

Statements regarding import control

*by the Honourable the Minister of Finance,
Dr. N. Diederichs*

24th November 1971

Despite a considerable net inflow of capital, South Africa has now experienced a balance of payments deficit for more than two years. Until recently the basic cause of this was clearly the excessive total demand for consumer and capital goods and for services. This exerted undue pressure on our scarce resources of skilled labour and other factors of production, and thereby raised costs, led to an excessive rise in imports of capital goods, raw materials and consumer goods, and detrimentally affected exports. Rather than placing greater direct restrictions on imports, the authorities consequently applied restrictive monetary and fiscal measures in order to reduce the excessive demand.

Earlier this year there were clear indications that the official policy was slowly but surely achieving its objective. The excess demand declined, labour conditions became less tight, imports ceased to show a pronounced upward trend from the beginning of 1971 and exports tended to recover. The deficit on the current account of the balance of payments accordingly declined considerably, although not as much as was desired. However, following upon the action of the United States on 15th August of this year in suspending convertibility of the dollar into gold and imposing a 10 per cent import surcharge, international economic developments have occurred which have considerably aggravated South Africa's balance of payments problem. Thus the recent deterioration in the international economic situation and in world trade, as well as the further weakening in our terms of trade, have had a detrimental effect on South African exports, while the expectation that various currencies would appreciate considerably in relation to the U.S. dollar, and that the South African Rand would therefore experience an effective depreciation, has led to 'leads' in import and other foreign payments, 'lags' in export and other foreign receipts, and the withholding of foreign capital.

As a result of these factors, as well as of the underlying balance of payments deficit, South Africa's total gold and foreign reserves declined to a level of R603 million at the end of September this year, compared to R906 million a year earlier and the peak of R1 235 million at the end of April 1969. Since the end of September, the Reserve Bank's share of these reserves has declined by a further R45 million from R477 million to a level of R432 million on 19th November.

In these circumstances, and given the fact that there is at present no assurance that an international agreement on the realignment of exchange rates and on related trade arrangements will soon be reached, the Government has now decided to review its import control policy and, as a balance of payments measure, to tighten import control. The necessary detailed announcement in this connection will be made by the Minister of Economic Affairs.

This step is naturally not likely to bring about an immediate reversal in the declining trend of our reserves, but will in due course show positive results in this regard.

Although this step is being taken to protect the reserves, the Government was influenced in its decision by the recent tendency towards a slowing down in the private sector, particularly in manufacturing industry, and by the easier conditions in the labour market. These changes in the domestic situation have increased the ability of the economy to expand production and thus to meet a moderate shift of demand from foreign to domestic goods without serious inflationary consequences. Nevertheless, the broad guidelines of the Government's stabilisation policy remain unchanged. In particular, it remains the objective of the authorities to maintain a sound balance between demand and supply in the South African economy, and thereby to achieve a rapid rate of growth on a stable basis. With this purpose in mind, the restrictive monetary and fiscal measures will have to be continued for the present and for as long as may be necessary, but the authorities will not hesitate to relax these measures selectively as domestic and foreign economic circumstances permit.

*by the Honourable the Minister of Economic Affairs,
Mr. S. L. Muller*

24th November 1971

In a press statement released on 24th November 1971, the Minister of Economic Affairs referred to the announcement made by the Minister of Finance that, because of the effect of the existing uncertain international financial conditions on the country's external payments position, the Government found it necessary to introduce certain substantial changes in the Republic's import control policy for 1971 as well as to the already announced policy for 1972.

The Minister stated that these changes would be published in the Government Gazette on 25th November 1971. Details of the changes are as follows:

