protection to domestic industries and by increased prior deposit rates on imports to discourage excessive or speculative imports. Although liberalization is of benefit to the United States, it has yet to be expanded to cover a significant portion of manufactured and consumer goods of American origin which have potential in the Japanese market.

Malaya

In July 1960, the Government of the Federation of Malaya and Singapore eliminated specific import licensing requirements for the importation of watches, radios, and automobiles from the dollar area, thereby completing the relaxation of restrictions which began in the previous year. Except for a few items which are restricted for health, morals, and security reasons, all products from the dollar area may now be imported under open general license.

Mexico

Mexico made additions to the list of products subject to quantitative import restrictions during 1961, further intensifying its restricive system, which covers a wide range of goods. About one-half of annual imports are subject to import controls. A prior permit, issued by the Ministry of Industry and Commerce, is required before such goods may be imported. Moreover, all agricultural, livestock, and forestry products, whether or not requiring a license from the Ministry of Industry and Commerce, require a prior import license from the Ministry of Agriculture. These controls do not discriminate against imports from the United States.

The import restrictions have a dual purpose; namely, to channel available foreign exchange into purchases of good deemed essential to the economy and to protect domestic industries. Accordingly, the criteria in passing on import applications are essentality of the product and whether or not satisfactory domestic substitutes are available. Import licensing is most restrictive on luxury goods and those which compete with domestic products.

Netherlands

The Netherlands undertook to further ease remaining import restrictions by eliminating quotas established for licensing methylchloride, wooden packing cases, and fishing nets imports. Similar steps were taken earlier in January and July 1960 respecting other goods subject to quota limitations.

Goods requiring an import license are now limited to slightly over 100 items, about evenly divided between agricultural and industrial products. Import licenses, where required, are usually granted liberally. Some of the products for which import licenses are required also are subject to quotas. For 38 tariff items, quotas are set for imports into the Netherlands from Belgium-Luxembourg and other EEC countries. For 13 tariff items, quotas are set for import into the Benelux area on a basis which differentiates between two source groupings; that is, the Common Market countries vis-a-vis all other countries, including the United States. In general, these quotas have not significantly impeded the flow of U.S. exports to the Netherlands.

The economic union of the Benelux countries came into existence on November 1, 1960, based on the Benelux Treaty signed in February 1948. With respect to import regulations, the three countries may be considered as a unit. Bilateral trade agreements between the Netherlands and other countries are being replaced upon their expiration by joint Benelux instruments establishing common commitments for the Benelux territory as a whole.

Wheat imports are regulated by mixing regulations, which specify the amount of domestic wheat to be used in the production of flour. Also, a special levy (monopoly fee) applied to flour imports serves to increase the price of the imported product.

Netherlands Antilles

Most imports from the United States do not require import licenses, although certain products, primarily high-priced luxury items, are still controlled. There were no changes in the Netherlands Antilles licensing policy in 1961.

New Zealand

All imports into New Zealand, except a small number of items specifically exempted, require import licenses. The licensing treatment for all imports is out-