

AD HOC COMMITTEE ON AGENDA AND INTERSESSIONAL BUSINESS

IMPORT RESTRICTIONS APPLIED UNDER ARTICLE XII

Modifications introduced since the Seventh Session

1. At their Seventh Session the CONTRACTING PARTIES amended the intersessional procedures for consultations or action under Articles XII-XIV by requiring a contracting party modifying its import restrictions to furnish detailed information promptly to the secretariat for circulation to other contracting parties and for consideration by the Chairman and the Executive Secretary. The Governments of Australia, France, New Zealand, Pakistan and the United Kingdom have, accordingly, supplied certain data on the modifications introduced since the Seventh Session in their import restrictions applied under Article XII, and these statements have been circulated to contracting parties in L/80, 90, 99, 95 and 89 respectively. According to official announcements and unofficial sources of information, several other contracting parties have also, since the Seventh Session, introduced modifications in their import restrictions. To assist the Intersessional Committee to consider any appropriate action, the secretariat has prepared, on the basis of the formal notifications and other information available, the annexed notes on the modifications introduced since the Seventh Session.
2. The notes contained in Part I of the annex relate to the seven governments which are to carry out at the Eighth Session the consultations under Article XII:4(b) which were deferred at the Seventh Session. The facts given in these notes may assist the Committee to decide whether to recommend to the CONTRACTING PARTIES that any of these modifications should be taken into account in the consultations.
3. Part II contains notes on modifications introduced by France, Pakistan and Turkey. (France and Pakistan consulted with the CONTRACTING PARTIES under Article XII:4(b) at the Seventh Session.) The Committee may wish to consider whether, in view of these modifications any of the three Governments should be invited to consult under those provisions at the Eighth Session.
4. Measures of relaxation reported by Australia and the United Kingdom are noted in Part III for the information of the Committee.

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I

Brazil

The Brazilian authorities decided at the end of February 1953 that import licences for certain goods would no longer be issued and that licences for certain other items might be issued subject to stated conditions. The goods affected included some aluminium products, certain types of transmission belts, metal tubes, etc. Imports into Brazil of assembled motor vehicles for resale or as passengers' baggage were prohibited from 1 July 1953 by two rulings of the Export-Import Department of the Bank of Brazil dated 28 April; licence applications for import of motor vehicles would be accepted only for completely knocked-down vehicles without upholstery.

On 26 July 1953 the Brazilian Government announced that imports in the next six months would be reduced to well below the level of the country's essential requirements. It was reported that as a result of this decision imports from the dollar area, which had been reduced to \$20 million a month during the first half of 1953, would be pared down to \$10 million a month as from July for goods other than oil and newsprint.

Chile

An official directive stipulated that as from 9 December 1952 prior permits would be required for those imports from Argentina, Brazil and Spain which were listed in the A-1 group. This measure made it necessary for all imports into Chile to have a prior permit.

In February 1953 the Ministry of Economy issued new lists of imports that might enter Chile at preferential exchange rates and those that would be admitted when purchased with foreign exchange obtained through the surrender of gold. Luxury goods such as motor-car parts, watches and refrigerators would be importable only through surrender of gold. Imports of motor-cars remained prohibited. Other non-essential imports were allowed at the free exchange rate.

Finland

In November 1952 the Government announced that the issue of import licences for motor-cars from Western European countries would be suspended pending an improvement in the terms of trade. The deterioration of the terms of trade was attributed largely to the lower prices obtained for timber and pulp exports. The volume of such exports had fallen during the preceding months.

New Zealand

In December 1952 the Government announced that licences would be granted for specified imports from the United States and Canada in 1953 on the basis of the value of such imports in a preceding year, as follows: printed books, paper and

music, 100 per cent of 1952; cash registers, wooden handles for tools, sausage casings, 75 per cent of 1951; engines and spare parts for motor vehicles, excluding accessories, and certain essential artificers' tools, 50 per cent of 1951. Licences for other imports from the United States and Canada would be granted only for highly essential goods not obtainable from sterling or other soft-currency areas.

The system of foreign exchange allocation has remained in force in 1953, but the basic allocation has been reduced to 40 per cent of 1950 remittances (excluding payments for imports of motor vehicles and goods paid for under "third-party certificates") leaving a greater sum to be allocated to importers individually by the Reserve Bank. Special allocations are made to cover motor vehicle imports.

