GENERAL AGREEMENT ON TARIFFS AND TRADE

REVIEW OF IMPORT RESTRICTIONS
UNDER ARTICLES XII:4(b) AND XVIII:12(b)

Report Adopted by the CONTRACTING PARTIES at their Fourteenth Session in May 1959 (L/1005)

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THE USE OF IMPORT RESTRICTIONS FOR BALANCE-OF-PAYMENTS PURPOSES

Review of Restrictions under Articles XII:4(b) and XVIII:12(b)
Incorporating the Ninth Annual Report on Discrimination under Article XIV:1(g)

PART I

I. INTRODUCTION

1. One of the basic rules of the General Agreement on Tariffs and Trade is that imports from the territories of contracting parties shall not be subjected to any governmental control or restriction apart from duties, taxes and other charges. This rule, embodied in Article XI of the Agreement, relates to all restrictions whether made effective through quotas, import licences or other measures. As exceptions to this general rule, however, the agreement provides for the use of restrictions in certain circumstances and under defined conditions. The most important of these exceptions is provided for in Article XII and Article XVIII:B, which allow a contracting party to restrict imports by quantity or by value in order to safeguard its external financial position and balance of payments. Imports may be restricted to the extent necessary to meet a threat to the country's monetary reserves or to secure an increase in reserves which are considered to be at a very low or inadequate level.

2. A number of contracting parties have been resorting to these provisions and applying import restrictions for balance-of-payments reasons. Pursuant to the provisions of the Agreement then in force the CONTRACTING PARTIES undertook in 1951 a "review" of the restrictions. It was found that a beginning had been made in the dismantling of such restrictions.

3. In 1954-55 the CONTRACTING PARTIES re-examined the General Agreement in the light of the operation of its provisions in the preceding six years. As a result they amended the text of Article XII and added certain special provisions - in Article XVIII:B - to meet the need of developing countries. The amendments of Article XII were made in the light of the general belief that consequent upon the return of currency convertibility, which was considered to be imminent, there would be fewer countries applying restrictions on balance-of-payments grounds, but that the restrictions that remained should be subject to closer scrutiny by the CONTRACTING PARTIES as a whole. While the rules and criteria governing the use of import restrictions for balance-of-payments reasons were not substantially changed it was considered appropriate to provide for periodic consultations to be held with the countries applying restrictions. It was also decided that before such consultations were started, there should be an opportunity for the CONTRACTING PARTIES to take stock of all the restrictions maintained for balance-of-payments reasons. For this purpose paragraph 4(b)

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1 See the report entitled The Use of Quantitative Import Restrictions to Safeguard Balances of Payments, November 1951.
of Article XII and paragraph 12(b) of Article XVIII provide that, at a date to be determined by the CONTRACTING PARTIES, there should be a "review" of all balance-of-payments import restrictions applied under those two Articles. When the revised provisions of these Articles came into force in October 1957, the CONTRACTING PARTIES decided that this review should be effected in 1958. The results of this review are embodied in the present report.

4. There are at present thirty-seven contracting parties to the General Agreement. Among them, twenty-five have stated that they are resorting to the provisions of Article XII or Article XVIII:B, and are employing quantitative import restrictions for the purposes referred to above. The countries resorting to Article XII are: Australia, Austria, Denmark, Finland, France, Italy, Japan, New Zealand, Norway, the Federation of Rhodesia and Nyasaland, Sweden, the Union of South Africa and the United Kingdom. The countries which resort to Article XVIII:B— which contains a set of new provisions applicable to contracting parties whose economies can support only low standards of living and are in the early stages of development—are: Burma, Ceylon, Ghana, Greece, India, Indonesia, The Federation of Malaya, Pakistan, Turkey. In the case of Brazil, Chile and Uruguay the restrictions are covered by Article XII, but will be under Article XVIII:B when these new provisions become effective for them.

5. This report also reviews the discriminatory application of these restrictions. Article XIII of the Agreement requires contracting parties to administer restrictions in a non-discriminatory manner, that is to aim at a distribution of their import trade which approaches as closely as possible the pattern which could be expected to obtain if imports were not restricted. The most important exception to this rule is contained in Article XIV which permits a contracting party to retain discrimination in the application of its import restrictions under specified conditions and within defined limits. Article XIV provides that a report should be drawn up each year by the CONTRACTING PARTIES on the state of such discrimination. Eight such reports have been published since 1950, and it was agreed at the thirteenth session that the present report on the review of restrictions should be regarded as also constituting their Ninth Annual Report on the Discriminatory Application of Restrictions.

6. The present review is intended to be a factual survey of the use of balance-of-payments import restrictions and discrimination by the CONTRACTING PARTIES. Part I discusses the financial background of the restrictions and discrimination, changes in the use of restrictions in recent years and the present level of restrictions and discrimination, in general terms. The opportunity is also taken to review the changes in the methods of restrictions in the past few years. Part II contains separate notes briefly describing the

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1 This annual reporting is required only under the old text of Article XIV which is still in force, and will be discontinued once the revised provisions of this article become effective. (These provisions will come into force when the obligations of sections 2, 3 and 4 of Article VIII have become applicable to a sufficient number of contracting parties.)
restrictions in force, as at the end of 1958 or early in 1959, in the twenty-five contracting parties resorting to Article XII or Article XVIII:B. These notes, prepared by the secretariat on the basis of information supplied by the governments concerned or obtained from other sources, have been verified by the delegations of the contracting parties concerned.

7. In concluding this introduction it may be useful to note that this report is intended to deal only with balance-of-payments restrictions and therefore does not cover restrictions applied for other than balance-of-payments reasons.

II. CHANGES IN THE INTERNATIONAL PAYMENTS SITUATION

8. Before the past changes and the present state in the use of import restrictions are discussed, it may be useful briefly to survey the salient developments in the field of international payments since the GATT came into being at the beginning of 1948. 

9. At that time the world was still recovering from the dislocation caused by the war. In Europe available resources fell short of those needed to maintain minimum levels of imports, investment and consumption. There was thus in Europe, and elsewhere, a high demand for imports of all kinds from the dollar area which could not be fully met because of reduced overseas earnings and reserves, particularly of dollars.

10. Since the early post-war years it is clear that there has been a significant improvement in the overall international payments situation. The official gold and foreign exchange holdings of countries other than the United States increased from $22 billion to about $34 billion over the ten years 1949-1958. Most of this increase took the form of enlarged gold holdings which grew by about $6 billion. There has also been some growth in private holdings of gold and foreign exchange. A not unimportant factor in the maintenance of an increasing supply of dollars has been the steadily expanding volume of United States imports and payments for overseas services, foreign investments, loans and grants.

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1 For a full account of developments in this field, reference may be made to the Annual Reports and other publications of the International Monetary Fund.
11. This improvement in international liquidity has not been a continuous one. There have been periods of fairly rapid advance but there have also been times of acute stringency. In this review it will only suffice to recall such events as those leading to the devaluation of currencies in September 1949, the effects of the Korean War, the closure of the Suez Canal, and certain marked fluctuations in economic activity in some industrial countries.

12. Various developments and arrangements which reduce direct reliance on gold or dollars for the settlement of international transactions have considerably contributed to the increase in international liquidity noted above. As time passed, for example, the private credit system that had been almost completely disrupted during the war has played an increasingly important part in financing international trade. In the last few years the International Monetary Fund has made substantial amounts of its resources available to its Members, thereby contributing significantly to the stabilization of national economies and helping to avert serious crises such as when sterling and the French franc were put under severe strains in 1956 and 1957.

13. The increase in total gold and dollar reserves, however, was not shared by all countries outside the United States. In general it is the international payments position of the industrialized countries that has improved. The reserves of the EPU countries as a group rose substantially from the very low levels of the early post-war years and some of the EPU countries, notably the Federal Republic of Germany, secured a considerably larger share of the total increase than others. A number of primary producing and under-developed countries, such as India and a number of Latin American countries, which had accumulated large holdings of dollars or sterling during the war spent heavily thereafter on capital equipment and materials needed for development purposes, and other supplies which had previously been unobtainable. On the whole their balance-of-payments and reserves position has not developed favourably. The majority of these primary producing and under-developed countries do not hold large reserves and an unfavourable change in their position has often led to the intensified use of import restrictions. By 1958, while the major disturbances to international payments of the preceding years had largely spent their force, the prominent question has become one of restoring and maintaining equilibrium between the primary producing and under-developed countries and the industrial countries.

14. If an analysis is made of the causes of the improvements and deteriorations of the position of particular countries, it may be seen that throughout the post-war years changes in reserves have frequently reflected the trend of internal demand. In as much as export capacity and import demand are linked with the general movements of internal income and demand, the differences in the fortunes of various countries often reflect the internal fiscal and monetary policies and the development programme which they have adopted. In many cases inflationary pressures associated with excessive credit expansion were responsible for a country's balance-of-payments difficulties and loss of reserves. The general tendency during
the period under review has been one of more effective and widespread use of internal policies to curb inflation and to maintain stability. On the other hand the extent to which such policies can be pursued is related to problems such as those of unemployment in industrial countries and of raising standards of living above acceptable minimum levels in under-developed countries. It may be noted that disinflationary policies are relevant only where disequilibrium is due to inflationary pressures and high levels of demand and spending in excess of available resources. In the last analysis, the success of internal policies in dealing with balance-of-payments problems is also contingent upon the maintenance and growth of international liquidity and international lending.

15. The prospects for the maintenance of international financial equilibrium on a lasting basis depend, among other things, on the availability of adequate reserves for financing international transactions. According to a recent study by the staff of the International Monetary Fund the ratio of aggregate reserves to annual imports for all countries other than the United States was 36 per cent in 1951, 34 per cent at the end of 1957, and was expected to be somewhat higher than the latter at the end of 1958. This stability has been maintained during a period when total imports had increased by nearly 33 per cent; in other words, liquidity has remained fairly constant, reserves having grown as rapidly as trade. Whether this level of reserves could be considered adequate was a question which, the study suggested, could not be answered without reference to certain other factors. On the one hand it may be noted that recent developments in credit and money volume in most countries have largely been healthy; an important factor in this process has been the more general application of monetary measures, including the return to a flexible credit policy. Secondly, in the absence of an excessive amount of short-term credit subject to sudden recall and problems of reparations and war debts such as existed in the inter-war period, the international credit system is comparatively firmly based; at the same time international trade is increasingly being financed through normal commercial channels. Thirdly, probably reflecting the strengthened economic and financial structure in the more important countries and a better understanding of the problems involved together with a greater readiness to take corrective measures, the recessions that have occurred in recent years have been mild. On the other hand the foreign reserves are increasingly being held in the form of foreign currencies rather than of gold. This means that greater attention has to be paid to the control of speculative capital movements. Secondly, ambitious development plans and in general the increase in the public sector often make economies less flexible. Low or fluctuating prices of primary commodities are liable to create extremely difficult situations for many countries. Thirdly, with the faster growth of foreign trade as compared to domestic gross national product, if monetary or other fears arise, changes in payments positions resulting from shifts in leads and lags may become very important. Finally, in a period of international tension, disruption of the payments situation can arise from events of a non-monetary nature.

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1 International Reserves and Liquidity, August 1958.
16. These considerations have led to the view that while there is no need for pessimism one should be cautioned against drawing over-optimistic conclusions. It has also been suggested that whatever balance is struck, individual countries cannot be expected to rely entirely on themselves to meet all adverse circumstances. In this connexion, it may be noted that the IMF has proposed that its resources be enlarged through a general increase of 50 per cent in its members' quotas, with additional increases for certain members. The proposals are now before its member countries for appropriate action.

17. Recently, the economic and financial resurgence of Western Europe, coupled with increased confidence, has made possible a significant further progress in the exchange field. At the end of 1958, most countries of that area restored their currencies to a status of external convertibility. In general, holdings of these currencies by non-residents may henceforth be converted at official market rates of exchange into dollars or any other currency. Convertible and transferable accounts were either unified or were made inter-transferable among non-resident account holders. Similar steps were taken by certain other countries, mainly members of the sterling and franc areas and Finland. Subsequently, the Federal Republic of Germany made its currency convertible for residents as well as for non-residents. In the last few years some of the European currencies had already been freely convertible for non-residents in exchange markets on a de facto basis, usually at a slight discount, and a number of countries had taken steps to increase the transferability, and in some cases the effective convertibility, for their currencies. Nevertheless, the recent moves in introducing formal external convertibility represent a substantial advance towards the restoration of a sound international monetary system, although currency convertibility by itself does not eliminate the need for countries to maintain restrictions where these are necessary to safeguard their monetary reserves.

18. At the same time the European Monetary Agreement replaced the European Payments Union which, over a period of years, provided credit facilities on an automatic basis to its members. The payments arrangements of the Brazil and Argentine multilateral systems (usually referred to as the Hague and Paris Clubs) have been largely overtaken by the restoration of the external convertibility of the currencies of the European countries and in the case of the Paris Club, by the introduction of a single free exchange rate for the Argentine peso. The individual payments agreements between the European countries and Brazil and Argentina are being reviewed in the light of the new situation.

III. CHANGES IN THE USE OF IMPORT RESTRICTIONS

19. Broadly speaking there has been since 1952-53 a general tendency in the industrial countries to relax restrictions, but on the whole much less progress has been made by the primary producing countries. For convenience these two groups of countries are reviewed separately.
The Industrial Regions

20. The industrial countries in North America apply no import restrictions for balance-of-payments reasons. In Western Europe the adoption by the Member Countries of the OEEC in 1949 and 1950 of a set of rules concerning the removal of quantitative restrictions and the establishment in 1950 of the European Payments Union opened the way for rapid progress in the freeing of intra-European trade. In the second half of 1951, however, a critical situation occurred and was associated with the readjustment and corrective phase which followed the immediate, partly speculative, reactions to the Korean crisis. In 1951 the Federal Republic of Germany, the United Kingdom and France imposed additional restrictions. On the other hand, several countries, including Denmark, the Netherlands, Norway and Sweden, raised their levels of liberalization and early in 1952 the Federal Republic of Germany restored liberalization of imports. By the end of 1952, the limitations placed by several of the countries experiencing difficulties upon external expenditure, combined with internal measures to redress the disequilibrium in their economies, had served to bring about a substantial improvement so that the restrictions previously re-introduced were gradually relaxed. A notable exception was France, which reduced imports even further in the first months of 1953.

21. A persistently favourable situation throughout 1953-54 enabled many industrial countries to make further progress in the dismantling of their restrictions, and nearly all Western European countries made some progress. While the process of removing import restrictions on intra-European trade continued, several countries extended the application of their free lists, in whole or in part, to countries other than OEEC members which settled their accounts through the EPU. As for imports from the dollar area, a beginning was also made in 1953 and 1954 in formal liberalization. Previously European governments intending to permit increased imports from the dollar area had been prepared only to issue licences for dollar imports in a more liberal manner, particularly in cases where like products from other sources were not available at comparable prices. In 1954, a number of Western European countries, introduced lists of liberalization for dollar goods.

22. In 1955 most Western European countries were able to raise the levels of liberalization of intra-European trade. The progress in the dollar liberalization programme of these countries, although less pronounced than in the previous year, was also substantial. Some countries put into force their first dollar liberalization lists and new measures were taken by certain other countries. In addition to formal liberalization, arrangements were made to admit a proportion of dollar imports in the non-liberalized sector on a more liberal basis.

23. In 1956 and 1957 the industrial countries continued to relax import controls and to reduce the discriminatory elements in the application of their restrictions, but progress was more gradual than in 1954 and 1955. Germany ceased to apply import restrictions for balance-of-payments reasons. Some countries indicated that their ability to make further contributions to the
liberalization of intra-European trade would depend on a further reduction of tariffs and other devices affecting trade. Inflationary pressures and, in 1957, speculative capital movements and fears about the possible effects of recessional tendencies in North America provided circumstances which were not propitious for rapid progress in the removal of the remaining restrictions. The scope of the restrictions in some industrial countries had been reduced to an extent where further liberalization involved other than balance-of-payments considerations. It is noteworthy that in spite of the uncertainties and adverse developments European countries, with the only exception of France, did not intensify their restrictions.

24. In fact, France has been the only country in western Europe which has not been able to participate consistently in this general move towards freer trade, mainly as a result of the expansionist policies in the private sector and increases in Government expenditures which for a number of years placed a burden on the balance of payments. By successive steps the levels of its restrictions on dollar and non-dollar imports were reduced in 1954 and 1955, but remained considerably higher than those of other European countries. Early in 1957 the Government took a number of measures affecting imports. In June, with a further deterioration in the balance of payments all trade liberalization was suspended; almost all permitted imports were to be admitted under quota. Extensive internal measures were taken with a view to promoting rehabilitation of the economy. In October 1957 and June 1958 changes were made in the exchange tax and exchange rate structures, thus consolidating an effective devaluation of the franc. At the end of 1958, with a reduction in the official rate of exchange import restrictions were withdrawn for most imports from Europe and a large proportion of dollar imports.

25. In July 1958 the United Kingdom removed the control on imports of dollar chemicals and allied products used in industry, and merged the dollar and non-dollar quotas for apples. In August 1958 a quote for fruit from the dollar area was instituted. At a meeting held among the Commonwealth countries in Montreal in September 1958, the United Kingdom announced measures of liberalization for a substantial proportion of dollar imports and the participating countries generally reaffirmed the objective of achieving freer and multilateral trade by freeing imports from restrictions and particularly discrimination. Almost a clean sweep was made of United Kingdom controls on dollar imports of industrial, agricultural and office machinery and newsprint. Canned salmon was freed from the import control with the exception of that coming from the Eastern Area. Relaxation by United Kingdom dependent overseas territories on a wide range of dollar goods came into effect on 1 January 1959. As a result of all these successive moves almost all raw materials, basic foodstuffs and "tools of trade" were freed from the import control.

26. During 1958 Norway extended its dollar liberalization. Early in 1959 Denmark, Norway and Sweden eliminated most of their discriminatory restrictions against dollar imports, and the Netherlands formally announced that it no longer applied import restrictions for balance-of-payments reasons.

27. Among industrial nations, Japan has also made repeated attempts at relaxing its import restrictions. Its efforts, however, have been hindered on several occasions by untoward developments in its balance of payments.
Restrictions were first relaxed in 1952, but re-intensified in the second half of 1953. The new restrictions were introduced in the face of falling exports and declining reserves and were accompanied by measures to restrict credit facilities and to reduce excess inventories of important primary commodities. In 1955 the drain on reserves was arrested by a remarkable increase in exports and as a consequence of the restoration of stability in the internal economy, restrictions were again relaxed. In the early months of 1957, however, increases in internal demands, soaring imports of raw materials and durable equipment and a slight decline in exports caused the balance of payments of Japan again to deteriorate. Restrictive internal monetary and fiscal policies were again intensified and foreign exchange allocations for imports were reduced. Since then, as its economy responded to the internal measures there has been a marked improvement in the balance of trade and payments and monetary reserves. Import restrictions have again been relaxed.

The Primary Producing Countries

28. The reversal of world price trends in 1951 had particularly serious financial repercussions for primary producing and under-developed countries. The raw materials boom in 1950-51 had benefited greatly their external payments situation, and when the boom conditions ceased many of these countries met with considerable difficulties with the contraction of their export earnings. Hardship was particularly severe for the countries which found it difficult to make rapid adjustments in their imports because of the more or less rigid requirements of their important development programmes. During 1952, in response to the rapid depletion of their foreign exchange reserves, many of these countries introduced or intensified restrictions. Measures taken by the Union of South Africa in January 1952 to reduce imports were followed in March by similar action in Australia and New Zealand. The tightening of the restrictions generally aimed at keeping imports within limits comparable to expenditure in 1950 and 1951. In the second half of 1952, Ceylon and India intensified their import controls. In Latin America, Brazil, Chile and Uruguay attempted to limit or reduce import expenditure through various measures including the application of different exchange rates to different categories of products.

29. The improvement in the international payments situation in 1953 was shared by a large number of primary producing countries. Australia, New Zealand and Southern Rhodesia found it possible substantially to reduce their restrictions. In most other primary producing countries, and in the under-developed countries generally, where, owing to internal factors or a further downward movement in the price of their exports, balance-of-payments difficulties persisted, restrictions were intensified or additional complexities introduced in their exchange systems. During the year, Brazil, Chile, Indonesia and Pakistan, for example, continued to tighten their controls and restrictions.

30. In 1954, increased capital inflows, added to the reserves accumulated in the previous year, enabled most sterling area countries to reduce their reliance on quantitative restrictions. Ceylon, India, New Zealand, the Federation of Rhodesia and Nyasaland and the Union of South Africa relaxed their restrictions, including those applied on certain essential commodities from the dollar area. In contrast, Australia had to reverse the process of
freeing imports and towards the end of the year began to intensify its restrictions. Gold and dollar holdings of the non-sterling area primary producing countries generally showed no increase and the reserves of some of them showed a decline. Brazil, Chile, Indonesia and Uruguay curtailed their imports drastically. The deterioration in the payments situation of these countries was generally not attributable to any reduction in their export earnings, but was rather caused by inflationary pressures and by an expansion of imports which was mainly a reaction to the abnormally low level to which they had been restricted in the previous year.

31. In the following two years, 1955 and 1956, no signs could be discerned of any durable improvement in the balance of payments of most primary producing and under-developed countries, although there seems to have been a tendency among these countries to rely more on measures other than quantitative restrictions. A number of these countries found it possible to reduce or, in some cases, to dispense with the use of import controls. For example, Chile and Uruguay readjusted their exchange rates, introduced advance deposit requirements and freed a large range of essential products from licensing restriction. In Brazil, though inflation continued unabated, there was some improvement in the balance of payments. Apart from the introduction of multilateral trade and payments arrangements with a number of countries in Western Europe, an important change was made in the exchange system through reducing the number of categories of imports for which exchange was auctioned.

32. On the other hand there were instances of intensification of restrictions. Australia, for example, on several occasions in 1955 and in July 1956, tightened its import restrictions in the face of falling wool prices and rapidly declining monetary reserves. Changes made in the import control system over this period, however, provided for a reduction in the element of discrimination against dollar imports. Indonesia, after a temporary recovery in 1955, was confronted in 1956 again with heavy pressures on its monetary reserves and imposed more stringent restrictions and revised its import-exchange system.

33. In the last two years, 1957-58, many primary producing and under-developed countries continued to experience pressures on their external reserves. The lack of progress was due to a number of factors, including excess internal demand, over supply of some commodities, fears about the effect of a slackening of expansion in industrial countries. The terms of trade of primary producing countries worsened significantly. In general, countries with insufficient foreign exchange resources to enable them to cope with the temporary pressures until internal monetary and fiscal measures had had time to take effect, tightened their restrictions or in certain cases, allowed free exchange rates to depreciate.

34. Higher import prices and an increase in the volume of imports in New Zealand resulted in 1957 in a considerable fall in the foreign exchange reserves. In January 1958, in the face of declining export prices, the Government placed all imports under licence, with a view to bringing imports down to a level comparable with that of 1956. India's export earnings and the foreign loans secured by her did not keep pace with her considerable developmental needs, and restrictions were intensified on several occasions in 1957. In Latin America the more flexible régimes of import and exchange
controls that had been evolved in the preceding years were maintained through most of 1957. Since then, however, in view of the continued fall in export earnings and domestic inflation, steps have been taken by Brazil, Chile, Peru and Uruguay, in some of these cases in a discriminatory manner, to curtail imports and reduce foreign expenditure.

35. Some of the overseas sterling area countries, notably Australia, the Federation of Rhodesia and Nyasaland and the Union of South Africa, have been able to relax import restrictions in the past two years. In the case of Australia improved export receipts enabled restrictions to be relaxed during 1957 and the higher level of imports has been maintained despite a significant fall in export prices and loss of reserves in 1958. In spite of falling export prices and declining reserves, Burma and Ceylon have maintained their liberal import control policies.

New Tendencies in the Methods and Procedures of Restriction

36. Compared with the earlier post-war years there has been, on the whole, a substantial relaxation of restrictions and a significant reduction in the use of discrimination. Parallel to the reduction in the level of restrictions there has also been seen a tendency towards the simplification of procedures and methods of control. During the war and in the early post-war years, the need for strict, direct and detailed controls which placed broad powers of discretion in the hands of the controlling authorities was generally understood and accepted. But with the general improvement in the world balance-of-payments situation and with the gradual revival of the normal pattern and channels of trade, it is natural that simpler methods of control which are less burdensome to the economy and less inimical to the ordinary course of trade should have become more widely adopted.

37. Thus, a number of countries, which for long years applied the most complicated and strict type of import restrictions, have recently turned to measures of a less direct nature; in some cases steps taken in the exchange and trade control field have been conceived as part of, and made possible by, overall programmes aimed at stabilizing their economies. In some Latin American countries, for example, adjustments in their exchange arrangements have enabled them to liberalize a wide sector of imports. Some countries have resorted to new or less direct methods of restriction such as advance deposits, or reduced the number of categories into which goods are classified for exchange rate or levy purposes. There has also been a tendency to place greater reliance on free exchange markets and fluctuating rates.

38. In the early post-war years the general practice was to place all imports under licence and to issue licences purely on the basis of discretionary and administrative decision, and the relaxation of restrictions would take the form of placing certain imports on Open General Licence or on free lists; imports were therefore either free of control or subject to individual licensing. In so far as quotas were provided for certain goods, these were often granted for imports from specified individual countries as a consequence of bilateral negotiations. In recent years "global" quotas, which are often valid for imports from a group of countries or particular areas, have gradually come into general use. The extension of such quotas to imports from other countries has been regarded as one of the methods which may be more widely used for the purpose of reducing discrimination.
39. Significant changes have also taken place in the extent to which the trade of contracting parties is affected by various types of bilateral arrangements. Bilateral trade arrangements have commonly, although not universally, been associated with the operation of systems of quantitative import restrictions of a discriminatory character. As the scope of liberalization of trade and the use of global rather than country quotas has increased, the scope for bilateral trade arrangements has decreased. Some contracting parties, moreover, have followed a purposeful policy of reducing and eliminating their reliance on bilateralism. These developments have been in the direction of the objectives of multilateralism and non-discrimination embodied in the General Agreement.

40. State trading, conducted either through governmental agencies, or through private entities endowed with exclusive privileges, may be maintained for various purposes, e.g. public health, alleviation of shortages and price stabilization, but it may also be used for commercial reasons, and may be operated so as to restrict imports. During the period under review progress has been made in the reduction of the use of State trading. Several important trading countries have greatly reduced, or totally eliminated, their State-trading activities. In the United Kingdom, for instance, all imports formerly subject to quantitative control through State-trading agencies, with the exception of certain jute manufactures, have been returned to the private sector. On the other hand, there are some instances in which the list of goods subject to State trading has been extended, and taking the contracting parties as a whole, the amount of trade that remains under State trading is still substantial. The products at present under State trading, apart from those traditional subjects of governmental monopoly such as tobacco, alcoholic beverages, salt and matches, include a wide range of agricultural commodities, such as grain, sugar and certain dairy products.

41. It has been the practice in some countries to require the payment of an advance deposit, either to the central bank or to a designated bank, calculated as a proportion of the import value in the local currency, as a prerequisite for the issue of an import licence. With the general tendency towards reduced use of quantitative restrictions, this practice has recently gained popularity with governments which meet with renewed pressures on the balance of payments, especially if excess internal liquidity was considered to be responsible for speculative imports. The proportion of deposits to the value of imports often varies according to the essentiality of the goods to be imported and in certain cases is exceedingly high. The contracting parties which at present maintain advance deposit requirements include Chile, Greece, Indonesia, Japan, Nicaragua and Turkey. In 1957 and 1958 several of these countries introduced extensive changes in the percentages of deposits in order to curtail import demand. On the other hand Finland abolished its advance deposit regulations in May 1957; those introduced by France in March 1957 were discontinued a few months later.
IV. THE PRESENT LEVEL OF RESTRICTIONS AND DISCRIMINATION

42. In the nature of things it is not a simple matter to compare the relative incidences of import restrictions applied by different countries or to assess the general level of restrictions applied by a group of countries. A variety of methods are used in restricting imports, and a substantial proportion of imports under restriction is subject to discretionary administrative action. The diversity of circumstances and the very nature of the discretionary licensing procedure would defy any attempt at such comparison or assessment. It is therefore more appropriate to discuss the level of import restrictions in general terms.

43. Compared with the unfortunate experience of the inter-war years, the degree of international co-operation that has been achieved in the western world in the post-war years — though it may fall short of earlier expectations — must be regarded as remarkable, and undoubtedly international trade could not have reached its present high level, and access to national markets by foreign exporters could not have attained the present degree of freedom, had it not been for the obligations freely undertaken by governments under such instruments for co-operation as the Articles of Agreement of the International Monetary Fund and the GATT. The regular consultation procedures of these two institutions provide opportunities to discuss with a country whether there is a continued need for the restrictions applied, as well as the measures that could be taken by the country to create conditions in which restrictions could be reduced or eliminated. They have been effectively used for creating impetus and maintaining momentum in promoting freer multilateral trade and payments. The effects of these efforts are generally reflected in the measures of relaxation, liberalization and reduction of discrimination mentioned in the previous Section of this report.

44. The battle, however, is far from won. In spite of the progress that has been made, import restrictions are still being applied on a large proportion of international trade. In the case of industrial countries restricted imports consist largely of agricultural products, but in many cases restrictions are also applied to manufactured goods. Some countries have found it increasingly difficult, where the balance-of-payments situation has substantially improved, to make further progress towards the freeing of trade in commodities, notably in the agricultural sector, which have enjoyed the incidental protection of balance-of-payments restrictions over a period of years. The maintenance of such restrictions, whatever their economic, social or political justification, cannot but affect the foreign exchange earnings of the exporting countries many of which possess limited external resources and reserves. The curtailment of their purchasing power naturally exerts a limiting effect on international trade, and not the least on the industrial countries' own exports.

45. Countries which depend on the export of primary commodities and experience frequent fluctuation in their external earnings have usually felt it desirable or expedient to maintain a formal control if not effective restrictions on a large proportion of their imports. Under-developed countries often consider it necessary to keep close watch on the composition of their imports and to give priority to their development and industrial requirements. Their
difficulties have also in many cases been aggravated by the tendency to chronic inflation. A number of countries in Latin America and elsewhere with balance-of-payments difficulties have adopted courageous monetary and financial measures to redress the situation, but many primary producing and under-developed countries are still relying on trade or exchange restrictions to ration their external resources. In these countries, capital goods and raw materials are generally given priority in the import list while consumer goods are often drastically restricted, sometimes to the point of a complete prohibition of imports of goods considered as "luxuries". In many cases, the controls are substantially more severe on imports which compete with domestic production, especially where the domestic industry in question is newly established or has been enjoying the incidental protection of balance-of-payments restrictions for some years.

46. As a result of the successive measures taken by governments in the last few years there has been a considerable reduction in the discriminatory application of restrictions. Generally speaking, the discrimination that remains has reached a level lower than at any time since the war. Among the twenty-five contracting parties applying balance-of-payments restrictions, which are mentioned on page 3 above, Ceylon, Indonesia, Pakistan and the Union of South Africa have ceased to apply the provisions of Article XIV. Among the Latin American countries which are parties to GATT the use of quantitative restriction itself has been brought to a minimum and such impediments to trade as remain are generally applied with little regard as to the sources of supply. Other contracting parties which apply import restrictions substantially in a non-discriminatory manner are Denmark, Greece, Norway and Sweden.

