

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3
24 March 1952

Limited Distribution

Original: English

NEW MEASURES OF IMPORT RESTRICTIONS

BY AUSTRALIA

The following statements and documents have been transmitted, by letter dated 20 March 1952, by the Government of Australia in pursuance of the recommendation of the Ad Hoc Committee on Intersessional Business regarding notification of intensification of import restrictions:

1. Statement by the Australian Prime Minister on 8 March 1952.
2. Press statement issued by the Department of Trade and Customs on 8 March 1952.
3. Licensing Instruction 1952/18: Regarding Customs (Import Licensing) Regulations, dated 8 March 1952.

The Licensing Instructions include four attachments, namely

- A. Customs (Import Licensing) Regulations:
Notice and the Schedule.
- B. List of tariff items divided into categories.
- C. Prescribed Form for returns.
- D. Form of Statutory Declaration.

For the sake of brevity, Attachments B, C and D have not been reproduced in this document, but can be consulted in the office of the Secretariat.

I. Statement on Import Licensing by the Prime Minister

8 March 1952

Today a Gazette notice is being published under which import licensing is applied to all goods passing into Australia, with certain minor exceptions indicated in the notice. The result of this is, as from midnight last night, to extend a system of licensing control such as is now exercised over dollar and Japanese imports to other non-sterling and to sterling imports.

This decision was not an easy one for the Government to take, for we dislike controls, and in particular we are most reluctant to impose restrictions on goods from the United Kingdom, whose exports at this time mean so much to her and to her own balance of trade. But a critical position must be met and overcome. The plain fact is that our import expenditure is so far out-running our export income that unless special measures are taken our overseas funds (which are vital to our solvency and to our international trade) will be seriously threatened, particularly in the period July to October, when our export income tends to slacken off.

I should point out how this position has arisen. It is not the result of a low export income in the ordinary sense. In 1951-1952 if current prices continue our exports will probably bring in about £660,000,000. This will be much the greatest export income we have ever had, with the exception of 1950-51 which was of course the year of the great wool boom. The real reason for the present crisis is to be found in the flood of imports that has come into Australia during this financial year. The present estimate of imports already received and of imports due to arrive before June 30th, is that including freight and insurance, they will probably amount to the vast sum of £1250 m. There are many reasons for this remarkable fact. Imports have of course become more expensive because overseas prices have risen. Supplies of goods from the United Kingdom, Western Europe and Japan have become much more readily available. Many orders for large items of equipment placed overseas, in some cases several years ago, are now at last being fulfilled. There was a good deal of abnormal ordering of goods, when during the wool boom it appeared that almost anything could be sold in Australia. An increasing amount of essential material and equipment is being brought into Australia. Freights have risen very sharply. We have, of course, received some benefit from these importations. Many of them have contributed substantially to the progress and development of Australia, and they have contributed to the damping down of inflationary pressures by increasing supply relatively to demand.

In this financial year wool prices have fallen very sharply and it was therefore expected that by the beginning of 1952 there would be some natural slackening of import demand and that the deterioration in the trade balance would therefore tend to be halted. But contrary to expectations January and February have seen astonishing levels of imports, with the result that we are forced to intervene with import control in order to prevent an aggravation of the situation.

That situation is, in short, that we are at present spending upon imports far more than we are earning from our exports or receiving from proceeds of overseas borrowing or through private investment of overseas capital in Australia. It follows that, a substantial amount of our overseas reserves having been eaten up by this excess of spending over earnings, we must take steps to reduce our imports to the level of our currently available resources. Upon reflection every Australian will realise that any other course would permit a crisis to develop which would adversely affect most of our people.

Fortunately since one result of this great flood of imports has been that stocks of many imported goods have accumulated to a record level in Australia, import control should not produce immediate shortages for Australian consumers.

I would like to repeat and emphasize that in due time, the current rate of imports would undoubtedly have fallen a long way of its own accord. The very fact that we have received such huge quantities of goods in so short a time would by itself do a great deal to ensure this. Furthermore, the measures taken by the Government to beat inflation and reduce excessive demand within Australia would work, and in fact, are already working, in that direction. As a Government, we would greatly prefer to see the necessary reduction of imports come about in that way. But whatever the prospects were at the end of December, it is now quite plain that a reduction of imports brought about in this way would not happen soon enough, or go far enough to stop the drain upon our overseas reserves in time. That is why we are reluctantly compelled to fall back upon the method of licensing imports in order to bring the rate of inflow as soon as possible down to a manageable level.

