

RESTRICTED

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GENERAL AGREEMENT ON TARIFFS AND TRADE

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SOUTH AFRICAN IMPORT RESTRICTIONS

The Government of South Africa has submitted the following statement on 1967 import facilities, recently made by the Minister of Economic Affairs.

It is customary for me at this time of the year to announce the initial import facilities for the ensuing year, and I thought it appropriate to make a similar announcement tonight in respect of the initial facilities which will be available for the year 1967.

The Republic's reserves of foreign exchange have improved substantially during the past months and my colleague, the Minister of Finance, and I are very happy about this favourable trend.

However, despite this welcome improvement in the level of the reserves, we have not yet reached the stage where a general relaxation of our import restrictions can be contemplated. We must conserve our foreign exchange reserves for the most essential import requirements, and these requirements will increase considerably in the years ahead, with a correspondingly heavy demand on our reserves. But I want to assure importers tonight that they can depend on a sympathetic response from my Department if they wish to obtain additional facilities for the purpose of increasing their stocks of all types of essential goods. However, I cannot hold out any hope at this stage for such a sympathetic response to importers who plead for additional facilities to import non-essential goods. This applies particularly to those types of consumer goods which are abundantly available from domestic sources. We simply cannot afford the luxury of spending foreign exchange on goods of this nature at a time when our expenditure on more essential imported goods is likely to show a further sharp upward trend.

Here I would add that the prolonged drought conditions which have prevailed in the country during the past three years, have not yet been relieved. These conditions have already involved us in a substantial abnormal expenditure of

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foreign currency on imports of food and a material loss of foreign exchange earnings as a result of reduced exports. If the drought should continue through the 1966/67 summer season, the effects on our foreign reserves could be quite disturbing. We must guard against this possibility and ensure that the necessary caution is exercised in the use of our monetary reserves.

In the light of these considerations I have decided that, in respect of both categories of consumer goods, as well as raw materials imported by merchants, textile piece-goods, rice, agricultural implements and office equipment, the 1967 initial allocations will be the same as the 1966 initial permits.

No initial allocations will be made in respect of timber or fertilizers as these will, as usual, be subject to special negotiations.

In respect of capital equipment reasonable allocations will be made after discussions with representatives of the trade to allow importers to hold stocks. This represents a measure of relaxation compared with the 1966 initial allocations when it was necessary at that stage to discontinue the usual practice of issuing stock permits for capital equipment.

However, I do not wish this relaxation to be misinterpreted. Importers of capital equipment must be furnished with facilities to enable them to conduct their businesses which were adversely affected by the restrictive measures applicable to the importation of plant and equipment in the last months of 1965 and the early months of 1966.

I would like once again to draw the attention of merchants to the increased production of consumer goods in our own country and to ask them to give these manufacturing sources the first priority in their efforts to supply the needs of local consumers.

In fact, I would like to stress the need for all merchants to obtain their requirements from local manufacturing sources whenever this is possible.

As I have said before, it is still imperative for us to conserve our foreign exchange reserves, and to adopt a cautious approach in our foreign expenditures. I trust commerce will appreciate the need for caution and will not use the present satisfactory level of the reserves as a basis for a renewed plea for a general relaxation of import restrictions. It is in its interest, no less than that of other sectors of the economy, that our stocks of essential goods be increased to satisfactory levels - particularly since these stocks were deliberately brought down to lower than normal levels by the tighter control measures introduced during the second half of 1965.