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WORKING PARTY 6 ON BALANCE-OF-PAYMENT RESTRICTIONS

Notes on the Principal Features of the Restrictions (for inclusion in Part II of the Report)

It is proposed that Part II of the Contracting Parties' Report will contain brief notes on the principal features of the import restrictions applied under Article XII. Attached will be found draft notes relating to 22 countries which have replied to the questionnaire or have otherwise supplied information to the Secretariat; these have been prepared by the Secretariat in consultation with the delegations concerned and if possible they will be enlarged and improved before the close of the Session.

Part II

NOTES ON RESTRICTIONS APPLIED BY CONTRACTING PARTIES

The following notes are intended to provide a general outline of the systems of import restrictions applied by contracting parties under Article XII of the General Agreement. Whenever possible, and if applicable, the following sections are included for each country:

Legal Basis for Restrictions,

Methods of Restriction,

State Trading,

Special Measures to Alleviate Injury,

Overseas Territories,

Recent Changes.

These notes were compiled mainly from information supplied by the governments themselves, and data gathered from other sources were verified by their delegations attending the Sixth Session of the CONTRACTING PARTIES. Any generalization or judgment given in the notes, or which could be inferred from the statements made, is therefore not attributable to the CONTRACTING PARTIES but to the governments concerned.

C O N T E N T S

/Notes on the restrictions applied by Austria and Indonesia will be added if the requisite information is received before the close of the Session/

AUSTRALIA

Legal basis for restrictions

The restriction of imports on balance-of-payments grounds is made effective through the Customs (Import Licensing) Regulations.

Methods of restriction

Imports are permitted without restriction as to quantity and value except in the case of imports from hard-currency areas. Applications for licences for goods originating in hard currency areas are dealt with on a case-by-case basis. In general the issue of such licences is restricted to essential commodities not available in adequate quantities from "easy-currency" sources of supply, the general objective being to limit the expenditure of hard currency to amounts pre-determined by annual planning. Hard-currency areas comprises the dollar area, Japan and Iran.

Recent changes

During 1950 exemption from the licensing requirement, which had applied to goods originating in the United Kingdom only, was extended to apply to goods originating in all countries of the sterling area, and later in many other countries classified as "easy-currency" countries. There has recently been a substantial increase in the value of import licences granted for several classes of dollar goods because of the increased requirements of defence equipment and stockpiling, the reduced availability of essential goods from non-dollar sources of supply and the higher price of dollar imports.

BRAZIL

Legal basis for restrictions

Import restrictions are applied under Law No. 842 of 4 October 1949.

Methods of restriction

All imports are subject to licence. No quota limitation is applied to the use of licences covering the import of goods defined as being in critical short supply or absolutely essential. Other products are subject to the following limitations:

(a) exchange allocations - in the case of imports payable in hard currencies;
(b) import quotas, established ordinarily in value and specified in commercial agreements with soft-currency areas.

Imports from hard-currency areas are based on a semi-annual exchange budget of estimated receipts and quotas allocated to each product - in proportion to its percentage volume of the trade of the last three years.

Permits for non-essentials are granted preferably for importation from areas with non-convertible currencies or within the quotas established in trade agreements. Licences are issued on these quotas to each importer in proportion to his average imports in 1946-1949.

Discrimination is involved in the distinction between hard- and soft-currency areas and is also inherent in the implementation of the quota undertaking in trade agreements.

Special measures to alleviate injury

Small quantities of luxury goods are admitted under the provisions of trade agreements.

Recent changes

During the second half of 1950 there was a substantial relaxation of controls. Import quotas were eliminated in the case of certain products regarded as essential and, for certain less essential products, licences were granted in advance on future quotas. Restrictions were relaxed on imports from both hard- and soft- currency areas.

CEYLON

Legal basis for restrictions

The requisite powers are vested in the Government by the Defence (Control of Imports) Regulations, which have the force of law by virtue of the Import and Export Control (Continuation) Act, No. 27 of 1950.

Methods of restriction

Four Open General Licences are in force, which enable wide ranges of goods to be imported without individual import licences:

(a) from any source excluding dollar sources and Japan,
(b) from dollar sources and Japan,
(c) from all sources except Australia, and
(d) from all sources except dollar sources.

Two lists are provided to indicate the goods which are under licence from all areas and which are under licence from dollar sources and Japan. Individual licences are issued by the Controller of Imports.

Recent changes

Substantial relaxation has been effected as from July 3, 1951 through the issue of the four new Open General Licences referred to above.

CHILE

Legal basis for restrictions

The system of quantitative restrictions falls within the framework of an annual foreign exchange budget prepared by the authority entrusted with the supervision of the balance of payments, the National Foreign Trade Council.

