The draft of Part II - Barriers and Controls in International Trade - of the secretariat report which will be entitled "International Trade - 1953" is attached hereto. This will go to press on 7 May. Therefore any contracting party wishing to make suggestions should forward them to the Executive Secretary before that date.
1953 and the early months of 1954 - the period covered by this report - have brought two important developments in governmental intervention in the flow of international trade. In the first place, a considerable number of quantitative restrictions on importation have been removed and, in addition, many governments have taken steps to loosen their controls on imports both by relaxing their licensing requirements and by increasing the amounts admitted under quota. This development is of special interest because it brings greater freedom for dollar trade as well as for the trade of soft-currency countries. And secondly, in their drive to encourage export trades many governments are offering special inducements and advantages to their exporters. The relaxation of import restrictions and the export incentive measures are described in the following pages along with changes in customs tariffs and in bilateral trade agreements.

CUSTOMS TARIFFS

No great change took place in the level or application of customs tariffs in 1953. In last year's report it was necessary to record that there had been a distinct trend towards the imposition of higher protective and fiscal duties in the unbound sectors of the tariffs of the contracting parties to the General Agreement and in the tariff legislation of other countries. Again, during the period now under review, there were more increases of duties than reductions, but on the whole there appears to have been less tendency to raise the protective incidence of tariffs. Although the general level of the incidence of tariffs has not been substantially altered, many countries have made adjustments in selected rates of duties. The most important of these are recorded in the following paragraphs and, in addition, the principal developments in the imposition of other duties and charges on imports and in the levy of export duties are mentioned.

A large part of the customs tariffs of the thirty-four contracting parties to the GATT continue to be bound in the Schedules annexed to the Agreement and, as explained in Part III of this report, the assured life of all but one of these Schedules - the Brazilian - has been extended until 1 July 1955. This stabilization of tariffs was extended in 1953 by the decision of the Government of Japan to bind some 90 per cent of its import duties as a part of the arrangement whereby the commercial relations between Japan and the majority of the contracting parties are now based upon the General Agreement. On the other hand, the concessions contained in Liberia's Schedule ceased to be bound against increase when the Government of Liberia withdrew its application of the Agreement.
Tariff Reductions

In December 1953 the Government of Uruguay became a contracting party to the General Agreement and the concessions which had been negotiated with other contracting parties at the Annecy and Torquay Conferences entered into force. At the same time the concessions which some of the contracting parties had granted to Uruguay but had withheld pending Uruguay's accession were made effective.\(^1\) No such multilateral negotiations for the reduction of tariffs have been held and very few bilateral arrangements involving changes in rates of duty were concluded in 1953. Among the tariff reductions brought about by negotiation were those accorded by Cuba to Germany in exchange for an assured market for sugar; the Cuban tariff rates were reduced on glassware, earthenware, electric light bulbs, insulated wire and cable, locks, certain pharmaceutics, films, photographic paper, cinematographic cameras, clocks, locomotives, etc. These reductions involved the disappearance of the preferences previously granted on those products to the United States. In a similar agreement with the United Kingdom in December 1953, the duty reductions granted in 1951 were renewed in exchange for an increased quota on cigars.

Among the reductions in rates of duty introduced in various countries, one can discern two principal motives. In the first place, governments have reduced or removed the duties on imports of capital goods required for the development of industry. Examples of the industries assisted by this means, to give only a few, are leather manufacturing in Haiti, the lace and umbrella industries in Pakistan, rope and furniture in Southern Rhodesia, the hardware industry in the Philippines and oil drilling in Tanganyika. Industries have also been assisted by the reduction or suspension of duties on raw materials — for example, some iron and steel products in Austria and India, timber in New Zealand, and rubber and graphite in Canada. Secondly, the consumer has benefited by tariff reductions intended to reduce the cost of living. In Chile duties have been reduced on sugar, tea, cattle and motor cars, in India on sugar, palm-oil and medicines, and in Norway on cotton and silk goods, glassware, watches, spices and coffee.

Duty Increases

With the improvement in the balance-of-payment situation in many countries many quantitative restrictions onimports are being withdrawn. The restrictions have afforded incidental protection to domestic producers who when the restrictions are removed, are inclined to look to their governments for higher tariffs. In Egypt rates on raw materials and machinery were increased in February 1954 when restrictions were withdrawn. In Austria also increased duties were imposed concurrently with the liberalization of imports from EPU countries. Another example of tariff adjustment associated with the removal of restrictions is the action of the United Kingdom Government, on 1 December 1953, in raising the rates on certain fresh fruit and vegetables. The rates increased were mostly those which are applied annually just prior to and during the marketing of produce grown in the United Kingdom, and at the same time the quantitative restrictions were abolished.

\(^1\) The United States' concessions on certain prepared or preserved meat and extract of meat are still withheld pending the conclusion of discussions with the Uruguayan Government.
Several governments have increased rates of duty in order to afford added protection to domestic industries. In this category might fall India's increased duties on assembled motor cars, textiles, crockery, glass, etc.; Australia's on cotton sheetings, paper products, gears and lathes; Peru's on plastics, products of natural and artificial fibres and rubber goods; Norway's on cutlery and South Africa's increased rates on textiles applicable to imports not entitled to most-favoured-nation treatment. Increased protection was given in some countries by the withdrawal of duty suspensions. Austria and France continued to withdraw the suspension of duties on important items of trade. The Italian Government prolonged many suspensions until June 1954 but indicated an intention in principle to terminate them. The Benelux countries renewed most of their suspensions but on artificial silk higher rates were applied than formerly. When the Czech crown was revalued in June 1953, the specific rates on the items in the GATT Schedule were adjusted proportionately, but the new rates of duty on unbound items are higher than the old. In October 1953 the Government of Burma put an end to all duty preferences and this involved the application the higher most-favoured-nation rates of duty to many products of the United Kingdom, India, Pakistan and other Commonwealth countries.

The establishment of a common market within the European Coal and Steel Community in the first months of 1953 was mentioned in last year's report. Some modifications have been made in the customs duties applied by the Member States to imports from other countries. As for coal, the duty-free treatment has been maintained except that Italy has put into effect its full rate of 15 per cent on coke. The inception of the common market for steel resulted in the re-imposition of the French and German duties, which had been suspended, after adjustment on the basis of the next lowest tariff in the Community; subsequently, however, some of the German duties were again partially suspended for imports falling within the limits of global tariff quotas.

Tariff increases were prompted also by the desire of governments to increase their customs revenue. This tendency was noticeable in Pakistan, where duties were raised on spirits, petrol, cigarettes and tobacco, and also in other countries such as Egypt, Haiti, Ceylon, the Belgian Congo and some of the United Kingdom dependencies. Most of the duties in the Mexican tariff were increased in February 1954 to compensate for the revenue lost through the abolition of export taxes.