47. Apart from Ceylon, Pakistan and the Union of South Africa, whose restrictions do not involve any discrimination regarding the sources of supply, most outer sterling area countries such as Australia, India and New Zealand have adopted the practice of giving similar treatment to imports from all former EPU countries irrespective of whether or not they are in the sterling area. The OEEC countries, for their part, have mostly extended OEEC treatment to the outer sterling area countries. On the other hand, some European countries, for example, France, Germany and Austria have not completely extended OEEC liberalization. While in some cases imports from these sources are being licensed liberally, there are other cases where the trade of certain members of the outer sterling area is being damaged by the continuation of discriminatory treatment of this kind.

48. Measures of liberalization of dollar imports and the increasing use of liberal licensing régimes by European countries have been mentioned elsewhere and, outside Europe, a number of countries have also, over the last few years, been reducing the discriminatory element in their import systems. Following the move to external convertibility at the end of 1958 various countries in Europe and elsewhere have taken action in the field of trade to reduce, and in some cases to eliminate the discriminatory elements in their import restrictions; Denmark and Norway, for example, eliminated all distinction between their dollar and EPU liberalization lists and Brazil combined the ACL (i.e. Hague Club) currencies and dollars in its auction system.
49. By establishing external convertibility, the countries concerned have provided formally for the right of non-residents to convert their currencies into dollars. These countries thus ended the distinction that had existed for many years between their currencies and the currencies of the dollar countries—a distinction that had been at the root of discriminatory restrictions maintained by many contracting parties. The problem of discrimination is not confined, however, to those measures which have been justified in the past on currency grounds. The contracting parties must move forward to achieve the objectives of the Agreement in other sectors also.

50. Before the recent measures European currencies were not formally convertible into dollars or freely available even for non-residents for payment to dollar countries and many countries applied less favourable treatment to imports from dollar countries than to imports from non-dollar countries. The significance of the convertibility measures for trade policy may be clarified by noting that, in the new circumstances, a country that earns one of the newly convertible currencies is free to use it, just as it has been able to use a dollar currency, to buy imports from suppliers around the world without distinction. Convertibility thus is significant not only for the countries that made their currencies externally convertible but also for the countries whose trade is carried on in convertible currencies of other countries.

51. With the bulk of world trade now being conducted on a convertible currency basis there is a unique opportunity for the achievement of the worldwide system of non-discriminatory trade on a multilateral basis which the contracting parties sought when they created the General Agreement.
PART II

Notes on the Restrictions applied by the Twenty-five Contracting Parties Acting under Articles XII and XVIII:B

The following notes on the restrictions applied by the twenty-five contracting parties acting under Article XII or Article XVIII:B, have been compiled by the secretariat on the basis of information available to it. In preparing these notes the secretariat received invaluable assistance from the competent authorities of the contracting parties concerned, and the texts have generally been checked by their delegations to the fourteenth session of the CONTRACTING PARTIES.

It should be noted that the review of restrictions was initiated in 1958 and was not completed until May 1959, and that these country notes were completed at different dates during that period. While in general they describe the situation as existing towards the end of 1958, account has, in certain cases, been taken of changes introduced in 1959. For practical reasons it has not been possible to bring the information in the different countries up to a uniform date.
1. AUSTRALIA

Legal Basis of the Restrictions

The import restrictions in Australia are applied under the authority of the Customs (Import Licensing) Regulations, (Statutory Rules 1956 No. 93), made under the Customs Act 1901-57 of 14 December 1956, and notified in the Commonwealth Gazette of that date.

Policy of Restriction

A comprehensive system of import licensing was introduced in Australia at the beginning of the war in 1939. From 1945 to 1952 the restrictions were progressively relaxed. By March 1952 the only significant restrictions in operation were on goods of dollar area and Japanese origin. Following a serious deterioration in the balance of payments the restrictions were extended at that time to cover imports from all sources. Since then the restrictions have been relaxed and intensified according to the balance-of-payments situation.

The regulations referred to above do not prescribe the scope, manner or method of licensing or restricting imports. The import licensing policy is formulated by the Commonwealth Government.

Administration of the Restrictions

The import licensing system is administered by the Department of Trade but the actual issue of import licences is made by the Department of Customs and Excise at the various ports. Importers are informed of all changes in the import control system by public documents known as "Licensing Instructions". Subject to the Banking (Foreign Exchange) Regulations, the issue of an import licence entitles the importer to obtain the foreign exchange required for payment. The holder of an import licence may be required to furnish a financial or documentary security for compliance with any conditions to which the import licence might be subject.

Methods of Restriction

The following description of the import licensing system refers to the position as at 1 December 1958.

Under the regulations a number of goods are exempt from licensing control. The more important of these are:

1 There was a significant reduction in the discriminatory element in the system on 1 April 1959, when some 330 items totalling about A$170 million a year and covering over 20 per cent of current imports were added to the list of imports licensed from any source. About 70 per cent of total imports can now be imported from any sources whilst almost 20 per cent of the total has been freed from all control.
Non-trade goods such as passengers' baggage and bona fide samples and advertising material.

Goods produced or manufactured in the Australian territories of Papua and New Guinea and Norfolk Island, Nauru and Cocos Island.

Petroleum products imported in bulk (excluding fuel oil).

Hook phosphates

Abrasive

Industrial diamonds

Books and printed matter of non-dollar origin

All other imports are subject to licence. The various licensing categories are as follows:

(a) No Quantitative Restriction: Although subject to licensing control, import licences are issued freely for about thirty items from non-dollar countries, the major item being tinplate. Books and printed matter from the dollar area (except fiction and magazines such as comics and westerns, etc.) are also licensed freely under this category.

(b) Import Replacement: The licensing of about sixty items is on an import replacement basis. These items cover a wide variety of goods including raw materials, foodstuffs and replacement parts for machinery. Licences for these goods are issued on request to importers provided licences held unused at any point of time do not exceed twice the value of licences used (imports made) in the previous licensing period. This method of licensing permits imports up to the level of current requirements from any non-dollar country whilst for a number of the items imports are permitted in this manner from any source.

(c) Quotas: There are two categories of quotas as described below.

Category A: Goods in this category are, in the main, raw materials, components and more essential consumer goods. Quotas are determined generally as a percentage of the imports made by each importer in a selected base year, on the basis of the need for each commodity, account being taken of demand, local availability and the overall level of the restrictions. In order to allow some flexibility to importers and to facilitate administration, quotas for a number of items have been grouped into "banks". These combined quotas, which may be used for the importation of any of the items in the bank, account for about one-third of total category A quotas.

Before 1 December 1958, these quotas could be used only for imports from non-dollar countries but since that date a range of quotas can be used for imports from any source. This group of quotas includes the quotas formerly described as "world" and "dollar" quotas.

Category B: This category covers items of a lower import essentiality, such as general consumer goods, together with some more essential goods which are in adequate local supply. Each importer is permitted
to import any goods in this category against a single combined quota. This interchangability within the category enables importers to vary the composition of their imports to take account of changes in demand and helps to reduce possible incidental protective effects of the restrictions on local production of these goods. Quotas in this category are determined similarly to Category A quotas. Category B quotas may be used only for imports from non-dollar countries.

(d) Administrative Licensing: A wide range of imports including raw materials, components for industry and capital equipment is licensed on a "case-by-case" basis because it is either impracticable or undesirable to restrict these imports by predetermined quotas. Applications for licences for these goods are examined individually on their merits, account being taken of such factors as the demand and supply situation, their proposed end use and their price and availability. The overall amount available to cover such imports is determined in the light of estimated requirements in relation to the overall level of restrictions, but at present goods in this category which are considered essential are licensed on a liberal basis. An appreciable proportion of the licences issued in this category is available for imports from any source without discrimination.

Treatment of Imports from Different Sources

The restrictions are discriminatory only with respect to imports from the dollar area of goods other than those included in the "world" licensing list. In the last two years a considerable number of essential goods and raw materials have been placed in the "world" list and licences for these goods are issued under the various licensing categories mentioned above irrespective of the source of supply. When changes made on 1 April 1959 are taken into account about 70 per cent of current Australian imports may be imported on a non-discriminatory basis.

Quotas are not allocated among individual supplying countries although quotas not in the "world" list may be used only for imports from non-dollar countries.

Dollar Area: The issue of licences for the importation of goods from the dollar area (excluding those licensed on a "world" basis) which is mainly subject to administrative control is in general restricted to essential goods which are not available from other countries in adequate quantities or on reasonably comparable commercial terms such as quality, cost or delivery. The goods licensed are mainly raw materials and components for manufacture. "Token" imports are permitted of some less essential goods which are traditional imports from countries in the dollar area.

Bilateral Commitments: Australia has trade agreements in force with a number of countries but, except for the agreement with Belgium, none of these fixes quotas for imports into Australia or otherwise involves discrimination.
against third countries. The 1936 Agreement between Australia and Belgium provides that Australia should allocate to Belgium specific quotas for plain clear sheet glass.

Imports under State-Trading

Australia does not make effective either directly or indirectly its restrictions on imports by means of State-trading activities.

Proportion of Imports covered by each Import Procedure

As at 1 December 1958, about 20 per cent of current imports were exempted from licensing while a few items were licensed freely. About half of total imports were licensed on an administrative basis while the balance was subject to quota or import replacement licensing.

From 1 April 1959, about 70 per cent of total imports can be obtained on a non-discriminatory basis from any source.
2. AUSTRIA

Legal Basis of the Restrictions

Import controls in Austria are applied under the External Trade Law of 3 December 1956 as amended by the External Trade Law of 8 July 1958, which imposed import licensing requirements on the import of specified commodities (which are listed in Annexes to the Law). The import of other commodities is not subject to any licensing procedure. No licence is required when imports are effected for defined purposes or in certain circumstances, e.g. imports of specific types of samples and specimens, personal luggage of travellers, presents of Heads of States or governments and purchases by the Austrian Monopoly Administration.

The External Trade Law provides that the application of the licensing requirements it imposes must be in accordance with international obligations of Austria. It also empowers the Federal Government, in special circumstances (a) to exempt by Decree from the requirement either temporarily or permanently, commodities which are otherwise subject to import control, and (b) to place commodities the import of which normally does not require a licence, temporarily and exceptionally under licensing control.\(^1\)

Policy of Restriction

The import policy is formulated by the Federal Government. In exercising the powers conferred upon it by the External Trade Law, the Government must act in co-operation with the General Committee of the National Assembly (Hauptausschuss des Nationalrates).

The purposes of the import restrictions are to safeguard the balance of payments, to maintain a satisfactory trade balance with certain countries, and to protect certain lines of production which, for the time being, are considered necessary for economic, social and other reasons.

Administration of the Restrictions

In administering the import control the Federal Ministry for Trade and Reconstruction is aided by an Advisory Council to which all matters of principle relating to foreign trade and all applications for import licences of a value exceeding Sch.150,000 must be referred for consideration. The Council consists of two representatives of the Ministry for Trade and Reconstruction, and one representative of each of several other Ministries concerned, the Federal Chamber for Industrial Economy, the Chamber of Agriculture, the Austrian Workers' Chamber and the Austrian National Bank. Experts of economic groups interested in external trade may be invited to attend meetings of the Council as consultants.

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\(^1\) By an order of 20 February 1958 imports of lead and zinc and smoked fish were temporarily made subject to licensing requirements.
The External Trade Law imposes licensing control not on all imports, but only on a number of products expressly specified in annexed lists. These lists as revised and now in force are appended to the External Trade (Amendment) Law of 1958 as Annexes B.1, B.2 and B.3. Imports of goods listed are subject to licences issued, respectively for the three lists, by the Federal Ministry for Trade and Reconstruction, the Federal Ministry for Agriculture and Forestry and the Federal Ministry for the Interior.

In addition, the Governor (Landeshauptmann) of each Federal Land is authorized to grant, under certain circumstances, to individual persons and firms in the Province import licences the applications for which do not require consideration by the Advisory Council, and which do not exceed defined value limits.

In general import licences are valid for six months; for foodstuffs, however, they are valid as a rule for three months and for mechanical equipment for six to twelve months. The period may normally be extended, usually for a period of three months.

In allocating licences to importers the licensing authorities take account, inter alia, of price, quality, the market situation, and the capacity and status of the importers concerned. For imports subject to global quota licences are generally granted on a pro rata basis. In some cases reference may be made to the shares of imports of importers in a previous period, but other factors are also taken into account so that in so far as possible equal and fair treatment is given to all applicants. The Austrian National Bank issues the exchange licences which are required for all imports against payment except those liberalized vis-à-vis OEEC countries. At present, exchange licences are liberally granted.

Methods of Restriction

The system of import controls may be described under the following headings: (1) Imports exempt from licensing requirements; (2) the OEEC free list; (3) the free list applicable to certain imports from Canada and the United States; (4) imports under global quotas; (5) imports under bilateral agreements and compensation transactions; (6) discretionary import licensing and (7) imports within the purview of agricultural marketing boards. There are no import prohibitions other than those authorized by the provisions of Article XX of the General Agreement.

(1) Commodities not specified in the lists annexed to the External Trade Law are free from licensing control and quantitative restriction regardless of their origin. The same applies to goods subsequently exempted from control.

(2) Commodities on a free list which applies to the OEEC Member countries and their overseas territories, may be imported from these sources without a licence.
(3) Goods on a free list applying to Canada, the United States and United States dependent territories may be imported under licences which are granted automatically upon application.

(4) Global quotas valid for the OEEC Member countries and their overseas territories are established for the import of a few specified commodities, including certain linen and cotton yarns, certain printed rayon textiles, spectacle frames and accordions. There are also global quotas for certain fresh ornamental flowers, leaves, grasses and branches originating in countries which are parties to GATT of Member countries of the OEEC. Finally, wine and must are covered by a global quota which applies to imports from all sources.¹

(5) Bilateral trade agreements are in force with a number of countries. In some of these agreements import quotas are established for goods still subject to restriction. Some of the agreements provide that import licences for specified commodities will be granted without restriction. Some of the agreements contain only indicative lists of commodities without fixed quotas. Compensation or barter transactions are frequently permitted with those countries with which no payments or clearing agreements are in force, if no other way of settling payments is available. Barter transactions require the approval of the National Bank of Austria and the Federal Ministry for Trade and Reconstruction.

(6) For other imports subject to licensing control licences are granted on a case-by-case basis without predetermined quota limits, the main considerations being the needs of the Austrian economy and the level of the foreign exchange reserves.

(7) In regard to some agricultural products there are special systems of control and regulation which aim mainly at stabilizing internal prices having regard to the interests of both producers and consumers.

The Marketing Law of 17 December 1958, published in BGBl. 276/58, which comprises and amends the three Marketing Laws in force since 1950, covers the following groups of products:

(i) Cow’s milk of any kind, butter, cheese, cottage-cheese, casein, powdered and condensed milk.

(ii) Bread-grains (rye, wheat, maize for the production of flour for human consumption and all kinds of flour and other milling products from bread-grains), feeding-grains; coarse grain, barley, oats, maize, coarse-ground flour, etc.

(iii) Cattle, pigs and horses for slaughter, meat from these animals for human consumption, fresh, frozen or salted; sausages, canned meat, etc., made wholly or partly of meat of the above-mentioned animals; animal fats (bacon, lard, suet, etc).

¹ A complete list of global quotas has been lodged with the secretariat.
Three boards are concerned with the marketing of these products. Price regulations are based upon a price regulation law of 1950. Generally, the price stabilization schemes involve deficiency payments or surcharges on imports depending on whether the price of the imported product is above or below a predetermined price or price margin.

For sugar there is no special marketing law, but this commodity is nevertheless subject to regulation under a State price-fixing arrangement.

Treatment of Imports from Different Sources

Imports not covered by the ETL control are admitted freely and without licence from all sources. The following description therefore relates only to imports included in the Annexes B.1, B.2 and B.3 to the External Trade (Amendment) Law of 1958. For this purpose sources of imports may be divided into four main groups, viz.:

1. OEEC countries and their overseas territories.
2. Canada, United States and its dependent territories.
3. Non-OEEC countries with which bilateral agreements are in force.
4. Other countries.

(1) The OEEC Countries and their Overseas Territories

For goods specified in the OEEC liberalization list and originating from OEEC Member countries, imports are admitted without licence.

For goods subject to ETL control and not included in the above-mentioned list, imports may be made within the framework of bilateral quotas or under discretionary licensing. Austria has concluded bilateral trade agreements with the following OEEC countries: Denmark, the Federal Republic of Germany, France, Greece, Ireland, Iceland, Italy, Benelux countries, Norway, Portugal, Sweden, Switzerland and Turkey.

(2) Canada, the United States and Dependent Territories

Goods specified in the liberalization list for these countries may be imported without restriction. Import licences for their importation are granted automatically.

(3) Non-OEEC Countries with which Bilateral Agreements are in force

Imports are made on licences granted within the framework of bilateral quotas, or on a case-by-case basis. Austria has concluded bilateral trade agreements with the following countries outside the OEEC: Argentina, Bolivia, Brazil, Bulgaria, Ceylon, Chile, Cuba, Czechoslovakia, Egypt, Hungary, India, Iran, Israel, Morocco, Pakistan, Poland, Rumania, Spain, Tunisia, Uruguay, the USSR and Yugoslavia.
Certain of these agreements do not provide for quota limits but only give lists of goods the exchange of which is considered desirable.

In general, licensing policy for imports originating from these countries depends on the situation of the bilateral account, the needs of the domestic market and the level of Austrian foreign exchange reserves.

(4) Other Countries

Imports may be made only on licences granted on a case-by-case basis.

External trade with Eastern Germany continues to be regulated by an agreement concluded between the Austrian Federal Chamber of Commerce and the Chamber of External Trade of Eastern Germany. The agreement provides for quotas limited as to value. Licences are granted within the framework of these quotas.

As indicated above there are certain global quotas which apply either (a) to imports from all sources or (b) to imports from GATT countries and Members of the OEEC.

Imports under State-trading

The import of tobacco, tobacco manufactures, salt and unprocessed alcohol is the subject of State monopoly. Imports of these products represent little over 1 per cent of total imports and the arrangements are maintained only for revenue purposes.

Imports of tobacco, raw and processed, and tobacco manufactures are effected through the State Monopoly Administration. Purchases abroad are carried out in accordance with commercial considerations and without discrimination as between sources of supply. Foreign tobacco products of high quality are imported principally to meet the demand of foreign tourists.

The Salt Monopoly is a monopoly both in production and importation. The monopoly in imports is of no significance as Austria is self-sufficient in this commodity, and the import of medicinal salts (pure sodium chloride for injections and sea salt for therapeutical baths) has been reverted to private trade, and are free from restriction.

The import of unprocessed and processed spirits (with the exception of rum, arrack, cognac and liqueurs) is effected by the State Monopoly Administration. In effect, however, the Monopoly Administration issues import licences to private persons, and in the case of spirits of well-known brands usually demanded by tourists licences are granted liberally.
Proportion of Imports covered by each Import Procedure

Breakdown of Imports

(Millions of Schillings)

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
<th>1958</th>
</tr>
</thead>
<tbody>
<tr>
<td>Liberalized imports from:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OEEC area</td>
<td>13,896</td>
<td>15,883</td>
<td>19,179</td>
<td>18,564</td>
</tr>
<tr>
<td>United States and Canada</td>
<td>389</td>
<td>1,357</td>
<td>2,117</td>
<td>2,223</td>
</tr>
<tr>
<td>Imports under trade agreements</td>
<td>6,811</td>
<td>5,675</td>
<td>5,690</td>
<td>5,445</td>
</tr>
<tr>
<td>Other imports</td>
<td>1,972</td>
<td>2,404</td>
<td>2,352</td>
<td>1,643</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>23,068</td>
<td>25,319</td>
<td>29,338</td>
<td>27,875</td>
</tr>
</tbody>
</table>
Legal Basis of the Restrictions

The laws and decrees which are relevant to the Brazilian import control system include the following:

(i) Decree-Law No. 7,293 of 2 February 1945, which gives authority to the Council of the Superintendency of Money and Credit (SUMOC), of the Ministry of Finance, to decide on exchange policies; by Instruction No. 70 of 9 October 1953 SUMOC put into effect a system under which foreign exchange for import payment is auctioned to importers;

(ii) Law No. 1,807 of 7 January 1953 (and the relevant regulations contained in Decree No. 22,285 of 20 February 1953), which lays down the basis for control of foreign trade;

(iii) Law No. 2145 of 29 December 1953 (and the relevant regulations contained in Decree No. 34,893 of 5 January 1954), which institutes the Foreign Trade Department (CACEX) of the Bank of Brazil and lays down rules for authorizing imports and the virtually automatic issue of licences by CACEX;

(iv) Law No. 3,244 of 14 August 1957, which establishes the new customs tariff, institutes a Customs Policy Council and introduces various changes in the import control system;

(v) Decree No. 42,820 of 16 December 1957, which regulates the auction and import licensing procedure.

Policy of Restriction

The restriction of imports is made effective through the auction of foreign exchange and the payment of the resulting exchange surcharges, the purpose being to avoid the use of direct control such as the licensing of imports on a discretionary basis, and to rely on procedures which are more or less automatic.

A foreign exchange budget is prepared twice a year by the Exchange Department of the Bank of Brazil and approved by the Council of SUMOC. The budget is drawn up on the basis of estimates of receipts and expenditures for the different currency areas and estimates by Government departments and public entities on their needs for imports and service payments. It provides for approximate allocations of foreign exchange for: (1) imports in the private sector; and (2) imports by the State and State agencies and private imports intended for economic development within the framework of official programmes.

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1 As of 31 December 1956.
Administration of the Restrictions

The control system is operated by the Bank of Brazil under the direction of the Council of SUHOC.

Responsibility for the classification of products into import control categories rests with the Customs Policy Council, which is subordinate to the Ministry of Finance and is composed of representatives of the trade, industrial, agricultural and labour associations. The principal functions of CACEX with regard to imports are to issue licences, to allocate the total exchange available for auction to the various import control categories and generally to exercise the necessary controls over prices, weights, measures, etc. of imports.

There are other authorities which participate in the control of imports in special fields. For example, imports of live animals and plants, certain seeds and a variety of agricultural equipment require the approval of the Ministry of Agriculture; imports of certain products for medical use are subject to approval by the Ministry of Health; imports of petroleum and asphalt cement are controlled by the National Petroleum Council.

There are regulations which provide for co-operation between the various official bodies in charge of import controls and the National Industrial Confederation especially in the determination of whether certain imports are required by domestic industry. For a number of products (such as newsprint manufacturing equipment, glass products, essential oils for perfumery, industrial sewing machines, and centrifugal, rotative or other pumps), import licences are issued only if the Confederation certifies that the imports in question are necessary.

Methods of Restriction

1. Imports subject to the purchase of exchange certificates at auction

For the purpose of auctioning foreign exchange, commodities are classified into two categories: "general" and "special", on the basis of the relative degree of essentiality of the commodities to the national economy. The "general" category includes raw materials, industrial equipment and other capital goods, as well as essential consumer goods which are in short supply on the domestic market. All other commodities, except a few goods used exclusively in agriculture and goods receiving preferential exchange treatment (see 2 below) are in the "special" category. The classification, and the allocation of various foreign currencies to each category, are determined by SUHOC, taking account of the traditional pattern

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1 Official Gazette Supplement No. AO 205 of 6 September 1957 gives the list of goods included in the "general" category.
Imports, commitments under bilateral or multilateral agreements and the requirements of the Brazilian economy. A small proportion of exchange is at present allocated for imports in the "special" category. Particular currencies are sometimes offered at auctions without limitation of amount.

Foreign exchange for imports by private traders is sold by public auction in several cities in Brazil. Thirty per cent of the total value offered is auctioned at Rio de Janeiro and 30 per cent at Sao Paulo, and the remaining 40 per cent in the other principal cities. The exchange is offered in lots of US$1,000 without further fractioning. Each lot relates to a particular country or currency area and to one of the two categories of imports. Under this system the actual cost of foreign exchange to the importer is the official rate of 18.82 cruzeiros per US dollar, plus the premium paid in the auction, the commission of the exchange-broker (2.87 per thousand) and the usual bank commission of 2 per cent. A minimum is sometimes fixed for the premium for certain currencies.

Only the following groups may bid for exchange commitment certificates at the auctions: (1) commercial firms duly registered as importers in their line of business and similarly qualified consumer co-operatives; (2) industrial firms duly registered as importers - for imports to meet their own quarterly requirements; (3) rural associations, including co-operatives - for imports for their own use or for resale to their members; and (4) individuals - for goods imported for personal use.

Within five days after the successful bid, payment of the auction premium must be made to the Bank of Brazil which thereupon issues a certificate called "undertaking to sell foreign exchange" or FVC. On a date specified in the certificate the importer pays for the foreign exchange in cash at the official rate of 18.82 cruzeiros per dollar. For convertible currencies that date is usually 120 days after the issue of the certificate, but may be later extended in cases of financial stringency. Exception to this delay may be granted under a system of "urgent delivery" which permits payment to be made upon receipt of the shipping documents; this system usually applies to imports payable in currencies of limited convertibility or in non-convertible currencies.

Within thirty days after the issue of the FVC the importer must apply, in the case of goods in the "general" category, to the Exchange Department of the Bank of Brazil for a certificate of exchange cover (CCC) or in the case of goods in the "special" category, to CACEX for an import licence. If no certificate or licence application is made within that time, the FVC ceases to be valid and the importer is authorized to claim reimbursement of the auction premium paid. Import licences are generally issued between ten and fifteen days following submission of the application and valid for a specified period, usually 180 days.

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1 Promessa de Venda de Cambio
2 Certificado de Cobertura Cambial
Special auctions of foreign exchange are held for imports of fruit from Argentine and Uruguay, for certain imports used exclusively in agriculture, such as specified fertilizers, insecticides, fungicides and fumigants, for imports of parts of cars or cars having certain specifications, and occasionally for imports of particular commodities (e.g. Christmas decoration) from specified countries. Premia obtaining in such auctions have been considerably lower and close to the set minimum (61.18 cruzeiros per US dollar).

2. Imports not subject to the auction system

(i) Public sector and economic development: Government, State and municipal bodies, autonomous and semi-autonomous institutions and semi-public enterprises are allowed to obtain foreign exchange for the import of specified commodities at preferential rates of exchange and without the purchase of exchange certificates at auction. The preferential import rate applies to goods of recognized importance to the country. Foreign exchange is supplied by the Exchange Department of the Bank of Brazil within the limits set in the foreign exchange budget.

Imports by private firms of equipment, machinery and other items which SUMOC considers to be highly essential for economic development in accordance with certain programmes also benefit from a preferential rate of exchange. The programmes in question are those relating to the mechanization of agriculture and the development and co-ordination of national production of motor vehicles and other means of transport. Imports of parts to complete units which are partially manufactured in the country also benefit from a preferential rate.

The following imports are enjoying preferential treatment at the effective rate of exchange of Cr.80 per US dollar (official rate of exchange Cr.18.82 plus surcharge Cr.61.18):

- Governmental imports and remittances
- Wheat
- Equipment for manufacturing agricultural machinery, fertilizers, insecticides etc.
- Newsprint paper and equipment, components and spare parts for newspaper enterprises and publishers
- Equipment, components and spare parts for oil research and production of crude oil and for refining, oil pipe-lines and the maritime transport of petroleum
- Petroleum and derivativos thereof
- Maps, books, periodicals, newspapers, magazines, etc.
- Aviation equipment
- Imports for electric energy and coal production undertakings
- Other goods

Fertilizers and insecticides benefit from a preferential rate of exchange.
The distribution among importers of these commodities is effected by the agencies or trade groups concerned such as the National Petroleum Council, PETROBRAS etc.

When the Government or other agencies import commodities which do not benefit from preferential rates, they are subject to the general rule of private imports, with the sole exception that instead of actually bidding at the auctions, they are authorized to purchase exchange by paying a surcharge equal to the average of the actual bids at the last three auctions for the general or the special category as the case may be.

(ii) Imports related to foreign investments: Subject to certain conditions regarding registration and eligibility, foreign capital is permitted to enter the country in the form of goods when such goods are intended for the implementation of plans approved by the Federal Government for the development of certain regions of the country, for energy production, for use in communications and transport. Other goods which may be so imported include (a) equipment, machinery and tools and implements which are considered to be of interest to the Brazilian economy and which are not of the type produced in Brazil in adequate quantities, nor of the type whose manufacture in Brazil would contribute to alleviating pressures on the balance of payments; and (b) a certain proportion of the raw materials which a firm needs to acquire from abroad. For imports of these capital goods which represent foreign investments, licences are issued by CACEX without exchange cover.

(iii) Imports financed by credits and loans: Similarly, imports of equipment and material for domestic production of articles in the "general" category may be authorized by CACEX if they are covered by foreign credits or loans, subject to certain conditions. This system may also be extended to articles in the "special" category.

Treatment of Imports from Different Sources

Exchange certificates supplied on the basis of auction are valid for specified sources of imports, viz.: (i) countries which use convertible currencies (mainly the dollar area), (ii) countries participating in the "Hague Club" (transferable currencies), (iii) bilateral agreement partners (clearing account currencies), (iv) other countries (non—convertible currencies).

A multilateral trade-and-payments arrangement, (the Hague Club arrangement), is in force between Brazil on the one hand and Austria, the Belgium-Luxemburg Economic Union, the Federal Republic of Germany, France, Italy, the Netherlands, and the United Kingdom on the other. Foreign exchange needed for import payment to these countries is offered at auctions as "ACL dollars" (i.e. limited convertibility area dollars), which can be converted into the currency of any of these countries.
The system of foreign exchange auctions does not apply to imports from Bolivia and Paraguay, with which the trade-and-payments agreements in force provide for payment settlement in cruzeiros, subject to certain conditions arising from the special nature of trade between adjacent countries.

For imports from other trade agreement partners, foreign exchange is allocated in ad hoc auctions. Exchange certificates are auctioned in the light of the availability of the partner's currency, and in accordance with bilateral quota commitments.
Legal Basis of the Restrictions

The statutory basis for import controls in Burma is the Control of Imports and Exports (Temporary) Act of 30 September 1947. Section 3 of the Act provides that the President of the Union may by order published in the Official Gazette, prohibit, restrict or otherwise control the importation of goods of any specified description. The Import Trade Control Order of 30 September 1947, issued pursuant to the Act, prohibits the importation of any item contained in column 2 of the First Schedule appended to the Burma Tariff Act, except the licence-free types of imports as indicated below under the heading "Methods of Restriction". The Order also provides for the issue of special licences or open general licences.

Policy of Restriction

The basic objective of the import control policy is to allocate foreign exchange available for imports to the best advantage of the economy. A foreign exchange budget is drawn up each fiscal year (October-September) on the basis of estimated exchange receipts, taking account of export proceeds, loans and aid, and other current incomes and remittances from abroad. Expenditure on imports and other requirements are planned within the framework of this budget. A serious attempt is now made to improve the country's normal import trade and to encourage exports of all varieties on a wide and vigorous scale.