What I have said will indicate that we are not proposing to set up a permanent licensing system. Just so soon as our balance of payments position permits we will be able - and indeed anxious - to modify and eventually remove these controls. The Minister for Customs will, in a separate statement, indicate the nature and extent of the controls which come into operation immediately. I want to make it clear however that any quotas or standards now established are primarily designed to hold the position for a few months and do not necessarily represent the final word. They are to be regarded as a weapon for holding the fort for the time being. During the next two months, consultations have been arranged between the Treasury and Customs and the other Departments which are concerned with the development of exports and the productive and developmental activities which we want to go on. Means will also be at once worked out for consultation with the Australian industries which will be affected. As a result of this, we would anticipate that proper flexibility will be achieved within the limits of the overall international financial result which must be achieved. Even during the interim period, it is also clear that special consideration will have to be given to special cases, such as, for example, the importation of petroleum products.

Some misapprehensions have arisen because of the banking action already taken. I would like it to be understood that in view of recent rumours about import restrictions it was essential that as a purely interim measure new bank credits should be held up until the full policy could be announced.

Closely associated with our own balance of payments problem is the problem of the whole sterling area. Our main reserves are held as sterling balances in London. But, for the non-sterling currencies which we require over and above our earnings, we must draw on the sterling area pool of such currencies, which is held by the United Kingdom. During recent months that pool has been dwindling at a rapid rate and, as the recent London conference established, prompt and decisive action must be taken to stop the fall. At the London conference the principal countries of the sterling area agreed to co-operate in applying such measures as they might think appropriate to meet the current crisis. Australia is one of the major countries of the sterling group, and we are determined to shoulder our proper share of responsibility. It is, therefore, necessary in any event that we should reduce further the rate of our expenditure upon non-sterling imports, including our imports from the dollar area. But such savings as could be effected by reduction of non-sterling imports would not come anywhere near closing the gap between our own receipts and out-goings, and we have therefore been forced to adopt the grievous expedient of reducing imports from the United Kingdom and other sterling area countries, along with those from countries outside the sterling group.

The Government realises that many problems will be created for business and industry by the present action, even though, as I have pointed out, the position is mitigated by the existence of substantial stocks at this end. I can only say that it will be our desire and policy to minimise these problems and to assist by sensible administration in the making of the necessary economic adjustments with the minimum of injury to businesses and individuals. But the stark fact is that we cannot gamble, or chance the future. The economic position of Australia is basically a sound one. Though the action now announced is necessarily of a negative kind, we are devoting much attention to the positive aspects of increasing our export income. We will hope moreover that the encouragement of overseas investments in Australia will itself contribute greatly in the long term to the stability of our international position.

CANBERRA,
8th March, 1952.

II. Press Statement

Following upon the announcement by the Prime Minister that the Government had found it necessary to impose import restrictions on a wide scale, the Minister for Trade and Customs (Senator Neil O'Sullivan) has released particulars of the scope and operation of the associated import licensing measures. These measures came into operation at midnight on 7th March, and are promulgated in a Notice by the Minister for Trade and Customs in the Commonwealth Gazette on that date. The Notice includes a schedule of certain types of goods excepted from the provisions of the Customs (Import Licensing) Regulations. These are:-

(For this list see the schedule in Attachment A)

Import restrictions already apply to goods of dollar area origin and Japanese origin and the present basis of import licensing on those countries will still continue. Except to the extent covered in the Ministerial Notice, goods imported into Australia from all countries are now subject to the provisions of the Customs (Import Licensing) Regulations.

For the purpose of the new restrictions, imports, other than the exceptions referred to in the Ministerial Notice, have been divided into two main

categories of goods. The importation of goods in the "A" Category will be limited to an annual value equivalent to 60% of the value of similar imports in the year 1950/51, which has been taken as the base year for the calculation of quotas under the new licensing measures. Certain goods in this category which, because of their nature, do not lend themselves readily to quota treatment, will be subject to administrative control. The remaining goods will be included in "B" category and will be restricted to a total annual value not exceeding 20% of the value of all such goods in the base year 1950/51.

