

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/80
9 March 1953

Limited Distribution

Original: English

AUSTRALIAN IMPORT RESTRICTIONS

The following statements, one of 16 February 1953 by the Australian Prime Minister and the other of 17 February by the Australian Minister for Trade and Customs, have been submitted by the Australian Government for the information of the contracting parties:

Statement by the Prime Minister

"It is something like a year since the Government had to make the decision to extend import licensing controls over practically the whole field of imports. Up to that time - March last year - import licensing applied virtually only to imports from the dollar area and Japan. The decision to extend the restrictions in this way was not an easy one for this Government to make, because we dislike controls, but import expenditure was running so far ahead of our export income that our international reserves were quickly falling away. We had to take special and sudden measures to safeguard our external solvency.

"We made it clear from the start that just as soon as the level of our international reserves and our balance of payments prospects permitted, we would relax and eventually remove the import controls. We are keeping this promise. It is essentially a gradual process. Excessive action could disorganise business. It is our job to keep our plans flexible and therefore what we have done and will continue to do is to keep our eye on the state of our international accounts and on our future prospects, and act accordingly.

"There have already been modifications of the import licensing system over the past few months with the result that the original severity of the restrictions has been eased. For instance, special arrangements were made to mitigate cases of hardship. Additional licences were made available where circumstances gave Australian importers a special justification for them, and in instances where goods were specially prepared for the Australian market and the supplier faced direct financial loss as a result of the Australian restrictions. Extra licences to a value of about £20 m. were issued up to the end of December to meet hardship cases.

"Another modification which was made related to the removal of debits against quotas. When the restrictions were first imposed our international reserves were so low and prospects so uncertain that it was necessary to provide that goods already shipped or covered by irrevocable letters of credit be debited against quotas. We realised that this was a severe measure and that the quotas of many importers might be exhausted for long periods ahead. However, the recent improvement in our external financial position enabled my colleague, the Minister for Trade and Customs, to announce towards the end of last year that, as from 1st January, debits against quotas would be cancelled and importers would henceforth be able to secure licences to the full extent of their quotas.

"Another and obviously important step which we took towards the end of last year, following an improvement in our international financial position was to relax to an extent the standards which had been previously applied in considering import licence applications. We were, by this means, able to allot more exchange to raw materials, capital equipment and other basic imports for primary and secondary industries.

"The Government has now just finished another review of the balance of payments situation. From the import and export statistics which have been published from month to month it will be known that considerable progress has been made in improving our trade balance. During the six months to December, 1952, exports were buoyant and amounted to £403 m.. Our imports were valued at £252 m.. It must not be assumed, however, that the whole of the difference between these two figures represents an addition to our international reserves for there are large outgoings for freight and insurance and other payments. Nevertheless, reserves have improved significantly.

"Export markets, especially for wool, have been favourable and there seem to be good prospects for the remainder of the present financial year. Although the acreage of wheat sown last year was lower than in immediately preceding seasons, growing conditions were extraordinarily good and a record average yield per acre is expected. We have also done well with meats, sugar and some grain crops other than wheat.

"The present situation is therefore that our overseas reserves have improved steadily since the beginning of our export season and we have, as a result of close examination, good reasons for hoping that continued improvement can be expected for the remainder of 1952-53.

"Because of this, the Government has thought that some further relaxation of the import restrictions is justified. Our view now is that for the coming year we should be in a position to afford imports about £50 m. higher than the rate we had until recently been assuming. My colleague,

the Minister for Trade and Customs, is at present completing his work on the details and he will be announcing shortly just what the new relaxations are. But I would myself like to say a word in advance about them. They will, in the first place, extend to most types of imports. It is only fair that this should be so. But we have also had clearly in mind the impact which the flow of imports obviously has on our employment situation and we have been concerned to see that we give greater access to the raw materials and equipment which our manufacturers need.

"When this new easing of the import restrictions is added to the earlier relaxations we will have, within a period of about twelve months, made a total relaxation equivalent to a 25 per cent. increase in the rate of flow of imports. It is appropriate, in another sense, that relaxation to this extent should have been made. Stocks of imported goods have been running down and the higher rate of imports now possible will go far towards maintaining reasonable stocks and will also assist in some measure to prevent a recurrence of inflationary pressures.

