

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/30/Add.1

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1963 CONSULTATION UNDER ARTICLE XIII:4(b) WITH THE REPUBLIC OF SOUTH AFRICA

Addendum to the Basic Document

1. Subsequent to the compilation of the basic document in BOP/30, the following information has been received from the authorities of the Republic of South Africa.

Import control on coffee

2. As from 9 September 1963, unprocessed coffee has been placed under import licensing control. In announcing this measure the Minister of Economic Affairs stated as follows:

"This was necessary because a certain section of the trade has built up unnecessary large supplies of unprocessed coffee and this could only lead to confusion in the trade. I wish, however, to give the assurance that care will be exercised to ensure that adequate permits will be issued to meet all requirements of the country. Therefore, no shortage should develop and there will be no reason for an increase in the price of coffee."

Additional permits for categories A and B

3. On 13 September 1963, the Minister of Economic Affairs, referring to the improvement in the monetary reserves position, announced a further additional issue of 15 per cent in respect of Category A goods and 5 per cent in respect of Category B goods, which would increase the 1963 issues for both categories to 25 per cent over the total issues for 1962. In all instances where the additional allocation would result in the issue of permits to a value of less than R500, permits for a minimum amount of R500 would be issued. Sympathetic consideration would be given to any special import problems which may be experienced by "smaller importers".

Import quotas for 1964

4. On 1 November 1963, the Minister of Economic Affairs issued a press statement outlining the import control policy for 1964. In view of the country's healthy balance-of-payments position, the intention was to continue the progressive relaxation of import controls. Owing to the increased imports of capital equipment the process of relaxation would be pursued cautiously. The complete text of the press statement is reproduced overleaf.

Press Statement by The Honourable Dr. N. Diederichs,
Minister of Economic Affairs, in Regard to Import
Control Policy for 1964

The Minister of Economic Affairs today (1 November 1963) announced the initial import quotas for 1964.

Dr. Diederichs stated that imports were progressing according to plan and there was every indication that the 1963 level of imports would exceed R1,250 million, which would be an all time record for South Africa. This high level of imports reflected the confidence of the country and also the high degree of prosperity which the country was enjoying.

In the light of the country's healthy balances of foreign exchange, the progressive relaxation of import control would be continued. It was, however, necessary to bear in mind the anticipated increased imports of capital equipment during 1964 to cope with the expanded programme of industrialization expected during that year. With this in mind it is proposed to continue the process of relaxation carefully and cautiously.

The following quotas were announced:

Raw materials, plant and equipment

In so far as raw materials imported direct by manufacturers are concerned there is no longer any necessity to issue any initial allocations for 1964. The policy introduced during 1962 whereby manufacturers obtained their requirements based on the current tempo of consumption had proved advantageous to all concerned and would continue. Manufacturers would receive on application, supplementary import facilities sufficient to bring their stocks of imported raw materials to a six months level of current consumption. Such applications could be made at any time.

As in the past, however, manufacturers are expected to obtain their requirements of raw materials from local sources whenever that is possible.

With this qualification, manufacturers, in cases where there are long delivery periods, may place orders in advance, provided such orders are reasonable in relation to their present tempo of consumption. Importers must ensure, of course, that they are in possession of valid import permits before the goods ordered are shipped.

Merchants who import raw materials for re-sale will continue to be granted more liberal import facilities during 1964 in order to cope with the increased demands from industry.

The initial allocations to merchants will be calculated at 75 per cent of the value of their import facilities received during the first nine months of 1963.

In so far as imports of plant and equipment are concerned it was also not necessary to issue to importers any initial allocations for 1964. As in the past, applications based on end-user demand would be granted in full, having due regard to local production possibilities.

Consumer goods

Regarding consumer goods the following initial allocations would be issued:

Group A

The same initial allocation as that granted for 1963, viz. 60 per cent of the value of an importer's average 1959 and 1960 imports. A second allocation may be expected, however, in April 1964, bringing the 1964 level of issues at that stage to the total level issued for 1963, viz. 125 per cent of the average value of 1959 and 1960 imports.

Group B

The same initial allocation as that granted for 1963, viz. 30 per cent of an importer's assessment basis. A second allocation may be expected in April 1964, bringing the 1964 level of issues at that stage to the total level issued for 1963 viz. 50 per cent of the importer's assessment basis.

Importers are advised now of the second issues which may be expected in order to enable them to plan their overseas purchases.

The concession granted to importers during 1963, enabling them to convert their permits to allow for the importation of goods on the restricted list, will be continued on the basis of R1 for R1 for the first R5,000 of their total permits and on a R2 for R1 basis thereafter.

Motor cars

In accordance with the general increase in the economy there has been a steady increase in the retail sales of motor cars. During 1963 it is expected that retail sales of new passenger cars will amount to approximately 100,000. Sales of commercial vehicles have also increased. The new quotas which are being advised to the motor industry will ensure that there will be no overall shortage of motor vehicles during 1964.

Agricultural tractors and implements

Initial permits for agricultural wheeled tractors and implements will be based on 75 per cent of the total permits issued during the first nine months of 1963. Because of the large number of makes already sold on this market with the consequent spares problems, no new makes of tractors would be allowed to be imported during 1964.

Textile piece-goods

In so far as manufacturers are concerned the same procedure as for other raw materials viz. six months stock on the basis of present consumption, will be applied to textiles. The initial allocation to merchants will be 60 per cent of 1963 issues.

Summary

In accordance with the above, the following initial or "Voorskot" import allocations will be made for 1964:

- (i) Merchants importing raw materials, excluding structural timber and fertilizers -

75 per cent of total permits received for the period up to 30 September 1963.

- (ii) Merchants importing Group A consumer goods -

60 per cent of the average annual imports during 1959 and 1960.

- (iii) Merchants importing Group B consumer goods -

an issue equal to 30 per cent of an importer's assessment basis.

- (iv) Merchants importing agricultural wheeled tractors and implements -

75 per cent of total permits received up to 30 September 1963.

Import facilities for timber and fertilizers will continue to be issued on a special basis in view of the increased local availability.

The permits mentioned above are now being prepared and will be posted to registered importers before 14 December 1963.