Administration of Restrictions

Import controls are administered by the Directorate of Imports and Exports which is under the administrative charge of the Ministry of Trade Development. There is a Trade Advisory Committee consisting of representatives of trade and industry which advises the Government on import and export policy and procedures.

The Registration (Importers and Exporters) Order 1954, promulgated on 4 August 1954, provides that all firms engaged in international trade must, unless specifically exempted, register with an official Registration Board appointed by the President to carry out the Order. Foreign firms may register only if they were engaged in the import or export trade in Burma prior to 4 January 1948. In order to qualify for registration the firm must have a certain percentage of employees of Burmese nationality. Registration may be refused or cancelled for violation of trade, exchange, taxation or price control regulations. Registration is granted to qualified importers for a period of one year on payment of registration fees and is renewable every year on payment of renewal fees. Imports may be made only by the registered importers and those who are exempted from registration.
Manufacturers wishing to qualify for registration as direct importers of raw materials and machinery for their own use must apply to the Importers and Exporters Registration Board under the Ministry of Trade Development through the intermediary of the Directorate of Industries.

Goods which may be imported for the private trade under licences issued to the registered importers are at present classified into thirty-eight groups. Importers' Releases, which are known as Directives, are issued from time to time by the Directorate of Imports and Exports to indicate which specific items of commodities may be imported under each group subject to limitation and/or conditions, if necessary. Except in very few special circumstances, applications for licences in respect of these groups of goods are not called for. For each group licences for varying amounts are issued to registered importers, twice a year in most cases, according to their respective grades determined by the Registration Board. A licence fee is charged at the rate of 5 per cent of the c.i.f. value of the goods. An additional fee at the same rate for the balance amount is charged for revalidating a licence.

Foreign exchange is automatically granted against a licence by authorized banks.

Methods of Restriction

The import control system may be conveniently described under the following headings: (a) licence-free imports, (b) the Open General Licences, (c) individual licensing, (d) imports by the Joint Venture Corporations, (e) imports by the Civil Supplies Management Board, (f) prohibited imports.

(a) Licence-free Imports: As stated above, certain types of imports are exempt from the import prohibition established by the Import Trade Control Order. These include imports by the Government and certain government agencies, articles for the use of diplomats, commodities in transit through Burma by post, passengers' baggage, bona fide samples or advertising materials supplied free of charge not exceeding a nominal value of one hundred kyats in single consignment, goods supplied free of charge in replacement of goods previously imported and which were found

1 The thirty-eight groups listed are: paper, all sorts; electrical goods; building materials and general hardware; bicycles and tricycles; textiles; fountain pens; machinery; foodstuffs; provisions, all sorts; cinema and photographic goods; requisites for sports and games; household goods; watches and clocks; motor vehicles; toilet requisites; soap; radios, radiograms and domestic refrigerators (spare parts); liquor (excluding rum and beer) and medicated wine; beedi leaves; Chinese raw medicines; musical instruments; books (dollar); medicines; motor spare parts; miscellaneous; boots and shoes; arms and ammunition; cotton sewing thread; chemicals; Burmese raw medicines; coal-tar dyes and coal-tar derivatives used in any dyeing process; newsprint; parts of sewing machines, parts of machinery, parts of pumping machines, parts of welding machines, scientific, surgical and optical instruments and apparatus; stationery for use in schools and offices; tools and implements; tyres, tubes and flips of natural or synthetic rubber; dried fish and dried prawns, including dried shrimps.
defective, goods imported through the post or air or sea for private and personal use of importer, imports for trans-shipment, and goods imported in bond for re-export for use on board of an out-going vessel or aircraft.

(b) Open General Licences: The old Open General Licences Nos. I, II, III, and IV are superseded by the following new Open General Licences.

OGL I Notification No.1 of 2 January 1959 by the Administration Branch of the Directorate of Imports and Exports, effective 2 January 1959.

OGL II Notification No.2 of 2 January 1959 by the Administration Branch of the Directorate of Imports and Exports, effective 2 January 1959.

OGL III Notification No.3 of 2 January 1959 by the Administration Branch of the Directorate of Imports and Exports, effective 2 January 1959.

OGL IV Notification No.4 of 2 January 1959 by the Administration Branch of the Directorate of Imports and Exports, effective 2 January 1959.

The new Open General Licences Nos. I and II permit free imports from any country and the other two Open General Licences Nos. III and IV for imports from any country other than dollar countries. As regards OGL No. IV it is valid only for goods (groundnut oil) imported under letters of credit.¹

(c) Individual Licensing: Private imports not provided for in the Open General Licences and not exempted from import control by the Import Trade Control Order are subject to individual licensing. These licences are issued by the Directorate of Imports and Exports and may be valid for imports from (i) the hard currency area, (ii) the soft currency area or (iii) bilateral account countries and (iv) any country. The holder of a licence valid for a currency area is free to import from any country in that currency area. Individual licences are issued semi-annually with a maximum validity of six months from the date of issue. Extensions of the period, however, are liberally granted. The individual licensing may be classified into two categories,

¹ By notification issued on 15 August 1958, goods on OGL Nos. I, III and IV have been made subject to quota restriction, and such imports are now exempt from these exchange requirements.
namely, trade import licences and industrial import licences. Trade import licences are issued to individual registered firms on the recommendation of the Import Licensing Board. The application for issue of import licences for capital goods and industrial raw materials is processed in and recommended by the Directorate of Industry through the Ministry of Industry.

Over-shipment up to 10 per cent of the c.i.f. value of the goods covered by a licence, but not exceeding one hundred kyats, can be allowed by the Commissioner of Customs. Approval of the Ministry of Trade Development is necessary for over-shipments exceeding that value.

(d) Joint Venture Corporations: Bulk licences for the importation of certain categories of goods such as foodstuffs, textiles (other than those mentioned in (e) below), hardware, building materials and a few selected industrial materials are granted to the Joint Venture Corporations, in which both private investors and the State participate. Thus far eleven such corporations have been established. The initial capital of most of them is 5 million kyat of which 52 per cent is subscribed by the State and the remaining 48 per cent by Burmese nationals. These corporations are in fact public limited companies incorporated under the Burma Companies Act and are responsible for the importation and distribution of the commodities. Although other importers are excluded from the import trade in commodities reserved for the Joint Venture Corporations, there is competition between the corporations themselves. Joint Venture Corporations (1) and (7) confined mainly to import of industrial goods restricted to thirteen items, are now in process of liquidation. It is the intention of the Government to re-vamp and re-orientate these Corporations and to turn them into actual industrial concerns engaged in the manufacture of such products as bicycles, tyres, tubes etc.

(e) The Civil Supplies Management Board: The Civil Supplies Management Board is under the administrative control of the Ministry of Co-operatives and Commodity Distribution and has a monopoly in the importation of the following essential commodities:

1. canned fish
2. sugar
3. sweetened condensed milk and evaporated milk
4. textiles comprising
   (a) white sheetings
   (b) plain grey long cloth and shirtings
   (c) plain grey sheetings
   (d) white long cloth and shirtings of plain and simple weave (excluding crepes and fancy shirting such as ever-glaze and seer-sucker), white cambrics, white poplin or broad cloth and white twills.
5. cotton and silk
6. cement

The Board's function is to distribute these products equitably at controlled prices to the consumers. The Board invites tenders from foreign exporters and purchases from those who offer the best qualities at most competitive prices.

(f) Prohibited Imports: There is a short list of prohibited imports. The principal categories included are opium and similar narcotics, monkeys, playing cards, and gold and silver bullion.

Treatment of Imports from different Sources

In the application of import controls a distinction is drawn between "soft currency countries", "American and Canadian account countries"\(^1\), the "bilateral account countries" and "any country". Imports from the American and Canadian account countries are generally limited to governmental and industrial requirements and essential goods not obtainable elsewhere on equally advantageous terms as to prices, quality and other considerations.

Trade agreements and protocols providing for the sale of Burmese rice, on clearing account basis, are in force with Czechoslovakia, the USSR and Yugoslavia. Moreover, agreements with indicative lists of commodities are maintained with India, the Federal Republic of Germany, Pakistan, Japan, German Democratic Republic, Hungary, the People's Republic of China, Sweden, Poland, Israel, Bulgaria and Rumania.

Proportion of Imports covered by each Licensing Category

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Private</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>OGL</td>
<td>555</td>
<td></td>
<td>600</td>
<td>(370</td>
<td>191</td>
</tr>
<tr>
<td>Licence</td>
<td></td>
<td>600</td>
<td>523</td>
<td>(490</td>
<td>233</td>
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<tr>
<td>Government</td>
<td>262</td>
<td>331</td>
<td>369</td>
<td>501</td>
<td>250</td>
</tr>
<tr>
<td>Total</td>
<td>1100</td>
<td>931</td>
<td>892</td>
<td>1361</td>
<td>674</td>
</tr>
</tbody>
</table>

Note: Compiled from the table showing "Foreign Exchange Transactions" in the Union Bank of Burma Bulletin for fourth quarter 1958.

\(^1\) The American and Canadian account countries are: Bolivia, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Liberia, Mexico, Nicaragua, Panama, Philippines, United States and dependencies and Venezuela.
Imports under State-Trading

The import of coal, coke and certain goods for government use is permitted only through the Union of Burma Purchase Board. Other imports by State agencies have been dealt with in the section "Methods of the Restrictions". The State-trading agencies do business strictly on a commercial basis.
Legal Basis of the Restrictions

The legal basis for the import restrictions in force in Ceylon is the Import and Export Control (Continuation) Act, No. 27 of 1950, which extends the validity of the Defence (Control of Imports) Regulations and certain sections of the Defence (Miscellaneous) Regulations. These Regulations were first given the force of law by virtue of the Supplies and Services (Transitional Powers) Act, 1945, of the United Kingdom. Under the Act of 1950 they will remain in force until rescinded by Order of the Government.

Under these Regulations, the Government has broad powers to prohibit or restrict the import of any goods either from all sources or of specified origin, and to prescribe any conditions or exemptions relating to imports. The Government may order that imports be not allowed except under the authority of a licence, and may issue Open General Licences authorizing free imports either without limitation or up to a prescribed limit.

Policy of Restriction

Under this law and the Defence Regulations, the import control policies have been directed towards the regulation of the country's imports in the light of its balance-of-payments position, the strengthening of the overall reserve position of the sterling area, and the diversion of the country's trade into the hands of Ceylonese nationals (Ceylonization).

Administration of the Restrictions

Import policy is formulated by the Minister of Commerce and Trade, subject to the approval of the Cabinet. The responsibility for administering the regulations rests with the Controller of Imports and Exports whose office constitutes a Department of the Ministry of Commerce and Trade. The policy for any licensing period (the "import control year" begins on 1 July and ends on 30 June) is made known by the Controller by means of a Notification which is published in the Government Gazette. Any changes that may be introduced are also announced in the Gazette.

1 Import regulation measures for purposes not directly related to the balance of payments are in force for certain products pursuant to the provisions of the Industrial Products Act, No. 18 of 1949 and the Agricultural Products (Regulation) Ordinance, No. 29 of 1939.
Before an importer may import any goods which are subject to licence, he must receive from the Controller of Imports and Exports a validated licence which is obtained by submitting an application on the prescribed form. Commodities listed in an Open General Licence may be imported freely by any person or firm without an individual licence, subject to any conditions that may be prescribed in the Open General Licence.

In connexion with the policy of "Ceylonization", importers wishing to qualify as "Registered Ceylonese Traders" for purposes of the licensing regulations must register themselves with the Controller of Imports and Exports. Under the relevant notification (No.15/53 of 3 June 1953) individuals, firms and public companies are eligible for registration if they fulfil certain conditions. Individuals must be citizens of Ceylon; firms must have at least 51 per cent of their share capital held by citizens of Ceylon; and public companies must be incorporated in Ceylon with their shares quoted in the local stock market. The majority of the directors and partners of a firm or company must be citizens of Ceylon. The individuals or directors or partners must not hold office nor have an interest in a non-national trading establishment which has the purpose of defeating the Government policy of Ceylonization. In all cases, not less than 50 per cent of the staff receiving emoluments of Rs.500/- per month or above, and not less than 75 per cent of all the other staff, must be citizens of Ceylon.

Further, the Controller may at his discretion refuse any application for registration, or cancel any existing registration. An annual fee of Rs.250/- is levied for each registration.

The following countries from which imports are partly or completely controlled for Ceylonization purposes, will be, for convenience, referred to as the "Ceylonized trade countries": Albania, Austria, Bulgaria, Mainland China, Czechoslovakia, Federal Republic of Germany, Hungary, Japan, Poland, Rumania, Spain, Taiwan, USSR and Yugoslavia.

Methods of Restriction

Under the authority of the Defence (Control of Imports) Regulations, the Government has taken action whereby all imports are made subject to licence. Open General Licences and other measures permitting imports without individual licences, however, are also in force.
Under the current import policy imports are admitted under the following procedures: (1) Open General Licences, (2) General Import Licences, (3) Individual Import Licences, (4) State Trading.

(1) **Open General Licences**: Four Open General Licences are in force applying, with respect to the commodities specified therein, to different groups of countries. Open General Licence No.1 permits the import of a wide range of goods of all classes and groups (in fact, all goods except some thirty items) from all countries except those in the dollar area and the "Ceylonized trade countries". Open General Licence No.2 permits the free importation of over 200 essential items from the dollar area. Open General Licence No.4 covers additional goods (viz. liquors, watches and clocks, textiles and motor cars) which can be freely imported from the same countries as covered by Open General Licence No.1 except continental EPU countries. Open General Licence No.5 permits the import of maldive fish from the Maldive Islands.

(2) **General Import Licence**: None of the Open General Licences apply to imports from the Ceylonized trade countries. Most of the goods covered by Open General Licences may be imported, however, from Austria, Czechoslovakia, Germany, Japan, Poland, Yugoslavia, China and USSR (but not from the other Ceylonized trade countries) under General Import Licences which are issued only to Registered Ceylonese Traders. Such licences permit the importers who have obtained them to import from these sources the goods in question without limit as to volume or value.

(3) **Individual Licences**: All imports not covered by an OGL or General Import Licence require an individual licence. For a number of commodities, mostly those which are being produced locally, it is stated in the Gazette Notification that no licences will be issued. For other goods licences are being issued without limitation as to volume or value. In most cases, such licences are issued to Registered Ceylonese Traders only but in certain cases, to other importers on the basis of past performance.

(4) **State Trading**: Some essential items such as rice, wheat, flour and sugar are imported only on Government account. The purpose of such State Trading is generally to ensure adequate supplies to the country without interruption and at reasonable prices. The prices of all these goods are controlled.
Goods covered by Open General Licences can be imported freely without limitation by any person or firm from the sources specified therein. Goods covered by General Import Licences can be imported freely from the specified sources by Registered Ceylonese Traders. Only those imports which are not covered by such General Licences require an individual licence, and only on these imports can restriction be applied through the non-issuance of licences or by the issue of licences for a specified value or quantity. For most of the imports at present subject to individual licensing, licences are issued freely to Registered Ceylonese Traders; in many cases, licences may also be issued to other importers on the basis of previous performance. The practice, which existed in previous years, of fixing monetary ceilings (global quotas) for individual items or groups of items having been discontinued, no limitation is placed on the value or quantity of such imports. Only in the case of a limited number of commodities has it been declared that no licences will be issued, namely:

- Paddy
- Rice
- Wheat
- Grain pulses: kusali, dhall and long dhall
- Flour other than corn flour
- Aerated and mineral waters
- Coconuts, fresh
- Red onions
- Spirits: arrack
- Sugar, refined (except palmyrah sugar candy from India)
- Sugar, unrefined (except jaggery from India and Pakistan)
- Tea
- Any product of rice
- Opium

Citronella Oil
Coconut Oil
Gingelly Oil
Earthware pots and pans
Furniture, wooden
Coir manufactures
Coir yarn
Pyrotechnic products (fireworks)
Baskets and basketware
Reconstructed, imitation or synthetic stones
Matches
Manufactures of straw, grass, rush and like materials
Wooden toys, clay toys, rubber toys and rubber balloons
Cotton shirts, above a specified price
Bananas, above specified prices
Men's boots and shoes of certain types and sizes, above specified prices
Gold and silver bullion

* Imported on Government account.
** Import controlled for public health reasons.
*** Controlled to give effect to exchange control.
The non-issue of licences for these products applies to their importation from all countries.

Treatment of Imports from Different Countries or Currency Areas

Import restrictions are applied on some thirty items only. These restrictions are applied non-discriminatorily. Geographical distinctions made in the licensing arrangements are principally for the purpose of implementing the Ceylonization policy, which aims at diverting "new trade" to national traders.

Apart from the products whose imports from any source is banned or licensed in a non-discriminatory manner, the effect of the licensing arrangements as they apply to various countries or areas may be summarized as follows:

(i) from sterling area and certain other countries: most goods may be imported freely without limitation (under OGL Nos. 1 and 4);

(ii) from Continental EPU countries (except Germany and Austria): the same goods except four groups of items (OGL No.4 goods which, when imported from these sources, are subject to licence and may be imported by Registered Ceylonese Traders only) may be freely imported (under OGL No.1);

(iii) from Austria, China, Czechoslovakia, Germany, Japan, Poland, USSR and Yugoslavia: most goods may be imported by Registered Ceylonese importers (under General Import Licences);

(iv) from Albania, Bulgaria, Hungary, Rumania and Spain: all imports are subject to individual licence issued at the discretion of the authorities to Registered Ceylonese Traders. Licences for imports of liquor from Spain are issued to any importer;

(v) from countries in the dollar area: machinery, chemicals and other essential goods may be freely imported (under OGL No.2). The remaining items are regulated in either of two ways: (1) under purely discretionary licensing (at present licensed freely); or (2) freely licensed for Registered Ceylonese Traders, and licensed for other importers on the basis of past imports.
Imports under State Trading

The Government continues to be the sole importer of the following commodities: rice, wheat, flour, sugar, sugar candy, palm sugar (except from India and Pakistan) and red onions. These commodities are subject to restriction for various reasons (e.g. to secure adequate supply and fair distribution).

Rice continued to be rationed by the Government, and the Government has agreements to buy specified quantities of rice from Burma and Mainland China at agreed prices. Surplus requirements in excess of the quantities contracted for with Burma and Mainland China are purchased in the open market abroad at competitive prices.

The Government retains the monopoly for imports of sugar as it uses the profits from the sale of sugar to subsidize the prices of rice, which is supplied to the consumer at prices less than cost. Purchases of sugar are made from the cheapest sources. Sugar candy and palm sugar have been added to the list of Government imports in order to prevent private traders from importing these commodities in forms which can be substituted for sugar.

Red onions have been added to the list of Government imports in order to ensure a market for locally grown red onions, and at the same time to safeguard the interests of the consumer as red onions are an essential food item in the Ceylon diet.

Proportion of Imports covered by each Import Procedure

<table>
<thead>
<tr>
<th>Breakdown of imports according to licensing category</th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value Percentage</td>
<td>Value Percentage</td>
<td>Value Percentage</td>
</tr>
<tr>
<td>Open General Licences</td>
<td>863.3 59.1</td>
<td>893.4 54.7</td>
<td>1,091.8 60.5</td>
</tr>
<tr>
<td>General Import Licences</td>
<td>132.9 9.1</td>
<td>160.7 9.8</td>
<td>182.3 10.1</td>
</tr>
<tr>
<td>Individual Licences</td>
<td>101.3 6.9</td>
<td>158.3 9.7</td>
<td>114.1 6.3</td>
</tr>
<tr>
<td>State Trading</td>
<td>363.7 24.9</td>
<td>421.0 25.8</td>
<td>415.9 23.1</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,461.2 100</td>
<td>1,633.6 100</td>
<td>1,804.1 100</td>
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</tbody>
</table>
Legal Basis of the Restrictions

The statutory basis of the import control system in Chile is Law No. 12,084 (Ministry of Finance) of 13 August 1956 published in the Official Gazette of 18 August 1956. The Law institutes a Foreign Exchange Commission which is charged with the administration of import and exchange restrictions. It provides that only the goods included in lists prepared by that Commission and approved by Decrees issued by the Ministry of Finance can be imported. The Law maintains in force Decree No. 859 (Ministry of the Economy) of 9 August 1956, which contains a list of permitted imports. This list has, however, since been modified on several occasions by Decrees issued by the Ministry of Finance.

Laws Nos. 303 and 12,008 established the ports of Arica, Chiloé, Aysen and Magallanes as free trade zones. Imports into these zones are subject to a more liberal import regime. By Law No. 12,858 certain import privileges were granted to the provinces of Tarapacá, Antofagasta and the department of Chanaral.

Policy of Restriction

The broad purposes of the import controls are to protect the country's external reserves by limiting imports to the level of export earnings, and to grant preference to imports of goods which are deemed essential to the national economy or which foster economic development.

The principal criteria used in the determination of whether a product may be imported are: (i) essentiality of the product to the domestic economy; and (ii) ability of the national industry to meet the demand of the product. Fuels, lubricants, raw materials, metal products, machinery and equipment, tools, chemical products, drugs and certain food products, therefore represent the principal groups in the list of permitted imports, and luxuries and many consumer goods are not at present admitted.

Administration of the Restrictions

The Foreign Exchange Commission is an autonomous body and is responsible for the administration of export and import controls as well as the operation of the foreign exchange system. It is directed by a Board (Junta Directiva) composed of a chairman designated by the President of the Republic, a member selected by the President of the Republic from a list of five names recommended by the Board of Directors of the Central Bank, and a member nominated directly by that Board. From time to time the Commission submits proposals concerning imports that are to be allowed or prohibited to the Ministry of Finance which issues Decrees. The Commission has the authority to prescribe general conditions for imports and is, in particular, responsible for fixing the percentages of advance deposits (see below). Some of the functions of the Commission are delegated to local committees in certain cities.
Methods of Restriction

An extensive list of goods can be imported freely by all persons without limitation as to quantity or country of origin. This list is modified from time to time. In the case of certain goods on this list, importers may be required to obtain a certificate of necessity from the Ministry of Economy. Goods not on the list are not permitted to be imported except when coming in as patterns or prototypes, as personal effects or for educational, cultural or charitable purposes. The general prohibition on imports, however, does not apply to the free trade zones of Arica, Chiloé, Aysen and Magallanes or to certain imports from the Province of Salta (North West Argentina) under special arrangement with that country.

No licences are required for permitted imports. However, importers are required to place with the Central Bank, prior to the importation of the goods, deposits in local currency ranging from 5 to 5,000 per cent of the invoice value depending on the essentiality of the goods to the economy. These percentages are fixed from time to time by the Foreign Exchange Commission and are calculated on the value of the goods in Chilean pesos converted at the rate of exchange that the Commission establishes each week for this purpose. Certificates evidencing payment of the deposit are required before banks can handle import transactions and also before a consular authorization for shipment from the country of origin of the goods can be obtained. The import deposit must be made before the goods can be shipped. The deposit is refunded after thirty days, except in the case of imports of less essential commodities for which the minimum period is ninety days. The Foreign Exchange Commission may waive these time limits. In cases where the special regime of "immediate exchange cover" applies, the advance deposit becomes in fact nominal.

Goods on the permitted imports list and valued at a maximum of US$500 may be imported without exchange cover, provided a deposit is made with the Central Bank. The deposit must be made within sixty days after the arrival of the goods in Chile and is not refunded until after ninety days.

The advance deposit requirements are waived for imports connected with loans obtained from the IBRD or the United States Export-Import Bank, imports by the Government and governmental agencies and imports by the large companies engaged in the mining and processing of nitrates, iodine and copper. For such imports the Central Bank issues nominal receipt forms which serve as authorization for the import operation. Imports from bilateral account countries with which Chile is running a favourable balance of trade are admitted with immediate exchange cover and with only nominal advance deposits.

Goods imported on consignment are generally subject to an advance deposit of 5 per cent. However, only the goods specified by the Board of the Foreign Exchange Commission may be imported in this manner. These at present include antibiotics, drugs, catgut, agricultural machinery, highway
building equipment; gasoline from Bolivia; and certain machinery when imported from France, Portugal and Spain. Certain capital goods on the permitted list may be imported on a deferred payment basis. Import deposits for these goods will be the amount of the down payment and must be made thirty days prior to the date of remittance.

Exchange for imports may not normally be covered until thirty days after the date of shipment, except that for imports from bilateral account countries exchange may be purchased as soon as the financing of the importation is arranged with a commercial bank; in the latter case the Central Bank releases the prior deposit to enable the importer to pay for the exchange.

Treatment of Imports from Different Sources

Chile is a party to trade and payments agreements with Argentina, Bolivia, Brazil, Ecuador, France, Greece, Italy, Spain and Yugoslavia. The bilateral trade and payments agreements do not establish discriminatory quotas for imports into Chile but stipulate that payments must be made in accordance with the method and currency indicated in the bilateral arrangements. As set out above imports from these countries receive special facilities for immediate exchange cover and earlier release of advance deposits. Imports of oil from Bolivia and machinery from France, Portugal and Spain can be made on a consignment basis and thus require advance deposits at only 5 per cent of the import value.

Imports under State Trading

There is no State trading in Chile, except in the case of wheat, which is imported by the "Instituto Nacional de Comercio" to the extent necessary to satisfy domestic consumption.

Proportion of Imports covered by each Import Procedure

<table>
<thead>
<tr>
<th>Breakdown of 1957 Imports</th>
<th>Value</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imports on a cash basis</td>
<td>216.5</td>
<td>67.8</td>
</tr>
<tr>
<td>Imports with immediate exchange cover</td>
<td>47.3</td>
<td>14.8</td>
</tr>
<tr>
<td>Imports on a consignment basis</td>
<td>19.5</td>
<td>6.1</td>
</tr>
<tr>
<td>Imports on a deferred payment basis</td>
<td>24.6</td>
<td>7.7</td>
</tr>
<tr>
<td>Imports into Chiloé, Aysen and Magallanes</td>
<td>11.5</td>
<td>3.6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>319.4</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Note: Imports in Arica amounted to US$21.0 million.
Legal Basis of the Restrictions

The system of import regulation applied at present in Denmark is based on the Currency Measures Act No. 352 of 27 December 1958.

Legislation in this field in Denmark has been of a provisional character with short periods of validity (normally one year). The present Act came into force on 1 January 1959 and will remain in force until 31 December 1959.

Section 3 of the Act empowers the Minister of Commerce to take temporary measures for the regulation of commodity imports, whenever such measures are required by the foreign exchange situation, etc.

The Minister is empowered to lay down rules governing the issue of licences and to prescribe, within fixed limits, a service fee for the issue of licences.

Policy of Restriction

The Act provides that imports shall be permitted at as high a level as balance-of-payments considerations permit. It also requires that import regulations be made in such a way that a reasonable competition in the Danish market is maintained. These ends might be achieved by the extension of the free lists or by increasing imports where there is an appreciable difference between domestic and foreign market prices.

Several safeguards against abuse of the Law or deviation from its principles are provided for in the Law. For example the Minister is required to report to a Special Committee of the Parliament all important measures implemented pursuant to the Law, any international agreements concluded, and principles adopted for the treatment of private barter transactions and the extent of such transactions. Except where circumstances warrant otherwise the transfer of any commodities from a free list to a restricted list is subject to approval by the Special Committee. In this way the Parliament keeps a close control over the implementation of the Law.

Administration of the Restrictions

The Minister of Commerce is empowered to establish the bodies required for the administration of the restrictions and to assign special tasks to special committees, regional bodies, etc. At present, the administrative functions relating to the licensing of imports are performed by the Directorate of Supply (Direktoratet for Vareforsyning) which is an agency of the Ministry.
It is provided in the Act that whenever possible, measures introduced in pursuance thereof should be implemented through general regulations, which are published, and that prior to the drafting of such regulations or the implementation of general measures the principal organizations of the interested trades should, in so far as possible, be consulted.

Special provisions are included in the Act regarding appeals against administrative decisions, etc.

Methods of Restriction

The system of import controls may be conveniently described under the following headings: (1) Free Lists, (2) Free Issue of Licence Lists, (3) Open General Licence, (4) Regional Licence List, and (5) Bilateral Quotas.

(1) Free Lists: A large number of goods are included either in a General Free List or a Regional Free List. Goods on the General Free List may be imported freely from the dollar area if they are the produce or manufacture of that area, and from the EPU area if they originate in the dollar or EPU area. There is no difference in the liberalization for these two areas.

(2) Free Issue of Licence Lists: These lists at present include a few products (certain machinery, etc. from all sources, and citrus fruits from EPU countries) which are not on the Free Lists, but for which licences are granted automatically without limitation. The licensing requirement is retained for the time being for the purpose of verifying the nature of imports and of keeping watch on developments. The two lists, the "general free issue of licence list" and the "regional free issue of licence list" apply to imports from and originating in areas corresponding to those covered by the two Free Lists.

(3) Open General Licence: Goods included in all the free lists mentioned above are admitted freely from most other countries under a system of Open General Licence.

Imports from Finland have been granted treatment identical to those accorded to EPU countries. In this Section, references to EPU should be understood to cover also Finland.
Regional Licensing List: This list specifies the products which may be imported from the EPU area under Licences issued in the light of the balance-of-payments situation and other relevant circumstances. Licences issued under this system are valid for imports from all EPU countries. The licences are either (i) allocated among importers or end-user enterprises on the basis of past imports or consumption, or (ii) in the case of special need by particular enterprises, issued in response to individual application. The latter procedure is particularly relevant for imports of machinery and equipment. Goods on the Regional Licensing List may be imported from the dollar area under individual licence.

Bilateral Quotas: Some of the bilateral trade agreements entered into by Denmark provide for quota commitments, which are in the nature of undertakings to issue licences up to the quotas provided. Licences issued in fulfilment of such commitments are valid for imports from the bilateral agreement country in question, but imports of the goods from third sources is generally not affected. Such agreements are in force with a number of EPU countries and certain Eastern European countries. As a rule the licences are allocated among importers shortly after the conclusion of an agreement on the basis of a past reference period, though provisions are made for newcomers in the trade in question.

All private imports not covered by any of the procedures described above are subject to individual licensing.

Imports for re-export are admitted under licences issued without limitation as to quantity or value, but certain rules are in force which are designed to prevent undesirable conversion of foreign exchange resulting from the re-export.

All licences issued are valid for twelve months, but the period may normally be extended upon application for a further six months.

Exporters to the dollar area receive titles to import licence equivalent to 7½ per cent of the dollar earnings. For certain non-dollar imports licences are issued against titles of equivalent surface value. Through open market operations, the Government has stabilized the price of the title at 80 per cent of its face value. Thus, the net effect of the system is a surrender of 6 per cent from the importer to the exporter.

No prohibition is maintained on any particular imports for balance-of-payments or protective reasons and the only prohibitions on imports are those made for public health, veterinary and similar reasons, as provided for in Article XX of GATT.
Treatment of Imports from Different Sources

For purposes of import control, sources of supply may be classified in two main groups: (i) the dollar area, the EPU area (and Finland), (ii) other countries.

