

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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AUSTRALIAN IMPORT RESTRICTIONS

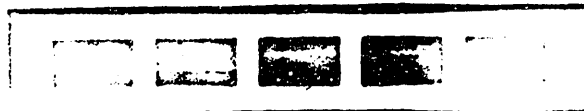
Announcement by the Acting Prime Minister, Sir Arthur Fadden

The Australian representative has transmitted to the Executive Secretary the following text of an announcement made by the acting Prime Minister, Sir Arthur Fadden on 28 June 1956, and he indicated that in accordance with Inter-Sessional Committee procedures, full details concerning this announcement will be forwarded as soon as possible.

"The Government has reviewed the likely results of the Australian balance of payments in 1955/56 and the prospects for 1956/57. It is now certain that exports will be higher this year than could be expected early in the year when wool prices fell. There will be a substantial carry-over of wool acceptable for sale and export in the next financial year.

"Wool prices have shown a distinct firming tendency in recent weeks but it is never possible to precast the vital factor of wool prices with certainty until the new selling season has opened. The Government has found considerable reason for encouragement as to the prospect for exports of manufactures next year as a result of the trade drive. The capacity of Australian industry to save imports over a wide field is increasing. The position of our International Reserves has been supported this year by a considerable amount of private capital inflow. While every possible assistance and encouragement will be given to a continuing of such capital inflow it would be somewhat risky to rely upon the rate which has prevailed in 1955/56 continuing throughout 1956/57.

"The relatively high rate of imports which has continued in recent months is mainly due to fluctuation in the period following introduction of import restrictions last October. There was some flexibility in administration which had the effect of moderating initial impact of the new restrictions on trade and industry. Also there was a high level of licences outstanding from previous less restrictive periods and importers have been making full use of their import entitlements. Certain long-term programmes of capital expansion in private industry had to be left going and provisions had to be made for reasonable requirements for replacement of obsolete equipment. In addition imports of petroleum products which are not subject to restriction have been substantially greater than estimated earlier.



"Although the Government's review of the situation indicates improved export prospects there is still need for further restraint upon the flow of imports which could, at present licensing rates, exceed £700 million f.o.b. a year. There is also need for some recasting in the basis of import licensing. The increased need for raw material and capital goods to maintain the essential expansion of industries capable of saving imports and earning exports requires that the restricted volume of imports available to the Australian economy should be allocated with greater selectivity. It is estimated that these new licensing arrangements will cause a reduction in the level of imports of about £40 million f.o.b. in a full year. This reduction will, of course, not have the full effect on imports in the year 1956/57. Details of new arrangements are being announced by the acting Minister for Trade.

"The country is entering the off season for exports when it is difficult to precast what next season's export prices will be, but the balance of payments will be reviewed fully in August/September when more definite information will be available to the Government about prospects for the coming financial year."

