INFORMATION FOR THE FIFTH ANNUAL REPORT UNDER ARTICLE XIV.(g)

AUSTRALIA

Supplementary note dated 22 October 1954
in response to L/196

Reference is made to the statement of 9 August 1954, giving revised answers to questions 1, 5, 6, 8 and 9 of the Questionnaire answered in 1953.

Recent changes in import licensing procedures have necessitated further revision to bring this statement up to date.

The attached statement should be substituted for pages 1-4 of the earlier paper.

Question 1. The Technique of Restriction

The quantitative import restrictions maintained by Australia are made effective through the Customs (Import Licensing) Regulations issued under the Customs Act. Under these Regulations all goods with a few exceptions require import licences before they may be imported into Australia.

Imports from countries other than the Dollar area and Japan (see question 5) may be divided into two groups, viz.:

(1) Imports which are not quantitatively restricted. Import licences for products in this group are issued freely to importers, upon application, provided it is shown that the product concerned can be imported within one year from the date of issue of the licence. This group contains certain products of an essential nature, mainly raw materials.

(2) Imports which are quantitatively restricted. Two methods are employed in applying these quantitative restrictions, the method varying with the commodity but not with the country of origin. The two methods are:

(a) The "global" quota principle;
(b) Case-by-case consideration of applications.

The first method:

Under the first method import licences may be issued for the importation of a wide variety of products on the basis of specified percentages of the
value of imports from all countries except the Dollar area and Japan, in the base period, i.e. the year ending 30 June 1951. The percentage of permissible imports of the respective products is based on the degree of essentiality of the imports. With some exceptions, products licensed in accordance with the global quota principle are now permitted entry at the rate of 100 per cent by value of imports in the base year, or, in the case of less essential goods (Category B goods) licences are issued to individual importers on the basis of 60 per cent of the value of their imports of Category B goods in the base year. The exceptions comprise products for which import licences are issued on a percentage basis but not 100 per cent or 60 per cent as mentioned above. In most of the cases the level is set at 90 per cent of the imports in the base period.

The second method

Generally speaking the method of case-by-case consideration of applications is applied to those products which do not lend themselves to restriction on the quota principle.

The particular method of restriction applicable to the respective products is set forth in notices issued from time to time for the guidance of importers. All imports from the Dollar area and Japan are also dealt with on a case-by-case basis.

Attachment "A" shows in relation to the Dollar area, Japan and the rest of the world respectively, the value of import licences issued during the six monthly periods ended 31 March 1953 and 31 March 1954, with respect to products subject to "no quantitative restrictions" and to the two methods of restriction.

Question 5. Policy of Discrimination

Australian import restrictions deviate from the provisions of Article XIII in their application to the Dollar area. The deviations are pursuant to the provisions of paragraphs (b) and (c) of Article XIV:(1).

Licences for the import of goods originating in the Dollar area remain in general restricted to essential goods which are not available from other countries in adequate quantities or on reasonably comparable cost and delivery terms. The goods imported from the Dollar area are mainly capital goods, raw materials, semi-manufactures and other producer goods but token imports of some less essential commodities are also permitted. During 1953/54, relaxations were made in the severity of the restrictions, particularly where it could be shown that commodities were available from the Dollar area at lower cost or on better terms than from non-dollar sources.

Imports from Japan are also treated on a different basis from imports from other non-dollar countries. However, the goods which may be imported from Japan are not confined to essential goods and include a variety of goods of a less essential nature. Moreover, licences may be issued for imports from Japan even where similar goods are available from other sources. During 1953/54, substan-
tial increases were made in the amount of licences which could be issued for imports from Japan and the range of commodities was considerably widened.

Attachment "B" shows by statistical classes imports from the United States, Canada and Japan over a period of years in which the special restrictions applicable to the Dollar area and Japan have been in force. Separate figures are shown for each year from 1947/48 to 1952/53 and for the nine months ended 31 March 1954. Trade between Australia and other countries of the Dollar area has always been very small in volume. A tabulation (Attachment "C") is also attached in which the total value of imports from the Dollar area, the Sterling area and the rest of the world (including the principal sources), in the most recent period for which statistics are available, is compared with the total value of imports from the same sources in the immediately preceding periods.