(i) Dollar area, EPU area (and Finland): Commodities listed in the General Free list may be imported from this area without limit if originating in Finland, the EPU or dollar area. Goods appearing in the Regional Free List may be imported without restriction from all EPU countries and Finland and dollar area countries if originating in these countries. For certain goods (referred to as normal pattern imports) licences are issued in accordance with quotas negotiated in bilateral trade agreements. These agreements are in force with all OEEC countries except Ireland.

(ii) Other countries: Imports of goods on the Free Lists (which are not formally applicable to these countries) are in practice liberally licensed. Imports of free-listed goods originating in Argentina, Brazil, Israel, Spain, Rumania, Yugoslavia and the USSR are under OGL.

The Regional Licensing List does not apply formally to this group of countries, but according to a liberal practice importers will be allowed also to use their licences for importation from these countries.

Commodities under the foregoing category may also be imported under trade agreements in force with Eastern European countries except Albania and Eastern Germany and with Argentina, Brazil, Colombia, Israel, Spain and Yugoslavia. Trade between Denmark and Eastern Germany is effected on the basis of an agreement between Danish Trade Organizations and East German "Aussenhandelskammer".

Imports under State-trading

State-trading is confined to the import of firearms and ammunition for military use, aircraft and parts for the Danish Air Force, and combat vessels. Purchases abroad are effected in accordance with the defence budget.

Proportion of Imports covered by each Method used

The following table gives the total Danish imports, including imports for re-export, in millions of kroner for the years 1955, 1956, 1957 and 1958. Imports are classified under various categories of commodities according to the form of import regulation that is applied to such commodities.
### Breakdown of Imports according to licensing Category

(millions of kroner)

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
<th>1958*</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Value</td>
<td>Per Cent</td>
<td>Value</td>
<td>Per Cent</td>
</tr>
<tr>
<td>General Free List</td>
<td>3,169</td>
<td>38.3</td>
<td>5,279</td>
<td>55.1</td>
</tr>
<tr>
<td>Regional Free List</td>
<td>3,074</td>
<td>37.0</td>
<td>2,233</td>
<td>23.3</td>
</tr>
<tr>
<td>Restricted imports</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) regionalized imports</td>
<td>1,447</td>
<td>18.0</td>
<td>1,612</td>
<td>16.8</td>
</tr>
<tr>
<td>(b) trade agreements imports</td>
<td>213</td>
<td>2.5</td>
<td>108</td>
<td>1.1</td>
</tr>
<tr>
<td>Other imports (including imports for re-export, imports under the Retention Scheme, etc.)</td>
<td>294</td>
<td>3.3</td>
<td>281</td>
<td>3.0</td>
</tr>
<tr>
<td>State trading</td>
<td>31</td>
<td>0.9</td>
<td>66</td>
<td>0.7</td>
</tr>
<tr>
<td>Total</td>
<td>8,228</td>
<td>100.0</td>
<td>9,579</td>
<td>100.0</td>
</tr>
</tbody>
</table>

*1958 figures on the basis of import regulations as at March 1959.*
Legal Basis of the Restrictions

The statutory basis of the current Finnish import controls is the Act of 30 December 1957, which authorizes the Government to regulate the export and import of all types of merchandise. The Act, which has been renewed for the year 1959, is implemented by Cabinet decrees which are approved by the Diet.

The Cabinet Decree of 29 June 1953 specifies that "imports and storage of merchandise in customs warehouse" are forbidden except when an appropriate import licence has been obtained. Certain types of imports, however, are exempt from licensing requirements, e.g. travellers' luggage and personal effects not exceeding a certain amount in value, items for the use of foreign diplomatic representatives, gift parcels and the like. The Cabinet Decree of 29 June 1953, together with two Decrees of 12 March 1954 and a Decree of 30 December 1957 which define the functions of the Licensing Office, set out the basic regulations for the control of imports.

Policy of Import Restriction

Import control policy is formulated by the Licensing Office acting under instructions received from the Cabinet; the Ministry of Commerce and Industry is responsible for the administration of the import control policy and the Bank of Finland is in charge of the foreign exchange policy. Import restrictions are applied for the purpose of maintaining equilibrium in the balance of payments and safeguarding the external monetary reserves of the country. Account is also taken of Finland's geographical position, the dependence of the economy on the exports of a few staple products (timber, pulp, paper and board) and of the need to maintain employment.

Administration of the Restrictions

Responsibility for the administration of foreign trade restriction rests with the Ministry of Commerce and Industry, which entrusts the operation of the import controls to the Licensing Office of the Ministry. The Licensing Office is under the direction of a Board of Directors which is composed of a Director-General, a representative of the Bank of Finland, one of the Foreign Ministry and one of the Ministry of Commerce and Industry. In certain circumstances, the Board may be enlarged to include five more members appointed by the Government. The Licensing Office is divided into six divisions each dealing with a group of commodities, viz: general, export, chemicals, textiles, machinery and electrical equipment. Where necessary the Licensing Office consults with committees of experts representing certain branches of trade or industrial and consumer interests.
The Bank of Finland supplies the Licensing Board with instructions concerning foreign currency controls and, at regular intervals, with information or directives concerning the availability of foreign currency for import purposes.

Applications for licences are examined by the relevant divisions of the Licensing Office and decided upon by the Director-General, except those involving compensatory or barter deals, on which decisions are taken by the Board of Directors. When applying for a licence the importer must furnish information on delivery and payment conditions, etc. Applications relating to imports of ships and major machinery must, in addition, be accompanied by a plan for the financing of the purchase, which has to be approved by the Bank of Finland.

Methods of Restriction

Under the current import control policy, imports are admitted under the following procedures: (1) the free list, (2) automatic licensing, (3) liberal licensing, (4) global quotas, (5) licensing under bilateral agreements, (6) licensing of compensatory transactions, (7) discretionary licensing.

(1) Free List: Imports contained in the free list are admitted without a licence. In principle, imports have to be paid before customs clearance; exporters' credits may be taken advantage of upon authorization by the Bank of Finland. The free list applies to those Western European countries with which Finland has signed the (Helsinki) protocol providing for multilateral trade and payments, namely: Austria, Belgium, Denmark, the Federal Republic of Germany, Italy, Luxemburg, the Netherlands, Norway, Portugal, Sweden, Switzerland and the United Kingdom. (It also applies to the dependent overseas territories of these countries.) Since May 1958, when Finland acceded to the multilateral trade and payments arrangements between Argentina and certain countries in Western Europe (Paris Club), the free list has also been applied to Argentina.

This free list covers 82.4 per cent of Finland's imports from the countries concerned, calculated on the basis of private imports in 1954. Finland has undertaken to maintain liberalization of imports from the participating countries at a minimum level of 80 per cent during the contractual period ending 31 December 1959.

1 The free list, which was reproduced in document L/785, has since been successively extended.

2 France was originally a party to the Helsinki multilateral agreement. Later, however, the operation of the multilateral protocol was suspended with regard to France and the trade between Finland and France is at present conducted in accordance with a bilateral trade agreement.
Automatic Licensing: For certain imports licences are granted automatically upon application provided that the transaction is not of a speculative nature. This licensing procedure applies to:

(i) imports from the free-list countries of specified commodities, including medicines, industrial diamonds, automobile and photographic lamps, etc;  
(ii) imports from countries in the sterling area of these goods and of those contained in the free list;  
(iii) certain imports from the dollar area - this list accounts for about 40 per cent of total 1954 imports from the dollar area;  
and (iv) certain imports (mostly those contained in the free list) from bilateral trade agreement partners, provided that such licensing does not hamper the implementation of the agreement - the bilateral liberalization list accounts for nearly 40 per cent of total imports in 1954 from the countries concerned.

Liberal Licensing: For specified imports licences are, as a rule, granted forthwith and without limitation, provided that the imports correspond to genuine requirements, that the terms of the contract are not unreasonable and that the importer is one normally dealing in the commodity concerned. This licensing procedure applies to:

(i) imports from the free-list countries and countries in the sterling area of onion bulbs, flashlight apparatus, hosiery for medical use, laboratory chemicals, dental equipment and a group of other commodities; and  
(ii) imports of certain raw materials and food products from specified sources, e.g. coffee from Central America, mercury from Italy and Spain, fibres from Mexico, etc.

Licences issued under Global Quotas: (i) Category I: Licences are allocated to importers in proportion to their imports in a previous licensing period, with minor modifications when necessary. Licence holders are free to import any of the goods covered by the quota from any of the countries participating in the multilateral trade and payments scheme and from countries in the sterling area, other than Iceland and Ireland, and, in some cases, also from countries in the dollar area (global quotas);  
(ii) Category II: Licences for goods in this category specify the commodity and the amount to be imported, but the importer is free to select the source of supply among the countries mentioned above (restrictive non-discriminatory list).

Bilateral Agreements: Certain imports are effected in accordance with the provisions of bilateral trade agreements (see below).

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1 Many goods for which licences are issued automatically when imported from the dollar area may be freely imported from the free-list countries. For the list of dollar countries see below.
(6) **Compensatory Transactions**: Licences required in connexion with compensation and barter transactions are considered by the Board of Directors of the Licensing Office on their individual merits.

(7) **Discretionary Licensing of Imports**: Applications for licences for imports not covered by any of the special licensing schemes are considered on their merits. The licensing authorities take account of the availability of the currency required, and the essentiality, price and quality of the products concerned.

The average period of validity of an import licence, except in the case of a "long-term licence", is four to six months from the day of issue. Long-term licences may be obtained when the payment or delivery time is expected to be longer than six months, and in certain circumstances (purchase of heavy equipment and the like) the period of validity may be several years.

A small licence fee is charged as a contribution to administrative costs; there is a basic charge of Fmk.300 (about $1) and, for other than automatic licences, an additional charge on a sliding scale.

**Treatment of Imports from Different Sources**

The groups of countries to which the different treatments described above apply are the following:

(i) countries participating in the multilateral trade and payments protocol of 22 December 1958, and Argentina;

(ii) other sterling area countries;

(iii) the dollar area, comprising Canada, Bolivia, Chile, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Liberia, Mexico, Nicaragua, Panama, Peru, the Philippines, the United States, Venezuela and South Korea;

(iv) the following bilateral trade and payments agreements partners: Brazil, France and most countries in the Franc area, Greece, Iceland, Israel, Paraguay, Spain, Turkey, Uruguay, Yugoslavia, mainland China, the U.S.S.R and the other Eastern European countries except Albania;

(v) other countries.

**Imports under State Trading**

The National Grain Board, which is governed by a Law of 26 October 1951, is responsible for the purchase and the storage of grain. Its purpose is to maintain stability in the domestic market and to fulfil certain functions in
9. FRANCE

Legal Basis of the Restrictions

The statutory basis of the French import trade regulations is the Law of 11 July 1938 on the general organization of the nation in the event of war. Under Article 46 of the Law the Council of Ministers is empowered, in specific circumstances, to promulgate decrees regulating or suspending imports.

It was by virtue of this Law that the Decree of 1 September 1939 was issued, stipulating that no commodity other than gold may be imported into France or Algeria under any customs procedure. The Decree also provides, however, that the minister of Trade may grant exceptions to this general import ban, and also states that the terms and conditions for implementation will be determined by Ministerial Decrees.

The Decree of 30 November 1944 lays down the conditions governing imports of foreign goods into France and French Overseas Territories and establishes certain formalities with regard to trade between France and French Overseas Territories. The Decree of 13 July 1949 relates more particularly to the issue of import permits.

Administration of the Restrictions

Import licences are issued by the Exchange Office, which receives its instructions from the relevant Directorates (Foreign Economic Relations and External Finance) of the Department of Economic and Financial Affairs. These Directorates jointly advise the Exchange Office concerning the procedures under which imports are to be effected and the quotas to be established for products or groups of products coming under each procedure. The Exchange Office is administered by a Committee which is presided over by the Governor of the Bank of France and by a director appointed by the Ministry of Finance.

Lists of authorized imports are published in the Journal Officiel in the form of notices to importers. These notices generally do not indicate the quantities or values of the products which may be imported, but they state the procedure to be followed for consideration of applications and the issuance of licences.

Methods used in Restricting Imports

Since 1 January 1959 imports into France have been controlled by two different methods depending on whether or not the products in question have been liberalized or are still subject to quantitative restriction.

A. The Liberalized Sector

This sector contains products the import of which has been liberalized since 1 January 1959, when originating and coming from:
(i) Member countries of OEEC and their associated territories;

(ii) the United States, Canada and their dependencies; and

(iii) countries other than those mentioned above.

Such imports, other than replacement parts, may be effected either by means of import licences issued automatically by the Exchange Office or in certain cases under the more flexible Import Certificate Procedure.

Under a simplified procedure goods valued at no more than Frs.200,000, goods for which payment is made with Comptes EFAC and replacement parts with a value of less than Frs.50,000 may, subject to certain conditions, be imported without licence on submission to the customs authorities of an invoice showing the country of origin of the goods.

B. The Restricted Sector

Imports still subject to quantitative restrictions are those omitted from the liberalization list. The importation of such goods may be effected under cover of licences issued by the Exchange Office. Generally licences are issued (i) under bilateral quotas or (ii) under import programmes.

(a) Under Bilateral Quotas

Licences may be granted under quotas laid down in bilateral agreements. The size of the bilateral quotas established in agreements is determined by the overall import policy, fluctuations in bilateral balances and other considerations.

(b) Under Import Programmes

Import programmes are drawn up periodically (generally each year) in the light of various factors. While the monetary reserves position is taken into account, as well as other international contractual obligations, these programmes are largely determined by economic considerations such as the requirements of the French economy, domestic resources available in France and North Africa and the priority to be given to domestic production.

Procurement programmes are established by the Directorates of the Economic and Financial Department, after consulting the various technical ministries. They take the form of either purchasing programmes or global quotas.

The Exchange Office issues import licences for products under quota by several different procedures, the most important of which are the following:
(i) Tender Procedure

This procedure applies mainly to imports of finished products, more particularly under bilateral agreements and to a lesser extent under global quotas. Interested parties are informed of the existence of import quotas by Notices to Importers generally published twice a year in the *Journal officiel*. These notices invite prospective importers to submit applications for licences to the Exchange Office. The criteria applied for allocation by the technical ministries are not fixed in advance but take into account such elements as price levels and the amount of products imported during the reference period, etc.

(ii) "First come, first served", Procedure

This procedure applies more particularly to cases where few importers are involved and the difficulties of prior allocation are relatively slight.

Import permits may also be issued under special procedures, such as the following.

(iii) Compensation Arrangements

Under this system, certain imports of non-essentials may be permitted when linked with exports of certain other products. Compensation arrangements are considered by an inter-ministerial committee on a case-by-case basis and authorized on their merits, account being taken of their commercial importance, their possible effects on exchange reserves, etc.

(iv) IMEX or EXIM Transactions

The IMEX or EXIM procedures permit imports of a few specified raw materials for the production of export goods. Import licences are granted automatically provided that the importer can furnish evidence that he has exported a certain quantity of goods, or goods to a value corresponding to that quantity. The EXIM procedure differs from the IMEX procedure in that it requires exports to precede imports. It applies mainly to imports and exports of goods belonging to the same category and permits the manufacturer/exporter to obtain supplies of raw materials from abroad.

(iv) Imports under EFAC Procedure or the Equipment Procedure

Certain imports are permitted under the EFAC (exportation frais accessoires) procedure which allows exporters to retain a certain percentage, varying according to the monetary area, of the f.o.b.
amount of their export proceeds for meeting their needs of specified products and capital goods necessary for their enterprises. This procedure permits imports of products not included in purchasing programmes or in excess of the quotas laid down in those programmes.

Under the "5 per cent equipment and raw materials procedure", producers of specified export products may obtain from the Exchange Office licences for importing supplies and equipment needed directly for their production, the allocation of import rights is limited to 5 per cent of the export values.

Categories of Goods Affected by the Restrictions

Under the French import control system the same products may be imported, according to their origin, under different procedures: purchasing programmes, global quotas, bilateral quotas, special procedures such as compensation arrangements, IMEX and EXIM transactions or EFAC account procedures.

In general, for most raw materials and primary commodities and for certain capital goods, licences are granted for import from any source, decisions being based on commercial considerations such as price, quality, available quantities, transportation, delivery terms, etc. With regard to products which are considered to be less essential or non-essential, the criteria governing the issue of licences are commercial as well as financial in nature. Consideration is given to the gold and foreign exchange reserves and to the interests of traditional suppliers.

In view of the many changes in recent years in the quantitative restrictions on imports applied in France for balance-of-payments reasons, as well as the adoption of the new tariff nomenclature, no breakdown of imports during the past few years can be given.

Treatment of Imports from Different Countries or Currency Areas

Different treatment is accorded to imports from the following different sources:

(1) European Economic Community Member countries and their dependent territories.
(2) Other OEEC Member countries and their dependent territories.
(3) Other former EPU countries.
(4) Canada and the United States and dependencies.
(5) Other dollar area countries, and
(6) Other countries.
(1) **EEC Countries**

Following the entry into force of the Treaty of Rome, global quotas which are applicable to all the other Member States of the Community have been opened for goods still subject to restrictions. The value of these quotas has been increased by 20 per cent and must represent at least 3 per cent of domestic production.

With regard to coal and steel products covered by the Treaty establishing the European Coal and Steel Community, imports of these products into France from ECSC countries are freely admitted subject to production of a special import permit issued automatically.

(2) **Other OEEC Countries and their Dependent Territories**

(i) Imports of goods not included in the OEEC liberalization list are effected under several procedures, one being the bilateral quota procedure. In principle, bilateral quotas apply to non-liberalized goods for which no global quotas have been set up. Imports from Turkey take place in accordance with a particularly liberal purchasing programme.

(ii) Goods not included in the OEEC liberalization list and not covered by bilateral agreements concluded with OEEC countries may be imported under import programmes, in other words, either under global quotas or under purchasing programmes (for example, the purchasing programme applicable to goods originating in the United Kingdom and its overseas territories, other than liberalized goods and goods covered by the Franco-British trade agreement).

(3) **Other former EPU Countries and the Transferable Franc Area**

Other EPU countries do not legally benefit from the liberalization measures in force for liberalized goods from OEEC countries and their dependent territories. However, raw materials and capital goods included in this list are liberally admitted from these countries.

(4) **Canada, the United States and Dependencies**

Certain imports may be effected under purchasing programmes in force for goods payable in dollars and not included in the list of liberalization imports from Canada, the United States and dependencies. These purchasing programmes are generally drawn up on an annual basis.

(5) **Other Countries in the Dollar Area**

Most imports from dollar area countries other than Canada, the United States and dependencies are therefore effected under purchasing programmes for goods payable in dollars.
As in the case of Canada and the United States, these purchasing programmes are drawn up annually and apply to goods payable in dollars, originating in and imported from the following countries: Chile, Colombia, Cuba, Ecuador, Mexico, Peru, the Philippines, Venezuela, the Central American Republics and, as regards petroleum products payable in dollars, the Middle East.

(6) Other Countries

Imports of other than liberalized goods are generally under bilateral quotas for goods originating in and imported from countries with which payment agreements but no bilateral trade agreements are in force (e.g. Egypt, Jordan, Syria and Uruguay), imports are effected in accordance with the procurement programmes established unilaterally.

Besides the procedures described above, imports may be permitted from any countries under special procedures (compensation arrangements, INEX and EXIM transactions and EFAC accounts) under terms laid down for each individual procedure.

Use of State-Trading or Governmental Monopoly; Restrictive Operation of such Regime

A wide range of products comprising grains, raw or manufactured tobacco, illuminating gas, electrical power, gold and gold alloys, alcohol, matches, power and explosives, arms of war and war ammunition, come under State-trading either through a governmental department or through a public agency. There are in addition several organizations known as "Import and Distribution Groups" and "International Purchasing Groups" to whom the Government has granted import privileges under the control of the ministry concerned. The following products are subject to this import procedure: butter, cheese, flour and meal, oilseeds, and vegetable oils, solid mineral fuels, petroleum products, and newsprint. Foreign purchases by the State and the trade institutions having a monopoly represent approximately 27 per cent of the total 1956 import trade.
Legal Basis of the Restrictions

The statutory basis for import controls in Ghana is the Imports and Exports (Restrictions) Order, 1948 (No. 113 of 1948) which prohibits all imports except under the authority of a licence granted by the Controller of Imports and Exports. Import control measures are also in force for certain products pursuant to the provisions of various ordinances, such as the Dangerous Drugs Ordinance, the Animals (Control of Importation) Ordinance and the Importation of Livestock Ordinance. Measures taken under these legislations are not related to balance-of-payments considerations.

Policy of Restriction

The import policy is formulated by the Minister of Trade and Industries, subject to the approval of the Cabinet. The basic purpose is to regulate imports in the light of the balance-of-payments position of the country and taking account of Ghana's position as a member of the Sterling area. The restriction of imports from hard currency sources applies mainly to non-essential items and to goods for which a reasonable substitute is available from other sources.

Administration of the Restrictions

The import control system is administered by the Controller of Imports and Exports, whose office constitutes a department of the Ministry of Trade and Industries. The responsibility for the issue of licences rests with the Controller. Where licences are required applications must be submitted to the Controller of Imports and Exports prior to the placing of orders. When an import licence has been obtained (or where importation is allowed under Open General Licences and Ghana Quota Licences) the appropriate exchange is granted automatically.

Details relating to current regulations governing the import of specific commodities are published in the Ghana Gazette in Notices to Importers issued by the Controller of Imports and Exports which are accessible to the public.

Methods of Restriction

Under the current import policy, as set out in Notice to Importers No.124 of 16 January 1958, imports are admitted under the following procedures:

1) Open General Licences, (2) Quota Licences, (3) Specific Import Licences and (4) Special Unnumbered Licences.

1) Open General Licences: Several Open General Licences are in force, allowing the importation of defined goods from specified countries without a specific import licence. These Open General Licences (or Free-Lists) are briefly described below:
(i) Open General Licences No. 1 and No. 3 permit the importation of the following goods from all countries: single copies of books, magazines, periodicals and the like, bona fide trade samples, personal and household effects, bona fide gifts of less than a specified weight and value and articles for which a re-importation certificate has been issued by an Officer of Customs and Excise.

(ii) Open General Licence No. 6 establishes a free-list which applies to imports from Australia, Burma, Ceylon, Iceland, Ireland, India, Iraq, Jordan, Libya, New Zealand, Pakistan, Southern Rhodesia and the United Kingdom and its dependent territories. This free-list covers all imports except petroleum products other than lubricating oils for household purposes, cinematograph films of 15 mm. or over, and gold.

(iii) Open General Licence No. 2 establishes a free-list which applies inter alia to the OEEC countries and their dependent territories (except French Somaliland), Finland, Spain, Ethiopia, South Africa, Brazil, Chile, Paraguay, Peru, Uruguay, Mainland China, Indonesia, Israel, Taiwan and Thailand. This free-list covers all imports except the following:

- Refined and unrefined sugar and molasses
- Certain petroleum products and explosives
- Yarns, silk fabrics other than velvet, silk coverlets
- Motor vehicles of the American type assembled in the countries to which this free-list applies
- Handkerchiefs of silk above a certain size
- Cinematograph films of 16 mm. or over
- Gold coin and bullion unrefined gold and partly worked gold.

However, as authorized by Open General Licence No. 13, refined sugar can be freely imported from Belgium, France, the Federal Republic of Germany, the Netherlands and South Africa.

(iv) Open General Licence No. 12 provides for the free importation of wheat flour from Canada and the United States.

(v) Open General Licence No. 4 authorizes the free importation from British and French West African territories of goods manufactured in those territories from raw materials produced in the territories.

(2) Quota Licences: A quota licence is a licence issued to importers to permit the importation of defined commodities from specified countries. It is revised from time to time. The present quota licences authorize imports from the USSR and the other Eastern European countries (not including Eastern Germany), French Somaliland, Lebanon, Sudan, Syria and Yugoslavia all goods except sugar, petroleum products, explosives, yarns, silk fabrics, road motor vehicles, gold, arms and ammunition, silk coverlets, certain handkerchiefs and headties and exposed cinematographic films. (However, imports of refined sugar from Czecho-Slovakia, Poland and the USSR, are covered by O.G.L. No. 13 and are therefore not subject to the quota licence procedure.)
(3) **Individual Import Licences**: Specific licences are required for all imports not covered by an Open General Licence or a Quota Licence. However, imports of a few items listed in paragraph (4) below are subject to special licences.

(4) **Special Licences**: Separate Gazette Notices are issued from time to time advising importers of the programmed commodities subject to a special licensing scheme and of the manner in which applications for licences to import these goods should be made. At present this scheme covers imports of: (i) cinematographic films of American origin, (ii) unmanufactured tobacco from the United States, (iii) goods of Japanese origin, (iv) arms and ammunition, and (v) general goods of United States/Canadian origin.

**Treatment of Imports from Different Sources**

As indicated above most goods can be freely imported without a licence from soft currency countries (except Japan and the countries to which the quota licensing system applies). Imports from Japan require specific licences. Except for wheat flour from Canada and the United States all imports from dollar sources are subject to individual licensing. Established merchants who obtain dollar allocations may use them to purchase all classes of goods from Canada and the United States with the exception of petroleum products, explosives, ordnance, road motor vehicles and spares and accessories, cinematographic films, gold and second-hand clothing. Moreover, applications may be submitted for licences which meet the criterion of essentiality and non-availability from other sources.

**Imports under State-Trading**

There are no State-trading enterprises with an import monopoly.

**Proportion of Imports covered by each Import Procedure**

No figures are available which would permit to make a breakdown of imports according to licensing category.
The quantitative restrictions applied to imports into Greece, like all regulations on imports in general, are mainly based on Decree Law No. 5426 of 1932 and Decree Law No. 480 of 1947. Decree Law No. 5426 stipulates that the importation of machinery and certain other products is prohibited and that imports of these goods are subject to import licences. Decree Law No. 480 is more general in scope. Its purpose is to co-ordinate the efforts of the State and private persons in the field of foreign trade and it institutes import and export controls in order to ensure that the national economy is supplied with those goods which are most needed, to promote exports and to mobilize and derive the maximum advantage from both national resources and from the counter part funds in local currency of American Aid.

Policy of Restriction

With a few exceptions, imports into Greece are not subject to quantitative restrictions or exchange controls. Each transaction is, however, subject to an administrative registration procedure and to control rules which are intended to provide information concerning foreign exchange movements and financial commitments abroad. Imports are limited to a certain extent to a level consistent with Greece's foreign exchange reserves by means of monetary and credit policy and in particular through the application of certain rules governing means of payment of imports.

The import control policy is determined by the Foreign Trade Council.

Administration of the Restrictions

Decree Law No. 480 set up a Foreign Trade Council comprising the Minister for Co-ordination, the Minister for Trade, the Minister for Industry, the Minister for Finance, the Minister for Agriculture and Supply, the Governor of the Bank of Greece and the Director of the Foreign Trade Administration in the Ministry of Commerce. The duties of the Council consist mainly in approving the general import and export programmes and procedures to be adopted in the import and export fields. Thus, by Decision No. 29268 of 17 April 1953, the Council announced the complete liberalization of imports into Greece, except in the case of a few specified products.

Decree Law No. 480 also established an Executive Committee comprising the Director of the Foreign Trade Administration in the Ministry of Commerce, and the Secretary-General and Director-General of the same Ministry. The Executive Committee is responsible for issuing licences in accordance with the policy and procedures laid down by the Foreign Trade Council.
Control measures are administered by the Bank of Greece and authorized commercial banks.

Methods of Restriction

Imports may be divided into four categories: (1) goods which may be freely imported; (2) products contained in List A, for the importation of which a licence is required; (3) certain machinery and machinery spare parts for the importation of which a licence is also required; and (4) goods imported under the State-trading system. This last category is dealt with in a separate section of the present document.

(1) Products which may be freely imported are admitted under "Procedure E" and "Procedure D". Import approvals are granted automatically on the strength of a validated pro-forma invoice. Under Procedure E, import approvals are issued by authorized commercial banks. This procedure applies: (i) to imports from EPU countries, provided that settlement is effected under the European Monetary Agreement or in sterling; (ii) to imports from non-EPU countries with which Greece has signed bilateral agreements, provided that settlement is effected through the appropriate clearing account; (iii) to imports from the United States and dependencies, as well as Canada, other than imports financed by funds provided by the United States Government (ICA). Under Procedure D, import approvals are issued by the Bank of Greece. This procedure applies to imports from sources other than Procedure E countries. It further applies where the method of settlement is not covered by Procedure E. Import financed out of ICA funds and certain items imported by government services, public utility companies or the Agricultural Bank of Greece, also come under Procedure D. This procedure also applies for the importation of the following commodities whenever they originate in countries participating in the European Monetary Agreement and the United States, its possessions, and Canada; frozen meat, timber, coal, iron, sheet-iron, sewing machines, electrical equipment, woodpulp, newsprint, tyres and tubes. Importers must have obtained the relevant import approvals before the goods are put on board in the port of embarkation abroad. Any importer infringing this requirement is liable to a fine of 2 to 15 per cent of the c.i.f. value of the consignment.

(2) List A contains nine groups of luxury items of which there is now local production in Greece and which are subject to special import licences. A joint committee under the aegis of the Chamber of Commerce and Industry of Athens, which included officials of the Ministry of Commerce, is responsible for issuing these special licences. List A includes, inter alia, reptile skins, furs and pelts, precious stones, knives, spoons and forks, gold-plated or silver-plated cutlery, silver and silverware, gold, goldware and jewellery, pocket watches and wrist watches of gold or silver, perfumes and perfumery products, and certain textiles and goods of natural silk.
(3) Import licences are also required for imports of certain machinery and machinery spare parts. In particular, the list of products affected includes agricultural machinery and certain types of pumps, diesel engines and electric engines. Licences are issued by the Ministry of Industry, acting upon the recommendation of the Council for Industries. This Council, which comprises mainly government officials, includes a representative of the Association of Greek Industrialists.

With regard to products in List A and those in the list of machinery, import quotas are sometimes laid down in bilateral trade agreements. Similarly, certain barter deals or private compensation transactions are authorized when they will facilitate sales abroad of certain products. Such transactions must be approved by a Special Committee attached to the Bank of Greece.

Payment of imported goods may be effected either by opening a documentary credit, or in cash against shipping documents or, in the case of certain products, by acceptance of time drafts.

All imports may be settled by opening a documentary credit, but this procedure is compulsory for imports of products contained in List A. This method of payment implies that the importer must deposit in drachmae the full amount of the credit with the bank through which settlement is effected. The validity of such credits is, in principle, of unlimited duration. However, in the case of products contained in List A, and also in the case of four other products when imported from Japan, the documentary credit is valid for a period not exceeding six months.

With the exception of products contained in List A, settlement of all imports may be made in cash against the shipping documents. In the case of most products, however, importers who avail themselves of this method of settlement are required to deposit with their bank, after obtaining the relevant import approval and before the date of shipment of the goods from the port of embarkation, a certain percentage of the c.i.f. invoice value. (100 per cent for goods on List A plus an additional 40 per cent deposit of this value against import duties and other taxes). This deposit is intended as a safeguard against monetary inflation and to discourage the hoarding of import approvals for speculative reasons. Deposits are refunded at the time of final settlement proportionately to the executed part of the respective import approval. No advance deposit is required in the case of certain products, in particular foodstuffs.

