

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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CONTRACTING PARTIES  
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## UNITED KINGDOM IMPORT DEPOSIT SCHEME

### Statement Made by the Representative of the United Kingdom on 25 November 1968

1. The United Kingdom delegation wishes to inform the CONTRACTING PARTIES of measures announced by the Chancellor of the Exchequer in Parliament on the afternoon of Friday, 22 November, with the object of accelerating progress in bringing the United Kingdom balance of payments into surplus particularly in view of the international events of the week.
2. The measures include:
  - (i) Fiscal arrangements designed to restrict consumption.
  - (ii) Imposition of a more severe limitation on credit, under which the ceiling of 104 per cent of the total bank lending at mid-November 1967, which was imposed in May 1968, will be reduced to 98 per cent up to and until March 1969.
  - (iii) An import deposit scheme.
3. The main elements of the import deposit scheme are:
  - (a) Before importers can obtain clearance of goods through the ports they will be required to make an interest-free deposit with Her Majesty's Customs.
  - (b) The rate of deposit will be equal to 50 per cent of the value of the imported goods.
  - (c) The deposit will be lodged with Her Majesty's Customs for a period of six months from the time of clearance through port, and will be repayable at the expiry of that period.
  - (d) The deposit will be paid on imported goods from whatever source of supply, excluding only other ports of the United Kingdom of Great Britain and Northern Ireland itself.

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- (e) The scheme will cover manufactured goods, but will except food, feeding stuffs, oil and oil products, raw materials, and certain categories of goods imported mainly from developing countries. It will not include coir yarn, hand-made knotted carpets and rugs: coir mats and matting: and jute sacks and jute bags. The field of application of the scheme thus amounts to about 40 per cent of the United Kingdom's total imports.

4. To give effect to this scheme, a resolution is being introduced into Parliament, on which Parliament is being asked to vote on Monday, 25 November. Deposits will be made payable on goods coming into the United Kingdom on and after Wednesday, 27 November. The legislation will be in force for one year with provision for this period to be reduced, or for the rate of deposit to be reduced, but not increased, by statutory instrument.

5. It should be made clear that no kind of levy or duty is being imposed. The deposit is repayable after six months. It is in effect a temporary freezing of funds. The deposit scheme is essentially a measure of monetary restriction which has been devised for a limited and transitional purpose.

6. The circumstances in which the measures are being taken have combined not only the remaining balance-of-payments difficulties of the United Kingdom but in addition severe strains resulting from speculative movements, and the United Kingdom has found itself in a position in which it was not possible to refrain from action essential to its vital interests. The method adopted has been chosen so as to cause less interference with the volume and pattern of international trade than either the introduction of quantitative restrictions or an import surcharge, and so as to achieve a rapid effect.