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GENERAL AGREEMENT ON TARIFFS AND TRADE

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ITALIAN CUSTOMS TREATMENT FOR IMPORTS OF SOMALIAN PRODUCTS

Relating to item 20 on the agenda of the sixteenth session, the Italian delegation has submitted the following statement:

"The territory of Somaliland, the trusteeship of which was assigned by the United Nations to the Italian Government, is to become a sovereign and independent State as from 1 July 1960. The Italian Government, whose contribution to the political and economic advancement of the territory under reference has been acknowledged by the United Nations, expresses its willingness to carry on its close co-operation with the new State.

"It has been recognized, within the United Nations Organization, that the independent State of Somalia will still require, for several years to come, assistance from other countries to cover the deficit of its budget, to turn its resources to profitable account, to develop its economy along the lines of plans already drawn up and to complete the necessary sub-structures. It will be necessary, above all, to proceed with the seven-year plan of economic development which was carried out in Somaliland from 1954 to 1960 by the Italian Trusteeship, with the participation of the United States, through the International Co-operation Administration, with an investment of approximately \$17½ million. This is also the object of a plan sponsored by Italy, the United Kingdom and the United States for assistance to be extended to the new independent State of Somalia. This plan has received the approval of the competent agencies of the United Nations Organization.

"The opinion of the United Nations Organization in this respect is reflected in a report dealing with conditions in the Trust Territory of Somaliland under Italian administration, under the heading 'Post-1960 technical and financial assistance' (see paragraph 21, Trusteeship Council document T/L 949 dated 4 August 1959), reading in part as follows:

'The Council notes further the statement of the Administering Authority confirming that the sum of \$5 million per annum will be necessary to ensure the financial and economic stability of the State of Somalia. It welcomes reaffirmation of the Administering Authority's offer of technical and financial assistance to Somalia after 1960 to the extent

of \$2 million per annum as well as its statement that it will give the most favourable consideration to the continuation of the purchase of Somali banana production. The Council expresses its appreciation to those States which have indicated or may indicate their willingness to be of assistance to the future independent Government of Somalia and in particular to the Government of Italy, the Government of the United States of America and the Government of the United Kingdom for their offer to the Somali Government to help it meet the estimated overall budgetary deficit of \$5 million per annum.'

"A particular feature of the assistance which the Italian Government proposes to continue to extend to the new independent State consists of maintaining the present tariff provisions on goods exported by Somaliland to Italy. The advisability of continuing with this form of assistance is motivated by the following considerations:

1. Whilst the present economic and financial situation of Somaliland, despite its slow but steady advances, is on the whole satisfactory (as evidenced by the fact that revenue receipts have increased from 21 million somalis in 1951 to 65 million somalis in 1959), its structure is still fragile, and consequently any sudden shift, such as would result, for instance, from a change affecting the volume of its exports, might seriously throw it out of balance.

2. The deficit in Somaliland's trade balance, which in 1951 amounted to 38 million somalis, had dropped, by the end of 1959, to 8 million somalis, while in the same period the gross national product has increased threefold and the general standard of living has registered a substantial advance. Such results are to be largely ascribed to the fact that, by reason of the exemption from customs duties granted on goods originating in, or imported from Somaliland, Italy is in a position to absorb over 80 per cent of Somaliland's exports, which otherwise would encounter great difficulties in finding outlets elsewhere.

3. To upset the trade exchanges between Italy and Somaliland through a sudden change from the special treatment accorded by Italy to Somaliland at the very time when the latter country acquires its independence would expose it to obviously grave economic difficulties, which might have adverse repercussions even from a political standpoint.

"For the aforementioned reasons, the Italian Government contemplates maintaining in force, after 1 July 1960, the special tariff provisions which it had implemented in respect of imports from Somaliland, until such time as it is in a position to submit a report to the seventeenth session of the CONTRACTING PARTIES.

"In that report, once the major questions arising out of Somaliland's accession to independence are clarified, the Italian Government proposes to submit to the CONTRACTING PARTIES a formal request for a waiver for the maintenance of the above special tariff provisions on imports from Somaliland into Italy."