**General Tariff Changes**

Most of the postwar tariff revisions have revealed a preference for ad valorem duties but the new tariff of Ecuador, prepared with the assistance of a United Nations Commission and introduced at the beginning of 1954, is a move in the opposite direction; a tariff of specific rates was chosen, apparently because of the greater ease of administration. A draft tariff has been prepared by a tariff commission in Costa Rica; it will involve the introduction of lower duties on imports required for economic development and higher
duties on luxuries. Brazil is preparing a higher tariff and the Philippines Government are undertaking a general revision in connection with their economic development programme and the re-adjustment of their trading relations with the United States. The new Austrian and Turkish tariffs will be based on the Brussels Nomenclature with mostly ad valorem rates.

In addition, there have been some adjustments of specific duties to changes in prices and in values of currencies. The most extensive adjustment is that made in the Greek tariff, following the devaluation of the drachma by 50 per cent in April 1953, though on most items the Government has not fully compensated for the change in the external value of the currency in order not to aggravate the increase of internal prices. The incidence of all rates was raised by increasing the duty coefficient by one-third; in addition, some basic rates were raised 50 per cent and some others were converted into ad valorem duties. The adjustment of specific rates in the Greek Schedule to GATT was made with the concurrence of the CONTRACTING PARTIES, in accordance with the provisions of the Agreement which envisage the adjustment of specific duties when currencies are devalued. The Greek Government is revising the whole of its tariff and will also use the Brussels nomenclature.

Other Charges on Imports

There has been a tendency in the period under review to impose additional charges of one kind or another on imported goods. Such charges - generally ad valorem in structure - can be applied uniformly to all imports or the rates can be varied for different categories of products. Under the General Agreement, the imposition of additional charges on products inscribed in the Schedules is not permitted and therefore a contracting party increasing or introducing a new import surtax is obliged to exempt the items in its Schedule.

Some examples of new or increased charges may be given. Egypt increased some of the rates of its import tax and introduced a new 20 per cent surtax on imports from countries not having a trade agreement with Egypt; the Bolivian Government imposed an additional surtax on imports; Portuguese Macao introduced a 5 per cent consumption tax on imported goods; and Madagascar placed a new economic development tax of 6 per cent on imports. In September 1953, Turkey imposed a 25, 50 and 75 per cent tax on imports in order to collect funds for the payment of export subsidies, and Haiti increased its import surtax on items not bound under GATT from 3 per cent to 3½, 4 and 4½ per cent. The Philippines, on the other hand, reduced its import sales tax from 17½ to 12 per cent, and the Dominican Republic replaced its complicated system of additional charges by a single tax of 23 per cent. The most recent changes to report are the increases by France at the end of March 1954 in the so-called "statistics and customs control tax" from .4 to .75 per cent of the value of

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1 The complaint to the CONTRACTING PARTIES concerning this tax is reported on page
imports and in the stamp tax from 1.7 to 2 per cent of the duties. Concerning levies on the transfer of payment for the importation of goods, the most important case to be reported is the 6 per cent tax imposed by the Government of Uruguay in July 1953. A new charge of a different character is the one imposed by Italy to meet the cost of services rendered in the examination of certain imported goods at industrial research stations.

There were several instances in 1953 of the levy of anti-dumping duties; on certain textiles from Japan by South Africa, on nylon stockings from the United States by Canada, on glassware from the United Kingdom by Ireland and on nylon stockings from the United Kingdom and hydro-peroxide from Germany by Sweden. With the intensified export drives it has been thought that dumping may be a less rare occurrence in the future, and a number of governments - particularly Scandinavian countries - are considering the adoption of anti-dumping legislation or the strengthening of existing laws. Another present tendency is to apply higher duties to goods imported at especially low prices. A recent amendment to the Canadian Customs Law is intended to deal with one such problem - the sale at reduced prices of end-of-season or end-of-line garments; the Law now provides for the levy of duty on the basis of the prices prevailing in the exporting country during an earlier period. In this case the valuation technique is being used to protect the home market from price disturbances emanating from abroad. There was also an instance of a countervailing duty being imposed - on wooltops from Uruguay by the United States.

Export Charges

A great many of the duties which were levied on exports as fiscal or anti-inflationary measures during the period of exceptionally high prices have been removed. This trend, noted in last year's report, continued in 1953. All export duties have been abolished by Mexico. Many others have been removed: by France on copper scrap, by French West Africa on certain metals, minerals and food products, and by India on sacking, hessian, linseed oil and certain textiles and iron products. Pakistan and Indonesia suspended the duty on exports of tea. Elsewhere rates of duty have been reduced, for example, on copal fibres, corn and palm oil by the Belgian Congo, on palm kernels and oil and copra by Indonesia and on tea by Ceylon.

On the other hand, with the increase in the price of coffee, the governments of some coffee-producing countries have had recourse to impositions on coffee exports as a source of revenue. In Haiti and India export taxes were introduced while in the Dominican Republic, Ethiopia and Madagascar the taxes on coffee exports were increased.

There have also been two changes in export taxes of general application: Madagascar's new 6 per cent development tax and the increase in the French "statistical" tax, both mentioned above, are applied to exports as well as to imports.
INCENTIVES FOR EXPORTS

Part II of last year's report contained a short section on subsidies. It was not much more than a passing comment on subsidies granted to exporters and producers and on a variety of other measures taken by governments to promote exports. Most governments pursue a policy of stimulating the exportation of national products in order to increase their earnings of foreign exchange and this tendency has been strengthened recently with increased competition for external markets. The contracting parties to the General Agreement submit annual statements on the subsidies they grant, which operate directly or indirectly to increase exports or to reduce imports, but they are not required to provide information on other incentive measures. Therefore, the information available is still not adequate for more than a cursory review of export incentives. The following paragraphs do not pretend to provide more than a glimpse of what appear to be the principal developments in this field during the past year, and yet this section of the present report would not be complete without some mention of them.

Subsidies

In September 1953 the Government of Turkey introduced direct subsidization of a number of commodities which figure prominently in export trade. The products which benefit from these subsidies include raisins, prunes, apricots, citrus fruit, fresh vegetables, fish, wine, tobacco, carpets, machinery and pottery. The amount of the subsidy is a percentage of the value of the exports and depends also on the currency to be received in payment. The revenue for the payment of the subsidies is derived from a levy on imports.