On the other hand, payment by acceptance of time drafts is authorized only for the importation of the 101 products listed in List P3 and P6 (three months and six months respectively). Payment on such drafts must be made within the specified period. The competent authorities may authorize exceptions to these rules.
Treatment of Imports from Different Sources

Imports may be classified according to source of supply in the following three categories:

1. The OEEC countries and their overseas territories, associated monetary areas and Indonesia benefit in Greece from a liberalization list which, on the basis of 1948, covers 95 per cent of private imports from OEEC countries. With regard to products subject to import restrictions (List A and the list of machinery) and certain other liberalized products, provision is in some cases made for import quotas in bilateral agreements. Bilateral quotas for liberalized products are given by way of indication and provide a safeguard in the event that quantitative restrictions were applied to the products concerned. Bilateral agreements have been concluded between Greece and most OEEC countries.

2. The same liberalization list is also applicable in respect of Canada, the United States and their dependent territories. It represents 99 per cent of 1953 private imports from the United States and Canada. Commodities subject to import restrictions (List A and list of machinery) may also be imported from the United States and Canada under special licences.

3. Unrestricted goods may be imported into Greece from other countries under Procedure D, provided that Greece has valid bilateral agreements with such countries and provided that settlement is made through the clearing accounts established by the agreements. This category includes, in particular, the following countries: Bulgaria, Chile, Czechoslovakia, Egypt, Eastern Germany, Finland, Hungary, Israel, Japan, Poland, Rumania, Spain, the USSR, Uruguay and Yugoslavia. Imports of liberalized products from other countries are effected under Procedure D.

The regulations on the importation of goods in List A or in the list of machinery apply to these countries also.

With regard to the special case of Japan, all products except four may be imported subject to Bank approval. The procedure applicable is very liberal and imports exceed the quotas laid down in the bilateral agreement between Greece and Japan. The four categories of products not covered by this procedure but requiring special import licences are: eye-glasses and lenses for spectacles, faience-ware, textile products and pencils. The licences necessary for the importation of these last products are issued by the Special Committee responsible for granting licences in respect of List A commodities.
Barter and private compensation transactions take place with the countries referred to in this section.

Imports under State Trading

Certain items are under State trading, either for reasons of public health, or in the public interest, or for revenue purposes. In principle, State trading is not intended to restrict imports or to protect domestic industry or agriculture. Goods under State trading may be classified into three categories:

1. Commodities under monopoly, which are imported under the control of the Ministry of Finance: matches, kerosene, rice paper for cigarettes (when imported for use by tobacco manufacturers\(^1\)), saccharine and narcotic drugs.

2. Wheat and flour, which are imported by the State (i.e. by the Ministry of Commerce) for its own account under the International Wheat Agreement. However, private interests may, subject to special authorization, import wheat and wheaten flour.

3. Sulphur, sulphate of copper and fertilizers are imported by the Agricultural Bank of Greece subject to government approval. The main aim of this Bank is to keep prices at a minimum level through bulk imports and to standardize the prices of these products throughout the country so that the mountainous districts furthest from the ports of importation are not penalized as compared with other more accessible parts of the country.

Proportion of Imports covered by each Import Procedure

The following table gives a breakdown of imports for the period 1954-56 according to the method under which they were effected.

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\(^1\) The State trading regime does not apply to cigarette paper when imported for use by cigarette manufacturers.
Breakdown of Imports according to Method by which effected

<table>
<thead>
<tr>
<th></th>
<th>1954</th>
<th>1955</th>
<th>1956</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Private trading</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Private imports other</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>than those covered by</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2 and 3 below</td>
<td>288,000</td>
<td>339,000</td>
<td>413,000</td>
</tr>
<tr>
<td><strong>2. Imports of goods</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>included in List A</td>
<td>600</td>
<td>650</td>
<td>540</td>
</tr>
<tr>
<td><strong>3. Imports of machinery</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>subject to special</td>
<td>17,000</td>
<td>8,000</td>
<td>10,000</td>
</tr>
<tr>
<td>licence¹</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>State trading</strong></td>
<td>25,000</td>
<td>35,000</td>
<td>40,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>330,600</td>
<td>382,650</td>
<td>463,540</td>
</tr>
</tbody>
</table>

¹The relevant figures have been computed on the basis of import licences granted and not effective imports. The figures representing effective imports cannot easily be ascertained from the official statistics in view of the lack of conformity between the statistical headings and the headings relating to machinery contained in the special list.
Legal Basis of the Restrictions

The statutory authority on which current import controls are based is the Imports and Exports (Control) Act 1947 which empowers the Central Government to issue Orders prohibiting, restricting or otherwise controlling in all cases, or in specified cases, and subject to any exceptions made by Order, the import of goods of any specified description. Several auxiliary Notifications or Orders made in accordance with the provisions of the Act are consolidated in the Import Trade Control Order No. 17/55 of 7 December 1955 as amended. All articles specified in Schedule I of this Order are prohibited, unless covered by an Open General Licence, a specific import licence, or by specified exemptions. Such exemptions apply to imports by the Central Government for defence purposes or for the Ministry of Works, Housing and Supply, to purchases made by the Directorate-General of Supply and Disposals for public bodies, to personal effects, etc. This Order also makes provision for the collection of licence fees, and specifies certain conditions concerning the issue, transfer, refusal, amendment, suspension and cancellation of licences.

Policy of Restriction

The basic objective of import control is to safeguard the balance of payments and to give priority to the import of those products which are more essential. In shaping import policies account is taken of export prospects, the level of external reserves, the economic development plans and the pattern of requirements and priorities resulting from the development of the economy and seasonal factors.

In general foodstuffs, capital goods, industrial raw materials and other essential commodities are given the highest priority, while other imports are severely limited or prohibited.

The import control policy is formulated by the Minister for Commerce and Industry. Before the semi-annual licensing policy is announced, a detailed examination is made of each item in consultation with the various Ministries and technical advisors concerned. Suggestions made by the commercial and the industrial interests of the country are taken into account. Import and Export advisory Councils, which include both officials and non-officials, are associated in an advisory capacity with the formulation of trade control policies. The Councils meet twice a year, about six weeks before each policy announcement, under the chairmanship of the Minister for Commerce and Industry.
Administration of the Restrictions

Import control is administered by the Import and Export Trade Control Organization which is a part of the Ministry of Commerce and Industry. In addition to its Headquarters Office at New Delhi, the Organization has nine Regional Licensing Offices located at various stations. The Import and Export Trade Control Organization itself is responsible for licensing certain types of goods, e.g., capital goods, heavy electrical plant, requirements of the River Valley Projects, raw materials for industries, etc. Certain goods are, however, licensed by special authorities: iron and steel items are licensed by the Iron and Steel Controller, Calcutta; the import of certain machine tools is licensed by the Development Officer (Tools), the Ministry of Commerce and Industry.

For purposes of import control, importers are divided into three categories: (i) Established Importers; (ii) Actual Users; and (iii) Others.

(i) Established importers are persons or firms who actually imported goods comprised in any one serial number or sub-serial number, as the case may be, included in Schedule 1 to the Imports Control Order, 1955 (the Import Trade Control Schedule) during at least one financial year in a specified basic period. Quotas granted to established importers are expressed as percentages of the total value of imports during any one financial year (at the importer's choice) in the specified basic period. Provision is made, in certain cases, for the adjustment of quotas.

(ii) Actual users are persons or firms who require raw materials or accessories for use in an industrial manufacturing process. The items licensable to actual users are published half-yearly in the import policy. Licences to actual users are granted on the basis of the basic requirements assessed on the basis of the level of production, past imports and stocks. Such licences are not entertained for raw materials, etc., required for the manufacture of new items, unless a licence for such manufacture has been obtained, wherever necessary, under the Industries (Development and Regulation) Act 1951. Applications from small-scale industries for import of raw material, capital goods etc. can be considered on the basis of essentiality certified by the directors of industries of States concerned and/or the organization of the Development Commissioner (Small-Scale Industries).

(iii) Other importers.

Import control procedures are set out in Public Notices published in the Official Gazette and in the half-year handbook entitled Import Trade Control Policy - for the Licensing Period... published by the Ministry of Commerce and Industry. The trading and business community is informed from time to time by statements of policy, of the procedures to be followed and of the licensing policy in regard to particular commodities. A weekly bulletin of import and export trade control contains particulars of import and export licences issued by the various licensing authorities. Public notices on import and export trade control matters and copies of clarification circulars are reproduced in the bulletin.
Methods of Restriction

Except for purchases by the Government and a few imports under Open General Licence all imports are subject to individual licences. Open General Licences are in force for the import of free gifts of books, samples, advertising material and the free replacement of goods which have already been imported and have been found to be defective or unsuitable.

Individual licences are issued (i) to establish importers on the basis of quotas expressed as percentages of imports in a chosen base year, (ii) to actual users according to their current requirements and (iii) on an ad hoc basis.

Under an "export promotion" scheme import licences are granted for the import of some sixty-nine specified raw materials on the basis of 75 per cent of the foreign exchange received in payment of the f.o.b. value of the goods exported, or twice the value of the imported raw material content of the finished goods, whichever is less, in order to facilitate and encourage exports. Import licences are, in general, granted only after the export has taken place and for a certain percentage of the rupee equivalent of the f.o.b. export proceeds (exports to Nepal, Tibet, Sikkim, Bhutan and Portuguese possessions in India are excluded from this scheme). Applications from prospective exporters who have no past performance can be considered on merits. Formerly such licences were normally issued only for imports from soft currency countries. This policy has been relaxed and licences are also granted for imports from the dollar area when it can be established that the price or quality of the raw material concerned is advantageous.

Applications for import licences for capital goods can be considered in three broad categories. These are:

A. Import licences against long-term overseas investment;

B. Import licences against medium-term credits; and

C. Import licences authorizing cash payment.

As a general rule, applications for import licences for substantial values of plant and machinery which are needed for setting up new projects or for making major additions to the existing ones, can be considered only against long-term overseas investment. This means that the value of the plant and machinery should be covered by -

(a) equity investment or other forms of investment from overseas which will be not liable to be remitted back for a period of ten years or so.

In addition to the above certain credit facilities have been granted by a number of countries and institutions on a long-term basis, for the purchase of equipment, etc. for India's economic development programme.

The period of validity of import licences varies according to the nature of the imports, and is announced in the licensing policy statement. In certain cases, the period may be extended, such as in the case of actual user's licences covering essential goods. Capital goods and heavy electrical plant licences are issued with an initial validity of one year, extendable for a further period of two years on production of evidence of an accepted firm order.

The issue of import licences is subject to the payment of a fee which varies according to the value of the import. Licences for certain imports of a value less than Rs.250 are exempt from the fee.

Value of Import Licences Issued

<table>
<thead>
<tr>
<th>Licensing Period</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 January 1956 - 30 June 1956</td>
<td>Rs. 6,900 million ($1,450 million)</td>
</tr>
<tr>
<td>1 July 1956 - 31 December 1956</td>
<td>Rs. 6,430 million ($1,350 million)</td>
</tr>
<tr>
<td>1 January 1957 - 30 September 1957</td>
<td>Rs. 5,560 million ($1,168 million)</td>
</tr>
<tr>
<td>1 October 1957 - 31 March 1958</td>
<td>Rs. 3,160 million ($664 million)</td>
</tr>
</tbody>
</table>

Treatment of Imports from Different Sources

Import licences are valid either for imports from soft currency countries only or valid for imports from all countries, including the dollar area. However, 50 per cent of the face value of each soft currency licence or any higher percentage provided for dollar utilization or Rs.5,000, whichever is the higher, are valid for imports from the dollar area. Applications for such authorization are considered by licensing authorities, account being taken of comparative c.i.f. prices of the commodities from the two areas.

No distinction is made between countries within the dollar or the soft currency area. Certain imports from Pakistan are admitted more liberally than from other countries, and goods of Union of South Africa origin are not admitted. Trade agreements are in force with some twenty-seven countries.

1 The dollar area comprises the United States and its dependencies, Canada, Bolivia, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, Guatemala, Haiti, Honduras, Liberia, Mexico, Nicaragua, Panama, the Philippines, El Salvador, Venezuela.
Most of these agreements included no quota commitments; they merely indicate the commodities the import or export of which the partner countries intend to facilitate, particularly in the granting of licences. Some of the agreements, including those with Egypt and Yugoslavia, contain bilateral payments provisions. In general, payments are settled in convertible or transferable currencies.

**Imports under State-Trading**

Food grains are imported by the Ministry of Food and Agriculture. The purpose is to ensure adequate supplies at reasonable prices, to build up internal stocks as required and to regulate internal distribution.

The import of certain commodities (caustic soda, soda ash, raw silk and cement) is effected by a State-Trading Corporation, also with a view to satisfying essential requirements and ensuring fair distribution at reasonable prices. The Corporation is registered as a private limited company under the Indian Companies Act, 1956, and is therefore not a statutory body. Purchases are made on the basis of commercial considerations (price, time of delivery and quality); no discrimination is applied to different sources of supply.

**Proportion of Imports covered by each Import Procedure**

No figures are available which would permit to draw up a table giving a breakdown of imports according to licensing categories.
Legal Basis of the Restrictions

The statutory basis of the import and exchange control system in Indonesia is the Foreign Exchange Regulation of 1940 and the Foreign Exchange Ordinance of 1940 (Nos. 291 and 205 of the Netherlands Indies Gazette) which remain applicable in the Republic of Indonesia by virtue of Article 142 of the provisional Constitution. The Foreign Exchange Regulation provides that imports are permitted only upon submitting (i) a general or special declaration issued by or in the name of the Government of Indonesia, which makes it evident that the import is not prejudicial to the foreign exchange position of the country or not incompatible with the purpose of the Foreign Exchange Ordinance, and (ii) other documents which may be prescribed and which make it evident that the provisions of the Regulation have been complied with. Decree No. 31 of the Monetary Board of 1957 provides that (i) the combined import-exchange licence which is issued by the Bureau for Import Exchange Licences will be deemed to constitute the declaration referred to above, and that (ii) the "other documents" will be a receipt from an authorized Bank establishing that the exchange surcharge to be determined by the Minister of Trade according to the category of goods has been paid.

A Decree of the Monetary Board of 20 June 1957 introduced a free certificate exchange market through which all exports and imports, and all authorized transactions are to be channelled, except transactions of oil companies, which are governed by special arrangements.

Policy of Restriction

The restrictive system is designed both for the purpose of safeguarding the balance of payments and of collecting fiscal revenue. Broadly, the policy is to rely on cost restrictions rather than on quantitative restrictions to limit the import demand to the level permitted by foreign exchange earnings. This is achieved by the operation of a market of exchange certificates through which all permitted import and export transactions are channelled. However, in view of balance-of-payments difficulties, import restrictions were re-established in January 1958 and intensified in April 1958. The policy is to return gradually to liberal import licensing as and when the expected improvement in export income takes place.

The Monetary Board, which comprises the Minister of Finance, the Minister of Trade and the Governor of the Bank of Indonesia is the supreme authority in matters concerned with exchange and import control policy.
Administration of the Restrictions

Import and exchange controls are administered by the Foreign Exchange Institute under the direction of the Bank of Indonesia. Combined import-exchange licences are issued on behalf of the Institute by the Bureau for Import-Exchange Licences and its branch offices. The actual control operations are carried out by the Foreign Exchange Institute, the commercial banks authorized for this purpose and the customs.

Methods of Restriction

All imports are subject to licence. At present the issue of import licences takes place in accordance with the quarterly foreign exchange budgets approved by the Monetary Board. The budgets establish quotas for licences to be issued for the following classes of imports: consumer goods, raw materials and capital goods. In general, imports of capital goods (except those available under appropriate loan arrangements or under the reparation agreement with Japan) and of consumer goods (except rice) are restricted according to their degree of essentiality to the economy. Although imports of raw materials are licensed more freely than the import of the other two groups of commodities, they are still subject to restriction in view of the deterioration of Indonesia's balance-of-payments position in 1958.

Applications for import licences must be made to the Bureau for Import-Exchange Licences or one of its branch offices through an authorized bank and accompanied by a receipt establishing that a guarantee equivalent to 100 per cent of the c. and f. value of the import at the basic official rate of Rps.11.4 per US dollar has been deposited with the bank. If the Bureau approves the application it issues a preliminary import licence. This licence is converted into a regular import licence after the importer has (a) purchased and surrendered export certificates up to the nominal value of the licence and (b) paid an exchange surcharge.

Export certificates, the so-called B.E.'s (BUKTI EKSFOR), are issued by authorized foreign exchange banks against all foreign exchange obtained from exports or inward transfers. These certificates are expressed in rupiahs equivalent to 100 per cent of the exchange surrendered at the basic official rate of Rps.11.4 per US dollar. Importers are required to buy these B.E. certificates in the certificate market which is supervised by the Bank of Indonesia, and transactions are subject to a tax of 20 per cent of the value of the certificate. (As of June 1958, the B.E. certificates were quoted at over 300 per cent of their nominal value, i.e. for each rupiah value of the certificate, importers pay over three rupiahs.)
Imports are divided into six categories, each subject to a different rate of exchange surcharge (TAMBAHAN PEMBAJARAN IMPOR or TPI), expressed as a percentage of the value of the imports, as follows:

<table>
<thead>
<tr>
<th>Categories and representative commodities</th>
<th>TPI scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Highly Essential: rice, raw cotton, milk powders for baby food, certain fertilizers, study books, scientific publications, newsprint</td>
<td>free</td>
</tr>
<tr>
<td>II. Essential: DDT and similar preparations, printers' requirements except type, film projectors (for more than 16 mm.), gunny bags, surgical and medical instruments, whole and skimmed milk powder, technical and mechanical articles</td>
<td>20 per cent</td>
</tr>
<tr>
<td>III. Essential: essential oils, exposed movie film, typewriters and other office machinery, industrial yarns, wheat flour, rolled oats, condensed and evaporated milk, cotton piece goods, radio parts</td>
<td>50 per cent</td>
</tr>
<tr>
<td>IV. Semi-essential: hand cameras, dry batteries, flash-lights, non-electric stoves, glass, paper and fibre wallboard, cheeses</td>
<td>100 per cent</td>
</tr>
<tr>
<td>V. Semi-essential: cigarette lighters, watches and clocks, perfumery and cosmetics, toys, milk and malt preparations</td>
<td>140 per cent</td>
</tr>
<tr>
<td>VI. Luxury: butter and artificial edible fats, liquors, most foodstuffs, meats and pantry provisions, cigarettes and other manufactured tobacco products, refrigerators, small electric machines, radios, passenger cars</td>
<td>175 per cent</td>
</tr>
</tbody>
</table>

If the importer fails to purchase B.E. certificates or to pay the TPI surcharges within thirty days from the date of issue of the preliminary permit, 10 per cent of the guarantee deposit is forfeited and the preliminary import licence lapses.

The importation of certain commodities which are produced domestically in adequate quantities may be prohibited by administrative decision.

Limited barter deals by Indonesian nationals between Sumatran ports and nearby areas and transactions of domestic producers of petroleum, tin and bauxite executed under special arrangements are exempt from the general import control regulations.
Business concerns wishing to import must be officially recognized as importers by the Ministry of Economic Affairs and registered as such with the Bureau for Import-Exchange Licences. Most importers are required to lodge a deposit with the Bank of Indonesia: for Indonesian nationals the amount of the deposit is Rp. 500,000; for non-nationals (other than those classified as industrial or horticultural and importing on their own behalf and not for resale) the amount is Rp. 5,000,000. After registration the deposit may be used to pay the guarantee deposits, the exchange surcharges and the cost of the B.E. certificates.

Treatment of Imports from Different Sources

The import control system does not provide for discrimination as to country of origin of goods. However, in issuing licences the Bureau for Import-Exchange Licences takes account of bilateral trade agreement commitments. Bilateral trade-and-payments agreements are in force with mainland China, Czechoslovakia and Egypt.

Imports under State Trading

There are at present no State-trading enterprises having an import monopoly.

Proportion of Imports covered by each Import Procedure

Breakdown of Imports according to Surcharge Categories

(in million Rupiahs)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0 %</td>
<td>1,764.2</td>
<td>1,360.2</td>
<td>1,410.1</td>
</tr>
<tr>
<td>20 %</td>
<td>-</td>
<td>-</td>
<td>2,140.1</td>
</tr>
<tr>
<td>25 %</td>
<td>-</td>
<td>489.5</td>
<td>-</td>
</tr>
<tr>
<td>50 %</td>
<td>4,105.1</td>
<td>2,249.2</td>
<td>1,325.8</td>
</tr>
<tr>
<td>75 %</td>
<td>-</td>
<td>1,474.1</td>
<td>-</td>
</tr>
<tr>
<td>100 %</td>
<td>1,152.1</td>
<td>411.1</td>
<td>265.1</td>
</tr>
<tr>
<td>140 %</td>
<td>-</td>
<td>-</td>
<td>27.8</td>
</tr>
<tr>
<td>150 %</td>
<td>-</td>
<td>420.2</td>
<td>-</td>
</tr>
<tr>
<td>175 %</td>
<td>-</td>
<td>-</td>
<td>19.5</td>
</tr>
<tr>
<td>200 %</td>
<td>104.1</td>
<td>18.8</td>
<td>-</td>
</tr>
<tr>
<td>300 %</td>
<td>-</td>
<td>44.1</td>
<td>-</td>
</tr>
<tr>
<td>400 %</td>
<td>9.1</td>
<td>0.5</td>
<td>-</td>
</tr>
</tbody>
</table>

Explanatory Note

From January to August 1956 there existed five surcharge categories; from September 1956 to June 1957 their number was increased to nine. Since July 1957 there have been six surcharge categories.
14. ITALY

Legal Basis of the Restrictions

The import controls and restrictions in force in Italy are based on Decree Law No. 1923 of 14 November 1926 and Decree Law No. 476 of 6 June 1956. Decree Law No. 1923 contains a list of products subject to import prohibition and lays down procedures for amending the list and for the granting and use of import licences. By Decree Law No. 476 the provisions previously in force regarding import controls were consolidated and new regulations were published. The Ministerial Decree of 6 June 1956, issued under Article 2 of Decree Law No. 476, provides that the Ministry of Foreign Trade may grant import licences without limitation of quantity or value, or within quota limits.

Policy of Restriction

Quantitative restrictions are maintained to safeguard the equilibrium in the balance of payments and to achieve a satisfactory trade balance with certain countries. Goods are selected for liberalization in such a way as not to impair the equilibrium of the balance of payments. Measures of relaxation are not extended to certain non-GATT countries, which do not grant reciprocal treatment to Italian exports.

Administration of the Restrictions

General responsibility for external trade relations rests with the Ministry of Foreign Trade. Other interested authorities include the Italian Exchange Office ("Ufficio Italiano dei Cambi") and the National Institute for Foreign Trade ("Instituto Nazionale per il Commercio Estero"). The Italian Exchange Office controls and supervises all foreign currency transactions in collaboration with the Bank of Italy and approved banks. The National Institute for Foreign Trade is responsible, inter alia, for checking the quality of certain imported goods and for co-ordinating global compensation transactions with certain countries.

Applications for import authorization must be addressed to the Ministry of Foreign Trade. The administrative documents authorizing imports are issued either by the Ministry of Finance (licence) or by the Italian Exchange Office ("benestare"), depending on the nature of the transaction.

In allocating quotas for certain products (e.g., machine-tools), the Ministry of Foreign Trade may seek the assistance of technical committees, which include representatives of the other Ministries and various interested trade associations (Ministry of Industry and Internal Trade; Ministry of
Agriculture and Forestry; National Institute for Foreign Trade; Italian General Industrial Confederation; Italian General Agricultural Confederation; Italian General Trade Confederation; Italian Union of Chambers of Commerce). These technical committees act in an advisory capacity.

Methods of the Restriction

Imports are subject to two procedures: (1) the customs system and (2) the licensing system.

1. The "customs system" applies to all imports which are covered by a general licence. General licences authorize specified imports without limitation of quantity or value subject only to presentation to the customs authorities of a certificate of payment issued upon request by the Bank of Italy or an approved bank. Imports subject to this procedure include those on the three free lists and certain products from countries with which bilateral trade agreements are in force. They cover about 90 per cent of current private imports.

2. All other imports are subject to the "licensing system" and require individual licences. Such imports are admitted only upon presentation to the customs authorities of a licence and a certificate of payment issued by the Bank of Italy or an approved bank. Import control and quantitative restriction are therefore applicable only in respect of goods subject to the latter system. For the issue of licences, the procedures and considerations are as follows:

Individual licences are issued either on an ad hoc basis or within the limits of import quotas established under bilateral trade agreements. The criteria for the issue of individual licences on an ad hoc basis are the essentiality of the goods, their nature and quality, their price and the method of payment, the time limit for delivery, and the availability of foreign exchange. When bilateral quotas are fixed in trade agreements, import licences are issued until the quotas fixed for each product or group of products are exhausted. Imports in excess of the quota limits are occasionally authorized. Applications are examined by the Ministry of Foreign Trade.

Imports may also be admitted in connexion with private or global compensation transactions. Private compensation consists of two trade transactions of equivalent value, generally involving an importer and an exporter, the transactions being settled in Italian currency. Such compensation may take place under trade agreements providing for this type of settlement or under special arrangements with the authorities of certain countries. Private compensation is authorized by the Ministry of Foreign Trade only in cases where the import and export transactions could not satisfactorily be effected separately under other types of settlement.
Global compensation consists of a combination of several import and export transactions providing for a balanced exchange of fixed quantities of goods. The main purpose of global compensation is to avoid the difficulties inherent in the individual compensation of each transaction. The National Institute of Foreign Trade and the Italian Exchange Office are generally responsible for the coordination of the various transactions and give the necessary instructions to the banks and traders.

Individual licences are valid for four months, but may be extended for an additional period of four months and then for another two months. After this ten-month period, the Ministry of Foreign Trade may grant a further extension or a new licence against the unused portion of the old licence. Licences for imports from the East European countries and the Belgian-Luxembourg Economic Union are valid for six months and may be extended for a four-month period.

An administrative licence fee of 0.5 per cent ad valorem is charged regardless of the system under which the products are imported. A tax, equivalent approximately to 1 per cent ad valorem, is levied on private compensation transactions.

Treatment of Imports from Different Sources

Different import control procedures apply to imports from: (1) the dollar area, (2) the EPU area and a few other countries, (3) a group of non-dollar, non-EPU countries and (4) the rest of the world.

(1) A free list is in force for imports from the dollar area. About 74.1 per cent of private imports from countries in the dollar area (base year 1957) are free of quantitative restrictions and are not subject to licensing requirements. For Canada and the United States the percentage is higher. Products which may be freely imported from the dollar area are listed in the Ministerial Decree of 29 March 1956, with amendments in Ministerial Decree of 14 August 1956 and 25 June 1957. Imports of commodities from the dollar area not contained in this free list are licensed on an ad hoc basis.

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1 For the purpose of import licensing the dollar area comprises Bolivia, Canada, Columbia, Costa Rica, Cuba, the Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, South Korea, Lebanon, Liberia, Mexico, Nicaragua, Panama, Peru, the Philippines, French Somaliland, Syria, Taiwan, the United States and dependent territories, Uruguay and Venezuela.
(2) A free list is also in force for imports originating in the EPU Area and Afghanistan, Egypt, Ethiopia, Saudi Arabia, Sudan, Thailand and Yemen. It covers about 99.1 per cent of private imports from OEEC member countries and their dependent territories (1957 basis). Imports of other goods are admitted in accordance with the terms of bilateral trade agreements or on an ad hoc basis. Trade agreements are in force with all OEEC countries and with some other countries which settle payments through the EPU.

(3) There is also a free list for imports from certain non-dollar, non-EPU countries with union payments are settled in transferable lire, through clearing accounts or in accordance with the provisions of multilateral payments arrangements. This list applies to Argentina, Brazil, Ecuador, Finland, Iran, Paraguay, Yugoslavia, the Spanish monetary area, the USSR and other Eastern European countries except Eastern Germany. It applies also to Japan, but in this case payments are settled in convertible currencies. In addition, specified imports are admitted from the countries under the "customs" system in accordance with the provisions of bilateral agreements. Under the multilateral trade and payments schemes with Argentina and Brazil (the Paris and Hague Clubs) imports of goods of interest to the export trade of these countries are free. The import of other goods remains subject to individual licensing.

(4) Imports from other countries such as Chile are effected on the basis of global compensation. In some cases imports are also admitted against payment in convertible currencies. Imports from Paraguay and Spain may be linked to exports to those countries.

Imports under State Trading

A number of products are imported by the State or by undertakings to which exclusive or special rights have been granted. In 1957, imports of these products represented 2.12 per cent of total imports.

Imports of tobacco, tobacco extracts and essences, sea salt, rock salt, marsh or spring salt, phosphorus, sulphide of phosphorus, nicotine and its salts, mechanical lighters, matches and flints are subject to State trading for revenue purposes. Imports of quinine are reserved for State trading in order to ensure adequate supplies at equitable prices. Imports of these products are effected by the State Monopoly Administration.

The import of bananas is reserved to the State Banana Monopoly principally for the purpose of providing an assured market for Somali bananas, in connexion with Italy's trusteeship responsibilities. The State Banana Monopoly also imports bananas from other sources.
Purchases of wheat and flour are made on behalf of the State by the Federation of Agricultural Consortiums. The wheat import policy takes into account Italy's commitments under the International Wheat Agreement and is in accordance with regulations designed to assist this essential branch of agricultural production.

Gold and its alloys, including platinized gold are also subject to a State monopoly.

Proportion of Imports covered by each Import Procedure

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per cent</td>
<td>Per cent</td>
<td>Per cent</td>
</tr>
<tr>
<td></td>
<td>(1) (2)</td>
<td>(1) (2)</td>
<td>(1) (2)</td>
</tr>
<tr>
<td>1. Imports under the &quot;customs system&quot;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) OEEC free list</td>
<td>1,126.7 66.6 98.5</td>
<td>1,261.8 63.7 97.4</td>
<td>1,391.3 61.5 98.1</td>
</tr>
<tr>
<td>(b) Dollar area free list</td>
<td>176.8 10.5 57.8</td>
<td>279.5 14.2 68.9</td>
<td>373.0 16.4 71.3</td>
</tr>
<tr>
<td>2. Imports under the &quot;licensing system&quot;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) OEEC (EPU)</td>
<td>17.1 1.0 1.5</td>
<td>34.3 1.7 2.6</td>
<td>26.3 1.2 1.9</td>
</tr>
<tr>
<td>(b) Dollar area</td>
<td>129.2 7.7 42.2</td>
<td>126.3 6.4 31.1</td>
<td>150.0 6.6 28.7</td>
</tr>
<tr>
<td>3. Other countries</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a) &quot;Customs system&quot;</td>
<td>240.3 14.2 ..</td>
<td>277.8 14.0 ..</td>
<td>218.5 4.7 67.3</td>
</tr>
<tr>
<td>(b) &quot;Licensing system&quot;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,690.1 100.0</td>
<td>1,979.7 100.0</td>
<td>2,265.1 100.0</td>
</tr>
</tbody>
</table>

(1) Of total imports.