On 25 June 1953 the Government advised the CONTRACTING PARTIES (L/99) that certain alterations would be made in 1954 in the system of exchange allocation; there will be some relaxation in 1954 and the basic allocation will be 50 per cent of 1950 remittances, while 15 import items will be released from exchange-allocation control.

Southern Rhodesia

In July 1953 it was reported that the Government had decided to abolish the controls on the importation of a large number of products which could not be purchased in the sterling area.

Sweden

Sweden increased its percentage of liberalised imports from OEEC countries from 85 per cent to 90 per cent on 1 November 1952. Import licences were henceforth required only for certain fat products, cars, motorcycles, linen and hemp, etc.

Union of South Africa

In February 1953 the Minister of Economic Affairs re-affirmed that the Government would maintain its 1953 import quotas at the level announced earlier, which included allocations for consumer goods at 45 per cent of the value of 1948 consumer goods imports, 30 per cent of which had been already issued to importers.

II

France

The programme for imports from OEEC countries for the second and third quarters of 1953 lowered the monthly maximum allocations from \$130 million to \$116 million, involving a total reduction of \$84 million during the six-month

period in question. The purpose was to rectify France's unfavourable balance of payments in EPU. The French Government transmitted to the CONTRACTING PARTIES a memorandum setting out this new programme. The following summary of this memorandum has been circulated to the contracting parties in L/90.

"The French programme for imports from OEEC countries in the second and third quarters of 1953, as set out in the memorandum, retains the general structure of the previous programmes and is based on the same principles. As a result of the development of its position in EPU, France has found it impossible to maintain the monthly ceiling of \$130 million laid down in the preceding programme. The size of France's deficit in EPU in the last six months would call for the fixing of the monthly ceiling at \$100 million, but the French Government considers that so large a cut might endanger the French economy and might seriously affect the interests of France's trading partners. Taking into account the expected improvement in exports, the French Government, therefore, has decided to avoid any further reduction in 'traditional' imports.

"The \$14 million reduction is spread over a wide range of goods. Of the 21 categories into which the irreducible imports are classified, 14 categories, (food and agricultural products, coal, pitch, petroleum and products, non-ferrous metals, non-ferrous metal ores, non-metallic minerals, general chemicals, organic chemicals, hides and skins, timber and cork, pulp, metal semi-products and transport equipment) have suffered cuts ranging from 2 to 60 per cent. Four categories (spare parts, books, certain industrial raw materials and defence equipment) are not affected, while quotas for three categories have been increased (textile raw materials, by 9 per cent; iron and steel by 29 per cent; and certain special chemicals by 10 per cent)."

Pakistan

In November 1952 the Pakistan Government cancelled its current Open General Licence and imposed licensing requirements for all imports. In addition to goods for which importers had made definite commitments before the cancellation of the OGL, exceptions were made for machinery and chemicals if shipped within a short prescribed period. The Pakistan Government has advised the CONTRACTING PARTIES as follows (L/95):

"On account of grave deterioration of the position of its foreign exchange reserves caused by an unprecedented fall in the price of the country's main exportable commodities like jute, cotton, wool, etc., the Government of Pakistan were compelled to supersede its import OGL XIII by a modified OGL XIV (on the 11th of August 1952). Many items which were previously on OGL were excluded from the modified OGL, but commodities essentially required for the industrialization and development of the country, like machinery, iron and steel, non-ferrous metals, tools and workshop equipment, oils and greases, essential consumer goods like drugs

and medicines, kerosene, etc., were kept on Open General Licence, It was hoped that this step would be sufficient to achieve the desired result but on a study of the situation after three months it was found that the position was not improving sufficiently and to keep the balance of payments deficit within reasonable proportions, it was therefore necessary to cancel the existing OGL altogether; unless this was done the country's foreign exchange reserves would be in great danger of falling below the level of safety. The Government was thus compelled to cancel the existing OGL XIV with effect from 23 November 1952. The Government is doing everything possible to increase exports from the country and with that end in view has recently expanded its export OGL 7 by including 56 additional items to the freely exportable list vide Ministry of Commerce notification No. 339/903 (I-53), dated 23 January 1953 ...