"I should also make it clear that in this announcement I am speaking only of non-dollar, non-Japanese imports. The gold and dollar reserves of the sterling area have shown some improvement in recent months but they are still inadequate and it is a prime task of all sterling area countries to do their utmost to restrict dollar spending and build these reserves to a safe level. This policy was endorsed at the recent London Economic Conference and the Australian Government intends to continue to do its part in strengthening the trade and payments position of the sterling area.

"In deciding import licensing matters the Government has been assisted by the helpful advice of the Consultative Committee on Import Policy. This Committee was established shortly after the restrictions were imposed with the object of bringing together a group of people who could by their knowledge and experience help the Government to achieve the smoothest possible working of the restrictions. The Committee includes people from secondary industry, importing interests, retail trades, primary industry, trade unions and women's organisations."

Press Statement by the Minister for Trade and Customs

"The Minister for Trade and Customs today released the following details of relaxations of the import restrictions on goods, the origin of countries outside the dollar area and Japan announced by the Prime Minister. These relaxations will operate from 1st April 1953.

"From Administrative Control to 'License freely'

Stud stock, viz: sheep, pigs and cattle.
Seeds for sowing, viz. pea, lupin, mustard, rape, cocksfoot grass, hop medic clover and lucerne;
seeds unspecified in the Customs Tariff.
Cheese bandages and cheese cap material.
Tin plate.
Sulphate of ammonia.
Bullion and coin, gold and silver bar, ingot and sheet.
Crude rubber.
Pulp for paper manufacture.
Fruit wrapping paper.
Crude asbestos.
Nitrate of soda and manures.
Rock phosphate.
Raw cotton.
Abrasive materials including pumice sand and powders.
Mercury.
Greasy and scoured wool and clippings.

"From 60% to 100%.

White flannelette.
Milling silk.
Synthetic resins, synthetic oils, etc. for paint manufacture.
Crude drugs.

"From 75% to 100%.

Fresh, smoked, dried or frozen fish.

"From Administrative Control to 100%.

Mosquito netting.

"From 80% to 100%.

Book binders' cloth.

"From 40% to 70%.

Linoleums.

"From 60% to 80%.

Flavouring esters and aldehydes etc.
Coffee and chicory, raw and kiln dried.
Cocoa beans, whole or broken, raw; cocoa shells, raw.
Cocoa butter for the manufacture of chocolate.
Window holland.
Knitted or lock stitched fabric for the manufacture of
women's dress gloves.
Braids, etc. and hoods for hat making.
Hand pieces for sheep shearing machines.
Adding and computing machines and attachments.
Typewriters, including covers.
Cash registers.
Graphite.
Match splints.
Packings (other than of asbestos) and materials (not
containing asbestos) suitable for cutting into packings.
Floats, fish hooks and fishing and rabbit nets.
Twine for fishing, rabbit and tennis netting.
Dental materials, viz: gold solder, alloys and amalgams.
Surgical and dental instruments.
Surgical instruments and appliances.
Electro-surgical units.

"Category 'A' (60% to 70%).

Goods at present licensed on a basis of 60% of base year imports of individual items, that is Category "A" goods, will be licensed on a basis of 70% of base year imports of individual items.

"Category 'B' (20% to 30%)

Goods at present licensed on a basis of 20% by value of base year (July 1950/June 1951) imports, that is Category "B" goods, will as from 1st April be licensed on a basis of 30% of base year imports. Grouping of Category "B" items will continue as in the past.

"Licensing Banks.

In some cases composite licensing 'Banks' have been established, made up of the sum of 60% of base year imports of certain Category 'A' items, 20% of certain Category 'B' items and 60% of base year imports of certain goods under Administrative control. These Banks will be increased to the sum of 70% of the Category 'A' base year imports concerned, 30% of the Category 'B' base year imports concerned and 70% of base year imports of the goods under Administrative control.

"The Minister added that the improvement in the overseas exchange position which had made possible the operation of these relaxations from 1st April would also be reflected in the licensing treatment of goods under Administrative control."