- (a) The unwritten-off balances of the Rand-values of all 1971 import permits are reduced immediately by 50 per cent. The value of goods already despatched to the Republic will, however, be written off against the relevant permits before the balances are thus reduced. The permits with the reduced values will be valid for the importation of goods which are despatched to the Republic until 31st March 1972.
- (b) The existing list of goods which may be imported without permit, is substantially reduced, and importers who have been importing these goods without permit, are advised to acquaint themselves fully with the revised policy.
- (c) Import permits for 1972 will not, as in the past, be valid from 1st January, but will only be valid from 1st March 1972.
- (d) All goods for which import permits are required, are divided into two categories, namely goods for which global import quotas will be allocated to importers, and goods which may only be imported under the authority of a specific permit.
- (e) The following global quotas are established for the former group of commodities:
- (i) *Raw materials*
Manufacturers will obtain import facilities for four months' requirements. Merchants will receive an initial issue of 30 per cent of their actual 1969 imports.
 - (ii) *Capital goods*
Manufacturers will receive permits on an end-user basis. Merchants will receive an initial issue of 30 per cent of their actual imports during 1969.
 - (iii) *Agricultural tractors, machinery and spares therefor*
Importers will receive an initial issue of 30 per cent of their actual imports during 1969.
 - (iv) *Commercial motor vehicles and spares therefor*
Importers will receive an initial issue of 20 per cent of their actual imports during 1969.
 - (v) *Motor cycles, motor scooters, mopeds, pedal cycles and spares therefor*
Importers will receive an initial issue of 20 per cent of their actual imports during 1969.
 - (vi) *Aircraft and gliders and spares therefor*
Import permits will be granted on an end-user basis only.
 - (vii) *Professional electronic equipment and spares therefor*
Import permits will be granted on an end-user basis only.
 - (viii) *Artisans' and mechanics' handtools*
Importers will receive an initial issue of 20 per cent of their actual imports during 1969.
 - (ix) *Pharmaceutical products in finished form*
Importers will receive an initial issue of 20 per cent of their actual imports during 1969.
 - (x) *Fungicides, pesticides and insecticides*
Importers will receive an initial issue of 20 per cent of their actual imports during 1969.
 - (xi) *Hardwood and hardwood logs*
Importers will receive an initial issue of 30 per cent of their actual imports during 1969.
 - (xii) *Textile piece goods imported by merchants*
An initial issue of 20 per cent of an importer's actual imports during 1969 will be granted.
 - (xiii) *Wine and potable spirits*
Importers will receive an initial issue of 20 per cent of their actual imports during 1969.
 - (xiv) *Paper and board imported by merchants*
An initial issue of 20 per cent of an importer's actual imports during 1969 will be granted.
 - (xv) *Ships and boats*
Import permits will be granted on an end-user basis only.
 - (xvi) *Office machines and spares therefor*
Importers will receive 20 per cent of their actual imports during 1969.
 - (xvii) *All other classes and kinds of goods (general merchandise)*
Importers will receive 20 per cent of their actual imports during 1969.
- Mr. Muller added that, as was the case during the present year, import permits would not be issued automatically to importers, but would only be granted on receipt of written applications.
- In conclusion the Minister said that the import control policy would again be reviewed during May 1972 in the light of the country's balance of payments position, when the extent of additional permit issues for 1972 would be decided upon.

Verklarings insake invoerbeheer

*deur Sy Edele die Minister van Finansies,
Dr. N. Diederichs*

24 November 1971

Ten spyte van 'n aansienlike netto invloëring van kapitaal, ondervind Suid-Afrika nou reeds meer as twee jaar lank 'n betalingsbalanstekort. Tot onlangs was die grondoorsaak hiervan klaarblyklik die oormatige totale vraag na verbruiks- en kapitaalgoedere en dienste. Dit het buitensporige druk op ons skaars geskoolde arbeid en ander produksiefaktore uitgeoefen en sodoende koste verhoog, invoere van kapitaalgoedere, grondstowwe en verbruiksgoedere oormatig laat toeneem en uitvoere benadeel. Daarom het die owerhede tereg beperkende monetêre en fiskale maatreëls toegepas ten einde die oormatige vraag te verminder, eerder as om groter regstreekse beperkings op invoere te plaas.