Methods of restriction

An exchange budget which is published in November for the following year contains an estimate of the exchange resources which the country can dispose of for the year, and provides for distribution of the exchange among imports, debt services and other obligations. In conjunction with the exchange budget a list of non-essentials is published each year the import of which is prohibited. Apart from imports by the major mining companies which are paid for with retained exchange and which are generally not subject to licence, goods are divided into four major categories for the purpose of import control, namely:-

(a) Goods that may be freely imported without permit, with exchange obtained at free market rate,

(b) Goods that may be imported without limitation as to quantity, with exchange at a preferential rate,

(c) Goods which may be imported with exchange obtained at the free market rate, within a limited quantity, and

(d) Goods which may be imported at a preferential rate within a limited quantity.

The exchange budget indicates separately for each item the corresponding quota in U.S. dollars and in "other currencies".

Recent changes

As indicated above, the whole system is subject to revision every year. A substantial intensification of the restrictions took place in 1949. In September 1950 the exchange budget was adjusted mainly to take into account the improvement in export receipts. The exchange estimate for 1951 was published in December 1950, which gives receipts and expenditure in 1951 at $332 million as compared with $267 million in 1950.

CZECHOSLOVAKIA

Legal basis for restrictions

The law of October 1948, incorporating the Economic Five-Year Plan, subjects the aims of the national economy and the direction of its foreign trade to the achievement of the Plan.

Methods of restriction

Foreign trade is carried on by monopoly trading companies representing all sectors of trade and industry. These companies are state-owned and are organised as independent limited companies. On the basis of the targets imposed by the Economic Plan the companies draw up their programmes of trading activities for an annual period or a part thereof both regarding imports and exports.

In drawing up the budget of the overall balance of payments for the annual period or a part thereof account is taken of the budgeted trade balance as well as non-commercial incomes and expenditures estimated for the same period.

Recent changes

Nationalisation of foreign trade was completed in 1949.

DENMARK

Legal basis for restrictions

Authorisation to restrict imports for safeguarding the balance of payments has been in force since 1932.

Methods of restriction

The level of imports subject to restriction is based on a licensing plan providing a certain relation between finished consumer goods, raw materials, semi-manufactures and capital goods. Unrestricted imports on private account from OEEC countries have reached 62% (basis: 1948 statistics) while the unrestricted imports from all foreign countries together are estimated in 1951 to be 56% of the 1948 total.

Unrestricted imports

(a) A global free list (amounting to about 40 million kroner in 1950) of raw materials, semi-manufactures, certain feeding stuffs and literature; these imports require no licence and may be made in any country irrespective of the currency in which payment is made;

(b) A regional free list of commodities applied to the EPU area, and requiring payments to be made in accordance with the general payments agreement concluded between Denmark and the country of supply;

(c) Open general licences for certain commodities from the EPU area and subject to the importer making a deposit with a bank. The application of this system towards the EPU area is being extended since it better enables the Authorities to keep a check on the countries' foreign exchange position vis-à-vis that area.

Restricted imports, requiring licences:

(a) quotas under bilateral agreements;

(b) regional licences affecting commodity groups imported from certain regions, e.g., the EPU area;

(c) licences under trade agreements not containing quotas but only frameworks for the total volume of trade including "preference lists";

DENMARK (Continued)

(d) token imports: although the system, as such, is not applied, most bilateral agreements make provision for trade in less essential, but traditional, goods; and

(e) licences for imports from countries with which no trade agreement exists such as the dollar area.

Five to ten per cent. of all licences available for issue are reserved for new importers or for other special purposes.

Transfer of licences is permissible if the amounts involved are so small that their separate realisation would be uneconomical; in such a case a small importer may transfer his licence to and buy the goods needed, from a larger importer.

State-trading

Imports of coarse grains and feeding stuffs are done by "The Central Agency for the Purchase of Grain and Feeding Stuffs". The agency is managed by representatives of grain and feeding stuff importers and of the authorities and has a monopoly to import these goods.

FINLAND

Legal basis for restrictions

A general prohibition of imports, except under authorisation of the "Board of Licences", since late 1939.

Methods of restriction

Bilateral agreements have been concluded with the country's principal trading partners with a view to balancing trade accounts individually and collectively. Within bilateral quotas licences are issued freely subject to prices and quality of the goods or other, purely commercial, considerations.

Although these agreements are important instruments for balancing the accounts of foreign trade, the issue of licences is not, in principle, dependent upon the existence of such agreements. In fact, a considerable part of Finland's trade is carried on by ad hoc licences, the final decision depending on the prevailing balance of accounts with the exporting country.

Token quantities of traditional but less essential imports, are usually provided for in the "miscellaneous" quotas of bilateral agreements.

State-trading

Up to the beginning of 1950 the Government imported essential goods in short supply such as grains, meat, sugar, edible and industrial fats and fertilisers.

Although this practice is now discontinued, some privileged agencies (the Alcohol Company, the Sulphuric and Superphosphate Factories and the State Grain Board) have retained exclusive import rights in their respective fields.

FRANCE

Legal basis for restrictions

General prohibition of imports, except under prior authorizations or other provisions; the issue of licences is governed by a decree of 13 July 1949 (Journal officiel of 14 July 1949).

Methods of restriction

Quotas allotted by licence on the basis:

- either of administrative decisions in the case of products from countries of origin with which France has no payments agreements;

- or of special agreements or negotiations in respect of products from countries of origin with which France has concluded a scheduled trade agreement.