Senator O'Sullivan stated that importers would require to establish their individual quotas, for goods subject to quota control, by supplying to the Collectors of Customs, in their respective States, particulars of their importations during the base year 1950/51 and these particulars must be accompanied by a statutory declaration, in a form to be prescribed, certifying to the accuracy of the figures supplied. Quotas are not transferable and only those goods imported in the prospective quota holder's own name and entered by him at the Customs House may be included in his base year return for quota purposes. In cases where an importer in the base year imported goods into more than one State, separate particulars must be supplied for each State's importations. Details of the particulars required will be available from the Collectors of Customs in each State.

Senator O'Sullivan said that importers would be at liberty to seek the sources of their supplies within the limits of their quotas from any country except countries in the dollar area and Japan. Also, because it has become necessary to place severe restrictions on category "B" goods, viz. those falling within the category subject to limitation to 20% of base year values, it had been decided to treat the whole group of these goods as one item for the purpose of licensing administration. Importers who established quotas for the importation of goods in the lower category would be able to exercise freedom of choice in regard to the importation of goods falling within this category, provided the total value of their importations of such goods did not exceed the value of their established quotas. Goods which are included in the higher category, i.e. those which are subject to a 60% limit of the value of importations of similar goods in the base year, will be licensed on an item by item basis. Only importers of such goods in the base year will be permitted to obtain licences on the restricted basis for future importations of similar goods.

No outright prohibitions are being imposed under these new measures.

The licensing of goods under quota control will be administered by the Collector of Customs in each State and goods under administrative control will be dealt with by the Central Import Licensing Branch, Department of Trade and Customs, 52 William Street, Sydney. A list has been drawn up indicating the nature of the licensing treatment to be applied to goods admissible under each item of the Customs Tariff, and a copy of this list is attached. Goods subject to the 60% basis of importation are denoted by the letter A; goods restricted to the group value of 20% of base year imports are denoted by the letter B, and goods under administrative control are denoted by the abbreviation Adm.

Technically, all goods imported after midnight on 7th March, 1952, require to be covered by a valid import licence. However, in order to minimize congestion in ports and to facilitate the clearing of goods which were in transit from an overseas port at the time these measures came into force, a special procedure has been adopted. Particulars of this procedure may be obtained from Collectors and Sub-Collectors of Customs. It will, however, apply only to goods for which payment has already been made and no further overseas funds are required. If exchange is required in connection with the purchase of the goods, an import licence must be obtained. In transit goods will subsequently be debited to established quotas.

In cases where an order for goods has been covered by the establishment of an irrevocable letter of credit before the date of operation of the new measures, a licence will, upon application, be issued for the goods and the value debited against any quota subsequently established by the importer.

Senator O'Sullivan said he wished to emphasize that the arrangements now being made were the necessary preliminary steps to set in motion the machinery of licensing control. The control measures initially imposed were based on the best advice immediately available, but admittedly represented arbitrary judgments. These measures would be adjusted from time to time in the light of experience and it would be the object of the Government to maintain the utmost flexibility in the import controls in order to adapt them to the needs of the Australian economy and only to the degree necessary to meet the objectives of the present exchange crises.

As an example of the policy of the Government to ensure as much flexibility in the arrangements as the situation permitted from time to time, imports of the nature of capital equipment had not been made subject to rigid quota restrictions but had been placed on an administrative basis in order that full consideration could be given to the governmental and private undertakings which were of vital concern in the life of the community and in the necessary development of Australian resources.

Every opportunity will be taken to consult the representatives of the various commercial and industrial interests in order to remove inconsistencies and avoid, as far as possible, inequities in the administration of the import controls.

In view of the volume of goods which had already been imported into this country during the last 12 months and the shipments which were now in transit, there should be no widespread dislocation of industry or trade as the immediate result of the imposition of import restrictions. The supplies of goods at present available should cushion the impact of the measures and provide a breathing space in which to adapt the controls so that they operate with a minimum of detriment to industry.

Because of the scope of the new measures and the need to establish base year quotas, where these are applicable, there will necessarily be unavoidable delays before licences can be issued to authorize the importation of goods not already in transit.

Department of Trade and Customs,
Canberra, A.C.T.
8th March, 1952.

III. Licensing Instruction 1952/18

Customs (Import Licensing) Regulations

The list of exceptions to the Customs (Import Licensing) Regulations has been revised to bring imports from all sources under licensing control as from 8th March, 1952. For administrative convenience the Minister has revoked the previous list of exceptions and has issued a new list, a copy of which is attached (Attachment "A"). With the exception of the goods described in the Schedule to Attachment "A", imports from all sources must be covered by a valid import licence. The licensing treatment of imports from the Dollar Area and Japan has not been altered and nothing in this Instruction is to be construed as applying to importations from the Dollar Area or Japan. Reference to "any source" or "all sources" and the like phrases excludes reference to the Dollar Area or Japan.

