

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/3638

3 December 1971

Limited Distribution

Original: English

IMPORT RESTRICTIONS OF SOUTH AFRICA

Invocation of Article XII

The following communication dated 26 November 1971, has been received from the South African delegation.

I am directed to advise you that the Government of the Republic of South Africa has decided to invoke GATT Article XII:1 and to intensify its remaining import restrictions as a means of safeguarding South Africa's external financial position and its balance of payments.

The South African Government has instructed me to point out that, despite an appreciable net inflow of foreign capital, South Africa has experienced a substantial balance-of-payments deficit during the past two years. Initially this balance-of-payments deficit was caused by the excessive total domestic demand for all types of goods and services which led to a sharp rise in the country's total imports.

Various fiscal and monetary measures were, accordingly, introduced by the South African Government to reduce this excessive domestic demand. These measures, which were preferred to a physical restriction of imports as a means of containing the progressive decline in the country's monetary reserves, were just beginning to have the desired effect on South Africa's balance of payments when external monetary and trade developments over which the South African Government had no control, reversed the position.

These developments have so seriously accelerated the decline in South Africa's monetary reserves that the South African Government must now take immediate remedial action to avert the present serious threat to the country's balance of payments.

The main features of South Africa's intensified import restrictions are contained in a statement which was released in Pretoria on 24 November 1971 by the South African Minister of Economic Affairs.

These features may be summarized as follows:

- (i) The unused balances of all 1971 import permits are immediately reduced by 50 per cent, provided that the values of goods already despatched to South Africa on or before 25 November will first be deducted from the unused balances before their reduction;

./.

(ii) the present list of commodities which may be imported into the country without an import permit, is substantially curtailed with effect from 25 November provided that goods removed from this list and which have been despatched to South Africa on or before 25 November will be admitted into South Africa without a permit;

(iii) the present list of goods which may be imported only under permit but for which permits are issued to cover the full reasonable requirements of importers is replaced by an amended list of commodities for which permits will be issued to individual importers on the basis of quotas established for this purpose; and

(iv) the present list of commodities for which specific permits are required remains substantially unchanged.

The South African Government is prepared to consult with the CONTRACTING PARTIES on the action taken by it.