

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Limited Distribution

ITALY - SPECIAL CUSTOMS TREATMENT FOR CERTAIN LIBYAN PRODUCTS

Note by Secretariat on Libya's Trade with Italy and Other Countries, in 1953 and 1954

1. In accordance with the Decision of the CONTRACTING PARTIES of 9 October 1952, the Governments of Italy and Libya have submitted their third annual reports (L/401 and L/393) under the waiver by which special customs treatment is accorded by Italy to certain Libyan products. It will be recalled that the waiver from the provisions of paragraph 1 of Article I was granted with the object of strengthening the Libyan economy and of facilitating the expansion of her exports to normal markets on a competitive basis.

2. The reports contain detailed trade statistics on Libya's exports to Italy. There is some lack of agreement, especially in 1952 and 1953, between the Libyan export data and the corresponding Italian import data for both quantities and values. The total values (in £ 1,000 sterling) for 1952,¹ 1953 and 1954 are:

	<u>1952</u>	<u>1953</u>	<u>1954</u>
according to the Libyan returns	1,674	1,414	1,070
according to the Italian returns	2,372	1,908	1,185

3. Since the Libyan statistics available in L/393 also cover Libya's exports to countries other than Italy, the present note is based entirely on this source. The following table gives an account of the total value of exports from Libya in 1953 and 1954² to Italy and other countries, distinguishing items subject to preferential treatment when imported by Italy.

¹ The Libyan statistics for 1952 have been taken from the second annual report, by the Government of Libya (L/232).

² The data available for the first half of 1955 have not been reproduced as they seem to be heavily affected by seasonal movements.

Table 1

Value of Libyan Exports to Italy and Other Destinations
1953 and 1954
(thousand £ sterling)

	1953	1954	Change from 1953 to 1954	
			value	%
<u>Total exports</u>	<u>3,110.3</u>	<u>3,632.5</u>	<u>+ 522.2</u>	<u>+ 16.8</u>
<u>Preferential items</u>				
to Italy	1,145.6	808.5	- 337.1	- 29.4
to other destinations	869.0	1,139.6	+ 270.6	+ 31.1
<u>Preferential items excluding metal scrap</u>				
to Italy	(631.2)	(630.4)	(+ 0.8)	(- 0.0)
to other destinations	(646.7)	(1,116.6)	(+ 469.9)	(+ 72.7)
<u>Other items</u>				
to Italy	268.4	261.2	- 7.2	- 2.7
to other destinations	827.3	1,423.2	+ 595.9	+ 72.0
<u>All items</u>				
to Italy	1,414.0	1,069.7	- 344.3	- 24.3
to other destinations	1,696.3	2,562.8	+ 866.5	+ 51.1

4. The increase in the value of Libya's total exports between 1953 and 1954 was the result of a fall (by 24 per cent) in exports to Italy and a much larger relative (by 51 per cent) and absolute increase in exports to other countries. The largest decline in exports to Italy affected the items included in the preferential list, whereas the value of these items increased substantially in exports to other destinations. On the other hand, the value of items enjoying no preference remained roughly unchanged in exports to Italy, but rose very vigorously in exports to other countries.

5. Before conclusions can be drawn from these general observations, the commodity structure of the various trade flows requires investigation. Table 2, attached to this note, singles out the most important products in Libya's trade with Italy and with other countries, distinguishing three

categories. The first covers those items included in the preferential list which show an increase in the value of exports to Italy; the second includes those preferential items which show a fall in the value of exports to Italy; and the third covers the items not enjoying any preferential treatment.

6. The increase in the value of exports to Italy in the first category is mainly accounted for by olive oil and sansa oil which are unimportant in trade with other countries. None of the remaining major items, except poultry eggs, showed any significant change in exports to other destinations. The fall in the value of exports to Italy in the second category is dominated by the decline in scrap metal which also affected exports to other countries. Other important declines occurred in the exports to Italy of tunny fish and peanuts. In exports to other countries, peanuts, together with sheep, are among the three most important single items and they account for more than half the rise in total exports. Finally, the third category is characterized by the absence of any marked change in the export value of individual commodities to Italy, whereas the exports to third countries show a vigorous development - cattle and unwashed wool being the only exceptions.

7. The fall in the value of total exports to Italy, by £ 344,300 corresponds practically to the decline in the exports of scrap metal which amounts to £ 336,300. In other words, the value of exports other than scrap metal (an item which does not seem likely to regain the importance it had in 1953) has remained unchanged both as regards items on the preferential list and others. As regards the preferential list itself (apart from scrap), the decline in respect of tunny fish and peanuts was compensated by increases in respect of olive and sansa oil, poultry eggs and several other items.