(2) Of imports from the area.
Legal Basis of the Restrictions

The statutory basis of the import controls in Japan is the Foreign Exchange and Foreign Trade Control Law, No. 228, of 1 December 1949. The Law stipulates the general system of import and exchange controls, enumerates the objectives of the controls and establishes various bodies. The provisions of the Law itself and of the orders issued pursuant thereto are subject to review from time to time in order to ensure relaxation or elimination of the restrictions as circumstances permit.

Among the Cabinet orders and ordinances issued pursuant to the Law of basic relevance to import restrictions is Order No. 414 of 29 December 1949, as amended, which imposes import licensing requirements and provides for the publication of lists of goods for which applications for import licences may be made, the currencies or special accounts to be used in payments, the areas from which the goods are to be imported, and other conditions relating to imports.

Policy of Restriction

Article 1 of the Foreign Exchange and Foreign Trade Control Law states that the purpose of the import and exchange controls is to ensure the proper development of foreign trade, the safeguarding of the balance of payments, the stability of the currency and the most effective and beneficial use of foreign exchange income with a view to expanding the economy.

Foreign exchange for imports and invisible payments is regulated by the foreign exchange budget which is established by a Ministerial Council (comprising the Ministers concerned with foreign trade and payments, with the Prime Minister as ex officio Chairman and the Governor of the Bank of Japan as an advisory member).

Administration of the Restrictions

Responsibility in the control of imports rests with the Ministry of International Trade and Industry (MITI). In accordance with the relevant laws and regulations and in order to facilitate administration, certain powers relating to foreign exchange and foreign trade controls are delegated by the Ministry of Finance and the MITI to the Bank of Japan. Authorized foreign exchange banks carry out the licensing and other activities on the day-to-day administrative level.

Methods of Restriction

A foreign exchange budget is drawn up each half-year in the light of estimated receipts from exports, other current income and reserves. The estimated exchange available for import payment forms the basis for an import plan, and announcements concerning permitted imports are made accordingly.
Details of permitted imports (except imports not requiring payment, goods imported for processing and re-export, imports under compensation arrangements or under a special foreign exchange allocation system, and a few other categories of imports) are given in import announcements which are made periodically by the MITI.

Practically all imports are subject to an individual import licence. The issue of individual licences is generally subject to an advance deposit in a certain prescribed form (designated bonds, bank guarantee or cash) ranging from 0.1 per cent to 5 per cent of the import value depending upon the type of goods. Deposits must be made with an authorized bank together with the application for licence, and are to be refunded after the goods have been imported or when the import transaction is cancelled for a reason acceptable to the control authorities.

The purposes given for the advance deposit scheme include the prevention of speculation, to discourage arbitrary cancellation of import contracts which may be damaging to foreign exporters' confidence in Japanese importers and to assist in achieving certain ends in the monetary field.

Imports are admitted under the following import control procedures:
(1) licence-free imports, (2) the exchange allocation system, (3) the automatic approval system, (4) the special foreign exchange allocation system, (5) imports not requiring an outlay of foreign exchange.

(1) Certain types of imports are exempt from licensing requirements. These include relief goods, commercial samples up to a specified value, certain products in non-commercial quantities for personal use, articles for the personal use of foreign diplomats and certain specimens, materials or objects of reference donated for exhibition in schools, museums and research institutes.

(2) The exchange allocation system and the automatic approval systems are the two main licensing procedures for the importation of goods for which foreign exchange is provided in the foreign exchange budget. Licences for import under these two import procedures are normally issued by authorized banks and specific approval by the MITI is required when the proposed payments are not in accordance with the prescribed standard methods of settlement.

Under the exchange allocation system importers who meet the requirements specified in the import announcement may obtain foreign exchange allocation certificates from the MITI. The allocation certificate is neither negotiable nor transferable, but it may be assigned to an importer to arrange the importation where the applicant is not himself an importer.

(3) For the importation of commodities covered by the automatic approval system, individual licences are issued freely by the authorized banks on application. Foreign exchange is appropriated in the budget for all eligible items, and may be supplemented if found inadequate. Nearly all items, except ten items, are on an all-currency-area list, which includes maize, iron and copper ore, linseed, cottonseed, dyestuffs, wool waste, crude rubber.
(4) Under the "special foreign exchange allocation system", exporters of certain goods are entitled to retain a percentage of their foreign exchange earnings in the form of import rights. Such import rights can be used under a simplified procedure for the import of certain goods specified by the MITI.

The percentage of the retention was reduced from 10 per cent in 1953 to 5 per cent in 1954. In January 1957 it was further reduced to 3 per cent and the period of permissible utilization was reduced from seven months to three months.

(5) Imports which do not require any outlay of foreign exchange are admitted under a special licensing system and require prior approval of the MITI. This import procedure applies mainly to: (i) imports for public welfare such as charity, religious activities, educational and scientific purposes, (ii) gifts, (iii) commercial samples (except those types which do not require licences).

**Treatment of Imports from different Sources**

Generally a distinction is drawn between the "open account countries" and the rest of the world. In addition, within these broad groups of countries, import restrictions are applied differently, account being taken of the commitments undertaken in trade agreements, the treatment accorded to Japanese goods by each country, the degree of convertibility and transferability of the currency of settlement, and the trend of the trade balance with each currency area.

Open, or bilateral account agreements to equalize trade with various countries are being gradually replaced by arrangements providing for cash transactions settled in convertible currencies, usually pounds sterling. Such agreements are still in force with Greece, South Korea, Taiwan and Turkey. With these countries settlement must be made through these open accounts.

Imports under private barter contracts are subject to the prior approval of the MITI, each case being considered on its merits. However, from time to time principles are laid down for the guidance of importers. Barter transactions are permitted when they are necessary to promote the expansion of new markets in the Middle East and in Latin America, and with some countries which favour such a form of trade, e.g. the State-trading countries. Products which may be bartered with various areas are classified in several lists which apply to various countries or groups of countries.

**Imports under State-Trading**

The government does not directly participate in import trade except in the case of salt and camphor. In certain cases, however, importers are required to sell imported goods (rice, wheat, barley and leaf tobacco) to the government or to a monopoly corporation. The monopoly in tobacco production and marketing has been maintained for fiscal reasons.
Proportion of Imports covered by each Import Control Procedure

The following table shows the proportions of imports under the automatic approval system and the foreign exchange allocation system in 1955-1958. The quantity of imports admitted under barter arrangements amounts to approximately 10 per cent of the foreign exchange budget.

FOREIGN EXCHANGE BUDGET FOR COMMODITY IMPORTS, 1955-1958

<table>
<thead>
<tr>
<th>Period</th>
<th>Total amount</th>
<th>Automatic approval system</th>
<th>Foreign exchange allocation system</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Amount</td>
<td>%</td>
<td>Number of items</td>
</tr>
<tr>
<td>1955 1st half final budget commitment</td>
<td>1,161</td>
<td>190</td>
<td>16.4</td>
</tr>
<tr>
<td></td>
<td>971</td>
<td>83.6</td>
<td></td>
</tr>
<tr>
<td>2nd half final budget commitment</td>
<td>1,455</td>
<td>236</td>
<td>16.2</td>
</tr>
<tr>
<td></td>
<td>1,219</td>
<td>83.8</td>
<td></td>
</tr>
<tr>
<td>1956 1st half final budget commitment</td>
<td>1,766</td>
<td>352</td>
<td>20.0</td>
</tr>
<tr>
<td></td>
<td>1,414</td>
<td>80.1</td>
<td></td>
</tr>
<tr>
<td>2nd half final budget commitment</td>
<td>2,483</td>
<td>513</td>
<td>20.7</td>
</tr>
<tr>
<td></td>
<td>1,970</td>
<td>79.3</td>
<td></td>
</tr>
<tr>
<td>1957 1st half final budget commitment</td>
<td>2,236</td>
<td>497</td>
<td>23.8</td>
</tr>
<tr>
<td></td>
<td>1,589</td>
<td>76.2</td>
<td></td>
</tr>
<tr>
<td>2nd half final budget commitment</td>
<td>1,652</td>
<td>330</td>
<td>20.0</td>
</tr>
<tr>
<td></td>
<td>1,242</td>
<td>80.0</td>
<td></td>
</tr>
<tr>
<td>1958 1st half final budget commitment</td>
<td>1,628</td>
<td>380</td>
<td>23.4</td>
</tr>
<tr>
<td></td>
<td>1,248</td>
<td>76.6</td>
<td></td>
</tr>
<tr>
<td>2nd half 1st budget</td>
<td>1,757*</td>
<td>400</td>
<td>25.7</td>
</tr>
<tr>
<td></td>
<td>1,157</td>
<td>74.3</td>
<td></td>
</tr>
</tbody>
</table>

* Of this amount $200 million will be allocated at a later stage.
Legal Basis of the Restrictions

Legal powers to enforce the control of imports exercised in the Federation of Malaya are taken under the Customs Ordinance, 1952, as amended. Section 30 of this Order empowers the Yang di-Pertuan Agong in Council, as the Supreme Head of State, to make orders prohibiting or regulating the importation of all goods.

Exercising these powers, the Supreme Head of State made an order cited as the Customs (Prohibition of Imports) Order, 1954, which came into force on 1 November 1954.

The effects of this order are:

(i) to prohibit the importation of all goods except under and by virtue of an import licence which may be either particular or general;

(ii) to delegate the power to the Comptroller of Customs for issuing, amending or cancelling such licences;

(iii) to exempt from its general prohibition goods imported by or on behalf of the Government of the Federation or the Government of any State or by His Majesty's Navy, Army or Air Force and goods imported from the Colony of Singapore other than those specified in the Schedule to the Order.

This order may be amended as and when necessary by the order of the Yang di-Pertuan Agong in Council.

The Comptroller of Customs, exercising his powers under the above order, granted a licence on 18 February 1955 cited as the Open General Licence (Imports) No. (1), 1955 which stipulates the goods which, when imported from specified countries, require an individual import licence. This licence may be amended as and when necessary at the discretion of the Comptroller of Customs.

Policy of Restriction

Import controls in the Federation of Malaya are minimal in character. Most imports other than those from dollar account countries, the USSR and other Eastern European countries are admitted without the need of an individual licence. As a member of the sterling area the Federation imports from hard currency countries for balance-of-payments reasons, and only those goods which are not readily available at competitive prices from non-dollar sources and which are necessary for the economic development of the country and for the maintenance of the country's standard of living are permitted to be imported direct from dollar account countries.
It is at present the practice for the Federation of Malaya and the Colony of Singapore to draw up annually, on a pan-Malayan basis, joint estimates of the anticipated expenditure on direct imports of essential goods from hard currency countries. The expenditure is broken down under group headings which are sub-divided in such a way as to show the anticipated expenditure on any particular type of goods. In this way, when the programme is implemented, it is possible to keep a constant check on the licences issued for each and every item included in the programme and to detect immediately any tendency to overspend on a particular item. The programme does not indicate total direct imports of goods from dollar sources into the Federation.

The indirect import of hard currency goods via Hong Kong is permitted under individual licence and subject to such goods being invoiced and shipped in Hong Kong and provided that payment is made through a bank to Hong Kong in a sterling area currency.

Goods imported from the Colony of Singapore, with the exception of those listed in the Section on "Methods of Restriction" as not exempted from control, are permitted to be imported freely. This exemption is the result of a traditional trading association between the two territories. A large proportion of the goods imported into the Federation are imported either from or via Singapore.

It should be noted that most of the restrictions in force on imports from non-dollar countries are maintained for reasons other than the balance of payments and are justifiable under the provisions of the General Agreement relating to security, etc. Individual import licences are at present issued freely for most of the non-dollar imports which require them.

Administration of the Restrictions

Import controls are administered by the Comptroller of Customs. Where individual licences are required, applications must be submitted to the Import and Export Control Officer at either Kuala Lumpur or Penang. These two officers are gazetted as Senior Customs Officers for the express purpose of issuing import licences on behalf of the Comptroller of Customs.

At present, import licences issued in the Federation or in Singapore are valid for the import of goods into both the Federation and Singapore, except in the case of those issued for rice which are subject to strict independent control by each territory. This arrangement is a continuation of the control that was exercised on imports prior to independence.

Methods of Restriction

The import of goods is authorized either

(i) under open general licences, or
(ii) under individual licences issued at the discretion of the licensing authority.
Certain types of imports are exempt from import control, but this exemption does not apply to the following goods which when imported from the Colony of Singapore require individual licences: explosives, arms and ammunition, certain animals, imitation arms and toy guns, rice and padi.

The purpose of the Open General Licence (Imports) No.1 1955, is to authorize the import, without individual licences, of a range of goods of known origin from certain specified countries. The licence consists of an explanatory preamble and seven schedules, the first of which specifies the goods which may not be imported from any country without a specific import licence. The second Schedule gives a list of countries whose products, when imported from any country, require a specific import licence. The third, fourth, fifth, sixth and seventh Schedules, which are read in two columns, specify in the first column the country whose products may be imported freely and in the second column the goods which are excepted and require a specific licence. It will be seen that by this process of elimination a number of "free lists" are established. In detail, the Open General Licence operates as follows:

**First Schedule:** Goods to which this Open General Licence does not apply and which may not be imported from any country except under specific licence:

- certain live animals (poultry, apes, monkeys, etc.)
- arms and ammunition
- articles of clothing intended as protection against attack
- diamonds and diamond-set jewellery (other than personal jewellery imported as part of personal baggage)
- eggs for hatching and fresh eggs
- fireworks
- gold, gold coins, bullion, jewellery or ornament gold (other than personal jewellery imported as part of personal baggage)
- plants, flowers, fruits, leaves, roots, tubers, bulbs, cuttings, seeds, etc., and any parts of plants intended for propagation, but excluding foodstuffs intended for consumption as food
- rice and padi, in whatever form, including rice bran, rice flour and rice polishings
- toy guns, toy pistols, imitation arms
- certain types of brandy, whisky and intoxicating liquors.
Second Schedule: A list of countries to which this Open General Licence does not apply in respect of any goods originating, manufactured or consigned therefrom:

(a) the dollar area, comprising:

<table>
<thead>
<tr>
<th>Countries</th>
<th>Second Schedule</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>Haiti</td>
</tr>
<tr>
<td>Bolivia</td>
<td>Republic of Honduras</td>
</tr>
<tr>
<td>Colombia</td>
<td>Liberia</td>
</tr>
<tr>
<td>Costa Rica</td>
<td>Mexico</td>
</tr>
<tr>
<td>Cuba</td>
<td>Nicaragua</td>
</tr>
<tr>
<td>Dominican Republic</td>
<td>Panama (including Canal Zone)</td>
</tr>
<tr>
<td>Ecuador</td>
<td>Republic of Philippines</td>
</tr>
<tr>
<td>El Salvador</td>
<td>United States of America and Dependencies</td>
</tr>
<tr>
<td>Guatemala</td>
<td>Venezuela</td>
</tr>
</tbody>
</table>

(b) the USSR and the other Eastern European countries except Albania

(c) Argentina and North Korea

Third Schedule (a "free list"): Goods originating or manufactured wholly or mainly in, or consigned from, the countries or territories named below, with the exception of those goods listed below, may be imported freely:

<table>
<thead>
<tr>
<th>Countries</th>
<th>Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brunei</td>
<td>All goods enumerated in the First Schedule above and - animals, alive, all kinds, except sheep and goats</td>
</tr>
<tr>
<td>Burma</td>
<td>Bones</td>
</tr>
<tr>
<td>Cambodia</td>
<td>Bone meal</td>
</tr>
<tr>
<td>China</td>
<td></td>
</tr>
<tr>
<td>Indonesia</td>
<td></td>
</tr>
<tr>
<td>Laos</td>
<td></td>
</tr>
<tr>
<td>North Borneo (incl. Labuan)</td>
<td></td>
</tr>
<tr>
<td>Sarawak</td>
<td></td>
</tr>
<tr>
<td>Thailand</td>
<td></td>
</tr>
<tr>
<td>Vietnam</td>
<td></td>
</tr>
</tbody>
</table>

Fourth Schedule (a "free list"): Goods originating or manufactured wholly or mainly in, or consigned from, the countries or territories named below, with the exception of those goods listed below, may be imported freely:

<table>
<thead>
<tr>
<th>Countries</th>
<th>Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Commonwealth, its dependent territories, protectorates, mandatory and trusteeship territories</td>
<td>All goods enumerated in the First Schedule above; meat (fresh or preserved), bones, hide, skin, hoofs, horns, offal of any animal, or any portion thereof, when originating from India.</td>
</tr>
<tr>
<td>Ireland</td>
<td></td>
</tr>
<tr>
<td>Iceland</td>
<td></td>
</tr>
<tr>
<td>Iraq</td>
<td></td>
</tr>
<tr>
<td>Jordan</td>
<td></td>
</tr>
<tr>
<td>Libya</td>
<td></td>
</tr>
</tbody>
</table>
Fifth Schedule (a "free list"): Goods originating or manufactured wholly or mainly in, or consigned from, the countries or territories shown below, with the exception of those goods listed below, may be imported freely:

<table>
<thead>
<tr>
<th>Countries</th>
<th>Exceptions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Any country not included in the Second, Third and Fourth Schedules</td>
<td>All goods enumerated in the First Schedule above, and motor vehicles all types, radio sets and watches</td>
</tr>
</tbody>
</table>

Sixth Schedule (a "free list"): Goods originating or manufactured wholly or mainly in, or consigned from Japan with the exception of the following goods, may be imported freely:

Exceptions

All goods enumerated in the First Schedule above; aluminium sheets, blankets, cement, clocks, cotton or silk yarn and yarn of synthetic fibres, cycles and cycle parts, enamelled holloware (household) fabrics of cotton, silk or synthetic fibres, including sarongs, fish, fish products and fish preparations, fresh, chilled, frozen or otherwise preserved including crustacea and molluscs, galvanized iron sheets, handkerchiefs, linen, household (i.e., bed linen, table linen, toilet linen and kitchen linen), matches, mining machinery including steam generating boilers, earth-moving and excavating machines, electric motors and generators, internal combustion engines, industrial pumps, and tractors, monosodium glutamate, pears, fresh. Porcelainware, chinaware and earthenware (household) and porcelain insulators, rubber tyres and tubes for vehicles and aircraft, sewing machines, soap, tiles (roofing, wall or floor) all kinds, toys and games other than sports goods, underwear and nightwear, vegetables fresh, dried or preserved, wire nails.

Seventh Schedule: Imports of cement and textiles from China require specific licences.

Rice imports from Burma and Thailand are effected by the Government of the Federation for the maintenance of the strategic rice stockpile. Import licences for rice are issued to private importers subject to a specified proportion of their rice requirements being purchased from the Federation Government stockpile. The purpose of this condition is to ensure the rotation of rice stocks held by the Government.

At present, the Federation has not entered into any trade agreements with other countries, with exception of its current rice purchasing contracts with Burma and Thailand.
Imports under State Trading

There is no Government agency or other official or private body with an import monopoly.

Proportion of Imports covered by each Import Procedure

<table>
<thead>
<tr>
<th>Value of Imports of Commodities on Specific Import Licence</th>
<th>$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1956</td>
</tr>
<tr>
<td>Dollar Area countries</td>
<td>26.6</td>
</tr>
<tr>
<td>State-trading countries in Eastern Europe and Asia</td>
<td>3.6</td>
</tr>
<tr>
<td>Japan</td>
<td>34.6</td>
</tr>
<tr>
<td>Other countries</td>
<td>176.5</td>
</tr>
<tr>
<td>Total imports on specific licence</td>
<td>241.3</td>
</tr>
<tr>
<td>Per cent of imports on specific licence</td>
<td>15.6%</td>
</tr>
</tbody>
</table>

Note: Before 1958, no record is kept of imports under Specific Licence via Singapore, and figures for 1956 and 1957 therefore represent only direct foreign imports into the Federation. Figures for January-March 1958, however, include foreign imports under Specific Licence via Singapore, and they therefore represent the actual total imports under such licence into the Federation.
Legal Basis of the Restrictions

The Import Control Regulations 1938, which entered into force on 7 December 1938, provide the legal basis for the import control imposed in New Zealand. These Regulations were made under the enabling powers of the Customs Act 1913 and the Reserve Bank of New Zealand Amendment Act 1936.

Under the Import Control Regulations the importation of all goods, other than those exempted by the Minister of Customs by notice appearing in the New Zealand Gazette, is prohibited except pursuant to a licence. The Regulations prevail notwithstanding any authority for the importation of goods granted in accordance with any other provision of the law, nor does the granting of a licence under the Regulations with respect to any goods absolve an importer from compliance with any other provision of law relating to importation of such goods.

Policy of Restriction

The control of imports was imposed, and has been maintained, for balance-of-payments reasons. The purpose of the Regulations is to restrict the importation of goods where such restriction is deemed necessary in the public interest:

(1) to assist in promoting and maintaining the economic and social welfare; and

(2) to enable the Reserve Bank of New Zealand pursuant to these Regulations, and to the Export Licences Regulations introduced at the same time, to fulfil its functions of regulating and controlling the transfer of moneys from New Zealand, and the disposal of foreign exchange derived from the export of New Zealand products.

Administration of the Restrictions

The power to grant licences and to create exemptions is vested in the Minister of Customs. The Regulations are administered by the Customs Department and the Minister's power to grant licences has been delegated to specified Officers of Customs. Other Government departments, such as the Department of Industries and Commerce, the Treasury Department and the Department of Agriculture, function in a consultative capacity as regards various aspects of the control, and both the Board of Trade and the Reserve Bank of New Zealand advise the Government on policy issues involved. Trade Associations may also be consulted on occasion.
Licences are, in general, issued on a calendar year basis and, unless cancelled, are available for the importation of the specified goods at any time during the year. The goods must be imported before the end of the year since the licence will normally cease to be valid after that time. However, provisions exist for the extension of the time during which importation may be made although extensions are granted only for special reasons. The extensions may apply to all licences for a specified period, or only in respect of the cargo carried by a specified ship due in New Zealand before a licensing period expires but which for some good reason has not arrived in time. No fee is charged for the issue of import licences.

Methods used in Restricting Imports

A. **Import Licensing Categories**

The 1959 Import Licensing Schedule which came into effect on 1 January 1959 was announced on 6 October 1958. The Schedule makes provision for three import licensing categories:

1. **"Basic" Items**

   Basic items comprise those in respect of which licences are granted by reference to a previous representative period. The licences may be based on the value of licences issued for similar goods in a previous period or they may be based on the value or quantity of similar goods imported during a previous period. The provision of a basic allocation does not preclude the granting of additional licences, or licences to importers not qualifying for a basic licence, where circumstances warrant.

2. **"C" Items**

   Applications for licences to import goods classed under these items are considered individually. Licences are granted on such criteria as essentiality, availability, price, etc.

3. **"D" Items**

   No allocation has been made for these items. Licences may, however, be granted under exceptional circumstances.

B. **Bilateral Arrangements**

   New Zealand has no bilateral arrangements providing for import quotas or for the granting of import licences.

C. **Prohibited Imports**

   Certain imports are prohibited or restricted on such grounds as health, public interest, morals and the prevention of stock and plant diseases. These prohibitions are of the types in force in most countries and are of only minor significance in the restrictions of imports.
D. Proportion of Imports under each Category

Up to the time of writing this paper no data have been received from the New Zealand Government which has advised that the import licensing schedule which was introduced on 1 January 1958 involved significant changes in the policy and administration of import control and that until the 1958 statistics are available it will not be possible to give details of the proportion of imports under each category.

Treatment of Imports from Different Countries or Currency Areas

The 1959 Import Licensing Schedule introduces a significant change. "Global" licences are issued on a far greater scale than ever before. Of the 685 "Basic" and "C" items in the existing Schedule all but 72 are available for imports from any country in the world.

Applications to import from scheduled countries goods classed under the 72 items which are not subject to "global" licences are considered under the "C" category, but within this category administrative provision is in fact made for the issue of basic licences for most of these items. Licences to import from scheduled countries goods classed under these 72 items specify the country of supply and cannot be transferred from one scheduled country to another, or from a scheduled to a non-scheduled country, without approval. In some cases the licences provide for alternative sources of supply, e.g. Canada/United States.

The following is the list of scheduled countries:

- Bolivia
- Canada
- Colombia
- Costa Rica
- Cuba
- Dominican Republic
- Ecuador
- El Salvador
- Guatemala
- Haiti
- Honduras
- Korea
- Liberia
- Mexico
- Nicaragua
- Panama
- Philippines
- United States
- Venezuela

State-Trading or Government Monopoly

The only commodity imported as a State-trading enterprise is wheat. Citrus fruit, bananas and pineapples are imported by an organization of merchants having, by agreement with the Government, the exclusive rights of importation. This procedure was introduced to ensure the orderly supply and marketing of these fruits.

Until the end of 1956 cement was imported by an organization of domestic producers set up to pool prices and supplies. However, with increased local production there was no longer need for this organization.
18. **NORWAY**

**Legal Basis of the Restrictions**

Import restrictions in force in Norway are applied under Law No. 29 of 13 December 1946 entitled "The Ban On Imports (Provisional) Act", which superseded an earlier legislation of 22 June 1934 and which was amended on 29 June 1951. Briefly, the Act provides that no-one may import any goods without an import licence granted by the King or by any person he may designate; all persons must submit to the appropriate Ministry information requested in order to carry out the provisions of the Act, such as account books and other relevant business documents. The King or any person authorized by him may issue supplementary regulations for the carrying out of the Act. In effect, the Act constitutes a delegation of the relevant powers from the National Assembly to the administration.

By a Royal Decree of 12 December 1947, the authority to grant exemptions from the general import prohibition, as well as the executive functions, was delegated to the Ministry of Commerce, which, in accordance with the same Decree and by virtue of Article 4 of the Law of 13 December 1946, was authorized to issue supplementary orders and regulations concerning the importation of goods coming under the Law.

**Administration of the Restrictions**

Import licences are issued by the Ministry of Commerce. The relevant laws and decrees and the regulations issued thereunder are published in the Norwegian Legal Gazette, as well as in announcements by the Ministry of Commerce which are distributed to importers through the exchange banks. These announcements include all relevant information such as items placed on the free lists, the geographical areas concerned, etc.

Under the regulations the Ministry of Commerce may consult associations of importers or import committees, which exist for most branches of the import trade, on questions such as the distribution of licences among importers. The relationship between the Ministry and the individual import committees is regulated by written agreements.

The Ministry of Commerce also has special responsibilities concerning the execution of compensation arrangements on which relevant regulations were issued on 24 June 1950. These arrangements are only permitted where

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1. This Royal Decree was amended on 27 May 1949, 8 May 1952, 17 May 1953 and 18 May 1956.
regular trading and exchange transactions cannot be carried out. Applications for specific compensation arrangements must be presented to the Ministry of Commerce which determines the conditions for the conclusion of the arrangements.

Methods of Restriction

Apart from certain imports (gifts, advertising material, tourists' personal effects, books and newspapers, goods for use on board ocean-going vessels, spare parts for foreign aeroplanes, and the like) which, by virtue of the general regulations are exempted from import control, imports may be divided into the following categories: (1) Free Lists and Free Licensing, (2) Global Quota List, (3) Bilateral Arrangements, including compensation and barter, (4) Discretionary Licensing of Imports ("case-by-case method"), and (5) Prohibition of Imports.

(1) **Free Lists**: Commodities not contained in the list, published on 1 January 1959, of commodities for which imports are regulated, may be imported by anyone subject to presentation of the original invoice. Imports of these commodities are free from any country within the dollar area, the former EPU area and associated monetary areas, the Spanish monetary area, Czechoslovakia, Finland, Hungary, Israel, Yugoslavia, Poland and Rumania. Imports of some commodities (fruits and vegetables) are free during certain periods from the areas mentioned. Imports of raw materials, semi-manufactured goods and machines for domestic production of free listed goods are liberally licensed. Under special regulations about sixty items are admitted to the extent that domestic demand is fully met.

(2) **Global Quota List**: A major part of the imports which are not on a free list may be imported under global quotas from the "global quota area", which comprises countries in the dollar area, the EPU area, Chile,

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1 In connexion with the change-over to the Brussels Nomenclature commodities which remain under regulation, rather than those liberalized, are now given in a "restricted list". The previous Norwegian Free List for imports from OEEC countries has been made applicable to imports from the following countries from 1 January 1959: Bolivia, Canada, Colombia, Costa Rica, Cuba, the Dominican Republic, Ecuador, El Salvador, the Philippines, the Galapagos Islands, Guatemala, Haiti, Hawaii, Honduras, Liberia, Mexico, Nicaragua, Panama, the Panama Canal Zone, Puerto Rico, the United States, United States possessions in Oceania (including the Riuikiu Islands, the Bonin Islands, the Volcano Islands, American Samoa, Guam, the Pacific Islands, Okinawa), Venezuela, the Virgin Islands.
Finland, Paraguay, Peru, Uruguay and Yugoslavia (for passenger cars and delivery trucks the quotas do not apply to imports from the dollar area). A global quota list is established for every calendar year, in the light of recent and current imports, the balance-of-payments position, the essentiality of various goods, etc. For commodities on the global quota list no bilateral quotas are established in trade agreements with countries within the "global quota area".

Licences for global quota commodities are generally allocated among importers on the basis of their previous imports. Where this method is impracticable or inexpedient, licences are issued on the basis of an evaluation of requirements. A global quota item may comprise several different kinds of goods, among which the importers may choose to import under their quota.

(3) Bilateral Arrangements: A large proportion of the imports not covered by the free lists or the global quota list is effected under bilateral trade agreements and other bilateral arrangements. Many of the trade agreements provide for quotas, but imports are often admitted over and above the quotas set. With some of the countries with which there are trade agreements, mainly those in Eastern Europe, payments are effected under clearing agreements providing for swing credits. Licences issued under bilateral quotas are allocated to importers in the same manner as under global quotas.

Compensation and barter arrangements are entered into where the exchange of goods cannot take place in a more regular and normal way, e.g. where the export commodity cannot normally be exported against payment of foreign exchange, or because Norwegian exports to the country concerned are met with obstructions in the form of quantitative restrictions or other impediments, and the Norwegian authorities are prepared to grant additional facilities for the imports taken in exchange. Every proposed compensation or barter arrangement must be submitted to the Ministry of Commerce for approval on an ad hoc basis. Decisions made by the Ministry of Commerce are based on the special factors pertaining to the arrangement under consideration.

(4) Discretionary Licensing: Imports other than those referred to above are licensed on a "case-by-case" basis, account being taken of essentiality, price considerations, the balance-of-payments situation, etc.

Each licence is made valid for a period which covers the delivery schedule entered on the application, usually three to six months, and may be extended.
(5) Prohibition of Imports: In applying restrictions for balance-of-payments reasons the authorities in some cases withheld the granting of exemptions or the issue of import licences, particularly in regard to luxury articles or other non-essential commodities, although no special import prohibition exists for these categories of goods. Certain imports are specially prohibited on health or veterinary grounds, or for reasons of public interest, morals etc., and in a few cases imports must satisfy certain quality requirements which also apply to the corresponding domestic products.