In the United States the subsidy payments on the export of fresh pears, which had ceased in 1952, have been resumed, the subsidy on the export of honey has been abolished and that on raisins has been reduced by some 20 percent. Exports of wheat sold under the International Wheat Agreement are subsidized (and this is done also in France) to the extent of the difference between the export price and the supported domestic price. United States wheat sold for export though not under the Agreement is also now subsidized. During the past year the Commodity Credit Corporation has sold abroad certain quantities of several commodities for less than the prices at which they were purchased in the United States, for example dried edible beans, cottonseed meal and non-fat dried milk solids. Another recent policy of the Commodity Credit Corporation which may have an influence on international trade is the sale of commodities against payment in soft currency, for example beef and tobacco to the United Kingdom, soya beans to Germany and Norway, and wheat to Japan and Spain. Further, it has been reported that the Congress will be asked to authorize gifts of surplus farm commodities to foreign countries up to a value of $1,000 million.
In connection with the arrangements for the common market within the European Coal and Steel Community, Belgium has been granting a subsidy on exports of coal to the Netherlands and Italy. During the first quarter of 1954 subsidy payments were also made on coal shipped to southern Germany to a total of 100,000 tons; the subsidy amounted to 80 per cent of the difference between Belgian delivery costs and those of other producers in the Community and was paid in equal proportions by the High Authority of the Community and the Belgian Government.

Other changes in export subsidization include the abolition of subsidies in Greece following the devaluation of the drachma in April 1953, the grant by the Spanish Government of subsidies on exports of cotton piece-goods to the dollar and sterling areas, and a substantial increase in the subsidy on pork exported from Argentina.

Export Incentive Measures

The subsidies on exportation mentioned in the foregoing paragraphs were introduced to meet special situations such as Turkey's external payments crisis and the accumulation of foodstuffs by the United States Commodity Credit Corporation. It is interesting to note that, with the recent decline of the sellers' market and the intensified competition for export outlets, governments have adopted various measures other than direct export subsidies to promote their export trade. Governmental assistance of more general application is usually given indirectly by special incentives some of which will be described in this section. Those incentive measures cover a wide range of governmental action including, for example, tax reimbursement or exemption, reduced transport charges and multiple rates of exchange for the conversion of the proceeds of exports. Resort to such incentives is so widespread that frequently when a government introduces a new measure they justify it by referring to the special measures of assistance granted by other governments to competing exports.

Foreign exchange retention schemes - a departure from the principle of the compulsory surrender of all foreign exchange earned by exportation - appeared a year ago to be one of the most important measures for promoting exports but are now less extensively used. In present market conditions these schemes have less attraction and when applied by many countries the advantages are partly lost. Austria, Germany, the Netherlands, Turkey and Brazil have abolished their schemes.

The reimbursement of, and exemption from, taxes, on the other hand, is becoming a common practice. In countries where the tax is levied on the final sale to the consumer, export sales are normally exempted from payment. In other countries, where turnover or sales taxes are levied at successive stages in the process of production and trade, an exemption from payment is granted on export sales and the estimated equivalent of earlier payments of the tax is reimbursed. These reimbursements are usually in the form of a fixed percentage
of the export price and clearly cannot in all cases correspond exactly to the amounts paid. In France social security charges are reimbursed. There are also cases of countries which provide an export incentive by easing direct taxation; thus, in Germany the tax-free reserve of corporations can be increased and the portion of profits liable to tax can be reduced in proportion to the value of exports, while in France firms are granted tax exemption on profits employed to build up their export sales organization, for instance by establishing branch offices abroad.

Another form of export incentive which has recently increased in popularity is the offer of special credit facilities for exports. Private banks normally provide short-term credit but are generally unwilling to depart from traditional policy to the extent of granting medium or long-term loans to finance the export trades. Central banks or official corporations established for the specific purpose, grant advances to exporters to enable them to offer longer credit terms to their customers overseas. They also make loans to producers of capital goods to enable them to sustain the long waiting period between the commencement of production and the delivery of products. This type of incentive for exporters is provided in most European countries and is now so widespread that it has been described as "the credit cold war".

Governments also provide insurance against risks incidental to the exportation, offering a wider risk coverage than can be obtained from insurance companies. In many countries insurance can be obtained against the imposition of import restrictions in the buyer's country, the cancellation of import licences, war risks, etc. The coverage varies widely: insolvency of the buyer, for instance, is sometimes included. The practice of underwriting these risks of exports is not new but has recently spread rapidly in Europe.

The above remarks clearly do not cover exhaustively the question of export incentives. They are merely intended to serve as an indication of a significant trend in foreign trade policies which has come to be an important and controversial subject of international discussion.

QUANTITATIVE RESTRICTIONS

In 1953 significant progress was made in the development of policies directed towards the achievement of freer currencies and multilateral trade. It was against a background of stronger financial resources and more balanced trade that many countries appear to have decided in 1953 to make more rapid progress in relaxing import controls and in reducing discrimination in the application of their restrictions. Prior to 1953 most of the measures of liberalization benefited imports from soft-currency areas only. Thus appreciable success was achieved in the trade liberalization programme of the Organization for European Economic Cooperation and a comparatively free trading system was maintained within the sterling area. For imports from the dollar area, on the other hand, most governments maintained a strict control based on either an import programme or the consideration of individual applications.
In 1953 and in the first months of 1954, however, a number of governments made changes in their dollar import policy. The United Kingdom, for example, imported essential materials and foodstuffs more freely from hard-currency areas. The Netherlands and the German Federal Republic relaxed their dollar import restrictions. Greece introduced an experimental system of permitting unrestricted imports of most products. And the Union of South Africa eliminated all discrimination in the application of import restrictions. But the liberalization of dollar imports was not limited to the announced action of a few countries for, with the improvement in the dollar situation, many governments were more ready than they had been for some years to issue licences for imports from the dollar area when equivalent non-dollar goods were not available at competitive prices.

The improvement in the general balance-of-payment position of many countries outside the dollar area is not described here in any detail, nor are those measures of liberalization which affect international payments and transfers and which are dealt with in reports of the International Monetary Fund. This report is confined to a description of the principal changes in the application and administration of quantitative restrictions on imports which took place in the period under review. The changes in the restrictions applied for balance-of-payment reasons are described in three sections below. Import restrictions imposed for other reasons are discussed in a fourth section, and that is followed by some brief notes on the quantitative control and restriction of exports.

The sterling area

The external reserve position of the sterling area improved in the second half of 1953 when the action agreed upon by the Commonwealth sterling countries began to take effect. The balance-of-payment position of nearly every sterling country, in respect of both hard and soft currencies, showed a marked improvement and this was soon reflected in their import policies. Now, at the time of writing - April 1954 - it is possible to record that some of the sterling countries have begun to relax their restrictions on imports from soft-currency countries and also on some commodities from dollar sources.

