

GENERAL AGREEMENT ON TARIFFS AND TRADE

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NEW ZEALAND IMPORT RESTRICTIONS

Explanatory Press Statement on 1970/71 Import Licensing Schedule

The attached Policy Statement by the Minister of Industry and Commerce and the Minister of Customs of New Zealand together with a press release has been supplied by the New Zealand delegation for the information of the contracting parties.

A copy of the Import Licensing Schedule for the 1970-71 licensing period is on file and available for consultation at the secretariat.

Additional copies of the Schedule are being forwarded from Wellington and will be made available to members of the Committee on Balance-of-Payments Restrictions in connexion with the 1970 consultation under Article XII:4(b) with New Zealand.

POLICY STATEMENT

From: The Minister of Industries and Commerce and the Minister of Customs

To: Members of the Commercial Community Concerned with Importing

OUR POLICY FOR THE 1970-71 IMPORTING YEAR

1970-71 Import Licensing Schedule

Basic licences in this Schedule will, in most cases, be issued at 105 per cent of the value of 1969-70 licences.

Policy objectives

The fiscal, monetary, and other economic measures adopted by Government have achieved their object in reaching and maintaining an improved balance-of-payments position. It is the objective of the Government to take advantage of this position by using the latitude it affords to promote a rate of growth consistent with the targets set by the National Development Conference. The policy of removing goods from import licensing progressively, with provision for consideration to be given to the tariff or other alternative means of protection for industry, is in conformity with this objective and will be continued.

The provisions of the 1970-71 Import Licensing Schedule are consistent with these policy objectives.

Exemptions from import licensing

In October 1969 notice was given of a proposal to exempt a wide range of goods, valued at more than \$75 million in terms of past annual imports. Further proposals to exempt additional goods affecting forty-four item codes were gazetted in February 1970. Some of the goods will become exempt on 1 July next and they are accordingly shown as exempt in the Licensing Schedule. The balance have been given separate item codes with an appropriate allocation for licence issue. These particular items are still subject to the usual procedures for proposed exemptions. Notice will be given in the New Zealand Gazette and the Customs Bulletin from time to time when decisions are made affecting these items.

We have come to a point where nearly all of the goods still under control have an element of domestic manufacture and priorities require to be carefully assessed and a basis reached on drawing up future exemption lists. To this end, arrangements have been made for the establishment of a committee under the

chairmanship of the Customs Department with representation from the Department of Industries and Commerce. This committee will investigate and recommend proposals for an orderly and progressive continuation of the process of removing import licensing.

Industrial raw materials and components for industry

Many raw materials and components used by industry are now exempt from import licensing. Licence provision will in most cases permit industry to retain a desirable level of production and meet current demand.

Applications for raw materials and components above the basic licence level will be considered on their merits, taking into account the nature of the end-product, the extent of domestic alternatives, efficiency in production, and possible availability from other sources. Above-basic provision will not, however, be given merely because a licence holder has prematurely exhausted his entitlement. Manufacturers should plan their production on the basis of the allocations shown in the Schedule until such times as additional licences may have been authorized.

The allocation for woven woollen piece-goods weighing more than $5\frac{1}{2}$ ozs. per square yard will be 100 per cent of the basic licences issued for the 1969-70 period. These licences will, as usual, be issued on a square-yardage basis. Applications for additional provision will be considered on an individual basis with a view to providing reasonable expansion which cannot be met from domestic production. In determining the level of special licences, account will be taken of the extent to which applicants have increased their orders on domestic mills.

Industrial plant and equipment

Government will continue its liberal policy for new plant and equipment. In view of the need for greater productivity manufacturers are being encouraged to modernize plant, to replace obsolete equipment and machines, and to procure more efficient and labour-saving processes.

Spare parts

No machinery or appliance will be permitted to lie idle because of the lack of replacement of service requirements. Applications for additional licences for spare parts above the basic level of 105 per cent of 1969-70 licences will be considered sympathetically. Government expects, however, that stock levels should be maintained at a reasonable level consistent with efficiency of service.

Consumer goods

To supplement availability of consumer goods from domestic sources provision has been made generally for 105 per cent of 1969-70 licences. Limited provision has been made for the consideration of above-basic applications in those cases where a particular need can be shown.

The Token Licence Scheme has been continued. In order to offer some concession for increased overseas costs incurred since the Scheme was re-introduced, licences will be issued to the extent of 125 per cent of 1969-70 level in those cases where entitlements were based on a monetary value. In a limited number of cases it has, however, been the practice to issue token licences on a quantity basis and these will be repeated at 100 per cent of 1969-70 level.

New importers

Government believes that exemption from import licensing is the best method of allowing importers to extend their activities into new lines. Recognizing, however, that it may yet be some time before exemption procedures can apply to most goods, it is desirable that a flexible attitude be taken to meeting requests from new importers wishing to expand into the direct importing of certain goods which remain subject to control. Limited funds have been set aside for this purpose and will be available to assist manufacturers and other intending importers who are actively engaged in the handling, selling, and distribution of goods and who would normally be interested in importing in their own name. These new importers will require to show that they have a direct interest in the goods concerned either because they have purchased them in the past from existing licence holders or because they already trade in related lines.

Full details of the Scheme are published in the Customs Bulletin.