No special import fees or levies are imposed in Norway; importers are required to pay only a licence fee of 0.1 per cent (1/0/0) of the amount of the licence on the issue thereof for the regulated commodities, in order to meet licensing costs.

**Treatment of Imports from Different Sources**

A wide range of goods are "free listed" and may be imported freely from EPU countries and their associated monetary area, the dollar area and from Czechoslovakia, Finland, Hungary, Israel, Poland, Rumania, the Spanish monetary area and Yugoslavia.

Goods on a global quota list may be imported up to a fixed monetary ceiling from any country in the global quota area which comprises the EPU countries, the dollar area, Chile, Finland, Paraguay, Peru, Uruguay and Yugoslavia.

Bilateral trade agreements are in force with all OEEC countries except Iceland, and they provide for import quotas except in the case of those with Ireland and Turkey. Trade agreements are in force with all Eastern European countries except Albania and Eastern Germany (with the latter country there is a global compensation arrangement between a private Norwegian company and the East German Chamber of Commerce). All these agreements, except the one with Hungary, contain quotas and some provide for the application for the "OEEC free list". Bilateral quota agreements have been concluded with Indonesia, Israel, Finland, Spain and Yugoslavia (the "OEEC free list" applies to the last three countries). Trade agreements are also in force with Argentina, Brazil, China, India and Pakistan.
Imports under State Trading

The State Grain Corporation was set up under an Act of 22 June 1928 and has the exclusive right to import wheat, rye, barley and oats and milled products thereof as well as feeding stuffs. The purpose of the Monopoly is to ensure adequate supplies for the country of these essential articles, especially in times of exergency.

The Wine Monopoly was established under an Act of 19 June 1931 and has the exclusive right to import alcoholic beverages defined in the Law of 5 April 1927. It is the sole distributor of all alcoholic beverages on the internal market. The Monopoly was established for social reasons and in effect imports fully meet the demand.

By an Act of 13 February 1953, which was brought into operation on 15 May 1954, by a Royal Decree of 30 April 1954, the Norwegian State Corporation for Import of Fishing Tackle was given the exclusive right to the import of manufactured fishing gear and of raw materials for the production of fishing equipment. The institution of this Monopoly is based on the social and economic importance which the Government attaches to assuring the Norwegian fishing industry.

Government controlled imports: Sugar, coffee, coal, cinders and coke are subject to governmental control. For sugar and coffee the import is effected by a panel consisting of members from the grocers' association and the administration. Licences are, however, applied for by the merchants at the Ministry of Commerce. Sugar and coffee are not produced in Norway and the demand is fully met. For coal, cinders and coke a similar system is applied, although import licences are not required. There is only a small production of coal in Norway (10 per cent of the consumption) and there is in practice no restriction on import of these articles.

The Norwegian Medical Depot has been established recently. For the time being, most of the medical and pharmaceutical imports are still handled by the commercial importers.

Proportion of Imports covered by each Import Procedure

In examining the development of imports under the various lists, year by year comparison is difficult because of the extension of certain lists from one area to include others. The following table gives a picture of the position in 1955, 1956 and 1957. (It should be noted that the Global Quota List during the mentioned period has been extended to include imports from the dollar area, Chile, Finland, Paraguay, Peru, Uruguay and Yugoslavie.)
### Breakdown of Norwegian imports according to import systems and areas

(In millions of US dollars c.i.f.)

<table>
<thead>
<tr>
<th></th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
<th>Budget estimate 1958</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>%</td>
<td>%</td>
<td>%</td>
<td>%</td>
</tr>
<tr>
<td>Imports of free list commodities from the free list area</td>
<td>468</td>
<td>42.9</td>
<td>537</td>
<td>44.5</td>
</tr>
<tr>
<td>Imports of global quota list commodities from the global quota area</td>
<td>70*</td>
<td>6.4</td>
<td>96*</td>
<td>7.9</td>
</tr>
<tr>
<td>Imports of State-trading commodities</td>
<td>128</td>
<td>11.8</td>
<td>147</td>
<td>12.1</td>
</tr>
<tr>
<td>Other imports</td>
<td>423</td>
<td>38.8</td>
<td>429</td>
<td>35.5</td>
</tr>
<tr>
<td>Total imports</td>
<td>1090</td>
<td>100.0</td>
<td>1209</td>
<td>100.0</td>
</tr>
</tbody>
</table>

* Estimates
Legal Basis of the Restrictions

The statutory basis of the import restrictions in Pakistan is the Imports and Exports (Control) Act of 1950 which, by virtue of Acts of extension will remain in force until 19 April 1962. Under the Act the Government is vested with the power "to prohibit, restrict or otherwise control the import and export of goods of any description, or regulate generally all practices (including trade practices) and procedures connected with the import and export of such goods...."

Under the authority of the Act the Government issues Orders laying down the procedures and other regulations relating to import control. Lists of items that may be imported and other instructions regarding imports are issued in the form of Public Notices by the Ministry of Commerce or the Chief Controller of Imports and Exports.

Policy of Restriction

The general purpose of the import restrictions is to reserve the largest proportion of the country's foreign exchange earnings for the import of essential supplies, in particular raw materials for industries, replacement and spares of plant and machinery, capital goods and essential consumer goods. The import policy therefore has a bias in favour of industrial need. Although the import of all goods is to some extent restricted, the incidence of the restrictions is less severe on essential consumer goods (such as medicine), raw materials, machinery and equipment as compared with less essential consumer goods. Products the domestic demand for which is not fully met by production and imports as permitted under the present import control scheme are principally in the group of luxury articles and less essential consumer goods, although imports of small quantities of certain goods in this category are permitted. Certain goods which are being produced locally in sufficient quantities, e.g. matches and woollen fabrics, are also not on the permissible import list.

The import policy in Pakistan is determined by the Central Government which has authority to designate the commodities that may be imported, the sources from which they may be imported and the amount of foreign exchange which may be allocated for payment. Periodically, normally twice a year, an overall foreign exchange budget is formulated by the Central Government in the light of expected foreign exchange earnings, availability of foreign aid and the level of monetary reserves. It covers both governmental and private imports as well as other external expenditure. The total foreign exchange thus made available for private imports is referred to as the "total commercial ceiling".
Administration of the Restrictions

1. Administrative authorities: The Imports and Exports (Control) Act of 1950 is administered by the Ministry of Commerce. Functioning under the Ministry is the Central Ceilings Committee, composed of representatives of this and several other Ministries which have an interest in import policy. The function of the Committee is to allocate the foreign exchange available for commercial imports among different classes or items of imports and to allocate the ceilings thus set among three regions (Karachi, East Pakistan and West Pakistan). In working out the general and regional ceilings the Committee also consults representatives of the Provincial Governments.

Under the Ministry of Commerce there is a Chief Controller of Imports and Exports whose office is in Karachi. There are, in addition, two regional Controllers with offices located at Lahore in West Pakistan and Chittagong in East Pakistan. The Chief Controller presides over a Licensing Board on which the Ministries of Finance and Industries are represented, and the regional Controllers preside over similar Licensing Boards which include representatives of the Provincial Governments. These Licensing Boards decide on the issue of licences for imports into the Federal Capital Area of Karachi, the Provinces of West Pakistan and East Pakistan respectively.

2. Registration of Importers: Under the Registration (Importers and Exporters) Order of 1952, made under the provisions of the Imports and Exports (Control) Act of 1950, all importers (and exporters) must register themselves with the Chief Controller of Imports and Exports before they are permitted to engage in trade. The Order gives the Chief Controller of Imports and Exports power to refuse registration or, if granted, to cancel the registration of any importer for any of the specified reasons. Registration is, for example, cancelled if the prices at which imported goods are sold are found to be higher than the prices published by the Government from time to time. The Order also establishes minimum percentages of Pakistan nationals to be employed by a firm, and other regulations aimed at ensuring fair employment opportunities for them.

3. Classification of Importers: For the purposes of licensing, importers may be divided into the following groups:

(i) "Commercial Importers" are those who are registered as such and are eligible for licences to import defined products or groups of products. Each importer is assigned a reference quota on the basis of the value of his imports in a past representative period.

(ii) "Industrial Consumers" include factories, cottage industries of specified size and industrial co-operatives. These importers are eligible for licences to import basic raw materials, machinery and other mechanical equipment and spare parts for the maintenance and replacement of industrial machinery.
"New-comers" are those importers who are not already established either as industrial consumers or as commercial importers (and any established importers whose imports are no longer licensable). Such importers are permitted to import products on a special list. A person wishing to qualify as a new-comer for this purpose must be a citizen of Pakistan, permanently residing with his family and preferably owning immovable property and having investments in the country. Preference is given to those who are engaged in the internal trade of the items in question, those established commercial importers whose imports are no longer licensable, those who are exporters of minor commodities or items not covered by the Export Promotion Scheme, those importers who had effected imports prior to July 1950, and those who import from countries having bilateral trade agreements with Pakistan.

In addition, licences may be issued to traders who may or may not belong to any of these groups, for imports under a special scheme (e.g. the Export Promotion Scheme or the Export Industries Special Licensing Scheme) or when a request for the import of a particular item for the personal or professional use of the applicant is considered by the licensing authorities to be reasonable or justified.

4. **Public Notices and Information:** Orders issued to effect control and restrictions are published in the Official Gazette. The "basis of licensing" (see below) for each shipping period is published on the notice boards at the offices of the Chief Controller and Controllers, and printed in the Weekly Bulletin of the Director-General of Supply and Development.

**Methods of Restriction**

All imports are subject to licence, except goods imported by the Central Government for defence purposes, goods for which orders are placed directly by the departments of the Central Government, certain goods imported over the land route from Iran and Afghanistan and certain other types of imports, such as passengers' baggage, specified in a Notification (No. 335/26/24 of 12 June 1951) by the Ministry of Commerce.

Commercial imports are admitted under several import control procedures, viz: (1) imports by established commercial importers and industrial consumers, (2) imports by "new-comers", (3) imports under the Export Industries Special Licensing Scheme, (4) imports under the Export Promotion Scheme, and (5) individual licensing.

By far the greater proportion of private imports is effected under licences issued to established commercial importers and industrial consumers. For the purpose of licensing such imports, the Central Ceilings Committee draws up a "Licensing Policy" for each shipping period (i.e. each half calendar year) which takes the form of a list of the items that may be imported and is published in the Gazette in the form of a Public Notice.
This Notice states that further notices may be issued if the Government considers it necessary to issue licences for any items not included in the list. Such supplementary lists are announced for example, when there is need to accommodate imports under new trade agreements. The Committee also determines the ceilings (i.e. global quotas) for the individual items or groups of items and the share of each of the three licensing regions in the light of the essentiality of the products, their availability within the country during the period in question, internal productive capacity and other relevant considerations. On the basis of the ceilings thus set for each region, licences are issued by the three Licensing Boards in accordance with the general principles laid down and any special instructions that may be given by the Ministry of Commerce to commercial importers and industrial consumers:

(i) In the case of commercial importers each importer is assigned a "category" (reference quote) representing his imports in a previous representative period (at present, the "category" of an importer represents his average imports in the five licensing periods from 1 July 1950 to 31 December 1952). On the basis of the ceilings set by the Central Ceilings Committee and the "categories" given to importers, the Licensing Boards determine a "basis of licensing" for each item expressed as a percentage of the importers' "categories". These bases of licensing are published by the Licensing Boards, and licences are issued accordingly to the importers without individual application.

(ii) In the case of industrial consumers, licences are issued on the basis of applications lodged for the licensing period January-June 1956. New applications for licences are considered on their merits. It is expected that when the Industrial survey, which has been undertaken to assess the productive capacity, capital equipment and raw material requirements, etc. for each factory (or other production unit), is completed it will be possible to establish quotas for industrial consumers in the same manner as "categories" are set for commercial importers.

The list of permitted imports for established commercial importers and industrial consumers valid for the shipping period July-December 1958 includes 207 items, and consists principally of essential industrial materials and equipment as well as certain essential consumer goods. Of these items, forty-four will be licensed only to industrial consumers and seven exclusively for East Pakistan.

(2) Under the scheme for "new-comers", persons or firms fulfilling prescribed conditions may apply for licences to import specified items. The purpose of this is to enable people who are at present not established importers and especially those who were once importers but whose items are no longer licensable, to participate in the import trade. Applications
are considered individually on their merits. At present thirty-one manufactured products, including both essential equipment and certain consumer goods, can be imported by "new-comers".

(3) In addition to their entitlement as industrial consumers under the half-yearly import policy, industrial exporters are provided with certain facilities for the import of an extensive list of raw materials and certain packing materials not produced in Pakistan for the manufacture and packing of goods for export. Licences are issued on the condition that the importer guarantees that he will achieve a specified proportional increase in their export performances within a six-month period. This "Export Industries Special Licensing Scheme" applies to established industrial importers and other manufacturers who can satisfy the Government of their ability to export their products if the materials are made available to them. It covers over 200 items of essential materials.

(4) Under the "Export Promotion Scheme", exporters of certain goods, the export of which the Government considers it is in the interest of the country to promote, are given import licences corresponding to a percentage of their foreign exchange receipts, as follows: (a) exporters of some thirty-three minor primary commodities are entitled to receive import licences up to 15 per cent of their export earnings for the import of any of fifty-eight items of relatively essential materials and consumer goods; (b) exporters of thirty-five manufactured goods are entitled to import licences up to 25 per cent of their export earnings for the import of machinery, raw materials or packing materials which are specified with respect to each export item; and (c) for another twelve export manufactured goods, entitlements at the rate of 40 per cent of the earnings are accorded to exporters under similar conditions. Exporters of manufactured goods are confined to importing equipment and materials required in their own industries, but exporters of primary products may import certain consumer goods which are normally also imported through other import control procedures.

(5) Apart from the different regular or special licensing schemes described above, applications for individual licences to import particular products for the applicants' own use, or for emergency replacement of parts and machinery are favourably considered by the licensing authorities if justified.

Treatment of Imports from Different Sources

Except in the case of small amounts provided under certain foreign aid schemes or bilateral trade agreements, import licences issued do not prescribe sources of supply; they are valid for import from all countries of the world.
Trade agreements concluded with France and Japan provide for the issue of single country licences when the other party's purchases of cotton exceed a specified quantity. Such single country licences cover only a negligible part of total imports. In the current import programme provision has been made for single country licences for imports from these two countries.

Trade agreements, not involving bilateral quotas are in force with a number of countries.

**Imports under State Trading**

Government purchases abroad at present are of considerable size, accounting for some 20 to 30 per cent of total import expenditure. State trading for ordinary purposes is, however, limited to certain essential foodstuffs (i.e. sugar, wheat and rice) and coal and in each case is for the purpose of ensuring equitable marketing and adequate supply at reasonable prices to the local population. The following table shows the value of such imports in recent years (excluding imports under United States surplus commodity agreements).

<table>
<thead>
<tr>
<th>Commodity</th>
<th>1954</th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sugar</td>
<td>47</td>
<td>-</td>
<td>41</td>
<td>71</td>
</tr>
<tr>
<td>Food grains</td>
<td>-</td>
<td>-</td>
<td>120</td>
<td>553</td>
</tr>
<tr>
<td>Coal</td>
<td>58</td>
<td>58</td>
<td>63</td>
<td>80</td>
</tr>
</tbody>
</table>
### Proportion of Imports covered by each Import Procedure

The following table shows the available data relating to commercial imports:

<table>
<thead>
<tr>
<th>Policy or Scheme</th>
<th>1954</th>
<th>1955</th>
<th>1956</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial imports including imports both by &quot;Commercial importers&quot; and &quot;industrial consumers&quot;</td>
<td>975</td>
<td>1056</td>
<td>1081</td>
<td>967</td>
</tr>
<tr>
<td>Commercial imports on Government account</td>
<td>104</td>
<td>57</td>
<td>224</td>
<td>1129</td>
</tr>
</tbody>
</table>
Legal Basis of the Restriction

The Control of Goods Act, 1954 (Act 12 of 1954) authorizes the Federal Government to control imports and exports. This Act gives the Governor-General the power, *inter alia*, to make regulations controlling the imports or exports of any goods and to grant powers to any Minister whom he may specify in such regulations to make orders controlling imports and exports of specific goods or classes of goods. Under these powers the Governor-General issued the Control of Goods (Import and Export)(Commerce) Regulations, 1958 which came into force on 28 November 1958. Under Section 3 of these Regulations the Minister of Commerce and Industry can make orders prohibiting, restricting or otherwise controlling the import and export of goods.

In the exercise of the powers conferred on him by the Control of Goods (Import and Export)(Commerce) Regulations, the Minister of Commerce and Industry has issued orders which have recently been consolidated in the Control of Goods (Import and Export)(Commerce) Order, 1958 which came into force on 5 December 1958. In this Order the import is forbidden, except under licence, of goods which are not the produce of countries inside the sterling area or which, even if produced in the sterling area, are listed in the Second Schedule to the Order. The control of the latter class of goods is necessary to preserve certain internal controls, or to safeguard the fulfilment of the Federation's obligations under international agreements.

Administration of the Restrictions

Import licences are of two kinds: open general licences issued by the Minister and special licences. An open general licence authorizes the importation of classes of goods from various groups of non-sterling countries. Special licences are issued for most items by the Ministry of Commerce and Industry in Salisbury, and at the branch offices at Bulawayo, Lusaka, Ndola and Limbe; however, licences for the importation of certain agricultural items are issued by the Ministry of Agriculture and by Territorial officials for the import and export of game traps, wild animals, and arms and ammunition, commodities which are subject to Territorial law.

The grant of a licence, which are normally valid for six months from the date of issue, gives the importer automatic right to the foreign exchange required to pay for the goods, including freight, insurance and allied charges.

Methods of Restriction

The import of certain goods (those appearing in the Second Schedule of the Order) is subject to licence regardless of the country of origin.
These are: radioactive elements and isotopes, arms and ammunition, cement, military and secondhand clothing, game traps, gold, jute bagging and sacking and grain bags, sugar, wheaten flour, white phosphorus matches, wild animals, game trophies and wild animal products. Apart from the above all goods are admitted from the sterling area without a permit.

The import of all goods not being the product or manufacture of the sterling area is subject to licence. For most goods this requirement is met by the issue of open general licences which in effect exempt the imports covered from individual licensing control. The Current Open General Licence No. 1 of 1959 provides for the free importation of:

(a) specified products (anti-friction and lubricating grease, motor spirit including aviation fuels, lubricating oils, mineral oils and fuels, power paraffin, exposed cinematographic film, etc.) and certain types of imports (e.g. goods in transit, samples, re-imports, certain gifts, personal effects) whatever their country of origin;

(b) all goods, other than those listed in the Second Schedule of the Order, originating in the OEEC countries and their dependent territories, and a few other countries;

(c) all goods, except those non-essential items listed in Part II of the Third Schedule to the Open General Licence, originating in countries in the dollar area.

All other imports are subject to individual licensing. For such imports originating in the dollar area the following standing arrangements are currently in force:

(i) for certain dollar imports, licences are granted half-yearly on a quota basis;

(ii) for certain other dollar imports licences are issued without limitation if imported for industrial purposes;

(iii) for certain other dollar area products import licences are not normally granted.

This list of restricted goods is re-examined every six months by the authorities in consultation with Chambers of Commerce and the trade representatives of the countries concerned.
Treatment of Imports from Different Sources

Different import control procedures apply to: (a) the sterling area, (b) Member countries of the CEEC, their dependencies and a few other countries, (c) Japan, (d) other non-dollar GATT countries, (e) the dollar area, (f) the rest of the world. (The criterion in this regard is the country of origin rather than the country of consignment.)

(a) The sterling area: all goods, except those appearing in the Second Schedule which are restricted whatever their origin may be imported freely under the authority of the Control of Goods (Import and Export)(Commerce) Order, 1958.

(b) CEEC countries: all goods originating in the Member countries of the CEEC, in Finland, Israel, Liechtenstein or Morocco may be freely imported under the authority of the Open General Licence No. 1 of 1959 with the exception of those goods listed in the Second Schedule of the Order.

(c) Japan: goods originating in Japan may be imported only under licence. Licences are being granted subject to quota limitation for piece-goods for clothing manufacturers; piece-goods for converters; and hardwoods. Industrial haberdashery for clothing manufacturers is licensed freely without quota.

(d) Other non-dollar GATT countries: goods originating in Brazil, Chile, Czechooslovakia, Indonesia, Peru and Uruguay may be imported only under licence, but licences are generally granted on application.

(e) The dollar area\(^1\): for purposes of the control, goods of dollar area origin are treated as follows:

(i) Imports under quota restrictions: the import of certain goods of dollar area origin is subject to quota restriction. The goods and quotas in force for the period January to July 1959 are:

\(^1\) Included in this category are: Bolivia, Canada, Columbia, Costa Rica, Cuba, Dominican Republic, Ecuador, Guatemala, Haiti, Republic of Honduras, Liberia, Mexico, Nicaragua, Panama, Philippine Islands, El Salvador, the United States, Venezuela and any territory under the sovereignty of the above countries.
Wheat and flour £225,000
Piece-goods for clothing manufacturers £100,000
Commercial and passenger motor vehicles £300,000
Stoves, washing machines and refrigerators £30,000

(ii) Industrial imports: certain goods are licensed in unlimited quantities if imported for industrial purposes. These goods include raw materials for blanket manufacture, tapestry and ticking for furniture manufacture, industrial haberdashery for clothing manufacture, certain types of paper required by converters, plastic sheeting and strip and castors.

(iii) Restricted imports: for a number of the goods listed in Part II of the Third Schedule of Open General Licence No. 1 of 1959, and additional to those enumerated in (i) and (ii), licences are not normally granted.

(iv) All other goods (i.e. those not listed in the Second Schedule of the Order, or in the Third Schedule of the Open General Licence): the import of such goods of dollar origin is admitted free of licensing.

(f) Other countries: except for the goods listed in the First Schedule of the Open General Licence and which may be admitted under Open General Import Licence, whatever their country of origin, imports from all other countries are subject to individual licensing.

Imports under State-Trading

The only cases of State-trading are the importation of certain agricultural products through Statutory Marketing Boards.

1 Motor vehicles assembled in the sterling and OEEC territories from dollar parts are not included in the quota; since July 1957 they have been admitted under Open General Licence.

2 In periods previous to January 1959 there was no quotas for refrigerators, and the quota for stoves and washing machines amounted in preceding currency periods to £10,000.
Legal Basis of the Restrictions

The legal basis for the import restrictions in Sweden is (i) the Royal Proclamation No. 82 of 1947, which introduced general import licensing requirements for the purpose of conserving foreign exchange; (ii) a decision by Parliament in 1947 concerning agricultural policy, and (iii) a decision by Parliament in 1948 concerning fishery policy.

Pursuant to the provisions of the Royal Proclamation No. 82, 1947, imports of commodities other than those enumerated in a general free list may not in principle take place without an import licence provided that the Government may, by decision of the King in Council, establish special free lists.

Detailed licensing provisions relating to certain agricultural products (meat, dairy products, eggs, grains, sugar, fats and oil) are contained in the Royal Ordinances Nos. 401 and 403, and in the Royal Proclamations Nos. 414 and 417 of 1956, and in regard to fish and fish products in the Royal Ordinance No. 372 of 1953. These provisions are based on the Parliament decisions of 1947 and 1948 mentioned above.

Policy of Restriction

The import policy is to liberalize imports to the extent permitted by the balance-of-payments situation and to minimize the incidental protective effects of the restrictions. As a participant in the trade liberalization programme of the OEEC, Sweden has liberalized more than 90 per cent of its imports from the OEEC countries. The OEEC free list also applies to the overseas sterling, franc, Dutch guilder and Portuguese escudo areas and to Finland, Indonesia and Yugoslavia.

Administration of the Restrictions

The National Board for Foreign Trade Licences is in charge of the administration of the import restrictions in general, but the control of imports of certain foodstuffs and fertilizers is the responsibility of the National Agricultural Marketing Board.

The National Board for Foreign Trade Licences is an administrative body whose Chairman and members are appointed by the King in Council. The members of the Board at present comprise four representatives of Swedish industry, trade and labour unions. The constitution of the Board requires that it co-operate with commercial and industrial organizations. The Board publishes its licensing regulations in a special series of notices (Moddelanden fran Statens handelslicensnamnd) which are supplied free of charge to the public.

* As of 1 April 1959
The National Agricultural Marketing Board is an administrative body, whose Chairman and members are also nominated by the King in Council. The members of the Board include representatives of both producers and consumers. Its primary function is to operate agricultural marketing policies as determined by the Government. All provisions concerning import regulations in the agricultural sphere are published in circulars (Statens jordbruksnämnds cirkular) which are supplied free of charge to the public.

Methods of Restriction

Imports are admitted under the following procedures: (1) the general free list, (2) the free list for the dollar area, (3) the free list for the OEEC area and other specified countries, (4) global quotas, (5) bilateral arrangements and (6) other methods (e.g. discretionary licensing).

1. Goods included in a general free list (stereotype blocks, books, sheet music, newspapers, periodicals, maps and ice) can be imported from any source, without restriction and without a licence.

2. There is an extensive free list for imports from the dollar area. These goods may be imported freely and are exempted from licence.

3. There is also an extensive free list for imports from the OEEC area, Finland and Yugoslavia. These goods may also be imported freely without a licence.

4. A global quota is established for the importation of goldsmiths' wares and precious stones from the convertible area.

5. Certain imports are admitted in accordance with the provisions of bilateral agreements or arrangements, which are in force with a number of countries. Imports under trade agreements are in most cases allowed to exceed the quotas established therein.

6. (i) Imports from the dollar area of commodities which are not free-listed or globally licensed are in general subject to a liberal policy.

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1 The dollar area comprises Bolivia, Canada, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Liberia, Mexico, Nicaragua, Panama, Philippines, United States and United States dependencies and Venezuela.

2 The OEEC area comprises the Member countries of OEEC, their dependent overseas territories and the countries in the sterling area and the Belgian, French, Italian, Portuguese and Dutch currency area, including Indonesia and Somali.
(ii) For imports of the few commodities from the OEEC area which are not free-listed or licensed on a global basis, licences are issued liberally.

(iii) Most imports from non-OEEC countries outside the dollar area (except Finland and Yugoslavia) are still formally restricted but licences are generally granted on a liberal and non-discriminatory basis. Imports of coffee from Brazil and citrus fruits from Israel and Spain are admitted freely without a licence.

Import licences are usually issued within one week after the application is made. In the case of manufactured goods, licences issued are as a rule valid for the remaining part of the current quarter plus six months thereafter. For agricultural products the period of validity is usually one to two months. No licence fee is charged.

As from 1 September 1956 quantitative restrictions have been removed from imports of agricultural products from the OEEC countries, the sterling area, Finland and Yugoslavia and from imports of most of these products from the dollar area provided the domestic prices on the products concerned are within certain predetermined price limits (a lower and an upper limit). As from the same date customs duties on these products were abolished and replaced in most cases by fixed import levies, and in a few cases (oil cakes and feeding stuffs) by variable levies.

Treatment of Imports from Different Sources

Different import control procedures apply to: (i) the OEEC area, Finland and Yugoslavia, (ii) the dollar area, and (iii) the rest of the world. Most imports from the first group of countries are admitted without quantitative limitation. At present more than 90 per cent of private imports from these countries have been liberalized (calculated on the basis of 1948 imports). Trade agreements are in force with all OEEC countries except Ireland. The agreement with Belgium and the Netherlands is a joint agreement. Most of these agreements include short quota lists covering non-liberalized imports; those with Greece, Iceland and Turkey, however, do not involve quotas. Calculated on the basis of trade on private account in 1958 and on import restrictions in force of 1 April 1959, nearly 90 per cent of total imports from dollar area sources was free from restriction. Different treatments are accorded to imports from individual countries in the rest of the world. For example coffee from Brazil and citrus fruit from Israel and Spain can be imported without licences freely, and bilateral trade arrangements with Spain provide for unlimited issue of licences for imports of goods on the OEEC free list.

Imports under State-Trading

Three groups of commodities are at present the subject of State-trading:

(i) State-trading in certain wines, spirits and liquors is carried on by the Wine and Spirits Monopoly Company. The purpose of the Monopoly is to advance certain social policy objectives.
(ii) The Swedish Régie is the sole importer of raw tobacco, tobacco products, machines for the manufacture of tobacco products, cigarette paper and cigarette cartons. Retailers appointed by the Régie, however, may import tobacco products for sale. This system is operated mainly for fiscal purposes.

(iii) Certain military equipment.

### Proportion of Imports covered by each Import Procedure

**Breakdown of Imports in 1958 on the Basis of Import Restrictions in force on 1 April 1959**

(in million dollars; $1 = Kr.5.18)

<table>
<thead>
<tr>
<th>OEEC metropolitan countries</th>
<th>Dollar Area</th>
<th>Other Countries</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>outer sterling area</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finland, Indonesia and Yugoslavia</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**I. Imports on Private Account**

1. Licence-free 1,536 306 64 1,906

2.Licensed without fixed quotas 14 34 129 177

3. Global quotas 2 - - 2

4. Allocation of quotas (including quotas established under trade agreements) 172 - 80 252

5. Other methods - - - -

**II. State-trading**

13 12 2 27

Total imports 1,737 352 275 2,364
Legal Basis of the Restrictions

The statutory basis of the Turkish import trade regulations is Decree No. 4/10707 of 23 August 1958 establishing the foreign trade system. This Decree is based on the provisions of Law No. 5383 of 2 May 1949. In particular, Article 12 of this Law provides that freedom of entry for imported goods may at any time be restricted or suppressed by the Council of Ministers for reasons of financial or economic necessity. Article 13 of the same Law empowers the Council of Ministers to impose prohibitions and restrictions on imports in certain circumstances.

The Decree of 23 August 1958 continues the licensing system which had already been instituted. Further, the Decree stipulates that licences will be issued within the limits of global quotas, the basis and amount of which are to be determined by means of instructions and circulars issued by the Ministry for Foreign Trade in conformity with the above mentioned Decree.

Policy of Restriction

Because of the precarious situation in respect of foreign exchange reserves, the volume allowable of imports depends on the level of export proceeds and other foreign exchange receipts. The purpose of the policy of restrictions is therefore to meet the country's most pressing economic needs, within the limits of the amount of foreign exchange available. In granting licences, priority is given to import of raw materials and products required for the current operation of the national economy; next in priority are imports of goods required for the completion of investment operations already in progress, to contribute to the realization of the stabilization programme and the improvement of the Turkish balance-of-payments position; imports of consumer goods come next on the list.

Imports are no longer restricted by means of certain taxes levied on non-essentials and luxury goods and certain capital goods. Thus, the levy on imports of non-essentials which was used for the financing of an equalization fund to promote exports of certain products has been eliminated. Similarly, Law No. 6933 instituting a so-called "Treasury share" tax on the allocation of foreign currency for import of certain products has been amended. Liquid fuels alone are still subject to this levy.

1 Since 4 August 1958, Turkish banks have been levying a sales tax on exchange transactions in addition to the exchange rate fixed by the Central Bank.

