

GENERAL AGREEMENT ON
TARIFFS AND TRADE

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NEW ZEALAND IMPORT RESTRICTIONS

1. The following communication, dated 6 July 1961, has been received from the New Zealand delegation:

"Further to our letter of 23 June about the intensification of import restrictions in New Zealand, I now forward 50 copies of the Supplementary Licensing Schedule in 1961, together with 50 copies of the Minister's press statement about the new arrangement for import for the period up to 30 June, 1962."

2. The press statements are annexed to this document. Copies of the Licensing Schedule are available for consultation. Both documents will be distributed at the forthcoming consultation with New Zealand.

ANNEX I

PRESS STATEMENTS

PRESS STATEMENT 1

Thursday, 22 June 1961

NEW ZEALAND IMPORT LICENSING POLICY

The spreading of import licences for 1961 to 30 June 1962, and the issue of a Supplementary Schedule for 1 January to 30 June was part of the Government's policy to correct the present overspending of New Zealand's overseas income, the Minister of Customs, Mr. Marshall, said this morning.

"The Supplementary Schedule represents a cut of £50 million a year on current import rates," he said. "The harsh effect of this cut will, however, be offset by the extension of the 1961 licences.

If this spreading of 1961 imports into 1962 is achieved, and with the co-operation of the commercial community it can be, the strain on overseas funds at the end of this year can be significantly eased. This will also enable the rate of importing to be reduced to balance with our ability to pay for imports from our earnings.

This and other economic policy measures of the Government are aimed at getting the country steadily back to normal trading conditions which will give greater stability and, at the same time, more freedom than we now have.

On the basis of 1960 licences, we as a country imported goods worth about £50 million more than we earned - nearly £1 million a week. The 1961 schedule issued last September was even more liberal and if Government had not acted we would have spent even more than that in the current licensing year.

I am not blaming importers for this situation - they were entitled to use the licences issued to them. It is, however, the Government's responsibility to keep the books and see that the accounts balance. We accept that responsibility, and we hope to achieve that balance 12 months hence. Whether that objective is achieved by then will depend not only on the effectiveness of present policies but also on the prices we receive for our exports.

Rather than call in the 1961 licences and re-issue them for lesser amounts, leading to dislocation of trade, breaking of contracts and general upset, the Government decided it was fairer - and steadier - to spread the licences over a longer period.

The National "Stock Pile"

"One very important factor in assessing the provisions to be made in the Supplementary Schedule is our national 'stock pile'," said Mr. Marshall.

The Department of Statistics' survey for the first quarter of 1961 estimates that in the year which ended on 31 March last manufacturers' stocks increased 10.32 per cent, wholesalers' stocks rose 11.5 per cent and retailers' stocks 7.4 per cent.

This represents a total value of about £23 million and since 31 March there has been a further build-up. This stock pile includes, of course, both imported and local supplies, and does not mean that in all commodities supplies are plentiful.

It does mean, however, that we have in a great many commodities a substantial backlog to help with the spread of imports through to next June. It is important that these stocks should last as long as possible, and that they should be distributed fairly and evenly.

The kind of restraint on the freedom of trading which we are having to impose is the last thing which the Government wishes to do, but our first objective is to get things right again.

When we have done that we can begin to build anew, and build better because we have had this experience."

PRESS STATEMENT 2

DETAILS OF 1962 SUPPLEMENTARY SCHEDULE

Import licences issued for the 1961 calendar year will be available for imports landed before the end of June, 1962. To cover needs during the first half of 1962 that cannot be met from 1961 entitlements, some additional licences will be issued which will not be available for imports before 1 January 1962. Copies of the Supplementary Schedule are available at Customhouses throughout New Zealand.

This information was given this morning by the Minister of Customs, Mr Marshall in detailing provisions made for additions to current licences to cover the extended term.

"A study of the supplementary schedule will show that for some items no additional licences will be available," said the Minister. "These are items we shall have to do without since we must, or in which current stocks together with imports still to be made will be sufficient to see us through."

Other provisions were outlined as follows:-

Items for Individual Consideration ("C" Items): For "C" items, additional licences may be issued if stocks are likely to run out towards the end of the period. In some other cases provision has been made for a "C" licence with some added amount for a basic licence.

