

Other important reductions in the Italian tariff include agricultural machines for working, preparing and draining the soil, and manure spreaders from 35% to 18%; harvesting machines with binder attachments reduced from 40% to 20%; potato diggers 35% to 18%; herrings, reduced from 10% to 5%; codfish and stockfish, dried, reduced from 15% to 8%; canned salmon reduced from 30% to 25%; canned lobsters reduced from 30% to 10%; kippered herrings, canned, including kipper snacks and mackerel, reduced from 35% to 25%. The duty on fresh apples is bound at 10% for the period July 1 to March 15 in each year and is reduced to 8% for the remainder of the year. The duty on oatmeal and oat flour, which have found a good postwar market in Italy, has been reduced from 35% to 25%. Polystyrene reduced from 30% to 25%; sawn lumber from 15% to 10%; asbestos cords reduced from 25% to 18%; asbestos threads reduced from 25% to 20%.

Other items on which reductions in duty or bindings of existing rates were secured include seed barley, linseed, fish liver oil, canned meats, whisky, paper pulp, nickel and zinc, while duty free entry was bound for hybrid seed corn for a quota of 50 million quintals per year, pedigreed cattle, seed potatoes, rags and waste, and asbestos, crude.

The tariff system actually in force in Italy is based upon a customs tariff put into effect in 1921. The duties are specific and originally had to be paid either in gold or in legal tender. In the latter case an additional sum was collected, the amount being established by the Treasury on the basis of the average price of gold and the rates of exchange. In 1931, however, the duties provided for in the tariff in gold lire was substituted for duties expressed in legal tender and from that time (i.e. March 1, 1931), the duties shown in the tariff were the legal currency duties.

Considering the devaluation that the Italian lira suffered since before the war, the incidence of the Italian duties in ad valorem terms had decreased by the early part of 1949 to an average of about 1%. It was recognized at Annecy that Italy was entitled to undertake a re-valuation of the duties provided for by the Italian customs tariff before the negotiations were undertaken.

The negotiations took as their starting point a new draft tariff put forward by the Italian government on the basis of the League of Nations nomenclature which had already been followed by France and several other countries. Duties are on an ad valorem basis. Insofar as possible, the Italian government indicated that they had tried to maintain the incidence of the prewar rates; and they had chosen the year 1934 as the basis of comparison as it seemed to be the only one which could be considered a more or less normal year in the prewar period. The Italian draft tariff was accepted as a basis of negotiations by the Contracting Parties at Annecy subject to any considerations which might be raised in the bilateral negotiations.

Previous commercial relationships between Canada and Italy had been regulated by a Convention of Commerce dated January 4, 1923, which provided for the exchange of most-favoured-nation treatment in tariff matters. This convention was terminated by the war, but the exchange of most-favoured-nation treatment was re-established and confirmed after the war by an exchange of notes in April 1948.

LIBERIA

The Annecy discussions represented the first trade negotiations to be conducted between Canada and the Republic of Liberia. Trade between the two countries has been small and limited to a relatively few items. The Liberian schedule, however, contains a number of concessions of actual or potential interest to Canadian exporters.

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