The United Kingdom resumed the liberalization of imports from soft-currency countries with the announcement of higher quotas for the first half of 1953, and the process of removing import restrictions continued throughout the year. In March, the Government announced the relaxation of some of the restrictions on foodstuffs and manufactures from Western European and other soft-currency countries which had been imposed in the winter of 1951-52. The effect of this measure, by which a wide range of goods was restored to Open General Licence, was to raise from 44 to 58 the percentage of the United Kingdom's imports on private account from OEEC countries which are free from quantitative control. In addition, quotas were again established for the second half of 1953 for some of the items which remained subject to restriction. The third major step was announced in October, by which the percentage of OEEC trade freed from restriction was raised to 75. To supplement these liberalization measures, increases in import quotas were announced for the first half of 1954 for some
of the goods remaining under quantitative control. Also, upon the introduction of higher import duties\(^1\) on certain fresh and preserved fruits and vegetables at the beginning of December, quantitative restrictions were removed from the same products when imported from Western Europe and some other countries. Finally, in December a number of products, mostly raw materials, were added to the OGL for unrestricted importation from all sources outside the dollar area.

During 1953 the United Kingdom also relaxed its restrictions on dollar trade. While the measures favouring soft-currency imports were being taken, the policy of avoiding premium prices by introducing greater freedom for the purchase of essential foodstuffs and raw materials was also vigorously pursued. Further, when state trading in many materials and food products was terminated, importers were given freedom in their choice of source of supply. By September 1953 unrestricted importation from all sources under open individual licensing arrangements was permitted for softwood, pitwood, wheat, coarse grains and protein feeding stuffs as well as for a number of minor raw materials. The re-opening of the London Metal Exchange for international commodity dealings enabled the resumption of unhampered trade in copper, lead and zinc irrespective of sources of supply or destination. In December, a number of chemicals and other raw materials were added to the world OGL, and for several others global quotas were introduced. Moreover, where more specific forms of licensing applied, the amount of dollar imports licensed was increased in a number of instances.

In Australia, the process of relaxing import restrictions from soft-currency sources began early in 1953. Applications for licences were considered with greater leniency when more exchange became available for the purchase of raw materials and industrial equipment. A definite measure of relaxation took effect in April, when quotas for certain categories were increased; the quotas for the essential types of goods, classified under category "A", were increased from 60 to 70 per cent of 1950-51 imports, and each individual importer's quota for category "B" goods (non-essentials) was raised from 20 to 30 per cent of his imports in the same base year. A variety of materials for industry and other basic products were either licensed freely or allotted increased quotas. The percentage quotas were further raised in July and October to 90 for category "A" and to 50 for category "B" imports, while corresponding adjustments were made for goods remaining under administrative control. At the same time, the licensing period was lengthened from three to six months to facilitate trade. In February 1954 further important relaxations were announced to be effective on 1 April: for nearly all essential items licences are now issued without restriction; category "A" has been abolished and the essential items which remain subject to control have been transferred to an "Administrative" basis; and the quotas for category "B" are now 60 per cent. The measures of relaxation thus far described did not apply to imports from the dollar area or Japan. Imports from Japan were liberalized in July on a selective basis, and in October increased licensing facilities were announced for Japanese goods in line with the increases in other non-dollar imports.

\(^{1}\) See pages oo and ooo.
New Zealand continued in 1953 the system of allocation of foreign exchange for soft-currency imports introduced in the previous year, but the "basic allocation" to importers was reduced to 40 per cent of their 1950 purchases, so that a greater sum was left to be allocated to importers individually by the Reserve Bank. In view of the reduced pressure of demand there has been some relaxation in 1954; a number of essential commodities have been freed from control by exchange allocation and the basic allocation has been increased to 75 per cent. The import licensing schedule for Japanese goods was extended in May 1953 to cover a longer list of essential commodities as well as a few non-essential consumer goods. It has been announced that licences for increased imports from Japan will be granted for 1954, this being justified by substantial purchases of wool and other products by Japan.

In the import policy announced by India for the first half of 1953 most of the 1952 quotas were retained. In view of the improvement in the foreign exchange position there was a liberalization of the provision for raw materials, machinery and certain essentials. Some of the quotas which had been reduced in the previous year were restored but, on the other hand, import quotas were cut for certain articles on the ground of improved domestic supply and a few items were dropped from the open general licences to be regulated on the quota basis. Following an increase in import duties on a number of articles, most non-essentials, the Government decided in March 1953 to extend the token imports scheme and also to liberalize the import of some other items. In the same month, a few items were removed from the scope of open general licences, and quotas were announced for most of these items for the current licensing period.

The import policy for the second half of 1953, announced in June, brought a slight reduction in the quotas for certain manufactures of iron and steel, brass and bronze - again on the ground of improved availability or industrial capacity. On the other hand, the import of a considerable number of items was liberalized; the quotas for raw materials and machinery were stepped up; some articles of consumer interest could be imported more freely; and the token import quotas announced earlier in the year were increased and similar provision was made for a few additional items. In September, when all the OGLs came up for review, seventeen items were deleted from the world OGL coverage and a few new items were included for importation under OGL from soft-currency sources.

The difficulties created for Pakistan by the fall in price of jute and cotton were aggravated by two successive failures of food crops. As described in last year's report, the Government, faced with a decline in its monetary reserves, intensified its import restrictions in November 1952 by withdrawing the open general licence and bringing all imports under licensing control. Prohibitions on consumer goods and the limitation of imports from the dollar area to high-priority essentials were introduced in March 1953. These restrictions remained in force throughout 1953, but their sharp incidence was alleviated by the issue of additional import licences in the second half of the year. The import policy announced in December for the first half of 1954, on the whole, continues the existing arrangements. Ceylon also maintained in 1953 without
much change the import restrictions which it had imposed during the previous year. In May the controls were tightened on imports from Eastern European countries, by excluding them from the coverage of soft-currency open general licences, and in October a wide range of goods were freed from restrictions when imported from the sterling area.

The elimination of discrimination, as from 1 January 1954, in the application of import restrictions by the Union of South Africa has been mentioned above, the licensing system, however, has been maintained and therefore this change did not lead to a great increase of dollar imports. An actual tightening of the restrictions was foreshadowed when the Government announced the preliminary allocations of foreign exchange for imports in 1954 as follows: consumer goods, 25 per cent of each importer's purchases in 1948; raw materials, consumable stores and maintenance spares, 55 per cent of the 1953 quota; agricultural and industrial machinery, 50 per cent of the 1953 quota. More recent announcements, however, have indicated that imports will be admitted more freely in the near future and that, thanks to larger earnings from gold and uranium, the Government hopes before long to abolish the control altogether. In Southern Rhodesia also an improvement in the external financial position, aided by increased agricultural output and improved transport facilities, has made possible a significant relaxation. In July 1953 a wide range of goods was placed on the unrestricted list, i.e. became licensable without limitation from any currency area. Increased quotes were made available for other important commodities and quotas were provided for some articles which hitherto had received no allocation. The prohibited list was substantially reduced. The policy adopted for the first half of 1954 involved a further relaxation; more goods were added to the unrestricted list and new or increased currency allocations were provided for many consumer goods.

