

GENERAL AGREEMENT ON TARIFFS AND TRADE

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Working Party 8 on Balance-
of-Payments Restrictions

DISCRIMINATORY IMPORT RESTRICTIONS

Country Notes on the Systems and Methods of Restrictions (Secretariat draft)

Working Party 8 has prepared the text of the Sixth Annual Report under Article XIV:1(g) on the discriminatory application of import restrictions, which is being submitted to the CONTRACTING PARTIES for adoption. The attached notes, on the systems and methods of restriction of twenty-three contracting parties, are intended to constitute an Annex to that report. Delegations are requested to examine the notes relating to their own countries and as soon as possible to inform the secretariat of any modifications or corrections which they may wish to propose.

ANNEX TO THE REPORT

The following notes are intended to provide a brief description of the systems and methods of discriminatory import restrictions covered by this report, and the more important changes in the first ten months of 1955.

These notes were compiled by the secretariat from information supplied by the governments themselves and data gathered from other sources. They were checked with the delegations attending the Ninth Session.

AUSTRALIA

All imports are subject to licence. For a limited number of industrial materials on a special list licences issued are valid for imports from all sources. Other imports from countries outside the dollar area are licensed in a non-discriminatory manner on a quota basis, importers being permitted to bring in goods, up to the value licensed, from any country outside the dollar area. Except for a limited list of reserved items which are still licensed separately, imports from Japan are licensed on the same basis as other non-dollar imports.

Licenses for imports from the dollar area are issued chiefly for essential goods which are not available from other sources in adequate quantities or on reasonably comparable cost and delivery terms.

Recent changes

In April 1955, reductions were made in the quotas for the various categories of imports from non-dollar sources. The quotas were further reduced on 1 October 1955. As from the latter date a reduction has also been made in the level of licenses issued under the dollar import licensing budget. The list of essential commodities for non-discriminatory licensing was introduced at the same time.

AUSTRIA

Products whose import requires licences are enumerated by law. Licences are granted either without fixed quotas or under quotas established in accordance with bilateral agreements. No global quotas are in existence. There is no import prohibition and compensation transactions are not used except with countries for which no clearing agreements exist.

Liberalized imports do not fall under the licensing system. 83.5 per cent of imports from OEEC countries, on the basis of 1952 trade, is liberalized, and 8.5 per cent of imports from the dollar area (calculated on the basis of imports from the United States and Canada in 1953) have also been liberalized.

Recent changes

The liberalized list for dollar imports was established in February 1955.

Bilateral agreements are in force with some twenty-one countries, covering some forty items of imports.

BRAZIL¹

Except for certain types of imports, e.g. wheat, petroleum, for which special arrangements are in force, all imports are subject to licence. Licences are granted freely to holders of exchange certificates purchased at auction. For the purpose of allocating exchange for auction, imports are classified into five categories according to their essentiality and other criteria. The import of essential and less essential goods is permitted from all currency areas, subject to the possibility of providing the necessary exchange for payment in each area. Non-essential goods may be imported only from areas with which Brazil has a favourable balance of payments.

BURMA²

All imports are subject to licence. Licences are issued on a currency area basis, that is, they are valid either for imports from the hard-currency area or from the soft-currency area. Within the specified area the holder of a licence is free to choose any source of supply. The total monetary ceiling available for each area is allotted for all items to be licensed.

¹ See paragraph 2 of the Report.

² Principally based on information supplied by Burma in 1954.

Imports from the hard-currency area are generally limited to governmental and industrial requirements and essential goods not obtainable from the other area. Licences for imports from the soft-currency area are issued on a more liberal basis. A limited number of essential goods are covered by open general licences which permit their free importation from soft currency countries. A few bilateral agreements are in force but these do not involve the provision of special bilateral quotas.

Recent changes

In March 1955, the Government suspended the validity of 50 per cent of the value of all licences issued, and cancelled the open general licence. The suspension of licences was later withdrawn in respect of imports from the dollar area, and some 35 commodities were restored to open general licence.