Question 6. Consideration affecting source of imports

In the case of imports from countries other than the Dollar area and Japan, importers are free to choose the source of their permissible imports.

Importation from the Dollar area is permitted if the goods in question are classed as essential and are procurable only from that area or are available on significantly better price and delivery terms than similar goods from non-dollar sources. Account is also taken of the technical efficiency of dollar goods relative to that of non-dollar supplies of the same kind. Imports of samples and some "token" supplies also are permitted.

A list of goods for which application will be considered for licences to import from Japan is issued each quarter. The list covers a wide range of goods of an essential and less essential nature and licences are issued irrespective of the availability of the listed goods from other countries.

Question 8. Import Programmes for 1954

The Australian Government has made it clear that import restrictions have been relaxed to the fullest extent practicable in the light of the external financial position. Attention is drawn to the statements by the Australian Prime Minister and the Australian Minister for Trade and Customs outlining the Government's policy in this connection and detailing the progressive relaxations which have been made in the import restrictions (see documents L/80, L/102, L/144 and L/191 and Press Statement made by the Acting Minister for Trade and Customs on 30 September 1954).

It is emphasized that the latest amendment, as announced in the Press Notice is designed basically to ensure that the substantial relaxations of 1 April 1954 shall not result in the speculative importation of goods in excess of normal requirements of the Australian market.
Question 9. Incidental Protective Effects of Restrictions

Since the import restrictions were first instituted in December 1939, it has been the policy in Australia to impress upon producers that the protection incidental in import restrictions applied for balance-of-payments reasons is temporary. Where protection for an Australian industry is considered desirable it is provided through the Australian Customs Tariff after public enquiries and supporting recommendations by the Australian Tariff Board.

The following actions are mentioned to illustrate the application of the policy of impressing upon producers that quantitative restrictions are not permanent and will not be maintained beyond the period of balance-of-payments difficulties.

(1) Prior to the sharp deterioration in the Australian balance of payments which necessitated the institution of generally applicable import restrictions on 8 March 1952 the wartime and postwar import restrictions had been progressively relaxed, to a degree where imports from all courses except the Dollar area and Japan were either exempt from import licensing or not subject to quantitative limitation.

(2) When for the purpose of safeguarding the Australian overall balance of payments, the area to which the import restrictions applied was widened, as from March 1952, to apply to imports from all countries principles in administration were adopted which were designed to minimize or diminish their incidental protective effects.

These principles included:

(a) The avoidance of prohibitions on any products.

(b) The aggregation of each importer's quotas for products placed in the lowest category i.e., imports of the lowest essentiality. Products placed in this category were originally subject to restriction on the basis of limiting imports to 20 per cent of the quantity (by value) imported in the base year, but under the administrative arrangements with respect to the allotment of quotes amongst importers based on their respective shares of imports of those goods in the base year, each importer is permitted to aggregate his imports of all goods in that category and to establish an aggregative quota for them. After establishing the aggregative quota each importer is free to utilize it for the importation of any or all of the products falling within that category i.e., goods placed in Category "B" of the Australian classification.

(3) The all-embracing character of the relaxations effected as from 1 April 1953 (see L/80, L/102, L/144 and L/191 and Press Statement of 30 September 1954). The relaxations have been applied to all categories of imports including imported goods of the lowest degree.
of essentiality (i.e. goods in Category "B"). The import quotas for the latter goods have been progressively increased from 20 per cent to 60 per cent of base year imports and commensurate relaxations have been made in the licensing treatment of most other goods.

(4) The warnings given from time to time in published statements that the restrictions arose from the need to safeguard monetary reserves and the balance of payments and that they will be relaxed and eventually removed as the prospect permits.