

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Working Party 8 on Balance-of-Payments Import Restrictions

## COUNTRY NOTES ON THE DISCRIMINATORY APPLICATION OF IMPORT RESTRICTIONS

1. It is suggested that as in previous years there should be attached to the CONTRACTING PARTIES' report on the discriminatory application of import restrictions brief notes on the measures in force in the countries covered by the report.

2. As in past years the secretariat has prepared a draft for these notes on the basis of the replies sent in by governments to the questionnaire in L/69 and information gathered from other sources. Delegations are requested to check the accuracy of the notes concerning their own countries and inform the secretariat, as soon as possible and in any case before the end of the Eighth Session, of any corrections or modifications which they wish to make.

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

Imports from the dollar area and Japan are subject to licence and each application is considered on its merits. Licences are granted only for goods of an essential nature, and due regard is given to the availability of such goods from other sources, relative prices, delivery dates and the sterling area's dollar position. Imports from Japan are limited to a list of essential goods, but licences are issued irrespective of the availability of the goods in questions from other sources.

For imports from countries other than the dollar area and Japan, two methods are employed in applying these quantitative restrictions:

(a) Under the "global" quota method, import licences are issued for the importation of a wide variety of products on the basis of specified percentages of the value of imports from all countries except the dollar area and Japan in a base year, i.e. the year ending 30 June 1951. Products are divided into three categories: Category 'A' contains products of an essential nature for which licences are issued to individual importers to the extent of 70 per cent by value of the imports of the particular product in the base year. Category 'B' covers goods of a lower degree of essentiality, for which import licences are issued to individual importers to the extent of 30 per cent by value of the importer's total imports of all Category 'B' goods in the base year. The third category covers other goods under quota arrangements, which are not amenable to the same percentage bases as the products in Categories 'A' and 'B'; these imports are provided with specified percentages to the extent of which licences are issued to individual importers in relation to the value of the imports of the particular product in the base year. The percentage varies with the product and ranges up to 120 per cent of imports in the base period.

(b) Certain highly essential goods and those imports which by nature do not lend themselves to restriction on the quota principle and restricted through case-by-case consideration of applications for licences.

### 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 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 required basis.

Other quotas are established chiefly on the basis of bilateral trade and payments agreements.

A small per centage 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 foreign 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 according to their sources of supply:

- (a) imports payable in dollars;
- (b) imports payable in ECU countries; and
- (c) imports payable in other currencies.

Certain imports from ECU 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 restrictive 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 countries.

### 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 EPU 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 EPU, 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 limited 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 liberalisation 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.

### NORWAY

All imports are subject to licence but certain goods are included in a "free list", and may be imported from the OEEC 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.

Goods included in the "Unrestricted List" may be imported freely from the non-dollar 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 ECU 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 AFRICA<sup>1</sup>

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,

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<sup>1</sup> This note is based on information supplied by the Government of the Union of South Africa in August 1953, and therefore related to the conditions existing before the abolition of discrimination announced in October 1953.

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, 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. Most other basic foodstuffs are still purchased on public account and the policy of the Government has been to extend the resumption of private trading whenever possible.

A large range of commodities in this field 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.