NEW ZEALAND IMPORT RESTRICTIONS

The Government of New Zealand, by letter dated 25 June 1953, has advised that certain alterations have been introduced into the system of exchange allocation introduced in March 1952 for balance-of-payments reasons (cf. L/7), and has transmitted the following statement, issued by the Reserve Bank on 3 June, on exchange allocation for imports in 1954.

"After full consideration and consultation between the Government, the Board of Trade, the Reserve Bank and the appropriate Government departments it has been decided to continue the exchange allocation scheme in 1954. Some relaxation is, however, being made.

"It is too soon in the year to make more than tentative provision for 1954, but an early announcement is being made so that importers will have a basis on which to place orders for goods to arrive early in 1954. The main feature of the policy for 1954 is the greater freedom granted to importers in the form of an increase in the basic allocation, and the release of certain important imports from the need to obtain allocation.

"The detailed procedure is as follows:

"The basic allocation for 1954 is to be 50 per cent of remittances in 1950 for imports after deducting remittances in (a) motor vehicles; (b) goods paid for under third-party certificates; (c) Government imports; (d) goods for which it will not be necessary to apply for an allocation of exchange in 1954.

"The trading banks have been authorized to sell foreign exchange to importers up to the amount of the basic allocation without reference to the Reserve Bank. The total sum involved is about £60 million more than the corresponding figure for 1953.

"Importers may spend the basic allocation on such imports as they wish, subject to the requirements of the import licensing system. It is expected, of course, that importers will in general use their basic allocation to buy goods in which they normally trade.
"Importers who remitted in 1950 for goods in the list of released items will need to establish a new basic allocation with their trading banks. The additional information required by the trading banks, which importers should supply as soon as convenient, is the total of remittances in 1950 for these goods.

"The amount of exchange available to pay for private imports in 1954 is not limited to the £60 million of basic allocations only. There is also the freedom to buy goods in the released list, and where additional exchange is required application may be made to the Reserve Bank.

"In selecting 1950 again as the base year, the Reserve Bank has carefully considered alternatives which have been suggested, but has decided that 1950 is on balance the most suitable year from an administrative point of view, and has fewest disadvantages for the importers themselves.

"Minimum basic allocation: If remittances in 1950 for goods other than in (a), (b), (c) and (d) above were less than £1000, the basic allocation is 100 per cent of such 1950 remittances; if more than £1000, the minimum basic allocation is £1000.

"Additional allocations: As at present, applications should be made to the Reserve Bank through the trading banks where importers require more than their basic allocation, but applications need not be made in respect of the goods in the released list below.

"Items for which it will not be necessary to apply for exchange for 1954 are:

Tariff item No. 213, cement, Portland, and other structural or building cement; ex 300 (2) (B), newsprint paper N.E.I. in sheets not less than 20 in. x 15 in. or equivalent; ex 300 (2) (D), newsprint paper N.E.I. in rolls; ex 124 (7) or ex 434 (2) potash, muriate and sulphate of; ex 434 (1) rock phosphate; ex 434 (1), basic slag; 23 and 24, tea; 37, fruits, fresh; 64, salt; ex 70 (1), sugar, N.E.I. (raw); 105 (4), sulphur (crude and in bulk); 301 (2), printed books, papers, music or advertising matter N.E.I.; ex 140 (1), cornsacks; 140 (2), woolpacks and wool pockets; 181, tubular woven or knitted cotton cloth specially suited for use as meat wraps, cheese, bandages, or caps; 81, tobacco, unmanufactured, to be manufactured in New Zealand in any factory licensed under the Tobacco Act, 1908, for manufacturing purposes only.

"Though released from exchange control, import licences are still necessary for the importation of these items.

"Provision for licensed imports: Subject to the right of the Reserve Bank to spread remittances over any period it deems necessary, provision
of exchange to pay for goods (except for released items) imported under 1954 import licences will be made as follows:-

(a) Exchange will be allocated to pay for (1) motor vehicles in full and (2) licensed imports from scheduled countries (subject to any special provision which may be made in relation to Japan) to the extent that the basic allocation attributable to such imports in 1950 is insufficient.

(b) Exchange to cover other import licences will be allocated only to the extent that funds are available.

"Where an importer has no basic allocation he may apply to the Reserve Bank for an additional allocation of exchange. Importers should not place orders overseas without first consulting their bank managers, and (except for released items) without first having an allocation of exchange. Application forms for exchange in excess of basic allocations in 1954 will be available from the trading banks as from July 1 together with an explanatory circular.

"It is still the objective to relax the exchange allocation procedure as much as is consistent with safeguarding the country's overseas reserves, but premature relaxation would entail the risk of subsequent reimposition of control.

"The present demand for imports still exceeds our ability to satisfy it from current export receipts. It is not desirable to meet the excess demand from overseas funds, which though now at a satisfactory level will fall substantially when the main export season comes to an end. A substantial part of the funds now held has already been committed for imports to be received in 1953.

"Though the bank would supplement current export earnings by drawing on overseas reserves in exceptional circumstances, it is not prepared to do so to any great extent while export receipts are as buoyant as at present. The minimum objective is to achieve a balance in overseas receipts and payments. A moderate surplus would be more desirable.

"Estimates of the position in 1954 will become clearer as the year progresses and will be kept constantly under review."