Western Europe

The policy of quantitative import restriction as applied by Western European countries has two distinct aspects which may be considered separately. First, there is the need to economize on imports from hard-currency countries, particularly the dollar area, and secondly, the limitations which remain on intra-European trade despite the payments facilities of the EPU.

The improvement in the terms of trade, the increase in agricultural output, the continued high level of demand for imports in North American countries and the United States' offshore purchases and other military expenditure in Europe have contributed to the improvement in Europe's balance-of-payment position vis-à-vis the dollar countries. The greater availability and the relatively reduced costs of foodstuffs and raw materials within Europe and from non-dollar sources also helped to cut down Europe's imports from North America. As a result of these and other factors, the gold and dollar reserves of countries in Western Europe, taken as a whole, have continued to increase ever since the middle of 1952. Some of the countries which benefited from this improvement, such as the United Kingdom, the Netherlands and Germany, have responded to their increased dollar earnings by providing more lenient licensing for importation.
The United Kingdom's relaxation of dollar restrictions has been mentioned above. The Netherlands decided in September 1953 to ease its restrictions on dollar imports, beginning with raw materials and semi-finished products, and in October a wider range of goods was freed from quantitative restrictions. The German Federal Republic announced in November its intention to remove restrictions from the importation of goods from the dollar area, and by mid-February 40 per cent of her dollar imports had been thus freed from control. Other countries of Western Europe including Italy, which had earlier introduced lists of unrestricted imports from the dollar area, generally took no retrogressive action.

Progress was also made in 1953 in the liberalization of intra-European trade. The restrictions imposed by the United Kingdom in November 1951 and March 1952 and those by France in February 1952 had put a severe strain on the OEEC's policy of liberalization. This policy was in serious jeopardy in the early months of 1953, as the disparity between the percentages reached by various countries prevented the consolidation of past achievements and tended to hamper any further removal of controls. In particular, it was feared that Italy might not be able to maintain the almost complete absence of restrictions in view of its increasingly debtor position in the European Payments Union. Responding to recommendations of the OEEC to make a special effort to extend their liberalization measures and in view of the improved general payments position, the United Kingdom, Germany and the Netherlands were able to take steps to alleviate the pressure, while Belgium and Denmark also contributed by a further liberalization of their trade. Later in the year, the United Kingdom removed some more restrictions, and improvements were introduced also by Austria, Iceland and France. By January 1954 the OEEC was able to report that the percentage of intra-European trade on private account freed from all quantitative import restrictions had reached 75.7 for the member countries as a whole, compared with 71 in June 1953:

### Intra-European Trade Liberalization and the OEEC Programme

(Percentages in relation to base year)

<table>
<thead>
<tr>
<th>Country</th>
<th>March 1953</th>
<th>January 1954</th>
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<tr>
<td>Austria</td>
<td>-</td>
<td>50.6</td>
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<tr>
<td>Belgium-Luxemburg</td>
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<tr>
<td>Greece</td>
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<tr>
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<td>92.8</td>
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<td>Sweden</td>
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<td>United Kingdom</td>
<td>44</td>
<td>75.7</td>
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1 Greece has removed restrictions from nearly all imports, but this is not yet regarded as a permanent measure and therefore has not been officially notified to the OEEC.
Meanwhile, the OEEC is still concerned about the stability of the liberalization already achieved and about the delays in advancing towards complete liberalization which is clearly impossible so long as important markets are closed to the exports of other member countries and while great disparity remains in the degree of liberalization attained.

The measures taken by France during the past year and a half have been of paramount importance to the development of the OEEC programme. The import plan for the six-months period, April-September 1953, envisaged a reduction of imports from OEEC countries of £84 million. The £14 million monthly cut was composed of £9 million on raw materials such as coal, woodpulp, cotton, tar, timber, sulphur and pyrites, and £5 million worth of food, chiefly meat imports from Denmark and the Netherlands. A first step in the opposite direction - towards trade liberalization - took effect on 1 October when some 250 tariff items, representing about 8 per cent of French imports from OEEC countries, were freed from restriction, and this was followed within a few weeks by an announcement that the percentage of liberalized imports would be increased from 8 to 20. The import plan for the half-year period ending 31 March 1954 brought no further changes.

On 1 July 1953 Austria put into force a number of measures of liberalization covering 36 per cent of imports in terms of 1952 trade. The products affected were mainly raw materials. In December the percentage was raised to 50, by the removal of restrictions from a few more raw materials and some manufactured products, and in March 1954 to 60 per cent. The Federal Republic of Germany progressively increased its percentage of liberalized trade from 80 to 84 in March, to 90 in April 1953 and to 92 in February 1954. In March, Germany increased the liberalization of imports from countries which settle their accounts through EPU but are not members of the OEEC; the free list is shorter than that for OEEC members. In May the Netherlands raised its percentage from 82 to 92. In the same month all imports of French wines and spirits were suspended because France had imported no Dutch cheese since October 1952; this ban was lifted in August when France re-established the quota and agreed to import 900 tons of Dutch cheese. In April 1953, as an experimental measure, Greece freed all imports, except "super-luxuries", machines and oil products, from EPU and most other countries from licensing and other restrictions. In September 1952, all imports into Turkey were made subject to authorization by the Ministry of Industry and Commerce, but the liberalization of imports from OEEC countries was not officially suspended until April 1953. In September 1953, the Government published new foreign trade regulations providing for a list of liberalized imports, to become effective on a date to be determined later, and other lists of goods for which foreign exchange allocations would be made. The latter lists became effective on 1 November, but the liberalization list has not been applied.

Latin America and other areas

Countries of Latin America and Asia have two features in common: they are all to some extent exporters of primary commodities and most of them have plans for economic development and industrialization. They benefited greatly from the raw materials boom in 1950-51 but ran into considerable difficulty with the subsequent contraction of their export earnings. Hardships were particularly
acute for those countries which relied for their external income on only a few commodities and launched on expanded investment programmes. In response to the rapid depletion of foreign exchange reserves many of them introduced or intensified their import restrictions in 1952, as described in last year's report. In the period now under review, adjustments were made here and there in the controls exercised by countries which restrict imports by quotas or licences for financial reasons but few fundamental changes were introduced.

