AD HOC COMMITTEE ON AGENDA AND INTERSESSIONAL BUSINESS

ADDITIONAL CONSULTATIONS UNDER ARTICLE XII:4(b)

Note by the Executive Secretary

At its meeting on 25/26 February 1952 the Committee agreed that the United Kingdom and France should be invited to consult with the Contracting Parties in terms of Article XII:4(b) at the Seventh Session and that the question of the new restrictions imposed by Southern Rhodesia should be examined at the Seventh Session.

At its meeting on 15 January the Committee recommended that any contracting party intensifying its import restrictions should furnish detailed information promptly to the Executive Secretary to facilitate the task of the Chairman and the Executive Secretary of determining whether there was a prima facie case for initiation of consultations under Article XII:4(b).

In response to that recommendation the Australian Government notified on 11 March that new restrictive measures had been imposed and transmitted on 20 March statements and documents relevant to the measure (L/3). Upon receipt of this information, members of the Committee were invited by airgram GATT/AIR/11 dated 21 March to indicate whether or not they agreed that Australia should be invited to consult under Article XII:4(b). The Australian Government agreed to this proposal, but in view of certain questions of interpretation involved, it was suggested in GATT/AIR/15 of 25 April that it would be more appropriate to defer a decision until the Seventh Session.

All the Governments named above, i.e. the United Kingdom, France, Southern Rhodesia and Australia, have taken further measures affecting imports after the aforementioned conclusions were reached. The secretariat will incorporate these new facts in the documentation which it is preparing for the Seventh Session.

To assist the Committee in determining whether some of the other contracting parties have also substantially intensified their import restrictions and should therefore be invited to consult with the Contracting Parties under Article XII:4(b), there is given hereunder an account, mainly based on press reports, of certain measures taken by other governments.

Brazil

It was reported in the Board of Trade Journal of 24 May that the Brazilian Consultative Commission had decided to withhold import licences for specified goods, on grounds of adequate domestic production. The items affected were listed in the Board of Trade Journal.
Early in July it was reported in the press (e.g. Foreign Trade, Ottawa, 5 July, and Moniteur Officiel, 4 July) that the Bank of Brazil had revoked the preferential treatment given since May 1951 to applications for foreign exchange quotas for the import of a variety of essential commodities including fertilisers, insecticides, aluminium, cellulose, lead, nickel, newsprint and agricultural machinery; the importer was thereafter required to secure an allotment of exchange which would be subject to strict supervision by the Bank.

A new list of commodities for which the Export-Import Department of the Bank of Brazil would accept licence applications was published in the Diario Oficial of 31 July 1952. Notice No. 287 revoked the old 500 item list and established the new list containing approximately 170 items. The notice provided that in the period 1 July 1952 to 31 December 1952 only those requests for import licences for materials included in the new list would be accepted for consideration. (Informations Commerciales Belges, 8 August 1952, Board of Trade Journal, 15 August 1952, and Foreign Commerce Weekly, 25 August 1952)

No information has been supplied by the Brazilian Government.

Ceylon

According to the London Times of 28 August the Government of Ceylon has restricted imports of a wide range of goods including cotton, woollen, and artificial silk textiles, wireless goods and apparatus, refrigerators and refrigerating plants, hosiery, batteries, and accumulators. It is stated that Ceylon's dollar earnings this year show a sharp drop compared with last year, while imports of goods from America show a marked increase in value, and that further restrictions of dollar imports may be expected.

Chile

In March 1952 the Government temporarily prohibited the import of automobiles (Neue Zürcher Zeitung, Zurich, 11 March).