Quotas so fixed are neither limitative nor final. They may be increased or reduced by special decisions taken in the light of foreign exchange availabilities.

State-trading

The restrictions also apply to imports by State monopolies and privileged enterprises. The products thus imported are mainly industrial raw materials (solid fuels, petroleum products, electric power), certain agricultural products (grains, grain flours, tobacco, oil seeds, liquid oils, butter cheese), and various finished products.

In 1950, State-trading accounted for approximately 24 per cent of all imports.

Special measures for alleviating injury

Bilateral trade agreements usually include a "miscellaneous" item under which imports of products not specified in the schedule can be classified. Exporters are also permitted to retain 10 to 15 per cent of the receipts from their exports and to use part of the foreign currency so obtained for payment of non-prohibited imports.

Compensation arrangements and barter are permitted only when they offer the sole means of carrying on international trade.

Overseas territories

The same licensing system is in force. Some bilateral agreements concluded by the metropolitan Government provide for special quotas for such territories. In addition, the OEEC liberalization measures have been largely extended to the territories of the French Union.

FRANCE (continued)

Recent changes

During the years 1948, 1949 and 1950 liberalization measures have been adopted under OEEC, affecting roughly 14 per cent in value of total imports. In addition, the widest facilities have been given in the matter of licences for purchases of products essential to the national economy, and in some cases licences are issued automatically.

It may thus be estimated that the rates of free or "semi-free" imports to total imports subject to restriction has increased very substantially.

FEDERAL REPUBLIC OF GERMANY

Legal basis for restrictions

A general prohibition of imports has been in force since 1945. The exclusive Military Government import monopoly exercised by JEIA in the post-war period was abolished in February 1949 and since then foreign imports have again been carried on by German traders.

Methods of restriction

Licences are required for all commercial imports and are issued by the Central Banks of the "Länder".

Imports from EPU countries are ~~credited~~ conducted for the time being under the special arrangements described below and "Recent changes".

Licences for imports from other areas are, generally speaking, issued on the basis of trade agreements concluded with the respective country or, in the case of countries with which no trade agreement exists, according to previous or expected earnings of the foreign currencies of these countries.

A certain amount of foreign exchange is kept in reserve for what in practice amounts to a system of "token imports".

Barter and compensation deals are, at present, permissible only in exceptional circumstances. They are not allowed in the case of any OEEC country, and in the case of countries with which the Federal Government of Germany has concluded a commercial agreement only if the respective agreement makes specific provision for barter and compensation dealings.

State-trading

An exclusive import privilege for the State is established by law with regard to spirits, "inflammables" and products of potassium (salts, compounds and others), although, in practice, no trade is done at present with regard to the products of potassium and very little with regard to "inflammables" and spirits. The Government is also entitled to intervene in the importation of various food and feeding stuffs whenever necessary to ensure equitable distribution and adequate stocks.

FEDERAL REPUBLIC OF GERMANY (Contd.)

Special measures to alleviate injury

Certain amounts of foreign exchange, called "Operational Foreign Exchange Funds", permit manufacturers to use a much simplified procedure for obtaining licences for raw materials and semi-finished products if these are intended for the production of goods for export within a certain time. Under this scheme, 4 per cent. of export proceeds remain at the disposal of exporters.

Recent changes

On account of balance-of-payments difficulties liberalisation of trade measures with OEEC countries had to be suspended in February of this year. On the basis of a decision of the OEEC Council of June 15th, 1951, concerning imports into Germany after June 1st, 1951, a monthly ceiling to imports from the EPU area has been fixed and at present imports are made in accordance with bilateral agreements with these countries on the basis of recommendations by the Organisation. Negotiations with a view to reintroducing liberalisation measures are, at present, in progress.

GREECE

Legal basis for restrictions

Import control has been in force since 1932, with a temporary interruption in 1946.

Methods of restriction

The trade liberalization measures adopted under OEEC have recently been suspended but the number of trade agreements is being increased. Imports are programmed on a six monthly basis according to currency area and effected if possible through bilateral agreements. Imports are sub-divided into 8 categories of products, each requiring slightly different procedures for obtaining import licences.

Licences are normally distributed on the basis of pre- and post-war reference periods and further whenever valid reasons of priority can be presented by importers, licences are issued by the Bank of Greece or its delegated agencies.

For a certain number of goods licences are, at present, being granted automatically and in full, namely for some seeds and yeast, pitch, fluxes for welding, dyeing extracts, kerosene, some specified products of steel, copper, tin and zinc, hard fibres, glass bottles needed for exporting wine, and some mechanical equipment.

Private barter is allowed when no extra spending of foreign exchange is involved.

State-trading

Public services and institutions are allocated separately amounts of foreign exchange which they need.

Import of matches, playing cards, cigarette paper, stamp paper, quinine, saccharine, narcotics, kerosene, has been traditionally a mohopoly of the State.