Brazil continued to tighten import restrictions throughout 1953. In February, March and April decisions were taken not to license imports of certain products including assembled motor vehicles. Upon an adjustment of the official exchange rate of the cruzeiro at the beginning of July, dollar imports, which had been reduced to $20 million a month during the first half of 1953, were pared down to $10 million a month except for purchases of oil and newsprint. This cut was made after careful calculation of foreign exchange availabilities deriving from a United States loan and from coffee exports. In October the whole exchange and control system was recast. Under the new system seventy per cent of export earnings are distributed among five categories of imports according to their essentiality; importers acquire their means of payment through an auction procedure, and import licences are granted automatically to buyers of foreign exchange.

In February 1953, Chile adopted a new system of import control under which certain essential goods could be imported at a preferential rate of exchange. Luxury goods, such as automobile parts, watches and refrigerators, could be imported only through the surrender of gold, and the import of motor cars remained banned. Other non-essentials were allowed to be imported at the free-market rates of exchange. The authorization of luxury imports against gold expired at the end of June and since then no imports of that category have been allowed. In February 1954 the Government placed a prohibition on imports of another thousand items classed as non-essentials including industrial products made in Chile.

Colombia, on several occasions, has relaxed import restrictions during the period under review. In April 1953 a large number of non-essentials was removed from the prohibited list and allowed to be imported against receipts for coffee exports. In August and December, import prohibition was removed from further lists of consumer goods. This action was taken in conjunction with other measures which, it was said, were intended to stabilize the economy and the external value of the currency. A further modification of the prohibitions was introduced in February 1954 for certain products provided they are imported at prices not less than prescribed minima. On the other hand, the Government of Peru, in November 1953, prohibited for six months the importation of motor cars and station wagons as a means of conserving foreign exchange.

Turning to the Middle and Near East, the Iranian Government temporarily suspended all allocations of foreign exchange for imports of luxury and non-essential goods, as well as of certain essentials such as sugar and textiles. In February 1953 Libya introduced two new open general licences authorizing the free importation into Tripolitania of foodstuffs, textiles, etc. In April these
were replaced by a single licence whereby the scope of free importation was extended to cover all goods except certain specified items. In May 1953 Syria placed a number of goods under import prohibition. In December, several products were withdrawn from the prohibited list, but at the same time a prohibition was placed on certain types of woollen textiles. The Jordanian Government relaxed its import prohibitions in January 1954: items previously banned can now be imported from soft-currency countries in payment of a 20 per cent tax, and goods subject to licensing but for which applications have been refused can be imported or payment of taxes at rates ranging from 4 to 12 per cent.

In the Far East, the import programme of Japan covering the six-month period ending September 1953 provided for increased imports of raw materials from sources other than the dollar and sterling areas, especially from those countries with which Japan had entered into trade and payments agreements. In the same licensing period, the import of high-priced automobiles was prohibited, but an increased allotment of foreign exchange was made for the import of low-priced cars from both the dollar and sterling areas. In October, the importation of a large number of consumer goods was indefinitely suspended.

The Indonesian exchange and trade regulations were amended in January 1953. Under the new system imports into Indonesia were divided into five categories instead of the original four. Class A, comprising essential goods importable without surtax on the exchange used, was substantially curtailed; a number of items formerly on the essential list were transferred to category B-1, which comprised less essentials subject to a 33 1/3 per cent surtax on exchange, the other two categories - B-2 and C - covering goods of varying essentiality, were subject to surtaxes of 100 and 200 per cent respectively. For the luxury goods listed under category D, no exchange was to be made available. Beginning in October, the importation of certain articles in categories B-2, C, and D was made subject to presentation of "export inducement certificates" which were issued to exporters of certain Indonesian products. In February 1954, the Government lowered the foreign exchange allocation for import permits to less than half that of 1951-52. Thailand, in November 1953, imposed additional controls, whereby imports of some 35 categories of goods were made subject to licence.

Import restrictions for other than balance-of-payment purposes

Import restrictions maintained to safeguard the balance of payments and monetary reserves inevitably have protective effects, and governments will sometimes be reluctant to remove them immediately the balance-of-payment position no longer justifies their retention. The tendency for the protective effects of restrictions to retard their progressive elimination may be seen in the levels of liberalization of intra-European trade attained by various members of the OEEC. In the raw materials sector most countries have reached a very high level. In manufactured goods, although the levels attained by different countries vary and the obstacles to complete liberalization escape identification owing to the diversity of the articles concerned, there is a strong presumption that in most countries protection is a minor element in the retention of those restrictions that remain. In the agricultural products sector, however, not only are the
percentages of liberalized trade significantly lower than those reached in the other sectors, but the relationship between the external financial position and the degree of liberalization is much less clear.

The restriction of imports in the interest of domestic agriculture is also practised in the United States. The operation of Section 104 of the Defense Production Act up to April 1953 was described in last year's report. The import restrictions on cheese and other dairy products, formerly maintained under that Act, are now imposed under Section 22 of the Agricultural Adjustment Act which requires the restriction of imports when necessary to prevent interference with domestic agricultural programmes. So long as the Government supports prices of dairy products at a level substantially above world prices, the limitation of imports of such products is considered necessary. The present import control programme provides for quotas substantially lower for cheddar cheese but equivalent to the old quotas for Edam and Gouda, bluemold cheeses and Italian-type cheese. New quotas of various magnitudes were introduced for butter, dried whole milk, buttermilk, cream and skim milk, malted milk and butter substitutes, peanuts and peanut oil. Two other products previously under prohibition - flaxseed and linseed oil - were admitted free of restriction but under increased duty charges. Rice, tung nuts and tung oil were freed from quota restrictions from 1 July. In December 1953, in order to counteract a fall in price, quantitative limitation was imposed on the import of oats into the United States: imports from Canada were limited to 23 million and from other sources to 2.5 million bushels until the end of September 1954.

The import restrictions maintained by Belgium and Luxemburg cover a variety of agricultural and industrial products. The restrictions on goods subject to licensing requirements when payment must be made in United States or Canadian dollars, which were described in last year's report, were extended in March 1954 by the addition of some forty items.\(^1\)

While the protection of agriculture by means of import restriction is practised mostly in Europe and America, protective restrictions on imports of manufactured goods are more widely used in other parts of the world. Most countries which are less developed industrially, especially if they have undertaken a programme of industrialization, are likely to restrict imports which are not essential to their industrial expansion on the ground of a need to economise on foreign exchange or, plainly, to afford protection to the infant industries. The selection of goods for restriction is determined by the availability of the domestically-produced competing products; import quotas may be reduced and prohibitions may be imposed following an increase in the domestic supply. Some countries acknowledge that certain restrictions serve the dual purpose of protecting both the balance of payments and domestic industry. For example, the tightening of import restrictions in 1953 by India on a few items such as iron and steel manufactures was undertaken on the ground of an improvement in internal availability. The import schedule announced by New Zealand for 1954 provided for the control of paper pulp and the Government stated that this

\(^1\) The complaint to the CONTRACTING PARTIES about Belgium's restrictions on dollar imports is discussed on page oo.
restriction. Further relaxation took place in August when a number of items, chiefly carbon steel and iron and alloy nails, were removed from the positive list. Since September export control has been removed from iron and steel scrap and American rice.