CEYLON

Except for a limited number of items, imports from all sources other than the dollar area are free of restriction. Among the exceptions some are subject to discretionary licensing and a few are not being licensed for importation.

Imports from the dollar area are divided into those which are licensed at the discretion of the control authorities and those which are licensed up to a "monetary ceiling". A few products are not being licensed for importation from the dollar area.

Recent changes

The present system of free licensing for non-dollar imports was introduced on 1 July 1955.

Bilateral trade agreements are in force with two countries only.

CHILE¹

All imports are subject to licence. Licences are issued within the limits set in a foreign exchange budget which is divided into two sections to cover (a) the dollar area and (b) other countries. Quotas for permitted imports are fixed on the basis of the different currencies available for payment. As an exception some goods are permitted to be imported from certain countries with which Chile has bilateral commercial agreements. Certain listed luxury goods are permitted to be imported under licences issued in accordance with export receipts from wine and the newly mined gold.

¹ Principally based on information supplied by Chile for the previous Annual Report.

DENMARK

Unrestricted imports

- (a) A general free list consisting of goods which may be imported without licences from the dollar area and EPU countries.
- (b) A regional free list consisting of commodities which may be imported from EPU countries without licences. This liberalization arrangement covers goods which represent 78.4 per cent of private imports in 1948.
- (c) Open general licensing arrangements in respect of certain commodities from the dollar area or EPU countries, and also from certain other countries. Advance deposits are required for the imports of specified categories of goods eligible under this arrangement.

Restricted imports

- (a) Licences issued under quotas established in bilateral agreements. Bilateral agreements are in force with some twenty-five countries, some of which involve such quotas.
- (b) Licences issued on a regional basis for imports from the EPU countries and associated territories.
- (c) Licences issued for commodities for which no quotas have been fixed in bilateral trade agreements.
- (d) Licences for imports from countries with which no trade agreements exist, e.g. the dollar area.

Recent changes

In November 1955 the liberalization of imports from the dollar area was raised to 55 per cent of such imports in 1953.

FINLAND

All imports are subject to licence and no global quotas are established. Applications for licences are considered individually on their merits, but a large number of items are included in a list for which imports from countries not in the dollar area are issued freely. These liberalized imports represent currently about 40 per cent of total Finnish imports.

Bilateral trade and payments agreements have been entered into with the majority of Finland's trading partners, with a view to balancing the trade accounts, and licences for imports covered thereby are issued within the quotas established.

Recent changes

The policy of free licensing for non-dollar goods was introduced on 1 July 1955.

FRANCE

All imports are subject to licence. For licensing purposes, imports are divided into three categories: (a) imports payable in dollars; (b) imports payable in EPU currencies; and (c) imports payable in other currencies.

A large proportion of imports from OEEC countries have been listed for free licensing without restriction. Certain imports are carried out through quotas fixed within the limits of the currencies available for payment. The quotas may either be allocated among supplying countries in proportion to the imports during a representative period, or may be globally fixed in accordance with the purchasing programme. Some quotas are fixed within the framework of bilateral trade and payments agreements, of which there are some fifty-four in force.

Imports from the dollar area are, in general, subject to more strict restriction.

Recent changes

The percentage of liberalized imports from OEEC countries was raised to 75 per cent (1948 private imports as basis of calculation) in April 1955, and to 77.5 per cent in September 1955.

GERMANY

All imports are subject to licence. For a list of imports from OEEC countries which are free from restriction, licences are issued freely. On the basis of 1949 trade this liberalization represents 91.4 per cent of total private imports from OEEC countries. This free licensing procedure is also applied to imports from countries with which Germany has bilateral trade and payments agreements and also with other countries where payments for imports may be settled through EPU.

A substantial volume of imports from the dollar area is contained in a free list for unrestricted licensing, and in addition certain goods are being licensed automatically though they are not on the free list.

Licences for all other imports are issued by administrative decision.

Bilateral trade and payments agreements of various kinds are in force with about forty-four countries.

Recent changes

By measures taken in April and May 1955 dollar imports were liberalized to a level representing 84 per cent of the private imports from the United States and Canada in 1953.