In addition, the following goods are for the time being imported solely by the State or through institutions authorized by the Government:

(a) directly by the State: - wheat, dried skim milk, tea, coarse grains, soya flour

(b) through authorized institutions, main items: - sugar, frozen meat, cheese, canned fish, cod fish, molasses, rice, pulses, fertilizers, agricultural pesticides and insecticides, some pharmaceuticals, drugs or medical supplies for public health program, solid fuels and some items of liquid fuels, sulphur and radio transmitting equipment and parts.

INDIA

Legal basis for restrictions

The Ministry of Commerce and Industry is authorised to issue from time to time Public Notices defining the policy, rules and procedure for import licensing purposes.

Methods of restriction

Imports are regulated in accordance with a long-term licensing scheme covering a substantial range of imports, particularly industrial raw materials, machinery and essential consumer goods.

For the purpose of licensing imports, countries are classified as follows:

1. Dollar area: United States and its dependencies, Canada and other American account countries.
2. Other hard-currency area: Japan.
3. Soft-currency area: all other countries except South Africa.
4. Pakistan.
5. South Africa.

Five categories of licence are issued to importers:

(a) General licences valid for the import of specified goods from any country except South Africa.

(b) Licences for imports from Japan.

(c) Soft-currency licences for imports from any country in the soft-currency area.

(d) Specified licences valid only for a specified country, issued generally in accordance with a bilateral trade agreement for goods not admissible from the rest of the licensing area in which a country in question is included.

(e) In addition, an open general licence has been issued for certain goods on the basis of their essentiality and short domestic supply.

State-trading

The import of food-grains is on Government account, but the purpose of this is not to restrict imports.

INDIA (Contd.)

Special Measures to alleviate injury

Some provision has been made for the importation of token quantities of non-essential goods. The adoption of the system of "General" licences and the new Open General Licence has to a large extent reduced the discriminatory character of licensing policy in respect of a number of items.

Recent changes

Substantially larger foriegn exchange allocations for various essentials have been provided for imports since 1950 as compared with the very restricted import programmes for previous licensing periods. In 1950, deterioration of the general supply position as a result of the international situation also called for certain liberal changes in the import policy. Moreover, the improvement in gold and dollar resources of the sterling area has made possible the adoption of the considerably more liberal policy towards imports from the dollar and hard currency areas.

Sweden, Switzerland, Western Germany, and Belgium and Portugal and their dependencies, which were formerly regarded as hard currency countries, are now included in the soft-currency area.

ITALY

Legal basis for restrictions

The Government is authorized under a law of 1926 and regulations adopted in 1935 to restrict imports when necessary.

Methods of restriction

75.8 per cent of private imports from OEEC countries and overseas territories (basis: 1948 statistics) have been freed; this percentage represents 36 per cent of total 1950 imports. There is also a schedule of products the import of which from sterling area countries is free; 1950 imports of such products represented 10 per cent of total 1950 imports.

For other imports, i.e. imports subject to quota, in most cases a licence is required. Application for a licence must be made to the Ministry of Foreign Trade which, if it agrees to the application, requests the Ministry of Finance to issue the licence. For other categories of products, permits are granted automatically by the customs authorities.

In some cases global quotas may be fixed in advance; this applies mainly to imports of certain agricultural products and raw materials.

In the case of other imports subject to restriction, bilateral trade agreements also provide for the allotment of shares in quotas to other countries.

As regards imports from countries with which no bilateral agreements have been concluded, every application for a licence is considered on its merits.

Barter and compensation arrangements are encouraged in all cases where there are no contractual arrangements or where an unfavourable rate of exchange would normally restrict or prevent trade.

In the granting of licences, due account is taken of the guarantees offered by the importer and of his imports during previous periods.

State-trading

The State has a monopoly of imports of tobacco, wheat, bananas, quinine, phosphorus and phosphorus sulphide, matches and cigarette lighters. The Government may, where it is in the public interest, import in bulk as it has

ITALY (continued)

done in the case of certain raw materials such as tin, vegetable oils and various mineral products. State imports for the three years 1948, 1949 and 1950 represented 23, 13 and 7 per cent respectively of total imports. State imports from OEEC countries represent a still smaller proportion of the total trade with these countries.

Recent changes

Apart from the reduction in State-trading and a further liberalization of trade with OEEC countries, bilateral import quotas are fixed as generously as possible so as to minimise their restrictive effect.

NETHERLANDS

Legal basis for restrictions

A Royal Decree, introduced in 1945, provides for general prohibition of imports and exports except under licence issued by the Central Import and Export Service.

Methods of restriction

60% of imports on private account from OEEC countries has been liberalised (basis: 1948 statistics) while 90% of imports from the other partners of the Benelux Customs Union are free from restriction.

For the restricted part of trade (i.e. with most European and some non-European countries) bilateral agreements exist; the shares of imports from other countries are allocated depending on the availability of the currency required.

