

CONTRACTING PARTIES

Third Session

SOUTH AFRICAN IMPORT RESTRICTIONS

Note by the Executive Secretary

The following letter dated 25 May has been received from the Leader of the South African Delegation:

"I attach, for the information of the CONTRACTING PARTIES, a copy of a statement made by the Acting Minister of Economic Affairs of the Union of South Africa in Parliament on Monday evening, 23 May, 1949, regarding the introduction of physical import control in South Africa as from 1st July next.

2. The statement indicates that in the administration of the Union's new import control measures, a distinction will be drawn between sterling and non-sterling countries.

3. I wish to explain, however, that this aspect of the new scheme is still under consideration and it is possible that the distinction may ultimately be changed to one between soft and hard currency."

STATEMENT BY THE
ACTING MINISTER OF ECONOMIC AFFAIRS.

In view of the interest which has been shown in the import control regulations both inside and outside the House, I wish now to announce that regulations will be published at an early date in which provision will be made that no goods may be imported into the Union after 30th June except on production to the Department of Customs and Excise of a permit issued by my Department.

Certain exceptions will be made, the main two being that no import permit will be required in respect of -

- (1) Goods shipped from sterling countries on or before June 13th, the date of shipment to be substantiated by on board bill of lading or postal receipt. Excuses that goods could not be placed on board owing to any reason whatsoever will not be accepted. A very liberal margin of time should therefore be allowed when arrangement for shipment ex factory or store is being made.
- (2) Goods arriving from non-sterling countries, the importation of which has been authorised in terms of the present exchange quota regulations.

In this latter connection a proviso will be made that the goods must have been ordered and confirmed before June 30th and importers should approach their bank managers for full particulars of the necessary formalities without delay.

Permits will indicate the maximum free on board cost (as defined by the Customs Acts) of the goods described in the permit which may be imported into the Union during the period of validity of the permit. The permits will also indicate the currency area from which the goods may be imported.

My Department is at present compiling the necessary statistics on which the administration of import control will be based. The preliminary figures available indicate, however, that the money available for expenditure in the period July to December of this year will be insufficient even to meet the Union's full requirements of essential raw materials and capital goods. This position has been brought about largely as a result of past over-expenditure on finished consumer goods which have been reaching the Union in quantities considerably in excess of the level which can be maintained out of our foreign exchange earnings.

In these circumstances the Government has decided for the present to concentrate the money available on the

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importation of those goods which are necessary to keep the wheels of our industries turning. No permits will therefore be issued in the immediate future for the importation of any finished consumer goods, except in exceptional isolated cases where the goods are highly essential for maintaining public health and similar purposes.

The whole matter will be reviewed in the light of the fuller information which is expected to be available during August, and it will then be determined to what extent, if any, it will be possible to allocate foreign exchange for the importation of less essential goods.

The Government regards the importation of essential raw materials for industries, and essential capital goods for mining, agriculture and other basic industries, as of primary importance for maintaining our economic life during the difficult months ahead, and it is convinced that its efforts to do so will meet with the general approval of the country, since any failure to do so must result in unemployment not only in the industries directly concerned, but also in the distributive trades.

It is confidently believed that the position in 1950 will be much improved, although we will even then not be able to live in the luxurious manner that we have done in the past few years. For the remainder of this year, however, it is clear that the country will have to "live on its fat" and many importers, particularly those of finished consumer goods, will have to husband their resources in order to keep going.

The Office of the Director of Imports and Exports is at present preparing permits to cover a preliminary allocation of essential raw materials, spare parts for industrial machinery and consumable stores for industry. These will, however, not cover the importation of non-essentials or of any raw materials for which substitutes are available in the Union in adequate quantities.

Importers of consumer goods, non-essential raw materials and items of capital plant should therefore suspend or cancel all orders for such goods as cannot be shipped from sterling countries by 13th June or which will not be entered with the Union Customs Department by 30th June. In the case of non-sterling countries any orders for similar goods which may have been placed without authority under the present exchange quota regulations should also be cancelled or suspended.

A considerable amount of premature publicity has been given to the question of the importation of set-up cars and of books. In the case of cars it is necessary to remember that during 1948 we spent well over sixty million pounds on motor cars, motor spares, petrol, tyres, etc., and that we cannot under present conditions possibly maintain such a level of expenditure.

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On the other hand the Government wishes to avoid or minimise unemployment in the Motor Assembly Industry and a certain percentage of exchange has already been granted to the assemblers to import components. In addition, it has been suggested to the representatives of other overseas car manufacturers that they should try to make arrangements to have their cars assembled in the existing plants in this country, and certain arrangements to this end have already been effected while others are being negotiated.

It is not at this stage possible to determine to what extent, if any, it will be possible in the immediate future to permit the importation of set-up cars, including those which originate in America, England and the Continent. The matter is still being investigated and no final statement is at present possible. It is emphasised, however, that if it should be found necessary to suspend imports for a few months, this should not be interpreted as a ban, and that, although preference must be given to raw materials and components as compared with finished products, it is not the intention of the Government to ban the importation of British or any other set-up cars.

Regarding the importation of books, any statements made by private individuals or organisations must also be regarded as premature as the Government does not intend to ban the importation of any books other than those in respect of which other regulations already apply, such as the prohibition of comics, Wild West and certain other types of magazines, etc.

It appears, however, that under present conditions some saving must also be made on the importation of books and periodicals and it is clearly desirable that educational and technical books and periodicals should receive preference over light reading matter. The interested bodies have therefore been asked to submit full particulars and proposals to the Directorate of Imports and Exports.

The basis on which preliminary permits for essential raw materials, spare parts and consumable stores are being prepared for the second six months of 1949 is as follows:-

- (1) In the case of sterling goods, not more than 25% of the f.o.b. cost of the individual importer's total importations during 1948, i.e. 50% of his importations during 6 months, and
- (2) in the case of non-sterling goods, not more than 16 $\frac{2}{3}$ % of the f.o.b. cost of the individual importer's total importations during 1948, i.e. 33 $\frac{1}{3}$ % of his importations during 6 months.

It is emphasised that no importer can rely on getting a permit for non-essential materials or for materials which are available in South Africa.

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These permits must be regarded as preliminary and further assessments for the period July to December will be made in three or four months time when it is anticipated that further quotas will be available. Every effort will then be made to increase total quotas for essential industrial requirements to a substantial level of 1948 imports, but it is not at present possible to determine what proportions will be achieved.

These above-mentioned figures are intended as a general indication to importers of raw materials, spare parts and consumable stores of the preliminary quotas they can expect to receive and they should for the present exercise caution in negotiating orders for goods in excess of such quotas. A number of industrial groups have been engaged in discussions with the Director of Imports and, in certain cases, have been advised of the quotas which can be expected by their members. In such cases the above general statement will not apply and such groups should continue to work on the basis advised to them by the Director.

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