

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/2722/Add.3

21 June 1967

Limited Distribution

Original: English

SOUTH AFRICAN IMPORT RESTRICTIONS

Addendum

The Government of South Africa has submitted the following press statement issued by the Minister of Economic Affairs on 17 May 1967.

It has always been the practice of my predecessors to review our import control policy at this time of the year and to decide on the granting of additional permit allocations to our importers.

I have now followed their example and have come to the conclusion that it is possible and also desirable to grant a further measure of relaxation of our import restrictions. Not only are the Republic's present reserves of foreign exchange and further earning possibilities sufficiently favourable to justify an increased level of imports, but this more liberal attitude towards import restrictions must be regarded as an additional indication of the seriousness of the Government to relieve the inflationary pressure on the national economy. There is also the further consideration that the more ample availability of imported goods on the local market will possibly induce our local producers and manufacturers to make more intensive attempts to reduce their costs, to improve the standards of the quality of their goods, and accordingly to strengthen their ability in general to compete against foreign suppliers. In this way the relaxation of import control can to a considerable extent supplement the monetary and fiscal measures already adopted by the Government in the intensification of the combat against inflation.

As was done in the past, I consider it once more in the national interest that the relaxation of import control shall also now be applied on such a selective basis that the maximum benefit for the national economy as a whole is ensured.

I have, therefore, taken the following decisions in regard to further import allocations for 1967.

1. Consumer goods

As regards group A consumer goods my predecessor already announced on 8 December 1966, that permits up to 110 per cent of 1964 imports would be issued for 1967. I have now decided to increase the permit allocations for 1967 to 120 per cent of 1964 imports.

Regarding group B consumer goods the increased allocation of 60 per cent of 1964 imports, which was announced by my predecessor on 8 December 1966, is to be further increased to 70 per cent of 1964 imports.

2. Engineering requirements (including hardware, but excluding machine tools and other capital goods)

In this case the present permit allocations are increased from 115 per cent of 1964 imports to 125 per cent of 1964 imports.

3. Raw material allocations to merchants

The increased allocation of 115 per cent of 1964 imports announced on 8 December 1966, is now increased to 125 per cent.

4. Allocations to merchants for machine tools and capital goods

Because of the overheated condition of the national economy my Department has during the past few years been endeavouring to encourage further industrial expansion on a selective basis only, while prospective industrialists and investors are being requested to somewhat delay their plans in directions which are not generally regarded as desirable until conditions are more normal. One of the methods was either to refuse or to cut import facilities for such expansions, whether for capital goods, machine tools or raw materials. However, in the application of this policy it transpired in the course of time that merchant-importers of machine tools and capital goods, who received more generous import facilities during previous relaxations were using their permit allocations to supply new industries and existing industries who wished to expand with the necessary equipment. This development, of course, had a neutralizing influence on our subduing action.

I have, therefore, given instructions that my Department must immediately investigate the best methods to combat and check this development. The policy in regard to further import allocations to merchants in capital goods and machine tools will, therefore, be announced as soon as the Department has completed its investigation and its recommendations have been considered.

5. Allocations to industrialists

The existing policy in terms of which permits are freely allocated to industrialists for the importation of raw materials for current use and the building up of their stocks remains unchanged.

As far as allocations to industrialists for capital goods and equipment are concerned, permits will, as at present, be issued freely to them in order to replace existing equipment, but industrialists who wish to import these requirements for the purpose of expanding their factories or equipping new factories, must first obtain my department's approval after which permits for their requirements will be granted.

6. Allocations for other imported goods

The position in respect of all other goods remains unchanged. In regard to those groups of goods in respect of which relaxations have previously been granted, I am satisfied that the allocations already announced for 1967 are sufficient to ensure ample supplies in the country.

7. Initial permit allocations

With a view to encouraging stronger competition I have also again reviewed the policy in regard to newcomers to the trade, as well as existing traders who did not previously have import facilities. I want to ease matters for these persons and have, therefore, decided to increase the initial permit allocations of firms who wish to become importers in their own names. The initial allocations were R 6000 for retailers and R 10,000 for wholesalers. These allocations are now increased to R 7,500 and R 15,000, respectively, but, as in the past, all applications of firms who wish to obtain such initial allocations, will still be dealt with on merit and smaller initial allocations than the amounts indicated above will be made if it is felt that circumstances warrant such a step. The initial permit allocations of firms who wish to import in their own names will, as is presently the case, be increased from time to time by the Director of Imports and Exports in relation to the increase in their turnovers of local and imported goods, and initial allocations which are higher than the increased amounts now announced above, will, therefore, only be considered in extremely exceptional cases.

In cases where the allocations of already existing importers have not as yet reached these bigger amounts of R 7,500 and R 15,000, respectively, it will now be possible to increase their allocations to these amounts.

8. General arrangements

A further concession on which I have decided is that the total balance of permit allocations for 1967 to which importers will now be entitled, will be made to them in one single issue instead of delaying a part of the allocations for a third round issue later in the year, as was done in the past. This concession should make it easier for importers to plan their imports during the rest of the year.

The permit issues which I have now announced will not be made automatically. It is expected of importers that they will, in the customary manner, apply therefor in writing to the Director of Imports and Exports. Importers are aware of the fact that the Director recently requested all permit holders to submit their latest audited financial statements. The response to the Director's request was exceptionally favourable, but there is unfortunately still a reasonably large percentage of permit holders who has not as yet submitted their statements. I request these importers in their own interests to submit their statements without delay in order to obviate any possible delay in the issue of their permit allocations.

A certain measure of inconsistency exists in the composition of the commodity lists according to which import control is being applied, while the Department also experiences specific problems with the control of the importation of a few commodities.

I have therefore directed that attention be given to this matter as soon as possible in order to level out the problems in this connexion.