Imports from the dollar area are programmed and consist only of goods not available elsewhere at the required quality and price; in order to stimulate trade with that area, exporters to the United States and Canada may retain 10% of the proceeds of their exports. These they may spend on the purchase of any goods they may wish. Trade with Latin American and Eastern European countries, when transacted in the currencies of those countries, is carried on on the basis of strict bilateral equilibrium so that its volume is limited.

State-trading

State-trading, introduced since 1930 for stabilising prices of farm products is still in force for grains and fodder, coffee, seeds, oils and fats.

Overseas territories

Surinam: no special trade agreements exist for this territory, but Surinam is participating in trade agreements concluded by the Netherlands; all imports are licenced and goods imported on the basis of directives determined by the Government; no foreign payments can be made except under a permit from the Foreign Exchange Control Board; the system of fixing quotas for imports from hard-currency areas has been abolished since January 1st, 1951.

The Netherlands Antilles: no restrictions.

Recent changes

Regarding transactions for which licences are required, the aim is to arrange for a level of imports (and exports) under bilateral agreements, sufficiently large to satisfy the needs of the national economy so that, in many instances, imports of these products are free for all practical purposes; imports by government agencies of essential goods needed for agriculture and personal consumption have been reduced since 1949. The more liberal import practice adopted whenever possible has rendered it unnecessary to maintain a system of token imports for certain products.

NEW ZEALAND

Legal basis for restrictions

The Import Control Regulations, 1938, provide that the import into New Zealand of any goods is prohibited except pursuant to a licence or an exemption granted by the Minister of Customs. Minor exceptions are provided by Regulations in respect of Government imports and of certain classes of goods, e.g. passengers' effects, small gifts, etc. More general exemptions have been granted by the Minister from time to time so that at present the effect of the regulations is limited to a relatively small number of goods from "non-scheduled" (soft currency) countries and to imports from "hard" currency areas.

Methods of restriction

Control is effected through import licences without the fixing of quotas. When a licence is necessary to import goods from a "non-scheduled" country such a licence when granted can be used for imports from any "non-scheduled" country. Every effort is being made to reduce the number of items still subject to import licence when imported from "non-scheduled" countries and the number of such items is continually decreasing.

Applications relating to imports from scheduled countries are considered individually, having particular regard to essentiality and the extent to which supplies are available from other currency areas. Licences granted in respect of imports from a hard-currency country are valid for that particular country only.

Basic allocations are fixed wherever possible to provide importers with an indication of the extent to which they may obtain licences for the importation of particular goods. These are shown as a percentage of the amount for which licences were granted to a particular importer for imports of similar goods from the "non-scheduled" countries in the basic period, which is generally the previous year. Applications by importers who obtained no licences in the basic period, or who desire licences for amounts in excess of their basic allocation, are considered on their merits, as are applications respecting items for which basic allocations are not established. Basic allocations, where fixed, are available for imports from any "non-scheduled" country.

NEW ZEALAND (Continued)

State-trading

Imports through state-trading operations for other than governmental use are confined to a few commodities, including principally wheat and fresh fruits. These are normally obtainable from "non-scheduled" countries but the actual source of supply is determined by such considerations as currency and shipping. All imports of cement are for the time being arranged through a special organization under Government sponsorship.

Special methods of alleviating injury

Licences in respect of certain goods are granted for token imports from the United Kingdom.

Recent changes

Since 1948 there has been a general relaxation of import restrictions regarding imports from all "non-scheduled" countries and the removal of any differentiation in treatment of imports from these countries. Since the beginning of 1951 increased allocations of hard currencies have been provided for certain classes of goods and licences are being granted for certain other goods previously excluded.

NORWAY

Legal Basis for restrictions

A general prohibition of imports by a law of December 1946, except under licence issued by the Ministry of Commerce. For imports of precious metals and transfers of payments not connected with the exchange of goods (e.g. capital, interest, freight, ship repairs, travel expenses etc.) special permits are issued by the Central Bank.

Methods of restriction

Trade on private account with the OEEC area has been freed to 65% (May 1951) on the basis of 1948 statistics.

About 50% of the commodities on the "free lists" are admitted upon the presentation of an "import and exchange declaration" (by the importer) in the case of goods which offer no difficulties to the customs authorities from an administrative point of view, and the other half against import and exchange licences issued automatically by the Ministry of Commerce.

In 1951 the global quotas amount to about 14% of the total import and include estimated imports from the dollar- and other hard-currency countries over and above bilaterally agreed import quotas. Bilateral arrangements form the bulk of the restricted part of trade; they are entered into whenever conditions of price, quality and supply make it desirable.

Internal distribution of licences to importers is based on the general reference period 1937/38/39 modified for some commodities by 1946 and 1947, while a certain amount is reserved for importers not entitled to a quota on this basis; in the last resort the Ministry of Commerce decides on individual applications. The issue of the licence guarantees to the importer the necessary foreign exchange.

Compensation and barter agreements are permissible whenever trade along more usual lines is excluded.

State-trading

Imports on Government account consist of grains, wine, coffee, sugar syrup, dried fruit, coal and coke.

Recent changes

In April 1951 liberalisation measures, applicable to the OEEC area, were extended to Israel and Spain.

