

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS

### Communication from the South African Delegation

The following statement on South Africa's import control policy for 1962, which was released by the South African Minister of Economic Affairs on 13 November 1961, is hereby communicated to contracting parties for their information.

Occurrences affecting our foreign exchange reserves during the first half of 1961, which are still fresh in our memories, were a valuable experience in as much as they once more brought home to us the sensitivity to outside influences of our foreign exchange reserves and the necessity to dispose over means of maintaining them at a reasonable level.

Although the present tendency of South Africa's reserves is satisfactory, it would be irresponsible on my part to consider a relaxation of import control at this stage.

It is still of paramount importance that our foreign exchange reserves be utilised to the best advantage for the importation of goods which must of necessity be imported or the importation of which is, for other reasons, desirable, but this does not, of course, mean that changes cannot be brought about in the present application of policy with a view to making matters less onerous for both commerce and industry. The following details must therefore be viewed in this light.

#### (1) Restricted list

The present restricted list was introduced at short notice mainly with a view to saving exchange with a minimum of dislocation and as we now have the opportunity of formulating a new policy, the need for the list in its present form falls away. By the nature of things the present list affects a wide range of goods which does not fall within the policy of restriction. This will now be rectified.

The range of the list will therefore be reduced and articles remaining thereon will be described more exactly in order to establish greater certainty regarding the goods requiring specific import permits.

Importers will also be permitted to convert their permits on a R2. for R1. basis in order to import items appearing on the list, whilst an additional concession regarding consumer goods will be made, as I shall shortly point out.

(2) Raw materials, machinery, agricultural equipment and pharmaceutical products

The system of fixed quotas which was in force in the early years of import control will be reintroduced.

It will, however, be applied with more flexibility and is intended purely to simplify administrative procedure for Import Control as well as for importers and will not represent a tightening of import control as presently applied.

Quotas will be based on a percentage of the 1960 imports, as this was a year of comparatively free importation. It is the intention that these quotas shall be utilised towards the augmentation of goods available from local sources and in the determination of such quotas cognisance will be had to the local availability of goods in the different categories.

It is not possible at this stage to visualise the percentage that will ultimately apply, but unless the unforeseen happens and a different course is dictated by the foreign exchange reserves, my policy regarding industrial raw materials and other similar essential goods will remain unchanged, in as much as the country's full requirements of goods which must in any event be imported, will be met.

Advance issues will be made on the same basis as that for 1961, namely 50 per cent of the permits issued during the first eight months of 1960. Further issues will be made in accordance with the general need therefor and as the foreign exchange reserves may permit.

(3) Group A - consumer goods

These goods will, as is the case at present, remain under quota and advance issues will be made at the same level as during 1961. Should the foreign exchange reserves allow it, the allocation for 1962 will at least reach the same level as was applicable during 1961.

(4) Group B - consumer goods

The advance issues for 1962 will be similar to those for 1961, namely 25 per cent of basic.

Group B consumer goods permits will also be exchangeable for consumer goods on the restricted list on the basis of R1. for R1. for the first R3,000 of the allocation and R2. for R1. thereafter.

(5) Textile piece-goods

Advance permits will be calculated as follows:-

- (a) Manufacturers: 50 per cent of the 1960 imports; and
- (b) Merchants : 50 per cent of the average imports during 1959 and 1960.

"(6) Rice

"Advance permits will amount to 50 per cent of the 1960 imports.

(7) Knitting yarn for retail sales

As the trade follows the pattern of importing for the winter months during December and January, it has been decided to make only one allocation for the importation of these goods for 1962. The allocation will amount to 60 per cent of the 1960 imports.

(8) Decimal coinage machines

During the past two years special arrangements were made for the supply of the country's requirements of decimal coinage machines as a result of the conversion from the sterling to the decimal coinage system. This conversion has now been completed and in view of the large stocks of machines in the country, the import basis of these machines will now revert to a formula about which the importers of office machines have already been advised.

(9) Building timber; and

(10) Motor cars and lorries

Special arrangements apply in regard to the importation of these categories and an announcement in this connection will be made shortly.