

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1760  
10 May 1962

Limited Distribution

Original: English

## NEW ZEALAND IMPORT RESTRICTIONS

### Communication from the Government of New Zealand on 1962/63 Import Policy

The attached statement on New Zealand's import control policy for the period 1 July 1962 to 30 June 1963 was released in Wellington on 12 March 1962 and has been communicated by the New Zealand authorities for the information of contracting parties. The secretariat has also received the detailed New Zealand Import Licensing Schedule for 1962/63, a copy of which is on file and available for reference at the secretariat.

### Statement by the New Zealand Minister of Industries and Commerce and the Minister of Customs to Importers Regarding New Zealand's 1962/63 Import Policy

#### Action taken, 1961-62

When the Government found it necessary to extend the 1961 import licensing period and to make only limited provision for additional imports up to 30 June 1962, you were given the reasons for these decisions and also an indication of what the Government hoped would be achieved.

As the end of this period approaches and it is possible to see what has in fact been achieved, we jointly address this letter to you to inform you of the progress made, and also of the further action planned, in continuation of the Government's trading policy for the 1962-63 licensing period.

You will recall that, early last year, the Government rejected the drastic measures urged upon it in some quarters as a means of restoring the country's economy. Instead, we adopted a policy aimed at getting our trading steadily back to balanced conditions with the minimum of disruption for all sections of the community.

We are pleased to be able to tell you now that there are indications that the policy followed during the past year is accomplishing the results it was designed to achieve. Since October imports have shown a downward trend, without any serious depletion of stocks already in the country or undue dislocation of normal trade.

We express our appreciation to importers generally, for their understanding and co-operation during this difficult period.

Schedule for 1962-63 period

We cannot yet say that we have brought our economy into balance. However, in continuation of our policy of correcting the situation without any panic measures, we have provided for private imports within the period 1 July 1962 to 30 June 1963 at a level of from £240 million to £250 million; this represents a considerable easing in comparison with the 1961 supplementary period.

The new customs tariff comes into force on 1 July, and the 1962-63 Import Licensing Schedule has been framed to accord with the new nomenclature. It is realized that many difficulties will arise for importers accustomed to the former schedule; to assist importers to establish the relationship between licence item codes in the 1961 Schedule and the new schedule, the Customs Department is preparing a key. It cannot be complete and comprehensive, but will assist previous licence holders to identify items where some major relationship exists. Because of the difficulties inseparable from a transitional period, for both departments and importers, we feel sure special efforts will be made all round for tolerance and understanding in overcoming problems.

Copies of the new schedule are now available from the Collector of Customs in your district. It is hoped the key will be available simultaneously in spite of the great pressure under which departmental officers have been working.

Raw materials for manufacture

Many of the allocations provided for raw materials in the 1962-63 Schedule are based on 75 per cent of 1960 licences. At first glance this may appear restrictive, but a great many of these items were under the "R" licence scheme in 1960 and actual imports were considerably lower than the value of licences available. It is believed that the 75 per cent allocation will provide the same general level of essential raw materials for manufacturers as in 1960. This is the Government's intention and it will ensure that, where necessary, essential raw materials are available to manufacturers to that extent, even though this might require additional overseas borrowing. One of the main purposes of New Zealand joining the International Monetary Fund was to make sure that overseas finance was available, if required, to maintain a reasonable level of supply of raw materials for our manufacturing industries.

### Basic licences

It is our view that each importer should know as early as possible the arrangements he can make to place orders overseas in accordance with his licence entitlement. With this in mind as many items as possible have been provided with a basic allocation fixed at the maximum level. By this means importers will know their total availability for the year and can arrange to spread shipments accordingly. However, because this is a new schedule in a new form, many more items are subject to individual consideration than would otherwise have been the case.

As has been the case in the past we invite you to co-operate with the Customs Department by applying for any basic allocation not later than 30 June 1962.

