

GENERAL AGREEMENT ON TARIFFS AND TRADE

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AUSTRALIAN IMPORT RESTRICTIONS

Details of the Modifications effective 1 July 1956

L/493 reproduces a statement by the Australian Acting Prime Minister on 28 June 1956, announcing certain changes in the Australian import restrictions to be effective on 1 July 1956. That statement was transmitted by the Australian Government with the indication that full details would be forwarded. The attached two documents, namely a statement for the press dated 28 June 1956 and Licensing Instruction No. 1956/45, have been received and are circulated to the contracting parties in accordance with the intersessional procedures.

A. STATEMENT FOR THE PRESS DATED 28 June 1956

The Acting Minister for Trade (Hon. William McMahon), referring to the announcement by the Acting Prime Minister, today gave details of important changes in the policy and administrative framework of import licensing. These changes were designed to introduce a greater degree of selectivity and flexibility in the control of imports, and at the same time to exercise some further restraint over the flow of imports during 1956/57.

Mr. McMahon said "The Government has re-affirmed its intention of encouraging those developments which could be expected to lead to a long-term strengthening of our external payments position. In conformity with this policy and because of industry's increasing requirements of raw materials and producer goods, it was essential to change the pattern and incidence of import restrictions to meet changing conditions."

"The new import licensing programme was designed to make the most effective use of the foreign exchange available. Although reductions in certain categories were inevitable one purpose of the new arrangements was to enable a re-allocation of funds to meet changing needs. This re-allocation will involve a reduction in the exchange available for overseas purchases by Government departments comparable to the reduction in exchange available to private importers."

"The proposed amendments to current licensing policy are the outcome of the Government's latest review of Australia's external payments position", said Mr. McMahon. "There will be no changes in the policy in regard to those items which are not at present subject to control on a quota basis. However, in the administration of licensing within this group there will be some tightening and readjustment of allocations to permit the foreign exchange requirements of essential development programmes to be met. The changes in policy and administration will affect those goods which have in the past been subject to control on a quota basis. Some more essential items at present included in 'B' Category will be transferred under the new programme to 'A' Category. The remaining items will be divided into seven sub-categories with provision for interchangeability within sub-categories but not between them. New quotas will be established for each sub-category on the basis of a percentage of actual imports during 1954/55. The new 'A' Category will cover all other goods subject to quota control. Schedules giving the full details of the changes which will operate from 1 July, 1956 are available to importers from the Collector of Customs in each State."

Mr. McMahon explained that the commodities remaining in "B" Category would be sub-divided into the following sub-categories:

- B1 Metal manufactures, appliances and equipment
- B2 Textiles, trimmings, ornaments and related goods
- B3 Sporting materials, toys, fancy goods
- B4 Apparel and attire
- B5 Paper
- B6 Foodstuffs and beverages
- B7 Miscellaneous

In respect of these "B" Category goods, imports during the year 1954/55 would constitute a new base for licensing purposes. Importers would have to establish new quotas for each sub-category fixed at a certain percentage of their imports of these goods during 1954/55. The percentages would vary between sub-categories, and under the new licensing programme it would be necessary to reduce the current level of imports in each sub-category by percentages varying from 25 per cent to 33-1/3 per cent.

Mr. McMahon stated that "A" Category would continue to contain essential raw materials and producer goods and would include items transferred from "B" Category and such goods as galvanized iron, cigarettes and carpets which were previously in the special "Administrative Star" Category. Many of these goods are subject to substantial changes in the supply/demand situation over relatively short periods. For example, although barbed wire was in such short supply in Australia last year that substantial imports were required, the supply position has now improved to such an extent that the shortages remaining are mainly due to mal-distribution as between States and the demand for imports is negligible.

For this reason in the administration of licensing within "A" Category, it would be necessary to provide sufficient flexibility to enable adjustments to be made in quotas to meet changes in the supply/demand position, which could vary significantly even from one quarter to the next for certain commodities. Thus provision would be made for variations in the quota for individual items in accordance with changes in the supply/demand situation for each item, instead of the present procedure of varying all quotas by the same percentage which does not, under present conditions, permit the desired degree of selectivity. Imports of "A" Category goods would therefore be licensed at varying percentages of the quotas which were available to importers as at 25 June 1956, and would be subject to periodic reviews.

Criticism has been levelled at the present method of licensing "B" Category goods on the grounds that the range of interchangeability increased both the opportunity and the incentive to traffic in licences. Nevertheless, interchangeability does provide some distinct and important advantages over a more rigid system. It permits a degree of flexibility in trading to meet variations in the supply/demand relationship for individual products, which has been of considerable advantage to countries which are important markets for Australian exports. The new arrangements, including the necessity to establish new quotas for each sub-category, should preserve in large measure the advantages of interchangeability and should at the same time lead to a significant reduction in the scope for trafficking.