On 24 April the Government ordered the suspension of free imports for goods formerly included in the import control list A-1, thus returning to a system of direct import control for a large number of commodities previously exempt from licensing requirements. (Journal of Commerce, New York, 28 April and 12 May)

On 6 June a decree was formulated requiring prior import licence for all imports into Chile, and the final approval of this measure was reported early in June to be expected shortly. This requirement was understood to constitute a reversion of the system in effect before the promulgation of the present Foreign Exchange Law late in 1950. On 25 June a new list of prohibited imports for the current year was published. (Foreign Commerce Weekly, 7 July and Bank of London and South America Fortnightly Review, 12 July)
At the end of July the Chilean Government released a list of merchandise which may not be imported during the remainder of 1952. The new list conforms in large part to an unofficial list published in Chilean newspapers on 9 February of this year. In addition to the prohibitions, the list also specified those commodities which, subject to certain conditions, may be imported by mining companies in Chile. (Informations Commerciales Belges, 31 July 1952, Foreign Commerce Weekly, 25 August 1952) Details of the Decree of 15 May, No. 822, which lists the prohibited imports, are given in the Board of Trade Journal, 8 August 1952.

No information has been received from the Chilean Government in response to a request by airmail on 9 July.

Finland

In May the Bank of Finland decided to cut the amount of sterling at the disposal of Finnish importers; payments in sterling exceeding £1,000 were not to be made without the Bank’s permission and all import licences were to be re-examined. The restrictions were to be applied also to payments in Dutch florins and Swedish crowns. (The Times, London, 8 May)

It was reported in June that all unutilised permits were being reconsidered and imports were practically at a standstill. (Neue Zürcher Zeitung, Zurich, 12 June) In July the Finnish authorities decided to suspend until further notice the issue of import licences for finished textiles. (Informations Commerciales Belges, 24 July)

In a letter, dated 11 July, in connection with the preparation of the Third Report under Article XIV:1(g), the Finnish Government has stated that:

"Owing to the steps taken by some of the important buying countries, the export market for Finnish products began to deteriorate sharply from the beginning of this year. Because of this Finland has been forced to stop for the time being the application of the "free list" mentioned in my letter of 10 March 1952, and thus the goods included in it are again subject to the usual licensing procedure.

"Finnish imports during January-May 1952 have been, as regards volume, about 75 per cent greater than in the corresponding period in 1951."

New Zealand

On 11 March the Government decided, with a view to raising an annual surplus of £25 m. from trade with non-sterling countries, compared with the £12 m. surplus set after the Commonwealth Finance Ministers meeting in January, to reimpose control on the import of all goods from the United States, Canada and Japan, and to control motor vehicle imports from all countries. It was
decided not to impose any general import licensing for members of the sterling area or of the European Payments Union. (Board of Trade Journal, 22 March)

In reply to an enquiry by the Executive Secretary the New Zealand Government stated in a telegram dated 25 March that:

"measures in question are not considered to be such as to require special notification. Information regarding them will be included in the statement being sent in terms of GATT/CP/132."

In the statement referred to, dated 23 July, the New Zealand Government has stated as follows:

"In view of the serious deterioration in the balance of payments of the sterling area, and of the threat of a serious decline in New Zealand's own monetary reserves, two steps were taken in March 1952 -

"(a) All licences issued for imports from scheduled countries were revoked, and

"(b) The exemption of motor-vehicles from import control was withdrawn.

"In revoking licences on scheduled countries all goods in transit, or covered by confirmed or irrevocable credits, or shipped by certain vessels which had been listed to depart from the exporting country not later than 30 April 1952 were admitted by special validation of the licences. Holders of revoked licences were required to re-apply and each such application is dealt with against the background of the pressing need for maximum economy in the expenditure of hard or scarce currencies,

"This re-examination of commitments is still in progress but it has already been found possible to provide firm allocations for certain items, in some cases on the basis of 100 per cent of the value of 1951 licences for the same goods from scheduled countries. The overall result will probably be that payments for imports from these countries in 1952 will reach about the same total as in 1951, i.e., approximately 30 millions."