PAKISTAN

Legal basis for restrictions

The Government of Pakistan derives authority to prohibit, restrict or otherwise control import of goods into Pakistan under the Imports and Exports (Control) Act, 1950. Notifications are issued under the Act by the Ministry of Commerce from time to time determining the nature and extent of restrictions.

Methods of restriction

There is in force an Open General Licence which grants general permission to any person or firm resident, or having a place of business, in Pakistan to import without restriction, any goods specified against the currency areas shown in the Open General Licence. About seventy per cent of the total imports by value consist of goods imported under the Open General Licence.

For import of goods not covered by the Open General Licence, specific licences are issued to importers subject to monetary ceilings fixed on the basis of foreign exchange earnings from "Dollar" and "Non-Dollar" areas. Single country licensing is resorted to only when required by bilateral trade agreements.

State-trading

The Government of Pakistan imports some of its own requirements on Government account. These imports are not subject to licensing rules. The only main item imported exclusively on Government account, outside the Government's own requirements, is sugar. It is imported on Government account to facilitate rationing operations and control of internal movement and distribution.

Recent changes

The successive Open General Licences have permitted import without restriction of a wider range of goods from time to time. During the years 1950 and 1951 the scope of the "Non-Dollar" area Open General Licence was extended to cover Switzerland and India. The current Open General Licence XIII covers machinery, tools and workshop equipment and chemicals from all countries, and most of the industrial raw materials, medicines iron and steel and some consumer goods etc. from the "Non-Dollar" area. The biggest item of import, namely, cotton piecegoods of c.i.f. value not exceeding rupee one and annas eight (45 cents) per yard has been placed on the Open General Licence from the "Non-Dollar" area.

PHILIPPINES

Legal basis for restrictions

Republic Act No. 650 (an Act to Regulate Imports and for other Purposes) provides that, with the exception of certain specified cases, no commodity may be imported without an import licence issued in accordance therewith. The government is authorized to issue rules and regulations for its enforcement, and to formulate policies regarding quota allocations and the issue of import licences.

Methods of restriction

Commodities are divided into two categories for the purpose of import control, namely "decontrolled commodities" and "controlled commodities". The importation of "controlled commodities" is subject to quota allocations expressed as "percentage cuts" computed on the basis of the similar imports in a basic period, which is the calendar year 1949. The import of "decontrolled commodities", though requiring a licence, is generally permitted without any limitation as to quantity or value.

The restrictions are non-discriminatory and the quotas are therefore allocated on a global basis without reference to countries of origin.

Trade with Japan has been arranged on a barter basis by trade and/or payments agreements entered into between the Philippines and the SCAP.

Recent changes

The system of import controls was established by law in December 1948, the purpose being to regulate the import of non-essential and luxury articles. Cuts ranging from 20% to 95% were enforced based on imports of these commodities in a previous twelve-month period (July 1947 to June 1948). At the end of 1949 the basic period was changed to 1948 and an Import Control Board was created. A new law was passed in May 1950 providing for percentage cuts up to 90% for four categories of goods based on the average of the c.i.f. value of the imports for the years 1946-1948. The present Import Control Law (Act No. 650), was enacted in June 1951, and came into effect on July 1, 1951.

SOUTHERN RHODESIA

Legal basis for restrictions

The Import Control Regulations, 1947, placed upon a "specified list" a number of countries from which imports would be allowed only under permit. The "specified list" has been modified from time to time by the addition or deletion of countries, but in general it has always included countries in the dollar area.

Methods of restriction

Permits, which are required for imports from the countries which have been placed on the "specified list", are issued under authority of the Minister of Trade and Industrial Development.

Currency quotas are determined with regard to essentiality of the goods to be imported and to their availability from sources not subject to control. Allocations of currency are made to the various Chambers of Commerce and Chambers of Industries, to be distributed by them amongst their individual members. In the case of imports from the dollar area, a permit issued against a quota can be used for any of the countries in that area. Allocations made in respect of imports from countries other than those in the dollar area are made in the currency of the particular country concerned.

A list of prohibited goods was issued to serve as a guide, rather than as a schedule of prohibitions requiring rigid adherence. This has, however, been supplemented by a list of "permissibles"; and importers who have received quotas are entitled to purchase any goods in this list, against their allocations.

Special measures to alleviate injury

Application for licences regarding goods on the "prohibited" list may be considered when warranted by special circumstances.

The establishment of industries to take advantage of the incidental protective effect of import restrictions applied by Southern Rhodesia and its neighbouring territories has been actively discouraged.

Recent changes

The permit system, which originally affected only certain countries in the Western Hemisphere, was extended to cover products from several non-dollar countries by reason of balance-of-payments difficulties between the sterling area and the countries concerned. Control was, however, removed during 1950 from imports from most of these countries, as soon as the position of the sterling area in relation to them improved.

With the improvement in the central reserves of the sterling area certain commodities previously on the prohibited list have been placed on the list of permitted imports from the dollar area.

SWEDEN

Legal basis for restrictions

General prohibition of imports and compulsory licensing since March 1947, for all goods other than those included in a "free list".