Mr. McMahon concluded that, with a rapidly developing economy and at the same time the necessity to restrain overseas expenditure to an extent dictated by our overseas payments position, it was essential to maintain as much flexibility as possible in the administration of import controls. In the absence of adequate flexibility the very nature of the restrictions and their relationship to an historical base could prevent Australian industry from pushing ahead with development programmes which had important export-earning significance.

Canberra
28 June 1956

B. LICENSING INSTRUCTION NO.1956/45

Customs (Import Licensing) Regulations

Restrictions on imports of non-dollar
area origin

1. The Department of Trade has advised that the following variations in the import licensing measures applied to goods originating in non-dollar countries will come into operation on 1 July 1956.
2. The present Category B, with a few exceptions which are included in paragraph 6(c) of this Instruction, is divided into seven separate categories to be known as Category B(1), B(2) etc. Importers may exercise freedom of choice in applying for licences for goods within each category, but no interchangeability will be permitted as between items in different categories.
3. The present Adm.* Category is abolished and, with certain exceptions goods previously treated on an Adm.* basis are transferred either to Category A or to Category B.
4. Quotas for goods in Category A are to be granted on the basis of a percentage of the value of quotas established by individual importers in the quarter April/June 1956 except for a few items which will be licensed on the basis of 1954/'55 imports.

5. Category B

(a) The goods in the new categories are broadly described as:

- Category B(1) Various metal manufactures, appliances and equipment.
- " B(2) Textiles, trimmings, ornaments and related goods.
- " B(3) Sporting materials, toys and fancy goods.
- " B(4) Apparel and attire.
- " B(5) Paper.
- " B(6) Foodstuffs and beverages.
- " B(7) Miscellaneous.

Full details of the items included in those categories are set out in attachments A to G of this Instruction.¹

¹ Attachments A to G are not reproduced. A copy is on file at the secretariat.

- (b) Quotas for categories B(1) to B(7) are based on a percentage of imports in 1954/55 and will be allocated only to those firms which held category B quotas as at the date of this Instruction.

The various percentages on an annual basis applied to each category are as follows:

Category B(1)	$37\frac{1}{2}$	per cent	of 1954/55 imports
" B(2)	$37\frac{1}{2}$	" "	of 1954/55 imports
" B(3)	$37\frac{1}{2}$	" "	of 1954/55 imports
" B(4)	$33\frac{1}{3}$	per cent	of 1954/55 imports
" B(5)	$33\frac{1}{3}$	" "	of 1954/55 imports
" B(6)	$33\frac{1}{3}$	" "	of 1954/55 imports
" B(7)	$37\frac{1}{2}$	per cent	of 1954/55 imports

(c) Return of importations

Importers who held Category B quotas as at the date of this Instruction will, in accordance with past practices, be required to submit returns to the Collector of Customs in the States in which the quotas were held, showing details of their imports of goods in each category during 1954/55.

The returns must be submitted separately for individual categories and must be accompanied by a Statutory Declaration made by the importer or an executive officer of the firm.

For the purpose of establishing quarterly quotas, Collectors will increase the value for duty of imports in 1954/55 by 15 per cent in order to obtain a c.i.f. and e. figure. The quotas are then to be established in accordance with the percentages shown in paragraph 5(b) of this Instruction.

- (d) An example of the establishment of a quota in the July-September 1956 quarter in category B(1) is as follows:

Imports in 1954/55 -		
Item 141	-	£1,000
Item 144	-	500
Item 148(A)	-	<u>4,000</u>
		<u>£5,500</u> f.o.b.

Conversion to c.i.f. and e. by adding 15 per cent
" " £6,325 c.i.f. and e.

Category B(1) quota on an annual basis is
37½ per cent of £6,325 = £2,372

Category B(1) quota for July-September 1956
quarter is 1/4
of £2,372 = £ 593 c.i.f. and e.

(e) New Importers

Importers who held category B quotas as at the date of this Instruction but who did not import the goods licensed in category B(1) to B(7) during 1954/55 will not be entitled to establish quotas. Similarly firms which did import during 1954/55 but who do not hold a quota as at the date of this Instruction, will not be entitled to establish quotas in categories B(1), etc. However, in such cases consideration will be given to the question of establishing a quota in the appropriate category if an application is made in writing to the Licensing Branch, Department of Trade, 52 William Street, Sydney. Such applications must include the following information:

Name of firm, date of establishment, number of employees, etc.
Nature of business, e.g. manufacturer, wholesaler, indenter.
Quantity, value and description of goods imported since
30/6/55 according to category B(1), B(2), etc.
Date of importations.
Details of category B quotas held as at the date of this
Instruction and when granted.