8. Three cases of clear success in the creation of new outlets for Libyan products included in the preferential list may be singled out: they concern peanuts, sheep and poultry eggs. Of these products, only poultry eggs show an increased export value to Italy.

9. Among the items enjoying no preferential treatment, considerable advances have been achieved by Libya's exports to third countries, especially as regards esparto grass, raw sponges, goat hair, fresh fruit and almonds. All these commodities are unimportant in Libya's trade with Italy.

10. Another point worthy of note is the fact that the average export values per ton of the major commodities are on the whole closely similar when exported to Italy or to other markets.

11. In conclusion, mention may be made of the recent development of trade in those items for which the Government of Libya proposes alterations in the preferential list, should the arrangement be renewed. Among those items, five are new, but only two of these are separately shown in the statistics supplied. While exports to Italy of these items, namely bovines and horses, were nil in 1953 and negligible in 1954, the former account for a relatively

large value (£ 14,460) in the first half of 1955, while the latter continued very small (£ 750). Cattle are important among exports to third countries, while horses have practically disappeared.

12. As regards the three items which Libya proposes might be deleted from the list, there were practically no exports to any destination in 1954 for two of them, wheat and cordage, rope, etc., while the third, esparto yarn, is not shown separately in the statistics available. As for the remaining three items in respect of which an increased quota is suggested, two, namely sheep and goats, have not been exported to Italy in either 1953 or 1954 (the first one is however important in the export trade to third countries). The third, olive oil, has been exported in growing quantities to Italy, but these exports have remained considerably below the limit of the increased quota (25,000 Qls) approved at the Ninth Session (Decision of 17 November 1954). Libya now proposes a reduction in this quota to 20,000 Qls.

TABLE 2
Value of exports of major commodities from Libya to Italy and all other countries

1953 and 1954
(thousand £ stg)

	Exports to Italy			Exports to other destinations		
	1953	1954	Change 53-54	1953	1954	Change 53-54
<u>I Preferential items</u> <u>showing higher value</u> <u>of exports to Italy</u>						
Raw skins	182.3	197.0	+ 14.7	2.6	9.6	+ 7.0
Olive oil	120.0	182.9	+ 62.9	-	1.2	+ 1.2
Sansa oil	15.8	69.4	+ 53.6	4.0	7.5	+ 3.5
Castor seed	17.4	31.8	+ 14.4	0.2	-	- 0.2
Poultry eggs	0.6	18.0	+ 17.4	20.1	59.9	+ 39.8
Other items up	10.1	30.2	+ 20.1	38.0	30.9	- 7.1
Total up	346.2	529.3	+ 183.1	64.9	109.1	+ 44.2
<u>II Do. lower value</u>						
Scrap metal	514.4	178.1	- 336.3	222.3	23.0	- 199.3
Tunny fish	176.3	67.2	- 109.1	1.0	0.9	- 0.1
Peanuts	31.0	17.7	- 63.3	298.0	565.4	+ 267.4
Sheep	-	-	-	216.0	399.8	+ 183.8
Castor oil	8.7	2.5	- 6.2	58.0	38.7	- 19.3
Others down	19.0	13.7	- 5.3	8.8	2.7	- 6.1
Total down	799.4	279.2	- 520.2	804.1	1,030.5	+ 226.4
Total preferential	1,145.6	808.5	- 337.1	869.0	1,139.6	+ 270.6
<u>III Items not enjoying</u> <u>preferential treatment</u>						
Unwashed wool	207.2	199.9	- 7.3	38.1	24.0	- 14.1
Raw sponges	32.4	23.3	- 9.1	47.8	349.2	+ 301.4
Goat hair	10.6	4.0	- 6.6	9.3	79.0	+ 69.7
Wood & cotton rags	9.6	7.7	- 1.9	-	3.9	+ 3.9
Dried skins	-	12.8	+ 12.8	-	0.1	+ 0.1
Esparto grass	-	8.3	+ 8.3	412.3	602.1	+ 189.8
Cattle	-	0.8	+ 0.8	181.6	90.2	- 91.4
Almonds	-	-	-	66.9	116.4	+ 49.5
Orange peel	0.3	0.2	- 0.1	0.2	24.2	+ 24.0
Fresh fruit	-	0.4	+ 0.4	-	57.8	+ 57.8
Camels	-	-	-	53.5	56.0	+ 2.5
Other items	8.3	3.8	- 4.5	17.6	20.3	+ 2.7
Total non preferential	266.4	261.2	- 7.2	827.3	1,423.2	+ 595.9