Methods of restriction

Seventy-five per cent. of trade on private account with OEEC countries (basis: 1948 statistics) has been liberalized, and licences are granted automatically. The outer Sterling Area, Finland and Indonesia are granted the same rights for certain groups of commodities. The existing global quotas are applicable to the OEEC countries, the outer Sterling Area and Indonesia. Within these quotas licences are issued freely.

Trade with Spain and Eastern Germany is held in strict equilibrium and arranged on a barter basis.

Licences for all other imports are either allotted in bilateral quotas or, when no bilateral agreements exist (such as with dollar area countries) according to the limits set by the import plan and current availabilities.

Although restriction was considered necessary it has been the intention to preserve the traditional import pattern. To this end importers have been left a wide measure of choice of product within the amounts of foreign currency allocated to the various branches of trade while the most recent basic periods of reference practicable are always chosen.

State-trading

The import of a considerable number of agricultural products is centralised, such as sugar, grains, vegetable oils and fats, fresh and frozen meat and pork, eggs, tobacco, wines and spirits.

Special measures to alleviate injuries

To counteract the protective effect of restrictions, a certain part of bilateral quotas is reserved for new enterprises, while the range of commodities included in bilateral or global quotas is extended as much as possible in that no fixed amounts for the import of specified goods is shown, while a unilateral increase in certain imports may be decided upon wherever uneconomical domestic production of substitutes threatens to be established.

TURKEY

Legal basis for restrictions

The present licensing system is operated under Decrees Nos. 3/11704 and 3/11090 of August 10 and September 30 1950 respectively. Imports are subject to licence from all countries except for the 60% of imports (on the basis of 1948 statistics) from member countries of the OEEC which have been freed under the liberalisation scheme.

Methods of restriction

For the purpose of import control products are grouped in four lists, drawn up according to their essentiality to the economy. Licences as well as the required foreign exchange are provided by the Central Bank according to the allocations made by the Ministry of Commerce and Economy for each tariff item, without the fixing of quotas.

If the allocation is not sufficient to cover all the applications for licences in respect of a given tariff item, the sum so allocated is divided among the applicants according to a scheme.

A limited number of goods of secondary importance is included in a further list for the import of which no foreign exchange is allocated but which may be imported against foreign exchange obtained by the export of certain goods of secondary importance.

Import licences for products from the dollar area are granted in general when such products cannot be obtained from countries outside the dollar area.

State-trading

Import of spirituous beverages, quinine and its derivatives, matches, sugar, tea, tobacco, inflammable substances and playing cards is a state monopoly. Purchases are made by state organizations on the basis of commercial considerations without any discrimination as between the supplying countries. Import of these products is also subject to the licensing system.

Recent changes

Prior to August-September 1950 the licensing system was applied to all imports of whatever origin. Under the decree proclaimed at that time 60% of the imports from member countries of the OEEC were free from the licensing requirements.

UNION OF SOUTH AFRICA

Legal basis for restrictions

Import restriction was introduced in 1948 by decision of the Government pursuant to powers endowed upon it by legislation.

Methods of restriction

For the purpose of the issue of import permits the country's imports are divided into eight major groups of commodities. The country's total import requirements falling within the first four groups, namely (i) pharmaceutical products, (ii) certain essential foodstuffs (cereals, tea and coffee), (iii) petrol and oil, and (iv) goods on the "free list", are estimated and the necessary foreign exchange is provided accordingly or a global import quota is established. Global import quotas are established also for the other four groups, i.e. (v) government stores, (vi) raw materials, consumable stores and maintenance spares, (vii) capital equipment for replacement purposes or for approved industrial expansion, and (viii) consumer goods other than those appearing on the prohibited list.

The control is exercised by the issue of two kinds of permits for goods not included in the prohibited list:

(a) "General" permits valid for imports from any country are issued up to an amount equivalent to (i) South Africa's total current external income, i.e. the total of the current gold output available for sale abroad, plus the net current external earnings after provision for external invisible payments has been made, and (ii) twice the amount of available untied capital receipts from hard-currency countries.

(b) "Restricted permits, which are available for imports from soft-currency countries only, are issued to the extent necessary to supplement imports under "general" permits.

"General" permits are issued for all classes of permissible imports, but with due regard to the relative essentiality and availability of particular classes of commodities and the total amount of foreign exchange against which such "general" permits may be issued during any particular licensing period. In addition "restricted" permits are issued to supplement the country's imports under "general" permits.

UNION OF SOUTH AFRICA (Contd.)

Soft-currency countries are defined for the purpose of the restrictions as all countries other than the United States of America, Canada, and the American account countries.

Special measures to alleviate injury

Importers of consumer goods are allowed to convert at fixed rates their consumer-goods permits (both "general" and "restricted" permits) into permits which may be used for the importation of luxury and non-essential goods on the prohibited list.

