

MEMORANDUM FOR CABINET BY THE HON. MINISTER OF  
INDUSTRIAL DEVELOPMENT AND TOURISM

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Refund of 10% Surcharge

In November 1964 Cabinet declared that 66 2/3% of the surcharge imposed by the British Government on certain imports into the United Kingdom be refunded for a period of one year as from the 26th October, 1964. This authority lapses on the 26th October.

2. The British Government, consistent with its declared policy that the surcharge was essentially temporary and would be reduced as soon as the balance of payments situation permits, reduced the charge from 15% to 10% with effect from the 27th of April, 1965. As a reduced surcharge is still in force it is for consideration whether the refund system should be extended for a further period of one year. It appears from usually-influential comments in the British economic press that it will be some time before it is abolished and in any case not before the measures taken by the British Government to check economic growth are relaxed.

3. The reasons adduced for the original approval still obtain. Cabinet did not approve the refund for a period exceeding one year as it was originally held that industrialists should be encouraged to look for export markets outside Britain. All possible measures were of course taken by the industrialists and their efforts were to some extent successful. In fact the Middle East and N. Africa as well as Canada and the U.S.A. are increasingly being looked to for exports. However local industries still look mainly at Britain for their overseas sales.

4. On current export trends the export of goods to Britain subject to surcharge for a year should reach around the £2n. mark. At 66 2/3% of the current trade of surcharge which is fixed at 10% ad valorem, the funds required to grant the relief would amount to £133,333 - say £150,000.

5. Cabinet may wish to approve the proposed extension.

27th October, 1965.