Vroeër vanjaar was daar duidelike tekens dat die amptelike beleid stadig maar seker besig was om in sy doel te slaag. Die oormatige vraag het afgeneem, die arbeidstoestande het minder stram geword, invoere het sedert die begin van 1971 nie meer 'n uitgesproke opwaartse neiging getoon nie en uitvoere was besig om te herstel. Die tekort op die lopende rekening van die betalingsbalans het dan ook aanmerklik verminder, alhoewel nog nie na wense nie. Sedert die Verenigde State egter op 15 Augustus vanjaar die inwisselbaarheid van die dollar in goud opgeskort en 'n 10 persent invoerheffing ingestel het, het daar internasionale ekonomiese verwickelinge plaasgevind wat Suid-Afrika se betalingsbalansprobleem aanmerklik vererger het. So het die onlangse agteruitgang in die internasionale ekonomiese toestand en die wêreldhandel, asook die verdere verswakking in ons ruilvoet, Suid-Afrika se uitvoere benadeel, terwyl die verwagting dat verskeie geld-eenhede aansienlik teenoor die V.S.A. dollar sou appresieer, en dat die Suid-Afrikaanse rand dus 'n effektiewe depresiasie sou ondergaan, aanleiding gegee het tot 'n vervroeging van invoer- en ander buitelandse betalings, 'n sloering in uitvoer- en ander buitelandse ontvangste en die weerhouding van buitelandse kapitaal.

As gevolg van hierdie faktore, sowel as van die onderliggende betalingsbalanstekort, het Suid-Afrika se totale goud en buitelandse reserwes gedaal tot 'n peil van R603 miljoen aan die einde van September vanjaar, vergeleke met R906 miljoen 'n jaar vantevore en die hoogtepunt van R1 235 miljoen aan die einde van April 1969. Sedert die einde van September het die Reserwebank se aandeel in hierdie reserwes met 'n verdere R45 miljoen vanaf R477 miljoen tot 'n peil van R432 miljoen op 19 November afgeneem.

Onder hierdie omstandighede, en gegewe die feit dat daar tans geen versekering bestaan dat daar spoedig 'n internasionale ooreenkoms oor die her-skikking van wisselkoerse en oor verwante handels-reëlings bereik sal word nie, het die Regering nou besluit om sy invoerbeheerbeleid in hersiening te neem en as 'n betalingsbalansmaatreël invoerbeheer te verskerp. Die nodige aankondiging hieroor, met al die besonderhede, sal deur die Minister van Ekonomiese Sake gedoen word.

Hierdie stap sal uit die aard van die saak waarskynlik nie 'n onmiddellike wending in die dalende neiging van ons reserwes meebring nie, maar sal mettertyd 'n positiewe uitwerking in dié verband toon.

Alhoewel hierdie stap gedoen word om die reserwes te beskerm, is die Regering in sy besluit beïnvloed deur die onlangse neiging tot verlansaming in die private sektor, veral in die fabriekswese, en deur die minder stram toestande in die arbeidsmark. Hierdie veranderings in die binnelandse toestand het die ekonomie se vermoë vergroot om deur 'n uitbreiding van produksie 'n matige verskuiwing van vraag vanaf buitelandse na binnelandse goedere sonder ernstige inflasionistiese gevolge te ontmoet. Nietemin bly die breë riglyne van die Regering se stabilisasiebeleid onveranderd. In die besonder bly dit die owerheid se doelstelling om 'n gesonde verhouding tussen vraag en aanbod in die Suid-Afrikaanse ekonomie te handhaaf en sodoende 'n vinnige groei koers op 'n stabiele grondslag te bewerkstellig. Met hierdie doel voor oë sal daar vir die huidige en solank as wat dit nodig mag blyk met die beperkende monetêre en fiskale maatreëls voortgegaan moet word, maar sal die owerheid nie huiwer om hierdie maatreëls selektief te verslap nie na gelang binnelandse en buitelandse ekonomiese toestande dit regverdig.

*deur Sy Edele die Minister van Ekonomiese Sake,
Mnr. S. L. Muller*

24 November 1971

In 'n persverklaring wat op 24 November 1971 vrygestel is, het die Minister van Ekonomiese Sake verwys na die aankondiging van die Minister van Finansies dat die Regering, weens die uitwerking van die bestaande onsekere internasionale finansiële toestande op die land se buitelandse betalingsposisie, dit nou nodig gevind het om die invoerbeheerbeleid vir 1971, asook die reeds aangekondigde beleid vir 1972 in sekere opsigte aansienlik te wysig.