1958
Administration of the Restrictions

Decisions regulating the general import policy are made in conformity with the principles laid down by an interdepartmental economic co-ordinating committee comprising the Minister for Co-ordination, acting as chairman, and the Ministers for Finance, Trade, Industry and Foreign Affairs. The sub-committee on current import requirements draws up a quarterly import programme, which is agreed upon by a technical committee and subsequently submitted for final approval to the co-ordinating interdepartmental committee.

The programme established by the interdepartmental committee is submitted to the Ministers for Finance and Foreign Trade, and is also communicated to the Central Bank for licensing purposes.

Before submitting an application for an import licence, physical and legal persons must obtain an "importer's certificate" established and issued by the Chambers of Commerce and Industry. This certificate is not required in the case of public administrations and certain other agencies and enterprises. The "importer's certificate" specifies the types of products which the holder is authorized to import. The Chambers of Commerce and Industry which issue these certificates are organizations of a private nature which were established in accordance with the law. They are primarily executive bodies to assist the Ministry of Commerce, and the interests of both consumers and producers are represented in the Chambers.

Methods of Restriction

Imports from EPU countries and imports payable in free currencies (US dollars, free Swiss francs, sterling convertible into US dollars, transferable sterling, or any other currency transferable into any of the above-mentioned), take place within the limits of quarterly global quotas. The total figure for global quotas established for the period October-December 1958 was 150 million dollars. This import programme was essentially intended to cover the country's most urgent requirements, and therefore includes above all raw materials, replacement parts, semi-finished products, chemicals, pharmaceuticals, fuels, transport equipment and accessories. The global quota list is established in conformity with customs statistical returns, and is published in the official gazette.

The quarterly import programme makes a distinction between "industrial" imports, that is, imports effected directly by the industrial sector, for its own needs, and other imports referred to as "importers' imports". The total global quota figure for the last quarter of 1958 included 45 million dollars, which were earmarked for industrial importers.

Importers wishing to import goods in respect of which importers' quotas have been established, must apply to the Central Bank either directly or through authorized banks. No application may exceed 15 per cent of the corresponding quota.
Applications for import permits relating to the October–December 1958 quotas have been made subject to the deposit of an amount in Turkish pounds representing 20 per cent of the value of the proposed imports. This requirement is principally intended to discourage the multiplication of frivolous licence applications. It also assists the authorities by reducing the risk that they might in their estimates earmark sums in foreign currencies which might never be used.

Where licence applications are in excess of the established quota, the Central Bank allocates the amount provided for on a proportionate basis and communicates its decision to importers, who are required to pay to the Central Bank or to an authorized bank, within a period not exceeding one week, an amount in Turkish pounds representing the value of the proposed imports plus foreign currency sales tax. Failing such payment, the application for an import licence is cancelled, and the 20 per cent deposit is forfeited. Upon deposit being made, the Central Bank sells the necessary amount of foreign currency to the applicant and issues the import permit.

Import permits are valid for four months from the day of issuance. In cases of force majeure, duly evidenced, permits may be extended for a period of two months. Special extensions may be granted for the import of goods which require special manufacturing processes. Imports by industrialists within the limits of the special quotas for industrial requirements are also subject to the above-mentioned general regulations. However, before they apply to the Central Bank for import licences, private sector industrialists have to secure import certificates from the private sector department of the Union of Chambers of Commerce, while public sector industrialists (State enterprises) must be possessed of an import certificate issued by the Finance Ministry.

Imports from countries with which bilateral agreements are in force do not come under the quarterly global quota system, but are effected in accordance with the provisions of the relevant agreements. Importers must obtain from the Import Price control department approval for the prices of the proposed imports. Applicants who are not industrialists, must subsequently apply directly to the Ministry for Foreign Trade; where the applicant is an industrialist, his application is channelled through the Union of the Chambers of Commerce. The Minister for Foreign Trade transmits to the Central Bank those applications which in their opinion may be granted, together with the import permit.

Certain products — in particular personal effects, presents and other articles imported by physical or legal persons — with a value recognized or fixed by the customs at not more than T£300 may be imported free of payment and in general no import licence is required. Similar special provisions apply to other articles for commercial use such as: samples in quantities corresponding to normal commercial practice, advertising material, and spare parts, component parts or accessories for goods which are normally sent without payment. Import permits for such products are granted by the customs services, in accordance with rules laid down by the Ministry of Customs and Monopolies,
Treatment of Imports from Different Sources

Imports from OEEC members and dollar area countries are admitted under the global quota system.

Imports from countries with which Turkey has concluded bilateral agreements come under the licensing system within the limits of established quotas or under the provisions of such trade agreements. The Ministry for Foreign Trade may, however, authorize imports of quotas for which no quota has been established.

Private clearing operations and compensation transactions for any reason whatever are strictly prohibited.

Imports under State-Trading

Some products - tea, tobacco, salt and playing cards - are subject to State-trading for revenue reasons. Other products, such as radio transmitter equipment, powder and explosives, arms (except sporting and hunting equipment) and gas masks, are subject to State-trading for security reasons and, in the case of quinine and its derivatives, for reasons of quality control. Lastly, trade in alcohols and spirit (except beer, wine and whisky) and in medicinal opium, morphine and its salts, and cocaine and its salts is under State monopoly for health reasons.

Imports of products which are under State monopoly are also subject to the regulations of the Turkish foreign trade system.

Proportion of Imports covered by the Different Procedures

In view of the recent modifications to the system of import restriction it has not been possible to supply a breakdown of imports according to the different procedures.
Legal Basis of the Restrictions

Balance-of-payments import restrictions are applied pursuant to the powers conferred on the Minister of Economic Affairs by Sub-Regulation (3), of Regulation 8 bis, of the National Emergency Regulations promulgated by Proclamation No. 201 of 1939, as amended by Proclamation No. 334 of 1939 and validated by Section two of the War Measures Act, 1940, (Act No. 13 of 1940).

The relevant provisions of the National Emergency Regulations read as follows:

"The Minister may from time to time take all measures which he considers necessary to prohibit or regulate imports into or exports from the Union, or such imports from a particular country or such exports to a particular country, or the consignment of any goods to a particular person outside the Union or the ordering or receipt of goods from a particular person outside the Union, or the carrying on of any business transactions with a particular person outside the Union, and the Minister may impose penalties mentioned in Sub-Regulation (2) of Regulation 17 upon any contravention of or non-compliance with any such measure."

Since the war these regulations have been revalidated from time to time. The present period of validity expires on 30 June 1959.

Administration of the Restrictions

Import controls are administered by the Director of Imports and Exports of the Department of Commerce and Industries. The Director of Imports and Exports is authorized to prescribe and specify the conditions under which applications for import licences must be submitted and under which licences may be issued. He may also determine the goods the import of which is exempt from the requirement of a licence.

The practice is for the Government to issue, towards the end of each calendar year, consolidated import control regulations for the succeeding year. Thus, import control regulations for 1958 were published as Government Notice No. 1918 of 6 December 1957. Subsequent regulations issued on 2 May 1958 were concerned with simplifying the procedure. The regulations governing 1959 were published in Government Notice No. 1752 of 21 November 1958. (Government Gazette Extraordinary No. 6143 of the same date).

All importers of articles which are subject to control must be registered with the Director of Imports and Exports.
Methods of Restriction

Under the current import regulations, two general categories of imports are exempted from the requirement of a licence, viz: (i) several types of imports such as personal effects of temporary visitors and South African residents returning from abroad, samples of no commercial value and advertising material, bona fide gift parcels under £5 in value, goods in transit, goods imported from, and originating in, the Federation of Rhodesia and Nyasaland, Basutoland, Swaziland or Bechuanaland Protectorate, etc., and (ii) goods included in a free list established by the Director of Imports and Exports. The current free list contains some seventy tariff items and sub-items. Apart from these goods which may be imported without specific authority or import permit, the import control measures distinguish between two broad categories of imports:

(a) goods which may be imported only under permit, but for which no annual quotas are granted to individual importers and importers' full requirements are met; and

(b) goods which may be imported only under permit and the importation of which is governed by annual quotas granted to individual importers.

(a) Imports Licensed without Quota Limitation: These goods are subject to licensing control but free from effective quota restriction. For these goods licences are issued without limitation to cover the country's full requirements. For certain of the items in this category (motor vehicles, completely knocked down and motor vehicle parts for local assembly) import licences are issued in replacement of retail sales to end-users, subject to the condition that large stocks are not built up in the country.

(b) Imports subject to Quota Restriction: Consumer and household goods are mainly classified under this heading and are under quota restriction. These are divided into two groups:

(i) For some twenty items (generally not available from local manufacturing sources) quotas are established on a liberal basis for each item. For 1958, the quotas issued amounted to 90 per cent of the 1957 issues for the same goods, but bearing in mind the carry over of permits from 1957 import facilities for 1958 were the same as for 1957. The quotas for 1959 issued up to the end of May amounted to 75 per cent of 1958 quotas.

(ii) The remaining items including jute, bananas, certain books and periodicals, amusement machines, certain types of cars, and certain items of office equipment, may be imported under "General Merchandise" permits. Imports of General Merchandise (mostly consumer goods) are subject to quotas established for individual importers. Holders of such permits are entitled to import up to their quota limit any of the articles in this group (with the exception, at present, of the items listed above.
General Merchandise quotas are expressed as percentages of "basic quotas" which, up to 1956, for the majority of importers were the value of their imports of consumer goods in 1948. However, basic quotas are also established for new business undertakings after one year's trading, while during 1957 adjustments were made to increase the "basic quotas" in all cases where such quotas were low in relation to the turnover of the firms. For 1958 the General Merchandise quotas have been fixed at 50 per cent of basic quotas. For 1959 an issue of 40 per cent of the "basic quota" has so far been made but steps are in progress to again review as in 1957 "basic quotas" in relation to the turnover of firms.

The issue of an import licence carries with it the assurance that the foreign exchange necessary to effect the importation will automatically be made available by the commercial banks against presentation by the importer of the appropriate shipping documents.

Treatment of Imports from Different Sources

In the import control system no distinction is made as between sources of supply. All import licences are issued valid for imports from all sources. No shares in import quotas are allotted to any individual country either by unilateral action, special arrangement or negotiation.

Imports under State Trading

Until March, 1959, the Government was the sole importer of jute grain bags required for the maize and wheat crops and the major importer of rice. In addition, some of the agricultural marketing boards established under the Marketing Act have also been granted exclusive responsibility for arranging importations, where necessary, of certain commodities falling under their control. This applies to wheat, oats, barley, rye, maize, butter and cheese (gouda and cheddar varieties) and chicory.

Proportion of Imports covered by each Import Procedure

It is estimated that in 1958 licence-free imports amounted to approximately 25 per cent of total imports; imports for which licences were issued to the full requirements of importers were assessed at 67 per cent of total imports. Approximately 8 per cent of the actual imports were admitted under specific import permits.
25. UNITED KINGDOM

Legal Basis of the Restrictions

The system of import regulation in operation at present in the United Kingdom is based on emergency legislation passed in 1939. The primary objects of this legislation were to safeguard the balance of payments and to save shipping space. The Import, Export and Customs Powers (Defence) Act, 1939, gives the Board of Trade power to make orders prohibiting or regulating the import and export of all goods. The Import of Goods (Control) Order 1940 which was made on 4 June 1940, was replaced in February 1954 by the Import of Goods (Control) Order 1954, the current legal basis of import control. By this Order the importation into the United Kingdom of all goods is prohibited except under the authority of a licence issued by the Board of Trade.

Details relating to current regulations governing the import of specific commodities are set out in "Notices to Importers" issued by the Board of Trade to members of the public.

Policy of Restriction

The restrictions at present in force are therefore necessary for balance-of-payments reasons though, except where there is no United Kingdom production, they may have an incidental effect of protecting the United Kingdom producer. In the course of the general move towards a more liberal régime for imports consideration has been given by the United Kingdom authorities to methods such as have applied in previous years, for reducing the incidental protective effects of balance-of-payments restrictions and minimizing the difficulties of transition, e.g. the use of quotas for goods not yet liberalized.

Methods of Restriction

The methods used in regulating imports may conveniently be divided into two categories:

(A) The Unrestricted Sector (the Open General Licence and equivalent Open Individual Licences); and

(B) The Restricted Sector: Within this sector the following methods of controlling imports are used:

(i) Bilateral agreements and arrangements
(ii) Relaxation Area Global Quotas
(iii) Dollar Quotas
(iv) Combined Global Quotas
(v) Imports for re-export
(vi) Individual Licences (discretionary licensing - "case by case" method)
(vii) Prohibition of imports
(A) The Unrestricted Sector *

Open General Licence: Open General Licences issued by the Board of Trade allow the importation of certain goods from specified countries without the need to apply to the Import Licensing Branch of that Department for an individual import licence. Two Open General Licences are at present in force.

1. Open General Licence No. 1 came into force on 7 July 1958 when it superseded the previous OGL of 22 June 1955 which had been amended successively. The new OGL takes a simplified form and contains negative schedules relating to all countries outside the Dollar Area and the Eastern Area. The negative schedules list only the goods that may not be imported so that all goods not listed are admissible under the Open General Licence from the countries concerned.

This Open General Licence consists of two Schedules:

(a) Schedule I lists the goods which may be imported without restriction from any country; it is of interest primarily in relation to imports from the Dollar Area and the Eastern Area, since when the licence was made only the goods appearing in this list could be imported from these areas under the Open General Licence.

(b) Schedule II contains items the import of which requires individual licence and applies to the Scheduled Territories (Sterling Area), the rest of the "Relaxation Area"1 and Japan. It is divided into two parts:

(i) Part I applies to imports from all these countries except that in the case of imports originating in and consigned from the Scheduled Territories this requirement applies only to certain items, those marked with an "X" in the Schedule. For the rest of the "Relaxation Area" all the items in Part I require a licence.

(ii) Part II is a list of goods which, in addition to those already listed in Part I, may not be imported from Japan without an individual licence.

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1 Eastern Area: This licensing area comprises the countries in Eastern Europe (including East Germany), the USSR, North Korea and North Vietnam.

2 The Relaxation Area: In normal usage the term "Relaxation Area" should be taken as referring to all countries outside the Scheduled Territories, the Dollar Area, the Eastern Area and Japan.

* On 29 May the United Kingdom Government announced measures to remove controls on imports of many consumer goods from the Dollar Area, to open to the Dollar Area global quotas covering some other imports, and to increase certain dollar quotas.
Certain special arrangements (including special origin provisions for canned fruits, the admission of flower bulbs, etc., from Canada and jute cordage and sacks from the Irish Republic, and the import of flower bulbs, etc., from Benelux under the authority of specified organizations) apply to particular commodities and are noted against these commodities where they appear in the new Schedules.

2. The Open General Licence No.2 came into force on 18 August 1958 and permits the import from the Dollar Area of certain goods (chemicals and allied products and a wide range of machinery) which may already be imported from the "Relaxation Area" under Open General Licence No.1.

Notice to Importers No. 860 explains the provisions of Open General Licence No. 1 and Notices to Importers No. 866 and No. 880 explain the provisions of Open General Licence No. 2. These Notices reproduce the appropriate Schedules in practically the same form as in the legal documents.

Open Individual Licence: An Open Individual Licence allows the holder to import the commodity described on it without limit as to quantity or value from the source(s) shown thereon. It may be valid for a finite period or until it is revoked.

The Open Individual Licence may therefore be equivalent to the Open General Licence and has been used for the arrangements introduced for the private import of certain raw materials and foodstuffs. It has the advantage of allowing the trade the same freedom from quantitative restrictions as that afforded by the Open General Licence whilst simultaneously providing for such matters as the submission of returns. For example, importers of grains have been required to make regular returns to the Ministry of Agriculture, Fisheries and Food. These arrangements vary considerably in detail being adapted to the requirements of trade in the commodity concerned.

As part of the simplification of the open licensing arrangements many of those commodities that were still covered by Open Individual Licences may now be imported under Open General Licence from the Scheduled Territories and the other Relaxation countries.

Imports under Open General Licence or Open Individual Licence are nevertheless subject to requirements as regards Exchange Control, Customs forms and other relevant obligations such as Animal Health regulations.

(B) The Restricted Sector

For the importation of all goods not specified in Schedule I of Open General Licence No. 1 or in the Schedule of Open General Licence No. 2 or which are listed in Schedule II of Open General Licence No. 1 an import licence - either an Open Individual Licence or a Specific Licence - must be obtained:
(a) Open Individual Licence: This device is also used for licensing within the restricted sector to meet special requirements.

(b) Specific Licence: A specific licence allows the holder to import a specified quantity or value of the commodity described on it from the source(s) shown thereon. It is valid for a finite period.

The following methods of controlling imports within the restricted sector are used:

(i) Bilateral Agreements and Arrangements: The United Kingdom has bilateral agreements or arrangements with most OEEC countries, with certain countries in Eastern Europe and with Argentina, Cuba, Finland, Japan and Spain. The import quotas set up under these agreements provide for the issue of licences, up to the agreed total; there is no undertaking that any given quantity will in fact be imported by traders, and the Government's freedom to establish facilities for imports from other countries is not affected. The amount of trade with OEEC countries which remains subject to bilateral agreement represents a very small proportion of total trade.

In the case of the countries in Eastern Europe bilateral arrangements are used to secure a reasonable spread of United Kingdom exports. Most of the goods for which the United Kingdom grants limited import quotas in return are goods which are admitted freely from OEEC countries. In the case of Eastern European countries, and to some extent Japan, imports of non-essential goods are normally only licensed when covered by bilateral quotas in return for which corresponding facilities for United Kingdom exports have been given by the other country. Bilateral quotas may be administered by the United Kingdom or the foreign government; in the case of the countries in Eastern Europe, the allocation of the majority of the quotas is in their hands especially where the goods concerned are on Open General Licence when imported from the "Relaxation Area". Where the United Kingdom authorities, i.e. the Board of Trade, administer the quota, applications may be considered individually or some objective method of sharing out the quota, e.g. imports in a specified period, may be used. The method of allocation varies with the nature of the commodity and the demand for licences. Licences are usually valid to the date of expiry of the relevant trade agreement and may be extended for three months afterwards.

(ii) Global Quotas: The term "global" is used to describe a quota which covers a number of countries, e.g. the Relaxation countries or the Dollar Area. This type of quota is mainly used for the less essential consumer goods whose import from Relaxation countries was brought under restriction in November 1951 and March 1952. Many of the goods originally affected have since been restored to the Open General Licence, but imports of a number remain restricted.
The quotas cover all the countries affected and licences may be used to import from the source of the trader's choice up to the value of the quota. The quotas are shared among established importers in proportion to their imports in specified post-war periods, during most of which imports were not subject to quantitative restriction. The quotas (with the exception of that for fresh pears) are announced annually. The licences are valid to the end of the period for which they were issued and may normally be extended for three months afterwards.

To avoid exceptional hardship the governments of OEEC member countries and Spain and Finland have been allowed to allocate small amounts known as the Special Country Quotas among their exporters, subject to certain conditions. The governments concerned issue certificates which are presented, together with applications for import licences, by the trader in the United Kingdom to the Import Licensing Branch.

(iii) Dollar Import Quotas: Import quotas have been opened for a number of goods from the Dollar Area or North America.

(iv) Combined Global Quota: A new "combined global quota" for fresh apples, representing a merger of the Relaxation global quota and the North American quota has been established on a weight basis for the second half of 1958.

(v) Imports for Re-export: To facilitate United Kingdom entrepôt trade and to reinforce the Exchange Control regulations, a special form of licensing has been devised. Another special form of licensing is used where imports, otherwise subject to restriction, are required for United Kingdom export orders.

(vi) Individual Licences: Specific licences may be granted after consideration of individual applications on their merits, the main criterion applied being that of essentiality. The normal validity of specific import licences is six calendar months, although licences to import machinery, etc., are initially valid for twelve months. An extension of three months (six in the case of machinery) is usually allowed.

(vii) Prohibition of Imports: There is no absolute prohibition of any imports, as an application for a licence may always be submitted for consideration on its merits. Some imports may, however, be debarred on account of other legislations such as that relating to animal health, dangerous drugs, etc., in the manner envisaged in Article XX of GATT.

(viii) Essential Imports: Applications to import those commodities which may be designated essential from countries for which they are not on Open Licence are usually considered individually.
Treatment of Imports from Different Sources or Currency Areas

(i) The Sterling Area: Imports from the Scheduled Territories and from Muscat and Oman with certain exceptions are admissible freely under Open General Licence or under Open Individual Licence. Certain other items, such as motor cars, cameras, watches and canned fruit are subject to special provisions to prevent their entering the United Kingdom from the Sterling Area under the Open General Licence unless genuinely of Sterling Area origin.

(ii) The "Relaxation" Countries: This group comprises all countries other than those of the Sterling Area, the Dollar Area, the Eastern Area and Japan. The major part of United Kingdom imports is admissible from the Relaxation countries under the Open General Licence and under Open Individual Licences. On the basis of trade in 1948, only about 5 per cent of United Kingdom imports on private account from OEEC countries is still subject to restrictions. Apart from certain commodities, for which there are ad hoc licensing arrangements, and which account for some 1 per cent of 1948 trade, the remaining percentage is divided fairly equally between commodities covered by global quotas and those for which there are bilateral quotas. (The bilateral quotas cover a miscellaneous range of goods, e.g. decorated glassware, lace and lace net, motor cars, precious jewellery, processed milk, scientific instruments.)

(iii) The Countries in Eastern Area: In addition to the goods listed in Schedule I of the Open General Licence imports from these countries of other essentials may also be licensed. Imports of consumer goods are permitted to the extent provided for in trade arrangements giving the United Kingdom reciprocal advantages in the form of facilities for export trade, and undertakings about repayment of debts. There is no trade arrangement with the USSR. Trade in consumer goods is limited to a few inter-Governmental arrangements for reciprocal trade in particular commodities such as canned crab and matches. As regards Eastern Germany some trade in non-essentials is allowed to take place under commercial barter deals. Import licences are issued provided the compensating exports are those in need of additional export outlets, which would not otherwise exist.

(iv) Dollar Area: Many raw materials, basic foodstuffs, industrial chemicals and allied products and a wide range of industrial and office machinery, have been freed in accordance with the policy of giving United Kingdom manufacturers the widest possible access to such materials. Machinery is licensed only if there is no United Kingdom alternative offering roughly similar advantages. Where, however, there is an approved investment project or royalty agreement involving a new technique or making a potential contribution to exports, some relaxation of the rules governing dollar imports may be allowed to permit the entry of components and in certain cases finished products provided full United Kingdom manufacture is promised within a specified and short period.
For dollar consumer goods, the Token Import Scheme allows North American exporters to send up to 30 per cent by value of their pre-war exports to the United Kingdom of a fairly wide range of consumer goods and manufactured foodstuffs. Licences issued under this scheme amount in all to rather less than £3 million per annum.

Quotas are established for a number of dollar imports, namely frozen beef, tongues, cheese, honey, raw coffee, motor cycles, cars, magazines and periodicals, synthetic rubber, leather, fresh, canned and dried fruit.

(v) Japan: Since 25 April 1957, as part of the agreement reached in the 1957 negotiations, Japan has been accorded Open General Licence treatment not only for essentials, but for a further range of goods already subject to Open General Licence when imported from other countries.

Imports under State Trading

State trading in the United Kingdom is now confined to certain jute manufactures only.

Proportion of Imports covered by each Import Procedure

At present it is estimated that about seven-eighths of the United Kingdom's total imports, calculated on the base of 1955 trade, are imported free of restriction under the Open General Licence or Open Individual Licences. In 1957 the value of imports of items under Global Quota amounted to approximately £9 million, representing about 0.2 per cent of the United Kingdom's total imports, for that year, and 0.7 per cent of the imports from the countries concerned.
Legal Basis of the Restrictions

The present system of import controls in Uruguay is based on Law No. 10,000 of 10 January 1941, the text of which is reproduced in the National Laws Register, 1941. This Law lays down the general principles governing import controls and institutes the Export and Import Control Board. Detailed regulations are made by decrees issued by the National Council and various Ministries. A Decree of 3 August 1956 established a free import list and promulgated new foreign exchange regulations. The import régime which this Decree established was altered in November 1957 when temporary emergency import regulations were introduced by several Decrees which were published in the National Laws and Decrees Register, 1957.

Policy of Restriction

As indicated in the Law of 10 January 1941 the import restriction policy is based on the principle that expenditure on imports is to be limited to the foreign exchange accruing from exports. For this purpose imports may be restricted by means of quantitative controls, multiple exchange rates, exchange surcharges and advance deposit requirements.

Administration of the Restrictions

The import control system is operated jointly by the Export and Import Control Board and the Bank of the Republic (Central Bank). The Board is composed of a representative of the Government, who acts as its chairman, and of one representative each of the Ministry of Finance, the Ministry of Agriculture and Cattle, the Bank of the Republic, the Chamber of Industry, the National Chamber of Commerce, the Rural Association and Federation and the Mercantile Chamber of Goods. The Export and Import Control Board is responsible for the allocation of quotas to individual importers and the issue of licences. Further, it keeps watch on the entry of goods which do not require import licences. The Bank is concerned primarily with the establishment of global exchange allocations for imports of goods subject to quantitative restrictions and exercises a general control on the source of imports. It also determines the percentages at which advance deposits are required for various categories of imports.

Methods of Restriction

For purposes of import control the Decree of 3 August 1956, as amended, classifies imports into three categories according to their essentiality for the national economy:

As of 1958
Category I includes essential goods and commodities. Importation of goods in this category is not subject to licence. Imports can be effected on the basis of a sworn declaration which, after acceptance by the Central Bank, is valid for a period of 210 days. Goods in this category are sub-divided into two groups to which different rates of exchange apply.

(1) Imports at the controlled market rate of Ur.$2.10 per US dollar or its equivalent in other currencies: this group comprises the following essential goods of the highest priority; certain fuels and seeds for agriculture and horticulture, raw or smoked rubber used for the manufacture of pneumatic tyres for public passenger transport vehicles, chemical and pharmaceutical products, X-ray plates imported by the Ministry of Public Health and certain hospitals.

(ii) The remaining goods in Category I: these are regarded as essential but without special priority. They can be imported at the free market rate of exchange (ca. Ur.$4.11 per US dollar).

Category II includes commodities which are non-essentials or luxuries and which are not of the type produced domestically. Imports of these goods are subject to individual licensing. From time to time the Central Bank authorizes the Import and Export Control Board to establish quotes valid for imports from certain countries or currency areas. Quotes are allotted to importers according to a point system based upon a formula relating to the size of their traditional imports, the size and age of the applicant's firm and other factors. To obtain foreign exchange for these imports traders must purchase certificates of exchange, which are issued to exporters for a percentage of their export proceeds and are normally extended in the same currency as that which accrues from the exports. The rate of the certificates is the free rate of exchange (ca. Ur.$4.11 per US dollar) but importers are required to pay an exchange surcharge of Ur.$1.50 per US dollar. (For lorry chassis of less than 2 tons the surcharge is only Ur.$0.50.)

Category III The licensing régime described above also applied to imports in Category III which comprised luxury goods and commodities of the kinds manufactured domestically in adequate volume. The surcharge is Ur.$2 per US dollar.
Most imports in Category I are subject to advance deposit requirements at the rate of 30 to 100 per cent of the value of the goods according to the commodity. These deposits which have to be made at the time of presentation of the sworn declaration to the Bank of the Republic are refunded after the goods have been cleared through the Customs. Imports of certain foodstuffs, authorized by the Supply and Price Control Board and imports effected by official organizations and government departments, are exempted from the prior deposit requirement. Payments for most imports are subject to a 6 per cent exchange tax.

In June 1957, imports of goods in Category I were made subject to quantitative restrictions. Advance deposit requirements were raised at the same time.

Temporary Emergency Import Control Régime

In November 1957 several decrees were issued introducing temporary emergency import restrictions. All imports were thereby made subject to licences. Those controls, originally intended to last until 28 February 1958, have been successively extended until 31 December 1958. During the emergency period the Bank of the Republic has authorized the Export and Import Control Board to issue licences as follows:

<table>
<thead>
<tr>
<th>Date Range</th>
<th>US$ Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>27 November 1957</td>
<td>28 February 1958</td>
</tr>
<tr>
<td>1 March 1958</td>
<td>30 June 1958</td>
</tr>
<tr>
<td>1 July 1958</td>
<td>30 September 1958</td>
</tr>
<tr>
<td>1 October 1958</td>
<td>31 December 1958</td>
</tr>
</tbody>
</table>

Under the new regulations all imports are prohibited except the following goods contained in Category I: raw materials for the manufacture of indispensable foods, indispensable food products, products required for the safeguard of public health, for the functioning of public services and for the press, products to combat agricultural and animal pests, tools, machinery and equipment for agriculture and livestock care and imports required by industry. The Export and Import Control Board may authorize imports of other primary materials contained in Category I or in the other two commodity categories, provided such imports are indispensable and cannot be postponed. Likewise it may authorize the import by State agencies and public services of goods listed in Categories II and III. In issuing licences priority is accorded to (a) imports for the export and construction industries and for industries that produce essential goods; (b) imports for industries that process articles classified as being of prime necessity but not included in the first group; (c) imports for the remaining industries. Each application for an import licence is examined on its own merits, account being taken of available supplies, imports during a certain period, etc.
The number of goods that can be imported at the preferential rate of Ur.$2.10 per US dollar has been considerably reduced and many goods have been transferred to the certificate market rate. The special rate of Ur.$3.00 no longer applies. The advance deposit requirements have been discontinued for all imports of goods in Category I and now apply only to imports of essential raw materials in Categories II and III. Provision has also been made for the establishment of aforos for imports.

Treatment of Imports from Different Sources

Under the "emergency" control régime imports are classified into two groups as regards origin:

(a) Imports from Brazil, Bulgaria, Czechoslovakia, Finland, France, Eastern Germany, Greece, Hungary, Israel, Italy, Paraguay, Poland, Rumania, Spain, the USSR, and Yugoslavia (in agreement dollars); from Switzerland (in Swiss agreement francs);

(b) Imports from other countries.

All global exchange allocations are subdivided into two main quotas, applying to those two groups respectively. Preference is given to imports from countries in group (a), imports from other sources being allowed only when the goods are not obtainable from these sources. In addition, exchange for imports from countries in group (b) is not supplied until 180 days after shipment of the goods, whilst exchange for imports from group (a) countries is made available promptly.

Imports under State Trading

There is no Government agency or other official or private body with an import monopoly.

Proportion of Imports covered by each Import Procedure

<table>
<thead>
<tr>
<th>Breakdown of Imports according to the Import Control Categories</th>
<th>1956</th>
<th>1957</th>
</tr>
</thead>
<tbody>
<tr>
<td>Category I</td>
<td>179,245</td>
<td>204,947</td>
</tr>
<tr>
<td>Category II</td>
<td>20,649</td>
<td>13,805</td>
</tr>
<tr>
<td>Category III</td>
<td>5,899</td>
<td>7,690</td>
</tr>
<tr>
<td>Total Imports</td>
<td>205,793</td>
<td>226,442</td>
</tr>
</tbody>
</table>