Procedure

Copies of the new Schedule are now available from the Collector of Customs in your district. Decisions on licence issue will be made as quickly as possible. Most basic licences will be sent to importers under automatic issue procedures. In other instances administrative procedures have already been implemented to enable decisions to be given on applications as soon as possible. It will assist the Customs Department to reach decisions more quickly, if in making the application importers give details as required by paragraph 26 of the Introductory Notes to the Schedule.

Conclusion

An encouraging increase in export income during the past year complemented by the fiscal and monetary policies adopted by Government has permitted and will encourage growth in economic activity, in terms of the National Development Conference targets. It is the intention to meet the import requirements engendered by this growth. There remains, however, a need for caution in determining the rate at which imports may be permitted to increase.

We thank the business community for the co-operation that has been shown in the past year. We believe that importers and manufacturers will find that the provisions made for imports in the 1970-71 Licensing Schedule, together with exempt items which now represent approximately two thirds of total private imports, will be adequate for requirements in the new period.

Norman Shelton
Minister of Industries
and Commerce

Lance R. Adams-Schneider
Minister of Customs

PRESS STATEMENT

The main features of the 1970/71 Import Licensing Schedule, released today, were provision for an increased level of imports and the application of policies directed at injecting more flexibility into the licensing system.

The Schedule provided for:

Allocations generally at 105 per cent of 1969/70 level but with some additional provision available to meet cases of particular need.

Token licences increased to 125 per cent of their former level, except in a limited number of cases where such licences were issued on a quantity instead of on a monetary basis.

No new proposals for exemption apart from those published last October and last February.

Provision for new importers who could meet certain criteria.

More emphasis to be placed on an importer's trading patterns and his use of existing licences in considering whether further provision should be made.

Continuation of liberal policies in respect of plant and machinery required by industry.

Commenting on the Licensing Schedule, the Minister of Customs (Hon. L.R. Adams-Schneider) said that it provided for a growth rate which was consistent with the improved balance-of-payments position and with the recommendations of the National Development Conference. He described the Schedule as a realistic document which struck a proper balance between the legitimate import requirements of a healthy economy and the need to ensure that the present buoyant conditions remained soundly based and within limits that the country could afford.

Mr. Adams-Schneider said that, apart from providing a level of licensed imports sufficient to meet all reasonable requirements, the policies on which most emphasis were being placed related to the progressive removal of goods from control and the desirability of adjusting the licensing system itself to meet changed conditions.

Mr. Adams-Schneider recalled that substantial lists of goods had been gazetted as proposed for exemption both in October 1969 and in February of this year. Those which had not been the subject of any objections received from local manufacturers seeking reference to the Emergency Protection Authority were being exempted from 1 July 1970. "However," said Mr. Adams-Schneider, "the release date

of the Schedule had not permitted goods contained in the February list to be shown as exempt in the Schedule itself. Adjustment will, therefore, be made as soon as practicable after the closing date for receipt of objections, 29 May."

Mr. Adams-Schneider said that in the new licensing period approximately two thirds of the value of private imports would be free from import control. The fact that only a limited range of goods (for the most part kinds available from local sources) remained subject to licensing had brought about a need for a detailed appraisal of future exemption priorities.

This appraisal would be carried out by a committee drawing its members from the Customs and Industries and Commerce Departments which would report on the best method of achieving a rational and orderly approach in programming future exemptions.

"The need for adjustment within the licensing system itself stems from two main factors," Mr. Adams-Schneider stated. "First, although most importers have a legitimate claim to their right to continue to hold licence entitlements, there are some who take a less responsible attitude and regard their licences only as a means of seeking the maximum of profit for the least possible service."

"At the other end of the scale there are legitimate traders and manufacturers who wish to give the best possible service at the most economic price but cannot do so because they do not qualify for an import licence due to lack of previous importing history," said Mr. Adams-Schneider.

Although Mr. Adams-Schneider did not see these problems as indicative of major abuse, because policies followed previously had served to keep the situation in reasonable perspective, he acknowledged that a need existed for more positive measures than had been followed in the past.

The Customs Department will, therefore, be enquiring into the use of existing licences. This will apply in all cases where application is made for above-basic provision. In addition a thorough review was to be made of licence holders in a cross-section of item codes, irrespective of whether these importers sought further provision or not.

Mr. Adams-Schneider said that if it were proved that such companies were not using their licences in a proper manner - meaning that they were selling their licences rather than the services associated with their use - it could lead to withdrawal of all their entitlements in the following period.

"Government has approached the problem of providing incentives to intending new importers on two fronts," the Minister explained. "In the first place additional funds are being allocated to a number of selected item codes to provide for new importers. In other cases, new importers may be able to obtain licences where they have already drawn their normal supplies from basic licence holders and they need further supplies."

Mr. Adams-Schneider advised any intending new importer to study the latest issue of the Customs Bulletin for more details. He emphasized, however, that it was the intention to assist only those companies who are actively engaged in manufacture or trade and who would be interested in importing in normal circumstances.

Mr. Adams-Schneider concluded by saying that, in accordance with usual practice, now that the new Schedule had been released, the issue of remitting licences relating to the present licensing period would cease. Consideration would be given only to exceptional cases.