Basis of Licensing Treatment.

2. Goods have been divided into three categories, viz. Category "A", Category "B" and "Admin." comprising goods which, of their nature or for some other reason, do not lend themselves to quota treatment. The following list (Attachment "B") shows, under Tariff Items, the licensing treatment which will be followed with imports from all sources.

3. Imports within Category "A" and Category "B" will be regulated according to quotas to be allocated to importers based on their importations during the financial year 1950/51. Quotas for imports within Category "A" will amount to 60% of individuals' (including firms') importations during the base year. Quotas for imports within Category "B" will amount to 20% of individuals' importations during the base year. Quotas will be allocated on a quarterly basis and quotas or portions thereof unused at the end of the quarter may not be carried forward into subsequent quarters.

4. Applications for licences for goods under "quota" control shall be made to the Collector of Customs at the port of intended importation and for goods under "Admin." control to the Administrative Officer, Central Import Licensing Branch, Department of Trade and Customs, 52 William Street, Sydney.

Method of Establishing Base Year Imports for Quota Purposes.

5. Importers must furnish to Collectors of Customs in each State particulars of importations during the financial year 1950/51. A separate return must be made in respect of each Tariff Item within Category "A" and particulars are to be supplied in accordance with a prescribed form a copy of which is attached (Attachment "C"). A separate return need not be furnished for each Tariff Item within Category "B". Returns of base year imports must be accompanied by a Statutory Declaration phrased as outlined in Attachment "D". It must be made by the importer or an executive officer of the importing firm.

6. For the purpose of establishing base year imports only those imports may be included in the return which were made by the importer in his own name and entered at the Customs on either "import entries" or "import - warehousing entries". Base year returns may include imports which were made at a port other than that at which base year imports are being established; however, a separate return is required in respect of such imports from different ports.
7. Returns may include imports from any source covered by the provisions of this Licensing Instruction but should not include imports of goods under "Admin." control.

Operation of Quotas.

8. Category "A". Quotas will be allocated quarterly and will amount to one-quarter of 60% of the value of imports during the base year on a c.i.f. & e. basis. Licences will be issued to an importer only for commodities imported by him during the base year. That is to say, a quota established in respect of imports of a particular commodity may only be used to import that particular commodity. However, importers are not restricted to imports from the countries from which base year imports were obtained but may apply for licences for goods from any source.
9. Category "B". Quotas will be allocated quarterly and will amount to one-quarter of 20% of the value of imports during the base year on a c.i.f. & e. basis. Licences will be issued up to the amount of the quota for any commodity within Category "B" regardless of the commodities imported during the base period and importers may import from any source.
10. Quotas established in either category are not transferable from one category to another. That is to say, a licence will not be issued for goods within Category "A" against a quota established in respect of base year imports within Category "B" and vice versa.

Goods in Transit from Country of Export

11. A simplified method of dealing with imports which were exported prior to the date upon which the new Exception Notice came into operation (i.e. 8th March, 1952) will be followed and is described hereunder.
12. Provided an importer can establish that his goods were in transit from an overseas port before 8th March he need not complete the 6 copies of an application for an import licence, as is normally required. When "entering" the goods at the Customs House he will complete 1 copy of form I.L. as to the face only and lodge it with his entry. Imports in accordance with this procedure will be a debit to any future quota established by the importer.
13. This procedure may only be followed if payment has been made for the goods. If part or whole of the payment has not been made and additional overseas funds are required by the importer an application for an import licence must be made in the ordinary way.

Goods on Order.

14. Where an irrevocable letter of credit has been established or a commitment of an equally binding nature incurred for goods which were on firm order prior to 8th March, 1952, an import licence will be issued but will be a debit against any future quota established by an importer. If the goods are under quota control satisfactory evidence of the foregoing conditions must be produced to the appropriate Collector of Customs. If they are under administrative control application should be made to the Administrative Officer, Central Import Licensing Branch.

Petroleum Products.

15. Petroleum products, although under administrative control will be licensed on a quota equal to 100% of imports during the base year 1950/51. Base year returns accompanied by a Statutory Declaration (see Attachment "D") should be lodged with the Administrative Officer, Central Import Licensing Branch.