GREECE

Since April 1953, import restrictions have been in force only for a limited number of luxury goods. The free importation of unrestricted goods is, however, subject to certain payments conditions, which differentiate between countries with which payments may be made through the EPU and those with which no payments arrangements exist. Imports from countries with which Greece has no trade agreements and which do not grant currency for payments of Greek products, may be permitted only if they are supplied in exchange for exports of Greek goods of the same value.

INDIA

All imports are subject to licence but some goods are covered by open general licences. The OGLs include goods whose free importation is not likely to put a sudden strain on the exchange resources. For many other items which remain under control, licences are issued freely upon application.

For purposes of import licensing, supplying countries are divided into two currency areas, namely, the dollar area and the soft-currency area. Licences are divided into general licences and soft-currency licences, the former valid for exports from both areas. As a rule, the import policy for the dollar area is more strict. Certain items are licensed more freely for imports from Pakistan than from other sources. No imports are allowed from the Union of South Africa. Some food grains are subject to bilateral quota restrictions.

ITALY¹

All imports from the dollar area countries are subject to licence, with the exception of a number of items of essential materials for which imports are admitted without restriction through permits issued automatically by the customs. This liberalized sector represents 24 per cent of Italy's imports from the United States and Canada in 1953.

Imports from the EPU area are free of licence, with the exception of a few specified items. On the basis of 1948 imports this liberalization covers 99.7 per cent of total private imports from OEEC countries.

Imports of many items from countries with which Italy has concluded special agreements, but for which payments are not made through EPU, are limited in accordance with the quotas provided in such agreements. Bilateral trade and payments agreements are in force with some thirty-four countries.

¹ Principally based on information supply by Italy for the last Annual Report.

JAPAN

A unified control is exercised over imports through the allocation of foreign exchange and through the issue of individual import licences. In trade with the Open Account settlement countries the policy of equating bilateral trade at the highest possible level is pursued; in trade with countries in the sterling area, efforts are being made to achieve an overall equilibrium within the framework of the Anglo-Japanese Payment Agreement; and in trade with the dollar area, the principle of non-discrimination between countries within the area is maintained. In addition, imports from countries or areas with which Japan has payments and/or trade agreements are made in conformity with requirements set out in the agreement.

KINGDOM OF THE NETHERLANDS

Imports are generally subject to licence, but for a large number of items licences are issued freely. Thus a large number of items of imports from the dollar area, representing 87 per cent of private imports from the United States and Canada in 1953, are included in a free list and may be imported from the dollar area without restriction.

About 95 per cent of the imports from Belgium and Luxemburg are free from quantitative control. 92 per cent of its private imports from OEEC countries are liberalized; for these goods licences are issued automatically upon application.

NEW ZEALAND

With the exception of those commodities which are included in a World Exemption List and which may be imported from any source free of licence, all imports from "scheduled countries" require an import licence. Essentiality and availability from other sources are, in general, the primary factors for determining whether licences will be issued for the importation of a particular product from scheduled countries, but significant price differences and other commercial considerations are taken into account where they are relevant.

For imports from non-scheduled countries, there is an extensive list of items exempt from licensing requirement. Goods which are exempt from licensing may be imported from any non-scheduled country and where licences are still required they are issued without specification of the country of supply and may be used to import goods from any non-scheduled country.

Recent changes

The World Exemption List has been substantially enlarged in 1955; the number of items has been increased from 95 to 153.

The special exchange allocation scheme which was introduced in 1952 to deal with the balance-of-payments difficulties and which applied to imports from all sources, was discontinued as from 1 January 1955.

NORWAY

Seventy-five per cent of private imports from the OEEC countries (1948 basis) may be freely imported, either against a declaration or licences issued freely upon application. This free list is also applied to imports from all other EPU countries and several other countries outside this area.

All other imports, including dollar imports, are subject to licence. However, about 75 per cent of the total private imports from the United States and Canada is subject to a liberal import régime, under which licences for imports of raw materials, industrial equipment and other essential goods are normally granted automatically upon request.

Twenty-nine bilateral trade agreements are in force of which twenty-four provide for quotas.

