CONSULTATIONS UNDER ARTICLE XII:4(b)

BALANCE-OF-PAYMENTS IMPORT RESTRICTIONS IN THE NETHERLANDS

Statement by the Netherlands Government

Post-war balance-of-payments problems made it necessary to apply quantitative restrictions to the totality of imports into the Netherlands. In the course of the years the gradual diminution of the monetary difficulties made it possible to relax and partially eliminate these restrictions.

During the years 1952-1955 the overall balance of payments showed a surplus bringing about a valuable increase of the depleted monetary reserves. However, during 1956 a change for the worse in this development took place, due, to a considerable degree, to internal factors. The influence of the international political events during the second half of 1956 caused the situation to deteriorate further.

The Netherlands Government aim at restoring the internal financial stability and the equilibrium of the balance of payments without having recourse to an intensification of import restrictions.

The balance-of-payments situation of the Netherlands is characterized by a relatively large and continuously increasing dollar deficit on current account. In the course of the years 1952/1955 the dollar trade deficit increased from less than $100 million per annum in 1952 and 1953 to about $300 million in 1955. Because less than half the imports from the dollar area into the Netherlands are covered by Netherlands exports of goods and services to that area, the Netherlands dollar position on current account is relatively more out of balance than that of any other European country.

In view of this unfavourable dollar position the Netherlands are, to a high degree, dependent on a satisfactory system of currency convertibility. In the absence of general convertibility the Netherlands external financial position is extremely vulnerable and the monetary convertible reserves are continuously subject to the threat of a serious decline.

As long as a limited degree of convertibility prevails, the Netherlands are obliged to maintain quantitative restrictions in certain cases and also - in a more general sense - to exercise a restrictive control over the payments conditions for imports and exports in view of convertibility considerations.

As in nearly all the countries involved in the consultations under Article XII, balance-of-payments problems are in effect not the only reasons for which quantitative restrictions are applied and maintained. However, the balance-of-payments difficulties, particularly during the first years after the war, were of such primordial importance that it hardly served any useful purpose to consider more or less in detail whether or not in individual cases any other GATT arrangements, allowing for a deviation from paragraph 1 of Article XI, were applicable.
In the Netherlands after the war all imports without exception were brought under a system of general or individual licensing. This administrative system was and is basically the same for all products and for all countries. It is as a whole and without further distinction based on the "Imports and Exports Regulation 1944" ("Besluit Regeling In-en Uitvoer 1944") as well as on the "Foreign Exchange Regulation" ("net Deviezenbesluit").

Legally, each quantitative restriction can therefore be considered as being based on two sets of consideration namely on those of currency policy as well as on one or more of the well nigh unlimited range of economic considerations set forth in Article 2 of the "Import and Export Regulation 1944". Accordingly for every import a licence of the Netherlands Bank in virtue of the "Foreign Exchange Regulation" is required as well as a licence of the Central Licensing Board in virtue of the order of 1944. In case the importation of a product is liberalized general licences of the agencies referred to above apply.

Although this administrative regime under which the importation of a product is carried out does not distinguish between the grounds on which control is effected, it cannot be denied that with respect to the remaining import restrictions a distinction can indeed be more or less clearly drawn.

In general terms it may be said that, as the situation is today, the Netherlands are applying restrictions based on the monetary considerations of Article XII only with respect to imports from the dollar area. For other quantitative restrictions other considerations exist.

This interpretation is given in order to arrive at a realistic approach to the forthcoming consultations. In accordance with this interpretation only the restrictions applied with respect to the dollar area are listed here (vide annex) and it is only as far as those restrictions are concerned that the benefits of Article XII are claimed.

It is finally pointed out that the annex includes a number of goods which, for whatever reason, have not been liberalized towards non-dollar countries. For those products the imports from the dollar area are not only restricted for monetary reasons, but also for other reasons. As regards the present consultations under Article XII, however, only the monetary motive is relevant.

When considering the above interpretation of the Netherlands import regime it should be borne in mind that this regime is at present more or less in a transitional stage.

The Hague, February 1957.