### Items for individual consideration: "C" items

Applications for "C" items may be made at once, but importers should first study the information contained in the Introductory Notes to the 1962-63 Schedule.

Though it may take time to deal with all applications, decisions will be made as rapidly as possible. Naturally, the Customs Department and the Department of Industries and Commerce will be greatly helped in their endeavours if applications are lodged promptly and with all the information needed.

### "A" items

A new "A" category has been introduced for the 1962-63 period. Items in this category include sausage casings, iodized salt, tea in bulk, unmixed bird seed, passover bread and communion wafers, and dry flong for the manufacture of matrices.

The object of this is to ensure continuity of supply without build up of stocks beyond the level indicated by our balance-of-payments situation. Because of the limitation in available funds, this scheme must be restricted to normal and regular importers of the goods concerned.

### Imports of books

Though it is the desire of the Government to free book imports from control, this is not yet possible. Licences will be granted, however, to the full extent of 1960 licences.

In addition, imports of books written by authors domiciled in New Zealand will be exempt from import licensing.

### Token licences

It is with regret that we must inform you that the Token Licence Scheme has been withdrawn. While you may say that the saving in overseas exchange as a result of this decision will not be great we have decided that the funds so saved can be put to better use in supplying essential raw materials for our manufacturing industries. Let us assure you that this decision has not been taken lightly but only after very careful consideration of all the factors.

### Deductions in respect of "R" licences

We have carefully considered the question of whether deductions should continue in the 1962-63 period. After taking into account the fact that importers had been issued with licences which they were quite entitled to use and any such transactions occurred more than a year ago, we have decided that no further deductions will be made.

### The stock pile

Despite the reduced level of imports, the provisional figures for the period ended 31 December 1961 show that stocks are still higher than a year ago. The provisional increases are:

Manufacturers' stocks	10.5 per cent
Wholesale stocks	8.4 per cent
Retail stocks	7.9 per cent

The increases represent an approximate value of £25.0 million and, while both imported and local supplies are included, it appears that those responsible for distribution have assisted by heeding our request to share supplies fairly and evenly.

### Transitional period and quick decisions

We ask for a measure of understanding between importers and departmental officers in this period of transition from the old schedule form to that of the new customs tariff which is embodied in the 1962-63 Schedule. For our part we shall do everything possible to ensure that decisions are made quickly, but we ask you not to forget that departmental officers are themselves dealing with this new form for the first time. If delays occur because of this, we ask you to make some allowance. We have made every endeavour to ensure that the change-over operates smoothly but in an exercise of this nature unforeseen difficulties are likely to occur.

### Overseas exchange position

At the same time we still have to keep a close watch on our overseas exchange and balance-of-payments prospects. The level of overseas reserves is still low, and the prospect for our principal export commodities is not as favourable as we should like. The measures we have taken to reduce imports to a level more nearly consistent with our ability to pay for them are taking effect, but we are not in balance yet. Therefore, the object of our policies is to keep restraint on the level of imports, without making the controls any more restrictive than can be avoided.

In order to maintain imports at the level provided for in this schedule we will have to borrow overseas. This is in accordance with our declared policy of avoiding crash tactics to restore our economy to an even keel.

Review of 1962-63 Schedule

We have mentioned that the Government is basing the issue of licences for the period covered by this schedule at about £250 million. It is intended that, in fact, this amount will be provided for imports. We have already told you of the difficulties of translating the old schedule into the new nomenclature. A margin of error in doing this may be possible. During July an assessment will be made of the amount of exchange required for basic licence issue as revealed by the applications received.

If this shows that further issues of licences are required to correct the situation the necessary adjustment will be made.

Conclusion

It would not be proper if we closed without thanking you for your co-operation and patience during the past few months. We trust this will continue and anything we can do to minimize delays and difficulties we shall do. With a continuation of this joint effort from all concerned we can go a long way towards overcoming our present difficulties.

