

GENERAL AGREEMENT ON TARIFFS AND TRADE

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COUNTRY NOTES ON THE DISCRIMINATORY APPLICATION OF IMPORT RESTRICTIONS

1. It was suggested at the Eighth Session that as in previous years there should be attached to the printed version of the CONTRACTING PARTIES' 1953 report on the discriminatory application of import restrictions (L/164, Section B) brief notes on the measures in force in the countries covered by the report. The secretariat prepared a draft for these notes (W.8/25) and delegations were requested to check the accuracy of the draft concerning their own countries and inform the secretariat of any corrections or modifications which they might wish to make.

2. The present document is a revision of W.8/25 incorporating changes requested by delegations attending the Eighth Session, and will be attached to the 1953 report under Article XIV:1(g) when this is printed in the Second Supplement to the Basic Instruments and Selected Documents. Any requests for further changes should be sent to the secretariat as soon as possible and in any case not later than 15 December 1953.

COUNTRY NOTES ON THE DISCRIMINATORY
APPLICATION OF IMPORT RESTRICTIONS

The following notes are intended to provide a brief description of the import restrictions which are applied in a manner involving discrimination between sources of supply. These notes were compiled from information supplied by the governments themselves and data gathered from other sources. They were checked with the delegations attending the Eighth Session of the CONTRACTING PARTIES.

AUSTRALIA

All imports are subject to licence. Imports from countries other than Japan and the dollar area are licensed in a non-discriminatory manner, importers being permitted to bring in goods, up to the value licensed, from any country outside Japan and the dollar area.

Imports from Japan are licensed on a commodity quota basis. The list of commodities includes less-essential as well as essential goods. Licences are issued irrespective of the availability of the goods from other sources.

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

AUSTRIA

The law governing foreign trade is based on the principle of free exchange of goods. Only the import of certain specified goods is excepted from this rule and subject to licence. Licences are granted on the basis of foreign exchange available for payment either without fixed quotas or under quotas established in accordance with bilateral agreement. 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. Discrimination in import restrictions arises from the varying degree of availability of different currencies.

BRAZIL

Except for certain minor items and goods classified as "super-essential", all imports are subject to licence. Licences are issued under a system which is reviewed every three months in the light of economic conditions and on the basis of foreign currencies available for payment.

Imports of newsprint, fuel and wheat are controlled by specialized agencies, which determine the place and currency for purchase. Other products are classified according to their essentiality to the Brazilian economy, into several categories. 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 from areas with which Brazil has a favourable balance of payments.

BURMA

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 volume and variety of products licensed for import from either area are largely determined by the extent of resources of foreign exchange available for payment. The total monetary ceiling available for each area is broken down and allotted for all items to be licensed. 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 liberal basis. A number of essential goods including basic textiles, machinery, scientific instruments, essential foodstuffs, are covered by open general licences which permit their free importation from soft currency countries.

CEYLON

Imports are freely admitted from sterling area countries. Restrictions are maintained on imports from the dollar area and also from EPU countries. Towards Japan a more liberal policy is pursued, especially in regard to imports of basic consumer goods such as textiles.

In the case of imports from hard currency countries, account is taken of the essentiality of the goods to the domestic economy, and for essential goods, such as capital equipment and food, weight is attached to the availability and delivery dates and price discrepancies. Imports from the dollar area in particular are at present limited to the category of goods that are essential for industrial and agricultural development.

Four open general licences are in force which authorise specified imports from different groups of countries. OGL No.1 authorises the import of specified items from all countries other than those in the dollar area, Germany and Japan. OGL No.2 provides for the free import of specified items from the dollar countries. OGL No.3 authorises a few items to be imported from all countries except Australia, Germany and Japan. The fourth OGL covers imports of a limited number of items, which may be imported from certain soft currency countries.

As for goods not importable under open general licence, two lists are published, one showing the goods licenseable from all areas and the other showing goods licenseable from dollar sources and Japan. "Monetary ceilings" are provided for the import of all goods in the second list and for some items from EPU countries in the first list.

CHILE

All imports are subject to licence. The import of certain luxury goods and of goods of a type produced in Chile is not permitted. Import quotas for permitted imports are fixed on the basis of the various types of exchange available for payment and on the basis of trade and payments 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.

DENMARK

Certain raw materials, newspapers, books and other goods of minor importance are included in a global free list and may be imported without licence from any source and irrespective of the currency required for payment.

For goods whose import from the EPU area is subject to restrictions, licences are issued on a liberal basis.

For other imports quotas are established chiefly on the basis of bilateral trade and payments agreements.

