RELAXATION OF UNITED KINGDOM BALANCE-OF-PAYMENT IMPORT RESTRICTIONS

Memorandum dated 22 April 1953 by the Government of the United Kingdom

1. In memoranda circulated as GATT/CP/134 and 143 and L/2 the United Kingdom Government notified the contracting parties of certain measures, announced on 7 November 1951, 29 January 1952 and 11 March 1952, designed to reduce external expenditure. These measures included in particular the revocation of Open Licences, issued in pursuance of the trade liberalisation policy of the OEEC for the import from Western European and certain other countries of a number of classes of goods.

2. The Government of the United Kingdom feel that it is appropriate to inform the contracting parties, in view of the provisions of paragraph 2 of Annex J of the General Agreement, that the Government of the United Kingdom have decided on a substantial relaxation of the restrictions announced on those dates. This decision was the subject of a statement made to the House of Commons by the President of the Board of Trade on 23 March 1953. A copy of this statement accompanies this memorandum as Annex I.

3. The relaxations have been effected by the restoration to Open Licence as from 25 March of a considerable range of goods and by the increase of the global quotas for the second half of 1953 for certain other goods. Licences under the global quotas will be issued in the course of the next few weeks and will be valid as from the date of issue. Copies of Notices to Importers No. 546 and No. 547, giving particulars, respectively, of the goods restored to open general licence and those affected by the increase of global quotas, are appended as Annexes II and III.

1) Annexes II and III are not reproduced here. A copy of each has been forwarded by the secretariat to each contracting party.
The House will recall that in November 1951 and March 1952 the Government were obliged to reimpose quantitative restrictions on a wide range of our imports from Western European and certain other countries in order to check the drain on our reserves. The Government made it clear at the time that these were emergency measures and that it was the Government's intention to proceed with the removal of the restrictions just as soon as circumstances permitted. The Government have recently reviewed the situation and decided to take an important step in this direction.

Full details of the measures which we are taking are being published this afternoon, and I am placing copies of the Notices to Importers in the Library. These measures may be summarised as follows. We are restoring to open general licence a considerable range of goods, mainly foodstuffs and manufactures, including unrationed cheese, textile yarns and piece goods, gloves, footwear, carpets, plate and sheet glass, and cork and cork manufactures. We are also increasing the global quotas, for the second half of this year, for certain other goods which, for the time being, must remain subject to restriction. The effect of these relaxations will be to raise from 44 to 58 the percentage of United Kingdom imports on private account from Western Europe, which is free from quantitative restriction. These percentages, which are calculated on the basis of trade in 1948, compare with 75 per cent the minimum standard set by Organisation for European Economic Co-operation for countries which are not in balance of payments difficulties, and with the figure of 90 per cent which we reached before the restrictions were imposed in November, 1951.

The open general licences will come into effect on 25 March: the licences under the global quotas will be issued in the course of the next few weeks, and will be valid as from the date of issue.

The Government have also decided to increase the travel allowance, as from tomorrow, 24 March, from £25 to £40.

My right hon. Friend the Chancellor of the Exchequer is today informing the Council of the Organisation for European Economic Co-operation of these measures.

In making these relaxations, we have had regard to what is of traditional importance in our trade with Europe, and, in particular, to measures helpful to France and Italy, whose trade has been most affected by the restrictions which the United Kingdom has been obliged to apply. While the United Kingdom's
position in the European Payments Union has shown some improvement in recent months, we are still in serious overall deficit with the Union, and the relaxations which the Government are making represent the maximum possible in the circumstances. But it is of great importance to this country to maintain at the highest possible level our trade with Europe, and to increase the openings in Europe, for our exports. We cannot expect to do this unless we are prepared to play our part to the fullest extent that our balance of payments situation permits. The measures which we are now taking are an important contribution to this end.

".....the House will recognise that any calculations of total cost are bound to be very speculative. One cannot say how much advantage will be taken of open general licences, or of the opportunity to travel, but it is estimated that, roughly speaking, the total additional expenditure may be in the neighbourhood of £40 million in a full year, of which £8 million, approximately, would be the amount to be attributed to the tourist allowance."