

GENERAL AGREEMENT ON TARIFFS AND TRADE

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UNITED STATES SUBSIDIES ON EXPORTS OF ORANGES AND ALMONDS

Memorandum by the Italian Government

I. ORANGES

From 1948, the Department of Agriculture (Production and Marketing Administration) granted subsidies on orange exports to certain countries, in particular to European countries. The amount of such subsidies amounted during 1948-49 to 25 per cent of the price on the home market.

During the years 1949-50 and 1950-51, the subsidy granted was the lowest amongst the following subsidies: 50 per cent of the selling price f.a.s.; 50 per cent of the price on the home market; a fixed rate for each crate of oranges (for instance, \$1.65 for California-Arizona oranges).

For the year 1951-52 (Period 15 December 1951 - 30 September 1952), the subsidy granted was the lowest amongst the following subsidies: 40 per cent of the selling price f.a.s.; 40 per cent of the price on the home market; a fixed rate for each crate of oranges (for instance \$1.50 for California-Arizona oranges).

Lastly, for the period from 5 December 1952 - 30 September 1953, the subsidy in question was renewed and fixed at \$1.25 for each crate of 1-2/5 bushels of California-Arizona oranges, and \$1.25 for each crate of 1-3/5 bushels of Florida-Texas oranges.

The Italian Government pointed out through normal diplomatic channels and on the occasion of the Seventh Session of CONTRACTING PARTIES, the serious prejudice which Italian orange exports to certain of their traditional European markets might suffer, if the United States continued to maintain such a policy of subsidies on exports.

Furthermore, by reason of the high level of those subsidies, which reached 50 per cent of the value of the product exported, it is obvious that normal competitive conditions are affected on the other markets.

The importance for Italy of the maintenance of a reasonable export trade in oranges is illustrated by the following figures:

In Italy, out of an average annual production of 5,200,000 quintals (52,000 tons) (6.1 per cent of world production), exports are maintained on the basis of 1,600,000 quintals (16,000 tons) i.e., approximately 31 per cent of the domestic production. In addition, it should be noted that the Italian areas producing citrus fruits have an economy which is mainly and one might say almost exclusively based on agricultural production: these are areas which are poor in raw materials and have dense populations.

II. ALMONDS

By the month of March 1952, the Department of Agriculture drew up a programme for the season 1952-53 designed to promote the use of almonds for purposes other than the normal uses.

In implementation of that programme, a quantity of almonds equivalent to 15 per cent of the crop (which was 35,300 tons) was diverted, and was earmarked for other uses and for exportation.

Furthermore, provision was made at the "Almond Central Board" for 30 cents per pound for shelled almonds which were diverted from normal uses, and corresponded to a quota of 7.3 million pounds. The consequences of such a policy by the United States, which permitted, in particular, exportation of shelled almonds at an artificially low price, and, at all events, at a price lower than the current price on the American home market are self-evident.

It should also be noted that such forced exportation was directed for obvious reasons towards hard currency countries, i.e., countries prepared to pay the almonds in dollars.

This fact has appeared clearly in the case of Switzerland where imports of almonds from the United States increased from 205 quintals in 1951 to 9,761 quintals in 1952, whereas the Swiss imports from Italy fell from 31,330 quintals to 15,500 quintals.

The importance of Italian exports of shelled almonds is demonstrated by the fact that out of an average production of 60,000 tons per annum, over 20,000 tons are earmarked for third markets.

III. OBSERVATIONS

The Italian Government notes that subsidies (as in the case of oranges), or other means for developing exports (as in the case of shelled almonds), are not designed solely to promote the maintenance of positions already attained, but also to further the acquisition of new positions on the purchasing markets.

It should be borne in mind that such a policy may, as a consequence, be a factor in creating even indirectly an artificial development of certain productions and, consequently, causing disruption on the international market and on the markets which are normally exporters of subsidized products.

Such a situation as that caused by the case of oranges and almonds is of particularly serious consequence to Italy, for these are products which are cultivated in economically under-developed areas.

In view of the foregoing, the Italian Government requests the United States Government once more to review, in the light of Article XVI of the General Agreement, their present policy with regard to exports of oranges and almonds, or at least to keep that policy within proportions which would avoid injury to Italian exporters.