

GENERAL AGREEMENT ON
TARIFFS AND TRADE

RESTRICTED

L/620

9 April 1957

Limited Distribution

Original: English

IMPORT RESTRICTIONS OF THE UNION OF SOUTH AFRICA

Relaxation of Restrictions Announced in March 1957

The Government of the Union of South Africa has transmitted the text of a statement made by the Minister of Economic Affairs on 21 March 1957 in regard to the relaxation of the existing import-control measures. The statement is circulated herewith for the information of the contracting parties.

STATEMENT BY THE HONOURABLE THE MINISTER
OF ECONOMIC AFFAIRS REGARDING THE
RELAXATION OF IMPORT CONTROL

21 March 1957

As was announced by the Minister of Finance in the course of his budget statement, the foreign exchange position has improved to the extent that it is now possible to introduce a further relaxation of the restrictions on our imports. Although it is my earnest desire to abolish import controls completely, it appears that such a step at present would still be hazardous because of its possible serious impact upon our exchange reserves which we have brought with so much effort to their present satisfactory level.

I have accordingly decided to continue with the policy which was followed with such satisfactory results in the past, namely --

- (a) to relax completely the restrictions on imported goods which are in reasonably abundant supply; and
- (b) as an intermediate step, to admit on a more liberal scale imports of those goods which are still subject to strict control.

In accordance with this policy I have pleasure in announcing the following further preliminary relaxations for 1957:-

(1) Letters of Authority:

The purpose for which Letters of Authority were originally introduced, has now been served, and the necessity for the issue of further Letters of Authority has, accordingly, fallen away. In future, therefore, import permits will be issued directly for all imports still subject to control. I believe the trade will welcome this step since it will eliminate cumbersome administration and delays.

(2) Raw Materials and Machinery:

The general policy in regard to this group of imports remains unaltered, in other words, permits will be issued to meet importers' full requirements of raw materials and machinery.

In order to facilitate the importation of certain articles falling in this group of commodities, the following are now added to the list of goods which may be imported under automatic permit (vide Schedule "A" of Government Notice No. 2086 of 9th November, 1956):

textile piece goods above the ceiling price indicated in Schedule 2 of Government Notice No. 2083 of 9th November, 1956; tractors; films and photographic material (excluding cameras); office equipment, namely, cash registers, typewriters, etc.; weighing scales; industrial machinery; oil and grease; high tension fencing wire, droppers and wire standards; asphalt and bitumen; hearing aids; scientific and veterinary instruments; aircraft; farm lighting apparatus; electric and hydraulic lifts; and outboard motors.

Further investigations are being made with a view to shortly placing the importation of all goods in this group under automatic permits.

(3) Transport:

(a) Commercial Vehicles:

Importers' full requirements of commercial vehicles will be met by the issue of permits to provide for the replacement of vehicles sold.

(b) Passenger vehicles with a retail price at the coast of less than £800:

The relaxations announced at the end of last year with respect to vehicles which sell at less than £700 at the coast, have resulted in the demand for these vehicles being reasonably satiated at present, and it is now possible to introduce further relaxations whilst simultaneously giving attention also to a more expensive group of vehicles. I have

therefore decided to raise the limit from £700 to £800 and to relax control to such an extent that importers' full requirements of this group of vehicles will now be covered on a replacement basis, - in other words, their relevant import permits will be replaced to the extent that importers sell such vehicles.

This relaxation will also apply to motor cars purchased by visitors while abroad, - that is, vehicles with a retail selling price at the coast of up to £800 may now be brought into the Union under permit by such visitors who have had the vehicles for a period of two months in their own possession and use while they were abroad.

At this point I should like to call the attention of importers to the fact that new makes of vehicles are at present still finding an abnormally good market in the Union because of the scarcity of certain better-known and well-tried makes. They should, therefore, be careful not to overestimate the demand for new makes of vehicles and to order so many of these vehicles that they may land themselves in financial difficulties, having regard to the fact that better-known and well-tried makes are also now becoming more readily available.

(c) Passenger Vehicles with a retail price exceeding £800, but a free-on-board price in the country of origin of less than £600:

In order to provide for recent price increases I have decided to raise by 10% all quotas for imports in this group.

Furthermore, a number of makes of vehicles which are imported fully set up, are still at a disadvantage compared with locally assembled vehicles, either because of the so-called 1948 basis or the fact that they are new to the local market. In the case of such vehicles I propose to increase quotas by 40% on the 1956 allocations.

As regards passenger vehicles with a factory price of more than £600 f.o.b., which vehicles at present appear on the prohibited list, the policy remains unchanged for the present.

(d) Motor Scooters and Buzz-bicycles:

For the present permits will be issued on a replacement basis (that is, importers' full requirements will be covered according to their sales). Further investigations are however being made with a view to the complete relaxation of control as soon as possible.

(e) Motor Vehicle Spares:

The allocation of quotas for the importation of spares will now be discontinued, and importers are free to apply for permits in respect of their full requirements. This relaxation will apply also to spares for agricultural implements.

(4) Consumer Goods.

As I have already mentioned on a previous occasion, it appears from the returns rendered by importers of consumer goods that serious maladjustments have occurred in consequence of the so-called 1948 basis, in the sense that allocations on this basis do not take account of the expansion experienced by many business concerns, and particularly new businesses, since 1948. A further increase of allocations on the basis of 1948 imports would, therefore, merely aggravate an undesirable state of affairs. I have, therefore, decided provisionally to maintain the percentage allocations at last year's level of 53 1/3 %. The adjustment announced towards the end of last year is now being carried out, and all the returns hitherto received have already been processed. Accordingly, some 25% of the holders of consumer goods permits will now receive additional increases, some of them to a considerable and others, again, to a lesser extent.

There is still a large number of returns outstanding, and holders of consumer goods permits are earnestly requested to submit their returns as soon as possible in order that the individual adjustments may be expedited.

It is expected that these adjustments will result in the allocation this year for consumer goods of an additional amount of some £3 million over the amount allocated last year, and that, in consequence, the demand for such goods will practically be fully satisfied.

As soon as the contemplated adjustments have been made and the second round of permits for 1957 have been issued, consideration will also be given to the increase of quotas for specialist firms which, because of the nature of their business, have been seriously hampered by Import Control.

Provisionally no further changes in the restricted and priorities lists are being contemplated, except in so far as the commodities progressively transferred from the priorities list to Schedule A (that is, the "automatic permit" list) are concerned.

(5) Purchases of Tourists for Personal Use.

Hitherto tourists were allowed to bring with them goods to a maximum value of £50 per person when returning from abroad. In the existing circumstances I have pleasure in being able to state that this amount has now been increased to £100, and visitors to countries abroad will, therefore, have more freedom to purchase goods of a particular kind which they would like to bring back with them to the Union.