On 31 March 1952 the Government introduced restrictions on allocations to importers to conserve the external reserves. Trading Banks were advised not to sell to any importer during 1952 more than 80 per cent of the amount of exchange sold to him during 1950 except with the approval of the Reserve Bank - the 80 per cent to cover all imports by the importer concerned. Upon adoption of this measure, the New Zealand Government transmitted for information a copy of the statement issued by the Reserve Bank which sets out the details. This has been circulated as L/7.
Early in August Trading banks were asked by the Reserve Bank of New Zealand not to sell to importers during 1953 more than 40 per cent of the amount of exchange sold in 1950 for imports other than motor vehicles and goods paid for under third-party certificates received from other import licence holders. The value of imports in these two categories will be deducted from total remittances for non-Government imports in 1950 before the basic 40 per cent is calculated. This arrangement replaced an earlier interim system under which importers could enter into commitments for the first six months of 1953 on the basis of 40 per cent of their total remittances for imports in 1950. The 1953 Import Licensing Schedule, which was released on 4 August, follows the same lines as the 1952 Schedule. (Government of New Zealand Press Bulletin, London, 5 August 1952, and Board of Trade Journal, 9 August 1952)

Pakistan

On 17 March 1952 the Government issued an order whereby fifteen categories of commodities that could previously be imported from the dollar area were excluded from the new list of licensable imports from that area. (Foreign Commerce Weekly, 12 May)

On 21 August the Government further restricted imports from both the dollar and sterling areas with a view to conserving foreign exchange earnings. A number of items, including cotton piece goods and yarn, bicycles, tyres and tubes, jute manufactures and motor vehicles, were taken off the Open General Licence. (Financial Times, 12 August)

In response to an enquiry by the Executive Secretary, the Pakistan Government has indicated that full details of the recent measures will be supplied shortly.

Sweden

The Government decided at the end of June to fix the limit for dollar expenditure in the second half of 1952 at a level about Kr. 100 million less than that provided for in the original "hard currency plan". Consequently, dollar expenditure for the whole of 1952 was expected to be Kr. 200 million below the 1951 figure. (Svenska Dagbladet, Stockholm, 1 July and Journal of Commerce, New York, 3 July)

The Swedish representative at Geneva informed the Executive Secretary on 11 July that his Government did not consider it necessary to make an official communication regarding these measures, since (a) there was no substantial change in the system, (b) the figures for dollar imports are not rigid but mere estimates, and (c) there remained a large balance of outstanding licences.
Union of South Africa

In a communication of 23 February 1952 (GATT/CP/145) the Union Government referred to the suspension of the free issue of permits for the import of textile piece goods. The South African representative stated at the February meeting of the Committee that his Government did not consider this a substantial intensification of import restrictions in terms of Article XII:4(b) but rather a deviation from the rule of Article XIII on which consultations would take place under Article XIV:1(g). The Committee consequently agreed that there was no prima facie case of substantial intensification of restrictions requiring action under Article XII:4(b). (See GATT/IC/SR.3)

On 12 March the Government announced that "certain adjustments were being effected with regard to import control as affecting consumer goods" and supplied a copy of a press statement by the Minister of Economic Affairs, which was distributed as L/8.

In its statement submitted in connection with the report and consultations under Article XIV:1(g), the Government advised that in order to extend certain assistance to the United Kingdom it had found it necessary to introduce a further element of discrimination in its import control scheme; this objective was to be achieved by reducing the issue of "general permits" below the level envisaged in its reply to GATT/CP/89.

Indonesia

On 3 June Indonesia put into force new import restrictions with the special aim of reducing the import of "luxury" items. Imports were divided into four groups. Different treatment as regards licensing and exchange rates were to be accorded to the various groups according to their "essentiality". The import of goods in the last two groups was either not to be provided with foreign currency or prohibited. This measure is understood to have been put into effect on 12 August but detailed lists of the four categories of imports had at that time not been made available to the public. (Board of Trade Journal, 14 June and Financial Times, London, August 12)

The Indonesian Government has not responded to a request for information made by the Secretariat by air mail on 17 July.