"No Exchange" Licenses.

16. Collectors may issue "no exchange" licences for goods under quota control which are being imported on a gratuitous basis but such licences must be debited to importers' quotas. Applications for "no exchange" licences for goods under "Admin." control are to be forwarded to the Central Import Licensing Branch. "No exchange" licences are not to be issued for goods under quota control to other than quota holders.

17. However, the special provisions governing "in transit" goods may be applied to goods imported on a "no exchange" basis which were in transit before 8th March (vide paragraphs 11/13).

(W. T. Turner)
Comptroller-General

ATTACHMENT "A"

Customs (Import Licensing) Regulations

Notice

It is notified for public information that, pursuant to the powers conferred upon me under Regulation 15 of the Customs (Import Licensing) Regulations, I hereby revoke all previous ministerial determinations published in Commonwealth Gazettes relating to the exception of goods or classes of goods from the application of the said Regulations and except from the application of the said Regulations the goods or classes of goods enumerated in the schedule hereto.

In the schedule, the words "Customs Tariff" mean the Customs Tariff 1933-1950 and include that Act as amended from time to time or as proposed to be amended by any Customs Tariff Proposals introduced in the House of Representatives for that purpose.

This Notice shall take effect as from the seventh day of March, one thousand nine hundred and fifty-two, reckoned according to standard time in the Australian Capital Territory.

The Schedule

- (1) Passengers' personal effects and passengers' furniture and household goods admissible under Item 409(A) of the Customs Tariff.
- (2) Goods being bona fide passengers' baggage admissible under Item 409(B) of the Customs Tariff.
- (3) Goods, being bona fide passengers' baggage declared on Form 5A of the schedule to the Customs Regulations, provided that such goods are the passengers' personal property and are not intended for purposes of sale or trade, viz:-

Spirituous liquors, whether such liquors are admissible under Item 409 of the Customs Tariff or not, the total quantity of which does not exceed 2 gallons;

Cigarettes, cigars and tobacco, whether such goods are admissible under Item 409 of the Customs Tariff or not, the total quantity of which does not exceed 5 lb. in weight (for the purposes of this exception 400 cigarettes are to be regarded as weighing 1 lb.); and

Unexposed cinematograph film, not being film admissible under Item 409 of the Customs Tariff, the total quantity of which does not exceed 6,000 lineal feet or such further quantity as the Collector of Customs may allow.

- (4) Goods not being related to any commercial transaction sent by an individual to an individual through the Post Office.
- (5) Goods which the Collector of Customs is satisfied are bona fide gifts not imported for commercial purposes, the value of which in Australia does not exceed £20, or such further amount as the Minister may approve in special circumstances, provided that this exception shall not apply to tea in excess of 2 lb. net weight.
- (6) Goods which are proved to the satisfaction of the Collector of Customs to have no commercial value.
- (7) Goods which the Collector of Customs is satisfied are bona fide samples, not being goods of the kind for which import licences are normally not granted, provided that the importation of the samples does not, directly or indirectly, involve provision of any exchange (including provision of exchange for freight and insurance).
- (8) Fish admissible under Item 51(A) of the Customs Tariff.
- (9) Trade catalogues, price lists and like printed matter admissible under Items 338(D), 338(F), and 338(G) of the Customs Tariff.
- (10) Trophies won abroad and Decorations, Medallions and Certificates awarded or to be awarded and sent from abroad for presentation or competition in Australia, when admissible under Item 423 of the Customs Tariff.
- (11) Goods imported as reparations by the Commonwealth Government and entered under Item 370 of the Customs Tariff.
- (12) Motor vehicles which are permitted importation under Carnets de Passages en Douanes or Triptyques.
- (13) Yachts, the property of tourists visiting Australia, admissible under Item 424(C) of the Customs Tariff.
- (14) Outside packages and outer coverings admissible under Item 408 of the Customs Tariff, and fancy boxes admissible under Items 376(D), 376(E) and 376(F) of the Customs Tariff, when containing solely goods which are excepted from the application of the said Regulations.

- (15) Goods being the produce or manufacture of and
consigned to Australia from -
- (a) The Territory of Papua and New Guinea; and
 - (b) The Territory of Norfolk Island.

(NEIL O'SULLIVAN)
Minister of State for
Trade & Customs.

7th March, 1952.