PAKISTAN

All imports are subject to licence. An import policy is announced every six months which lists the items for which import licences will be issued. Permitted imports are licensed within quotas. Barter agreements have been made in exceptional cases for the exchange of certain commodities, but these do not involve special exclusive quotas.

With the exception of some items subject to bilateral commitments, import licences are issued to be valid for imports from all countries. Licences valid for imports from a single country are issued in cases where these are called for by obligations under bilateral trade agreements.

Recent changes

The distribution between dollar and non-dollar import licences was abolished from the beginning of 1955.

FEDERATION OF RHODESIA AND NYASALAND

The importation of all goods from outside the sterling area is subject to control. In extension of the measures previously applied in Southern Rhodesia, the control is exercised in the following way:

- (a) Certain goods, mainly petroleum products, are covered by an open general licence, and can be imported freely from any source.
- (b) A wide range of goods is on an "unrestricted list", for which import licences are granted automatically on request and without quota limitation or discrimination as to currency area of supply.
- (c) For other goods the importation of which is permitted, an amount of foreign exchange is allocated for imports from the dollar area and another for imports from other non-sterling countries. Both of

these are divided into global amounts for the various groups of products. Individual importers receive separate allocations within these global amounts; and their allocations may be utilized for imports from any country in the relevant area. Allocations granted for imports from the dollar area may, however, be utilized for imports from non-dollar countries. A bilateral trade agreement is in force with France.

SWEDEN

Licences are required for imports except for those goods which are included in free lists.

A large number of products are listed for unrestricted importation from the dollar area. These liberalized imports represent 53 per cent of Sweden's private imports from the United States and Canada in 1953.

Imports from EPU countries are liberalized to the extent of 93 per cent of private imports from OEEC countries in 1948.

For those imports which remain subject to individual licence, quotas are established either under bilateral trade agreements or, when no such agreements exist, in accordance with the limits set by an import budget drawn up on the basis of estimated currency availabilities. Several bilateral trade agreements are in force.

TURKEY

All imports are subject to licence and no quotas are fixed in advance. Licences for imports from the dollar area are granted generally only when the products in question are essential and are not available from countries outside the dollar area. Applications for the import of goods included in a "liberalization schedule", which is not being applied, are considered in accordance with an established programme and on the basis of the exchange available for payment. Trade agreements are in force with a number of countries.

UNITED KINGDOM

Under the import control system, a distinction is generally drawn between the dollar area, the sterling area and the non-dollar, non-sterling area. There are World Open General Licences, covering a number of commodities, mostly raw materials, which importers can purchase without restriction from any sources. In addition, there are Open General Licences permitting traders to import listed commodities without restriction from specified countries or groups of countries. For some commodities, Open Individual Licences permitting imports without restriction, are issued to particular importers. These also cover imports either from all sources or from specified countries or groups of countries.

Through open licences, imports from OEEC countries have been liberalized up to 85 per cent on the basis of total private imports in 1948. Calculated on the basis of 1953 private imports from the United States and Canada, 56 per cent of dollar imports are liberalized and free from individual licensing requirement.

Individual licences permitting the import of specified quantities of goods not covered by open licences are issued against bilateral quotas or global quotas or are considered on an individual basis. Most of the global quotas now in operation cover imports from a group of countries within the non-dollar, non-sterling area. Only a few quotas are world-wide in application.

The extent of discrimination varies according to the nature of the particular commodities and their essentiality to the domestic economy. In regard to raw materials, a policy of non-discrimination has been adopted over a considerable range of products. In the case of some commodities importers are issued with Open Individual Licences. In cases of most other raw materials imports from sources outside the dollar area are free under Open General Licences.

Recent changes

The number of items covered by World Open General Licences or through the issue of open licences to individual importers has been considerably increased in 1954-55.

URUGUAY¹

With the exception of a few items, imports are subject to licence. For licensing purposes global quotas are established for various currencies according to their availability. Within these global quotas individual importers are allotted quotas within which licences are issued. The restriction of imports is also achieved through exchange measures.

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Principally based on information supplied by Uruguay for the previous Annual Report.