Recent changes

When the restrictions were first introduced in 1948, the importation from all countries of certain goods of a luxury and non-essential character, or goods of which the South African production is sufficient to meet the country's own requirements was prohibited except under special permit. Later under a revised system of control of imports a distinction was drawn between sterling and non-sterling sources of supply, and permits were issued only for three categories of goods, namely capital equipment, spare parts and raw materials for industry; consumer goods were not permitted to be imported except in special circumstances. As from the beginning of 1950 the control has been based on a distinction between hard and soft currency countries, and restrictions have been successively relaxed. Since then limited amounts of soft currency are being allocated for the importation of general consumer goods not on the prohibited list and importers are authorised to convert part of their restricted permits into universal permits at a fixed rate.

At the same time certain goods (mainly textile piece goods and books) were exempted from permit, subject to certain ceiling prices, when imported from soft currency countries.

In the beginning of 1951 the ceiling prices previously established for piece goods which could be imported without permit from soft currency countries, were substantially increased. The importation thereof, however, was again made subject to permit, but this was done for record purposes only and permits are issued freely on application by importers who can submit proof of confirmed orders and the same facilities were also made applicable to imports of piece goods from hard currency countries.

UNITED KINGDOM

Legal basis for restrictions

Restriction of imports to safeguard the balance of payments is carried out by means of an Order under the Import, Export and Customs Powers (Defence) Act, 1939, prohibiting imports of all classes of goods except under licence granted by the Board of Trade.

Methods of restriction

Importation on private account is authorized by licences. A number of commodities have been placed on "world open general licence", permitting any person to import from any source of supply without limit of quantity; a considerably larger range of goods are on open general licences permitting unrestricted imports from "soft currency sources". * A variant of the open general licence procedure is the procedure of issuing open individual licences : to individual traders, allowing them to import without limit of quantity but subject to the observance of conditions such as compliance with internal distribution controls.

The greater part of the United Kingdom's imports are imported either on Government account or under open general licences. For those imports subject to specific individual licensing, a number of ad hoc methods are used, including separate import allocations for individual soft currency sources, "global" quotas for the soft currency area as a whole (a recent experimental innovation) and licensing according to end-use (which applies to dyestuffs and certain types of machinery). Applications for licences to import goods destined for re-export, with or without further processing, or for incorporation in goods manufactured for export, are dealt with individually in the light of balance of payments considerations.

In the overall programming of imports, a broad distinction is drawn between imports from hard-currency and from soft-currency sources. For imports from the dollar area and other hard-currency sources, a detailed programme for individual commodities is drawn up in the light of import requirements and of availabilities from other sources; this programme covers goods imported on both Government account and private account. For imports from soft currency sources, of which a very wide range can be imported without restriction under open general licences, the procedure is more in the nature of forecasting than of programming. The United Kingdom has bilateral trade and payments agreements with a number of countries, in

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* i.e. countries other than the following:
Albania, Argentina, Bolivia, Bulgaria, Canada, Columbia, Costa Rica, Cuba, Czechoslovakia, Dominican Republic, Ecuador, El Salvador, French Somamiland, Germany (Russian Zone), Guatemala, Haiti, Honduras, Hungary, Japan, Korea, Liberia, Mexico, Nicaragua, Panama, Persia (Iran), Philippines, Poland, Roumania, Tangier, United States of America, Union of Soviet Socialist Republics, Venezuela, Yugoslavia.

UNITED KINGDOM (cont'd)

connection with which import allocations for goods subject to individual licensing are periodically reviewed in consultation with the other country concerned; but formal commitments to purchase specified quantities of particular goods from such sources are not a normal feature of these agreements.

State-trading

A system of import exclusively on Government account applies to a number of foodstuffs and raw materials, for example where this is considered to facilitate the procurement of adequate supplies at reasonable prices or the operation of domestic rationing and price control arrangements. Subject to the limitations imposed on hard-currency imports by the import programme, purchasing is guided by commercial considerations such as price, quality and availability.

Special measures to alleviate injury

A scheme of token imports, of interest mainly to hard-currency countries, permits the import of limited quantities of various manufactured products which would otherwise be totally excluded.

Overseas territories

The dependent overseas territories of the United Kingdom have import control systems which, though naturally differing in detail from that of the United Kingdom, embody the same general principles; the primary object is to economise in expenditure of hard currencies. As in the United Kingdom, imports from soft-currency sources are licensed on a liberal basis.

Recent changes

Regular programmes of imports from the dollar area have been drawn up since 1948 and the restriction of imports from non-dollar countries has been adjusted from time to time with changes in the balance of payments position and in accordance with such arrangements as the Intra-European Payments Agreements and the European Payments Union. The import policy for 1950-51 has been to continue to restrict dollar imports to help in the further restoration of the central gold and dollar reserves of the sterling area. Increased expenditure on dollar imports has been inevitable in the light of the world situation, and in particular the requirements of the increased defence programme, but as strict economy as possible in dollar expenditure has been maintained as a part of the effort to strengthen the position and the stability of sterling. More recently the dollar difficulties of the sterling area have become more serious and in the third quarter of 1951 there has been a substantial fall in the gold and dollar reserves.