Die Minister het gesê dat hierdie wysigings op 25 November 1971 in die Staatskoerant gepubliseer sal word. Besonderhede van die wysigings is soos volg:

- (a) Die onafgeskrewe balanse van die Rand-waardes van alle 1971-invoerpermitte word dadelik met 50 persent verminder. Die waarde van goedere wat reeds na die Republiek versend is, sal egter teen die betrokke permitte afgeskryf word voordat die balanse verminder word. Die permitte met die verminderde waardes sal geldig wees vir die invoer van goedere wat tot 31 Maart 1972 na die Republiek versend word.
- (b) Die bestaande lys van goedere wat sonder permit ingevoer kan word, word aanmerklik ingekort, en invoerders wat hierdie goedere tot dusver sonder permit ingevoer het, word aangeraai om hulself deeglik op hoogte te bring van die gewysigde beleid.
- (c) Invoerpermitte vir 1972 sal nie, soos in die verlede, vanaf 1 Januarie geldig wees nie, maar sal eers vanaf 1 Maart 1972 gebruik kan word.
- (d) Alle goedere waarvoor invoerpermitte benodig word, word in twee klasse verdeel, naamlik goedere waarvoor globale invoerkwotas aan invoerders toegestaan sal word en goedere wat slegs onder magtiging van 'n spesifieke permit ingevoer kan word.
- (e) Die volgende globale kwotas word vir eersgenoemde kommoditeitsgroepe vasgestel:
- (i) *Grondstowwe*
Nyweraars sal invoerfasiliteite vir 4 maande se benodigdhede ontvang. Handelaars sal 'n voorskot van 30 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (ii) *Kapitaalgoedere*
Nyweraars sal permitte op 'n eindverbruikersbasis ontvang. Handelaars sal 'n voorskot van 30 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (iii) *Landboutrekkers, masjinerie en reserwedele daarvoor*
Invoerders sal 'n voorskot van 30 persent van hulle invoere gedurende 1969 ontvang.
 - (iv) *Handelsmotorvoertuie en reserwedele daarvoor*
Invoerders sal 'n voorskot van 20 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (v) *Motorfiets, bromponies, kragfiets en trapfiets en reserwedele daarvoor*
Invoerders sal 'n voorskot van 20 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (vi) *Vliegtuie en reserwedele daarvoor*
Invoerpermitte sal slegs op 'n eindverbruikersbasis toegestaan word.
 - (vii) *Professionele elektroniese toerusting en reserwedele daarvoor*
Invoerpermitte sal slegs op 'n eindverbruikersbasis toegestaan word.
 - (viii) *Handgereedskap vir ambagsmanne en werktuigkundiges*
Invoerders sal 'n voorskot van 20 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (ix) *Farmaseutiese produkte in finale vorm*
Invoerders sal 'n voorskot van 20 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (x) *Swamdoders, plaagbestryders en insektedoders in die finale vorm*
Invoerders sal 'n voorskot van 20 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (xi) *Hardehout en hardhoutblokke*
Invoerders sal 'n voorskot van 30 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (xii) *Tekstielstukgoedere deur handelaars ingevoer*
'n Voorskot van 20 persent van die invoerder se werklike invoere gedurende 1969 sal toegestaan word.
 - (xiii) *Wyn en drinkbare spiritus*
Invoerders sal 'n voorskot van 20 persent van hulle invoere gedurende 1969 ontvang.
 - (xiv) *Papier en karton deur handelaars ingevoer*
'n Voorskot van 20 persent van die invoerder se werklike invoere gedurende 1969 sal toegestaan word.
 - (xv) *Skepe en bote*
Invoerpermitte sal slegs op 'n eindverbruikersbasis toegestaan word.
 - (xvi) *Kantoormasjiene en reserwedele daarvoor*
Invoerders sal 'n voorskot van 20 persent van hulle werklike invoere gedurende 1969 ontvang.
 - (xvii) *Alle ander klasse en soorte goedere (algemene handelware)*
Invoerders sal 'n voorskot van 20 persent van hulle werklike invoere gedurende 1969 ontvang.
- Mnr. Muller het bygevoeg dat, net soos gedurende die huidige jaar die geval was, invoerpermitte nie outomaties aan invoerders uitgereik sal word nie, maar slegs op skriftelike aansoek toegestaan sal word.
- Die Minister het ten slotte gesê dat die invoerbeheerbeleid weer gedurende Mei 1972 in die lig van die land se betalingsbalansposisie' heroorweeg sal word wanneer daar dan oor die omvang van verdere permittoekennings vir 1972 besluit sal word.