Applications for a "C" item in the supplementary schedule may be made at once but may take some weeks to process. Where a basic provision is made plus a "C" licence, applications for the basic portion may be made immediately, but applications for the "C" licence portion should not be made before 1 September.

Applications should detail stocks, imports expected, uncommitted licences and the reasons for further requirements, so that all the facts are available for a fair decision in line with Government policy.

In assessing the overall supply position and thus the general need for additional licences, departmental officers will seek information from trade associations, as well as official sources, but each individual case will be dealt with on its merits. A factor to be considered will be efforts made to spread use of existing supplies and imports over a reasonable period.

Equalising "R" Licence Entitlement: As a result of the suspension of "R" licences some importers now have licences in excess of the initial 1961 amount and others have not. It would be fair to try to adjust any unequal treatment, and this aspect will be considered in dealing with applications for supplementary basic licences and also for "C" licences.

"Those who have already got more will generally get less on the supplementary allocation," said Mr. Marshall. "We shall also try to iron out inequalities which may have come about as a result of delays through the London dock strike last year. The departments, in dealing with individual applications, will try to give quick decisions in terms of Government policy, but the number of officers with the experience and knowledge required to deal quickly with this kind of situation is limited. In cases requiring further investigation some time may be involved."

Basic Licences: To give greater certainty and to avoid extra paper work for importers and departmental officers, the Government would have preferred to deal with all items by fixing a basic licence increase.

"The money is not in sight, however, to enable this more generous provision to be made in all cases," said Mr. Marshall. Applications for basic licences could be made at once, but licences would not be issued before 1 August and would be available only for imports from 1 January to 30 June next year.

Transfer of Licences: A new policy of transfers for import licences is introduced to give some flexibility and at the same time save some exchange. Transfers of licences for raw materials and other essential manufacturing requirements would be individually considered.

"Where an importer holds licences for goods in plentiful supply he may apply for a transfer of one licence for another, at a discount of 50 per cent of the value of the licence transferred," said the Minister. "Transfers will be made on certain conditions limiting their extent, details of which are available from Customhouses. Future licence entitlement will not be affected by such transfers."

Protection of Licences Not Used: An importer's claim to future licences would not be affected by his failure to use his full current licences.

"I hope that where it is possible such savings will be made, and to encourage this I give the assurance that no one will be prejudiced in any other licence issue by using less than his full licence in this year when savings are so important."

Reasonable Speed Limit:

"In accomplishing this steadying up of the economy I am very conscious of the need to help industry, commerce and trade to stabilise as smoothly as possible," said Mr. Marshall.

"What is needed is not a sudden squeal of brakes, but rather keeping to a reasonable speed limit after exceeding it rather badly.

To avoid the jolts which might be felt through this adjustment of the licensing period, we shall try to give quick decisions, try to avoid holdups in production, try to remove bottlenecks in supply and to save delays through shortages of essential imports.

There are, however, about 120,000 import licences and about 25,000 licence holders. Many will no doubt be descending upon us at the same time. I know the officers of my department will provide the best service they can.

They are not sparing themselves in coping with the flood of applications which is already pouring in, and which will inevitably increase, and I would ask for patience and understanding of the magnitude of their unavoidable task."

PRESS STATEMENT 3

OTHER STEPS TO HELP SOLVE PROBLEMS

Apart from the spread of the import licensing year, the Government was taking other steps to help New Zealand through its present problems, said Mr. Marshall in his survey.

"We have borrowed £20 million in London, and we may have to borrow more later in the year," he said.

"The credit restraints recently introduced, and the current loan and savings campaigns, are intended to reduce consumer demand to some extent. If the present plentiful supply of goods is carefully conserved and distributed, we should avoid serious shortages and therefore the inflation which would be brought about by plenty of money and too few goods.

New Zealand has also over-committed its construction capacity and its labour force. Present policies are directed at easing the excessive over-employment, and at the same time the position will be watched carefully to see that we do not go to the other extreme.

In recent years we have tried to do too much too quickly. Now is the time for consolidation. When we have done that we can advance more steadily in the future."