"The Government is fully alive to the necessity of keeping trade from import control restrictions as far as possible but for some long time to come imports will be controlled to safeguard the external financial position!"

The Government announced on 1 March 1953 a new import policy reducing imports from the dollar area and imposing restrictions on imports from Japan and the non-dollar area; the import of motor-cars from the dollar area was prohibited; yarn and other varieties of thread could be imported from the sterling area and Japan. The new policy also prohibited imports of tobacco, cosmetics, toilet requisites and clocks and watches. The licensable imports from the dollar area were limited to essentials. It was estimated that Pakistan's total imports during the current year under the new policy would be less than 60 per cent of last year's purchases.

Turkey

The Turkish liberalisation list was, in effect, suspended on 23 September 1952 on a provisional basis pending an improvement in Turkey's position in EPU. On 20 April 1953 the suspension of the liberalisation of imports from EPU countries was made official and all imports were subject to authorisation by the Ministry of Industry and Commerce.

A communication of 4 July 1953 from the Turkish Government in response to the CONTRACTING PARTIES' questionnaire in L/69 explains the present situation as follows:

"On 22 September 1952 the Turkish Government decided to centralise with the Ministry of Economy and Commerce the authority to register applications for licences which had hitherto been exercised by authorised banks ... Since 20 April 1953, the automatic character of the liberalised sector has been abolished. Although the liberalisation schedule remains in force, imports under that schedule are subject to previous authorisation by the Ministry of Economy and Commerce. Applications for imports to be imported according to the liberalisation schedule will be examined by the Ministry

which will grant the permits in accordance with a pre-established programme and resources of exchange ... By a Decree of 23 January 1953, the Ministries of Economy and Commerce and of Finance were authorized to classify, according to their importance, the goods included in the liberalisation schedule, to grant applications for licences relating to these goods, taking into account requirements and the categories of trade and payments agreements to which they are related, and to adopt any measures required by the application of the import programme and the balance-of-payments position.

"It should, however, be stressed that this control exercised since last September by the Ministry of Economy and Commerce has not resulted in a drop in imports, which showed a sizeable increase, as compared with the same period in 1951-1952."

III

Australia

The Government withdrew as from 1 January 1953 the provision in the control regulations by which any imports admitted as having been in transit or covered by irrevocable letters of credit were debited against quotas. The standards for the consideration of import licence applications were also relaxed as the Government found it possible to allot more exchange for the importation of raw materials and crucial equipment for industries.

In February 1953 the Government announced (see L/80) that a substantial relaxation of the import restrictions would be made effective on 1 April. The 60 per cent rate for goods in category "A" was raised to 70, and the percentage for category "B" was increased from 20 to 30 of base-year imports. A variety of materials for industry and other basic products in the two remaining categories were either licensed freely or allotted increased quotas.

On 3 July 1953 the Government announced (see L/102) a further relaxation of import restrictions to be undertaken in the near future. Appropriate adjustments would be made regarding goods licensed under the administrative arrangements. Imports from soft-currency sources in category "A", which had been licensed on the basis of 70 per cent of 1950-51 imports, would be licensed on the basis of 80 per cent. The licensing of category "B" goods would be raised to 40 per cent of that base year.

United Kingdom

Import restrictions were relaxed when the Government announced the quotas for licensed imports from soft-currency countries for the first half of 1953.

The import quotas for goods from OEEC countries were raised from a six-monthly rate of about £38 million to £45 million. Textile piece-goods and yarns accounted for more than half of this increase, while small imports of nylon stockings and decorated pottery were allowed for the first time since the War.

In March 1953 the Government announced (see L/89) that it had decided to relax some of the restrictions on imports from Western European and certain other countries. A considerable range of goods, mainly foodstuffs and manufactures were restored to Open General Licence. The effect of this was to raise to 58 the percentage of United Kingdom's imports on private account from Western Europe which were free from quantitative restriction. In addition, the quotas for the second half of 1953 for some other goods which remained subject to restriction were increased. In announcing these measures of relaxation, the Government stated that special attention had been given to elements of traditional importance in the trade of Europe with the United Kingdom and, in particular, to measures helpful to France and Italy whose trade had been most harmed by the restrictions.