The United Kingdom imposed export licensing requirements, effective 25 March 1953, on certain chemicals, alloys tractors, communications equipment, etc. In view of the improved supply situation, restrictions were withdrawn in August from the export of semi-manufactures of copper and copper alloys. Beginning in October, dyestuffs and certain organic products for dyestuff manufacture were put on the open general export licence. Licensing requirement was also waived for fruit purée, fatty acids, certain refractory materials, bristles, silk and silk waste, poultry and skins of rabbit and hare.

In April 1953, Australia terminated the export prohibition, which had been introduced on supply grounds in 1946, on lead and zinc. By October export restrictions had been withdrawn from cement, iron and steel, sheet metal, bauxite, lead, tin, maize and a number of other articles including motor vehicles not produced in North America. But in November a quota restriction was imposed on the export of scrap iron. The scope of unrestricted exports from Pakistan was widened in May 1953 with the addition of items such as cinema films, canvas and rubber shoes, etc., to the open general export licence. This OGL, which had been introduced in October 1951 and originally contained some forty items, by that time included more than one hundred.

In Europe, Belgium placed basic slag under export licensing control in April 1953 but removed the restrictions from a number of nickel and other products in March 1954. As from August, Denmark abolished all restrictions on exports to EPU and dollar countries except for goods under the purview of the Ministry of Agriculture and Fisheries. Beginning in January 1953, France, in common with many European countries, required licences for the export of penicillin and streptomycin and medicines having these antibiotics as a base. In May a number of items were removed from the restricted list while a few others were added to it. Italy made an extensive change in its list of controlled exports in February 1953 by the addition of twenty-two new items and by the deletion of twenty-five others including chiefly metals and machinery. When the common market for steel was established in May 1953 by the member States of the Coal and Steel Community the export of scrap was prohibited.

In Latin America, Panama prohibited the export of domestic coffee in February 1953 to safeguard the supplies for local requirements. In March, Argentina, following a meat shortage on the home market, suspended exports of beef to the United Kingdom and other countries. Among the Middle East countries, Syria, prohibited the export of wheat and flour in February and Jordan took similar measures in April on mineral oils and related products, cereals and flour, sugar and pulses.

This account of the changes in export restrictions suggests that the measures taken in 1953 were not of great consequence to world trade. But apart from the restrictions applied for reasons of shortage and equitable distribution,
many countries maintain an embargo on exports to certain destinations on security grounds. At present, the United States and the other members of the North Atlantic Treaty Organization, together with the Federal Republic of Germany and Japan, operate controls on the export of strategic goods to the Soviet Union and the Eastern European countries. The goods subject to the NATO controls are divided into two groups. An absolute prohibition is placed on articles of high strategic importance, such as munitions, machines of war and vital materials, while quantitative restrictions operate for other goods of which limited exports considered to have no strategic significance are allowed. Exports to China are restricted in a similar way although under separate arrangements.

The control of exports to China is of special interest to Japan. In 1953 the list of goods permitted to be exported from Japan to China was amended several times with a view to increasing the trade between the two countries. In June, it was reported, Japan eased restrictions on barter trade with China and the Soviet Union, limiting the embargo to strictly strategic goods. In September, a new directive enabled the export to China of seventeen more items, such as refrigeration equipment, photographic apparatus, cars and motor scooters.

TRADE AGREEMENTS

A large part of international trade among soft-currency countries continues to be regulated by bilateral agreements. In Western Europe most of the agreements were renewed in 1953, although often in a less rigid form, and several new agreements were concluded with countries in Eastern Europe, in Latin America and in the Far and Middle East. Also within the other regions mentioned a number of new agreements were negotiated. No attempt will be made here to estimate the amount of trade that is governed by these bilateral arrangements, but it may be noted that the number of agreements has increased.

Many countries are turning to other non-dollar sources for supplies of goods which in earlier postwar years were taken exclusively from the dollar area and thus had to be paid for in free currency. The larger demand for cotton from Egypt, Pakistan, Turkey and Brazil, both in Europe and elsewhere, is a case in point. On the other hand, the aim of bilateral agreements may be to secure markets for staple exports, and for this purpose even a free-currency country may find it profitable to resort to them. The increased financial difficulties of South American countries have led them to try to expand their trade with Europe. Most export commodities are now in easier supply and markets can be assured only within the framework of trade agreements. In the Far East, the increased supplies of food and materials have stimulated the negotiation of agreements within the area and also with the USSR and other Eastern European countries.

There are other motives as well, but it seems that the shift of a part of international trade from hard-currency to soft-currency sources has been a principal factor in determining the provisions of the agreements concluded in the period under review.
In intra-European trade, the clearing of accounts through the EPU has no doubt facilitated the realization of the volume of trade envisaged in bilateral agreements. In the present surplus situation of most agricultural products the country importing these products is often in the stronger bargaining position. As mentioned above, intra-European trade remains severely restricted in certain commodities, particularly within the agricultural sector, and here negotiations between many pairs of countries have met with great difficulties. It is significant that in several countries which are large importers of agricultural products, such as Western Germany, Switzerland and Belgium, where a high percentage of total imports has been liberalized, the percentages applying to agricultural products fall considerably short of the overall proportion. Also, from another point of view, the increased liberalization of trade within Western Europe does not necessarily mean an easier flow of trade between any two countries: this depends primarily on the composition of trade between them. As shown e.g. by the important agreement between Western Germany and Italy covering trade in 1953, the largest export items on the Italian side, i.e. textiles and fruit, were not liberalized in Germany, while, on the other hand, Italy admitted most German export goods freely. Further, the obstacles to agricultural imports into Germany created such difficulties in negotiations with Sweden in the autumn of 1953 that in the end no agreement could be reached. In cases where liberalization has been extended to countries outside the EPU, the difficulties in balancing trade have continued; for example, Sweden has extended its trade liberalization to Finland, but their trade imbalance persists.

