

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Working Party 8 on Balance of Payments
Import Restrictions

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UNITED KINGDOM IMPORT RESTRICTIONS

Statement by the United Kingdom Representative at the Working Party Meeting on 5 October 1953

1. During the past year the balance of payments position of the United Kingdom, aided by favourable terms of trade and other factors, has been relatively healthy. At the Seventh Session of the CONTRACTING PARTIES attention had to be paid to the heavy deficit of the United Kingdom and the high rate of gold loss during 1951; it then seemed likely that the United Kingdom would have an overall surplus in the first half of 1952 of about £100 million. For 1952 as a whole the United Kingdom had a substantial overall surplus of the order of nearly £300 million and there was some recovery of reserves. In 1953 this rate of surplus has fallen; the rate of United Kingdom payments surplus on current account in the first six months of the year will almost certainly prove to be a good deal smaller than this. The reserves have continued to rise during 1953, but at the end of June they still stood at some \$1,500 million less than the pre-Korean level.
2. Since the Seventh Session the United Kingdom has substantially reduced both the amount of import restrictions imposed and the amount of discrimination. As a result of these changes rather less than half of the total non-sterling imports of the United Kingdom, and almost the same proportion of imports taken from the dollar area have been freed from control.
3. In April 1953 a large range of imports from OEEC and specified countries were returned to open licensing. The list affected covered food-stuffs, raw materials and manufactured goods. In the field of food-stuffs and raw materials, the change in import arrangements in the United Kingdom compared with little over a year ago can justly be described as spectacular. At the Seventh Session we discussed the beginning of a new policy by the United Kingdom of avoiding excessive premium prices by introducing greater freedom for the purchase of essential food and raw materials from all sources - world-wide global quotas had been introduced for softwood, certain types of wood pulp and hog casings; imports of lead from all sources had been completely freed.

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4. Since then softwood, pit wood, copper, zinc, wheat, coarse grains and protein feeding-stuffs, and a number of minor raw materials have been completely freed under open individual licensing arrangements from all sources. The London Metal Exchange is operating as a full terminal market for lead, copper and zinc. In this and other ways we are giving London the opportunity to re-establish itself as the trading centre of the world.

5. World global quotas operate for wood pulp for paper, paper and board, and (apart from certain countries) for bladders and casings. Moreover, where more specific forms of licensing apply, the amount of imports licensed (including dollar imports) has been increased in a number of instances so that over the whole range of United Kingdom import trade the amount of restriction and discrimination imposed by import licensing has been substantially reduced.

6. Parallel with these movements there has been a major reduction in the amount of State trading. Zinc, aluminium, copper, wheat, coarse grains and protein feeding-stuffs have all reverted to private trading in the last twelve months, and the impending reversion of other commodities, such as dried fruit, has already been announced. Freedom of trade in many commodities has also been effectively increased by the removal of rationing and other restrictions on consumption.

7. The United Kingdom Government believes that the policies it is following are in the interest of freer trade and payments arrangements on a world-wide basis. In regard to import policy, substantial progress has been made in this direction in the past year. At the same time it is essential that steps should not be taken unless there is a reasonable chance that they can be maintained; restrictions cannot all be removed over night. The reserve position of the United Kingdom, though much stronger than it was, still does not permit undue risks to be taken, nor would it be in the interests of freer trade in the world as a whole for the United Kingdom to damage her position by measures not justified by the underlying situation.