

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ITALIAN SPECIAL CUSTOMS AND FISCAL TREATMENT FOR BANANAS IMPORTED FROM SOMALIA

Request for Extension of the Decision of 21 November 1967

The following communication, dated 9 December 1969, has been received from the Permanent Representative of Italy.

In accordance with instructions from my Government, I have the honour to request you kindly to arrange for the following matter to be included in the agenda for the meeting of the GATT Council of Representatives to be held on 16 December next:

Italy: Special fiscal treatment for bananas (tariff heading No. 08.01 B2) imported from the Somali Republic.

Request for the extension for one year of the Decision of 21 November 1967.

With a view to promoting the economic development of the Somali Republic, whose exports in the past were mainly destined for the Italian market, Italy was authorized by the CONTRACTING PARTIES to grant economic assistance which for some years took the form of special customs treatment for certain Somali products.

This treatment was modified following the liberalization measures adopted by Italy in connexion with banana imports, resulting from obligations undertaken within the European Economic Community. At the present time this treatment is limited to bananas, which play a very important rôle in Somalia's exports, and has become a special fiscal régime.

By their Decision of 21 November 1967 the CONTRACTING PARTIES authorized Italy to depart from the provisions of paragraph 1 to the extent necessary to permit the Italian Government to apply, until 31 December 1969, the Italian consumption tax to bananas originating in the Somali Republic, up to a quantity of 1 million quintals annually, at a rate of Lit 60 per kilogramme, while applying the rate of Lit 90 per kilogramme to bananas of any other origin.

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In granting this waiver, the CONTRACTING PARTIES, considered that the grant of this special treatment was designed to promote the economic development of the Somali Republic which derives a substantial part of its export earnings from this product and, in particular, to help that country to overcome certain temporary difficulties which it had encountered, in particular as a result of the closing of the Suez Canal.

Furthermore, for some time the Somali Government has been making considerable efforts, in both the technical and financial fields, to reorganize banana production and make it more competitive in the international market. New banana varieties are replacing those hitherto produced on Somali plantations. In particular, the "poyo" variety is to replace the "cavendish nana" variety.

These efforts also provide for the creation of a new independent organization of trade circuits as well as the bringing into operation of a new maritime transport route via South Africa.

The implementation of this production, marketing and maritime transport reorganization programme will continue to the end of 1970 by which time it will be finally completed.

The fiscal treatment extended to Somalia will not be detrimental to the trade of other contracting parties.

Indeed, Somalia which supplied about 90 per cent of the bananas imported by Italy until 1960, now supplies only 25 per cent. This reduction has been balanced by an increase in deliveries by the Latin American countries and the countries associated with the European Economic Community (excluding Somalia) which today supply the Italian market to the extent of 50 and 25 per cent respectively.

In accordance with the foregoing and in the name of my Government I have the honour to request the CONTRACTING PARTIES to examine the possibility of extending for one year, and for the last time, the Decision of 21 November 1967.