A small percentage of imports are freed from licensing requirements but are subject to advance deposits being made with the National Bank.

FINLAND

All imports are subject to licence and no global quotas are established. There is, however, no prohibition on any goods for economic reasons. Applications for licences are considered individually on their merit, the decision depending on the balance-of-payments and monetary reserve position, and, where a non-convertible currency is involved, on the payments position with the country or currency area in question. 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. Under such agreements licences are issued within the quotas established. In addition, compensation arrangements, which cover a small percentage of the country's trade, have been authorised as a temporary means to overcome certain difficulties.

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 countries; and
- (c) imports payable in other currencies.

Certain imports from EPU countries have been listed for free licensing without restriction. The majority of 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. Apart from imports from the OEEC countries and other countries with which France has concluded bilateral trade and payments agreements, special treatment is accorded to specified raw materials and goods needed for export production. Imports from the dollar area are, in general, subject to more strict restriction.

GERMANY

All imports are subject to licence. Imports from OEEC countries have been enlarged, and licences are issued freely and without limitation for those goods which are included in the liberalised imports list, amounting, on the basis of 1949 trade, to about 90 per cent of Germany's total imports. This free licensing procedure is also applied to certain imports from countries with which Germany has bilateral trade and payments agreements and also with countries with which no trade agreements exist but where payments for imports may be settled through the EPU.

Imports from countries with which Germany has no trade and payments agreements and with which payments cannot be settled through EPU, are subject to individual licensing, and licences are issued on the basis of the availability of fully convertible currencies and the essential needs of the economy.

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 open general licences are issued covering goods which may be imported within a specified time limit without quantitative limitation from specified countries or monetary areas. 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 soft currency licences and general licences, the latter 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. The practice of concluding bilateral trade agreements with a view to achieving bilateral balancing has been discontinued and the Government has not resorted to any barter arrangements except for the purchase of food grains from certain sources.

ITALY

All imports from the dollar area countries are subject to licence, with the exception of about 65 items of essential materials for which imports are admitted without restriction through permits issued automatically by the customs subject to compliance with the currency provisions regulating the payment of goods.

Imports from the KFU area are free of licence, with the exception of 11 specified items.

Imports of many items from countries with which Italy has concluded special agreements, but for which payments are not made through KFU, are limited in accordance with the quotas provided in such agreements. There is, however, a de facto system under which additional imports may be effected within limits.

NETHERLANDS

Imports from the dollar area are generally subject to licences issued within quota limits fixed on the basis of estimated dollar availabilities. Since 15 October 1953, a number of essential items have been put on a free list, which may be imported from the dollar area without restriction.

About ninety-five per cent of the imports from Belgium and Luxemburg, as the result of an agreement concluded between the Netherlands and the BLEU have been freed from quantitative control. In accordance with the trade liberalization policy of OEEC, private imports from its member countries have been progressively

liberalised, now standing at 92 per cent of the total of such imports on the basis of 1948 trade. For these goods licences are issued automatically upon application.

NEW ZEALAND

With the exception of a few commodities which are subject to "global" exemption and which may be imported from any source free of licence, all imports from "scheduled countries" require an import licence. Basic allocations do not normally apply to such sources although special basic allocations are provided for imports from Canada and the United States of America covering goods of kinds normally imported from those countries. 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, the list of items exempt from licence requirements has been frequently extended since 1948. 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.

NORWAY

Although all imports are subject to licence, a great number of goods are included in an "free list" and may be imported from the EPU area and certain specified countries either against a declaration or against a licence which would be issued freely upon application. Seventy-five per cent of private imports from OEEC countries on the basis of 1948 trade is thus freed from quantitative restriction.

All imports which require to be paid in United States dollars and other hard currencies are generally limited to goods considered to be essential to the Norwegian economy and quotas are established on the basis of these considerations.

PAKISTAN

All imports are subject to licence. An import policy is announced every six months and lists the items for which import licences may be issued. Certain non-essential items are thus precluded from importation. Permitted imports are licensed within quotas which are fixed for specified currency areas or countries in the light of the exchange position, essentiality and other considerations. Barter agreements have been made for the exchange of certain commodities.

Import licences are of four types authorizing the import of specified goods from: (a) the dollar area (and any country except Japan); (b) all countries outside the dollar area and Japan; (c) Japan; and (d) any one particular country (issued pursuant to trade agreements).