In some instances a government wishes to obtain fixed quantities or values for the export of goods on which no restrictions are applied in the other country. This is done in order to secure a minimum volume of trade in articles which otherwise could be marketed only with difficulty. In some cases the use of global import quotas has had the same effect. For example, in negotiations with the United Kingdom the Netherlands and Sweden have insisted on quotes for such goods as flower bulbs and cellulose in order to ensure the maintenance of their exports. A recent feature of the agricultural trade in Western Europe is that a number of exporting countries have shown increasing reluctance to enter upon long term engagements: in view of the more promising outlook for trade with Eastern Europe it might be unwise to tie trade in one direction too far ahead.

The agreements governing the so-called East-West trade show a complex network of arrangements of different kinds, of which about two-thirds are the usual type of bilateral agreement with quota lists, swing limits and payments by clearing. Under these agreements most West European countries have accumulated surpluses. In its trade with the USSR, Finland also has acquired a surplus, although the agreement has made possible a comparatively large volume of exchange. The recent agreements concluded by USSR with several West European countries provide for a considerable increase in trade. For instance, the agreement with France of July 1953 envisaged a trebled exchange, and those with Belgium and Sweden of January 1954 a doubling of trade. According to recent reports, however, deliveries from France in the first half of the current period have considerably exceeded those from Russia which has found it difficult to place its petroleum on the French market. Under the agreement between East and West Germany in force through 1953 deliveries of only certain essential goods
took place according to schedule while the total volume traded did not rise much above half the value planned, but in the new agreement of December inter-zonal trade is to increase by one-third.

Following the decline in trade between Europe and Latin America in 1952, efforts were made last year on both sides to restore the level of their exports. Countries of Europe concluded several new agreements especially with the non-dollar countries. It has been estimated that in 1951-52 roughly one-half of the combined trade of the non-dollar area of Latin America with Western Europe was carried on under bilateral agreements. In her efforts to develop new markets, Brazil last year concluded agreements with several countries in Eastern and Western Europe. The largest of these are with France and West Germany, aiming at trade of 130 and 115 million dollars respectively in each direction. As a result of her new agreements Brazil will be able to increase her exports of cotton to these countries and also to Italy, Finland, Poland, Czechoslovakia, Yugoslavia and Japan. Argentina last year concluded 13 new agreements and now has bilateral arrangements with twenty-three countries; two-thirds of her total trade is conducted in this way. Argentina's largest agreements by value are with the United Kingdom, Western Germany and France, but agreements with Japan, the USSR, Sweden and the Netherlands are also important. Among the dollar countries in Latin America, Colombia alone has extensive bilateral arrangements with Europe, under which 90 per cent of her European trade takes place. In the agreement with Austria, Colombia secures a market for a fixed quantity of coffee and undertakes to allow imports of articles which are not on the prohibited list. The strictly bilateral nature of this and other Colombian agreements is seen in the fact that they forbid re-exports of coffee to the dollar area or to countries with which Colombia has trade agreements.

The recent expansion in the trade between Latin America and Western Germany could hardly have been so strong had it not been for the eleven agreements under which 85 per cent of this trade is done. It should be mentioned that Western Germany does not regard Colombia as a dollar country. In trade with Brazil, Germany encountered considerable difficulties after the agreed swing limit had been greatly exceeded and the balances could not be converted but, under the agreement concluded in September 1953, the large German surpluses will be gradually settled mainly by means of more than doubled coffee shipments which were facilitated by the abolition of Germany's internal coffee tax. There are also other examples where agreements have not functioned as intended. In spite of Argentina's five-year agreement with the United Kingdom, trade between the countries slowed down steadily until 1953 when United Kingdom imports nearly doubled while Argentine imports continued to fall. The agreement is due for renewal in 1954 but neither country seems to be greatly interested in a new long-term agreement.

In general, the South American countries try in negotiations to reduce their imports of consumer goods and countries which have no such agreements with South America find it increasingly difficult to sell their goods there. The Swiss textile industry, for example, has found its market diminishing and has urged the Swiss Government to open negotiations for textile quotas. In Colombia,
Switzerland was shut out from the market when it was decreed that certain goods would be admitted only from countries with which Colombia had trade agreements. This rule was subsequently altered to place hard-currency countries on the same footing as agreement countries. On the whole Europe has lost less than North America in its trade with Latin America and this may be partly due to the fact that trade is to a large extent regulated by agreements. Several of the agreements concluded last year, in particular those between Brazil and Western Germany and between Argentina and France, are expected to increase considerably the volume of trade in comparison with the preceding period. In 1953 new links in the bilateral network were made in the form of agreements between Latin America and certain East European countries. Of these should be mentioned particularly the barter agreement concluded between Argentina and the USSR - the first between the two countries - envisaging a trade volume of $150 million annually.

Among countries in the Far East, Japan has continued to carry on a major part of her trade under bilateral agreements of which there were twenty-four at the end of 1953. It is evident that the development of Japan's trade has been facilitated considerably by this means. As an example may be mentioned her 1954 agreement with Argentina, involving important sales of steel and power-station equipment, which envisages a trade volume of $90 million each way, i.e. a trebling of the value of trade in 1953. Japan in 1953 concluded new agreements with Burma, Egypt and Thailand. In the agreement with Burma, Japan secured an undertaking to supply 300,000 tons of rice each year for three years, at a price to be determined annually in advance. Also with Europe, Japan's bilateral trade is increasing: according to a new agreement with Germany the total value of trade will rise by 50 per cent. The recent agreement with the United Kingdom on sterling area trade is not a bilateral deal in the ordinary sense since it aims at bringing about a balance in the payments with the whole sterling area. This agreement establishes quotas for certain Japanese exports destined for the United Kingdom and other sterling countries.

Also India, which previously had concluded very few bilateral agreements, negotiated several agreements in 1953 thus bringing the total number up to sixteen. Of these, however, six are with East European countries with which trade is necessarily conducted by bilateral arrangement. Under several of these agreements India has seen trade balances running against her and special efforts have then been made to develop exports. In Western Europe, India has bilateral agreements with Austria, Finland, Germany, Norway, Sweden and Turkey. Under the new agreement with Sweden, as with the others, India will benefit from the OEEC import liberalization. Under the first agreement with Egypt, India will become the biggest buyer of Egyptian cotton, while India will export tea, oilseeds, cotton piece goods, textile machinery, etc. The Indian agreements are usually for a period of a year or two with the exception of the long-term agreements with Burma, Ceylon and the USSR. Among other countries in the Far East which have concluded bilateral agreements mention should be made of Pakistan which has increased her cotton exports substantially under bilateral agreements with Italy, Hong Kong and Japan. Under the agreement with Japan, Pakistan disposed of two-fifths of her 1952/53 cotton crop.
Countries in the ECAFÉ area in 1952 negotiated or concluded in all forty-one agreements within the area itself or with other countries. In 1953, this total was raised to fifty-two by the conclusion of new agreements with mainland China, the USSR and Eastern Europe.