

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## SUBSIDIES

### Notifications Pursuant to Article XVI:1

#### Addendum

#### ITALY

#### A. Agricultural products under the EEC's Common Agricultural Policy

Agricultural products which come under the Common Agricultural Policy established within the EEC, are covered by a set of measures whose application is governed by Community obligations. The Commission of the EEC will transmit communications concerning these products to the GATT secretariat.

#### B. Other products (agricultural and industrial)

None of the measures reproduced in the Working Group's report on the application of Article XVI, paragraph 4 of the General Agreement (Supplement No. 9, page 186) is applied by the Italian Government.

One measure which can to some extent be considered as indirect assistance to exports, consists in reduced freight rates for the carriage mainly of export products by rail over the national system.

These reductions are at present applied to export products to countries other than those of the EEC.

The scope of this measure was reduced as from 1 January 1969, and the facility granted up till now has been abolished in the case of fruits and vegetables.

Although the effects of these reductions are of a limited scope, the Italian Government deems it appropriate to repeat below the information it has already provided concerning this measure of indirect assistance to exports.

#### I. Nature and extent of the subsidy

The "conditions and tariffs for the carriage of goods on the State railway system" provide the following facilities for export products:

(a) for the carriage of goods up to a land frontier post: a reduction of the ordinary tariff, varying from 10 to 30 per cent, according to the nature of the goods and the distance covered (Special Tariff No. 251);

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(b) for the carriage of goods up to a sea frontier post: a reduction of 10 per cent of the ordinary tariff for distances not exceeding 200 kilometres, 15 per cent for distances exceeding 200 kilometres (Special Tariff No. 252).

#### Purpose of subsidy

The institution and maintenance of a sliding scale of reductions according to the distance covered are justified by the geographical characteristics of the country. In fact production centres of many export products are at a considerable distance from the frontier transit points.

These reductions are part of the Government's present policy for developing employment and resources in the less-developed areas of the country.

#### Amount of subsidy

No precise indication can be given as to the total amount of the reductions granted to exports, since it varies according to the quantities of products actually exported.

#### II. Effect of subsidy

The tariff reductions at present granted for exported products are in fact very limited since the freight costs within the national territory generally amount to a very small percentage (10 to 18 per cent) of the total freight cost incurred for delivery to consumer markets abroad.

In practice, the assistance in question represents an average of 1 per cent of the delivery price of the exporters' products.