SOUTHERN RHODESIA

The importation of all goods not being the product or manufacture of the sterling area is subject to control. In practice, two separate controls are operated, one for imports from the dollar area and one for all other non-sterling goods. 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 permits issued against these allocations can be utilised for imports from any country in the respective areas. The permits for imports from the dollar area are, however, valid also for imports from non-dollar countries.

In July 1953 a wide range of goods was placed on an "Unrestricted List". The import of goods on that list is permitted from any currency area.

SWEDEN

Licences are required for all imports except those goods which are listed for purposes of trade liberalization in accordance with OEEC policy. On the basis of 1948 trade, 92 per cent of private imports from EPU and certain other countries has been liberalized.

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

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. Up to September 1952, private imports from the OEEC countries had been freed from licensing requirements up to 60 per cent of such imports on the basis of 1948 trade. Since 20 April 1953, the automatic character of the liberalized sector of imports from OEEC countries has been officially abolished. Applications for the import of goods in the liberalization schedule are considered in accordance with an established programme and on the basis of the exchange available for payment.

UNION OF SOUTH AFRICA¹

The import restriction is based on a distinction between hard and soft currency sources of supply. For purposes of import control, the hard currency countries include at present Canada, Cuba, the Dominican Republic, Haiti, the Philippine Republic and the United States of America. All other countries are classified as soft currency countries.

In terms of South Africa's control regulations, imports, with the exception of certain specified items, are subject to import permits. These are of two types:

- (a) "general" permits valid for the import of specified goods from all sources, i.e. from hard and soft currency countries; and
- (b) "restricted" permits valid for the import of specified goods from soft currency countries only.

In the issue of licences, account is taken of (i) essentiality of goods, (ii) availability of the goods in soft currency countries, and (iii) price differences in soft and hard currency countries. In the case of essential requirements, no discrimination is applied and the importers are free to choose their own sources of supply but, in the case of goods of lesser essentiality, consideration is based on the factors mentioned in (ii) and (iii) above. In all such cases a proportion of permissible hard currency is automatically made available for all goods and groups of goods, the particular proportion in each case depending on the relative essentiality of the goods or groups of goods in question. This generally flexible method of control, by allowing a wide choice of individual goods to be imported under each permit, enables the importers to devote the permissible hard currency to any goods which may not be competitively obtainable from soft currency sources and to use their restricted permits on other goods where soft currency sources are relatively competitive. In addition, supplementary hard currency authorisations are made for imports of producers' goods and similar highly essential goods. Applications for such authorisation are considered on their merits with due regard to the factors mentioned above.

UNITED KINGDOM

The extent of the discrimination in the United Kingdom's import restrictions 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, notably softwood,

¹ This note is based on information supplied by the Government of the Union of South Africa in August 1953, and does not take into account the change announced in October 1953.

wood pulp for paper, aluminium, copper, lead, zinc and nickel. In the case of nearly all these commodities importers are issued with open individual licences enabling them to import without restriction from any source. The import of cotton from outside the dollar area has recently been freed from restriction and the proportion of the country's requirements, which may be met by purchases from the dollar area, has been increased. In cases of most other raw materials no restrictions are imposed on imports from sources outside the dollar area and open general licences, which allow imports without restriction from a large number of non-dollar countries, are in force.

Imports from the dollar area are generally subject to individual licence but these are issued relatively freely where such imports are needed to meet the requirements of industry. The trade in wheat, flour, coarse grains and other animal feeding stuffs is being returned to private traders and open individual licences have been issued, enabling importers to purchase without restriction from any source. Some important foodstuffs are still purchased on public account but the policy of the Government has been to extend the resumption of private trading whenever possible.

A large range of commodities imported on private account are subject to ~~import~~ restrictions if imported from countries outside the sterling area, although it has recently been possible substantially to relax the restrictions on certain imports from non-sterling countries outside the dollar area. Imports of less essential foodstuffs and manufactures from the dollar area are, in many cases, entirely excluded or are allowed only under the token import scheme.

In terms of the import control system, a distinction is generally drawn between the dollar area, the sterling area and the non-dollar, non-sterling area. Apart from a world open general licence, covering a limited number of commodities whose importation is, in fact, free from restrictions, there is an open general licence applying to the sterling area only and another applying to the sterling area and members of OEEC and certain other countries. The same distinction is made between open individual licences, permitting an individual importer to import specified goods without limit either from any country or more usually from specified countries or groups of countries.

In the case of goods subject to individual licence, these may be issued against bilateral quotas or against global quotas or considered on an individual basis. Global quotas are generally provided to cover imports from a group of countries within the non-dollar, non-sterling area and only a few quotas are world-wide in application.