantity of coal produced in Italy is very small as compared with internal consumption, and furthermore that Sulcis coal is suitable for a limited number of uses only;
- (b) sulphur has never been imported into Italy, as the level of national production has always been adequate to meet internal demand and has even allowed the export of surpluses.

This picture would not be complete if no mention were made of state intervention with respect to the regulation of the wheat and beetroot markets. Such measures are directed towards ensuring the maintenance, on a remunerative basis, of the production of these two commodities, which are essential to the Italian agricultural economy, while aiming at allowing bread and sugar prices to be fixed at the lowest possible level.

Though the measures concerned may have some consequences on imports, they are justified by the need for safeguarding the vital interests of the country, whereas economic protection is achieved by means of customs duties."