6. A Category

- (a) For the majority of the goods in the new A category (including Banks) importers are permitted to establish quotas at a percentage of each of the quotas under the separate items, established in their names during the quarter April-June, 1956. In a few cases, however, (see paragraph 6(c) of this Instruction) quotas will be based on imports during 1954/55.
- (b) Attachment "H" to this Instruction is a revised Schedule of Categories which indicates the licensing treatment for all items, including the new A category items. For the majority of items the licensing treatment is a percentage of the value of individual quotas held in the April-June 1956 quarter -

e.g. Item 390(b) - A(80)
Quota April-June 1956 = £8,000 c.i.f. and e.
Quota July-September 1956 = 80 per cent of £8,000
= £6,400 c.i.f. and e.

(c) For the balance of the items, quotas may be established at a percentage of 1954/55 imports. These items are:

138(a)	359(D)(2)
172	359(D)(3)
174(V)(7)	359(D)(4)(c)
176(F)(2)	359(E)
176(O)	359(J)
180(H)	Ex 359(K) Balance
278(A)	360(A)(1)
281(E)	360(B)
284(B)	Ex 360(C) Balance
286	Ex 369(C) Balance
359(D)(1)	Ex 382 Balance

(d) To establish a quota for these items, a return of importations should be submitted in the same manner as set out in paragraph 5(c) of this Instruction.

(e) An example of the establishment of a quota in this group is:

Item 138(a) - A (100% 1954/55 imports)

Assume imports 1954/55 were £6,000 c.i.f. and e.

Thus quota on an annual basis = 100% of £6,000
= £6,000

Quota for July-September 1956 = 1/4 of £6,000
= £1,500 c.i.f. and e.

(f) Paragraph 5(e) of this Instruction also applies to items referred to in this Paragraph.

7. Adm. and Adm.(W)

There is no change in the treatment of goods subject to Adm. and Adm.(W) control. Importers should continue to lodge applications for these goods with the Licensing Branch, Department of Trade, 52 William Street, Sydney.

8. Japanese Ceilings

(a) For a number of items a ceiling is specified indicating the proportion of the quota which may be used to import such goods from Japan.

(b) Where no change in the existing level of quotas is made as a result of this Instruction, no variation will be made in the Japanese ceiling, e.g.,

ex 105(A)(1) Mosquito netting ... A(100)(J)
As the quota for the July/September quarter is unchanged, the Japanese ceiling is not varied.

- (c) In those cases where quotas are reduced by a percentage of the value of the quota held as at the date of this Instruction, the Japanese ceiling will be reduced by the same percentage, e.g.,

241(B) A(85)(J)
Japanese ceiling for April/June 1956 = £800
Ceiling for July/September 1956 quarter
= 85% of £800
= £680.

- (d) In those cases where quotas are established on a percentage of 1954/55 imports (i.e. Categories B(1) etc., and the few A Category Items) Japanese ceilings for the goods included in the individual category items will be based on 17 $\frac{1}{2}$ per cent of the value of non-dollar imports under each item, e.g.,

Item 120(B)(1) B(4)(J)
Non-dollar imports 1954/55 = £18,000 c.i.f. and e.
Japanese ceiling on an annual basis
= 17 $\frac{1}{2}$ % of £18,000
= £3,150.
Japanese ceiling for July/September 1956 quarter
= 1/4 of £3,150
= £787 c.i.f. and e.

9. Interchangeability of Quotas

Importers will no longer be permitted to interchange quotas either within categories or between categories except for the interchangeability provisions within category B(1), B(2), etc.

10. Narcotic Drugs

The licensing treatment for narcotic drugs is unchanged and will continue as set out in Licensing Instruction 1956/41, as amended.

11. Jute Goods

The following items are listed in the Schedule of Categories as "A":

129(A)
ex 133(B) When of hessian or jute
ex 134 When of hessian or jute
392(E)
ex Unspec. Raw jute.

As indicated in the Schedule of Categories, these items will continue to be licensed on the sponsorship of the Commonwealth Jute Controller.

12. Grouped Items

No variation is to be made in existing practices where quotas for items (e.g. 129(C) and 334(M) have been allowed to be grouped.

13. Debits to Future Quotas

In cases where debits to quotas for the July-September 1956, or subsequent quarter's quotas have been recorded, such debits will remain against the appropriate category or item. In future importers will not be permitted to anticipate future quota allocations, except as already provided specifically in past Licensing Instructions.

14. Quotas reduced because of Misuse

Where the Collector of Customs has reduced a quota because of malpractice, and that quota as from 1 July is now based on 1954/55 imports, the level of the quota for the July-September 1956 quarter will be determined by the Collector.

(Signed) Thos. V. Maher
Collector of Customs, N.S.W.