

GENERAL AGREEMENT ON TARIFFS AND TRADE

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ORIGINAL: ENGLISH

CONTRACTING PARTIES

Standard Practices for Import and Export Restrictions and Exchange Controls

Contracting parties will recollect that at the Fifth Session the Executive Secretary was instructed to publish the Standard Practices for Import and Export Restrictions and Exchange Controls and to give maximum publicity to the recommendations. The Standard Practices were published as a leaflet, in English and French, on December 27, 1950 and copies were available for delegations before the close of the Session.

Early in 1951 the Secretariat undertook an intensive distribution of the Standard Practices leaflet, bringing it to the attention of inter-governmental and non-governmental organizations which were likely to be interested as well as the commercial and technical organs of the press. Contracting parties also gave widespread currency to the recommended Practices, which were reproduced in the respective governmental trade journals. It may be noted that many journals which are influential in commerce circles also reproduced in full or summarized the Standard Practices, indicating their potential value for the business community. On the whole the initiative taken by the Contracting Parties in this matter appears to have been well received in commercial circles.

The International Chamber of Commerce has submitted to the Contracting Parties a number of "comments and suggestions designed to complete and where necessary strengthen the Standard Practices". The full text, which was adopted as a Resolution of the Thirteenth Congress of the I.C.C. Lisbon, June 1951, is appended to this paper.

The Twentieth International Wool Conference, meeting in Barcelona, May, 1951, also considered the Standard Practices. The text of the Resolution adopted by this Conference, which was formally communicated to the Executive Secretary, is appended.

1. International Chamber of Commerce

The following is the text of the Resolution on Formalities connected with Quantitative Restrictions which was adopted at the 13th Congress of the International Chamber of Commerce, Lisbon, June 1951:

Formalities Connected With
Quantitative Restrictions

"With a view to simplifying and standardizing administrative regulations connected with quantitative restrictions on imports and exports, the International Chamber of Commerce had contemplated drawing up a code of fair treatment in this field.

"It is therefore glad to note the initiative taken by the Contracting Parties to the General Agreement on Tariffs and Trade which, on 30th November 1950, at their 5th Session in Torquay, adopted a set of Standard Practices for the administration of import and export restrictions and exchange controls.

"These rules are a definite improvement on existing practices. The I.C.C. therefore strongly recommends their early application by the governments of all countries concerned.

"After a preliminary inquiry among the trading and industrial interests in its membership, the I.C.C. submits to the Contracting Parties the following comments and suggestions designed to complete and where necessary strengthen the Standard Practices.

"1. Under Article 3 the administration may refuse the importer or exporter the right to import or export goods covered by adequately confirmed order prior to the entry into force of a system of restrictions, even if delivery can be completed within a specified period. This is neither logical nor equitable, since it turns what should be an exceptional system into the system generally applicable. It is not admissible that the possibility for a trader to fulfil a regular contract should be left to the decision of an official, particularly as no provision is made for payment by the State of compensation for the damage the trader might suffer.

"It should therefore be laid down that new or intensified restrictions should never apply to goods covered by a bona fide order before the entry into force of these measures is announced, unless failure to apply them would dangerously affect the interests of the country in question.

"2. The provisions contained in Article I concerning the grant of import licences and exchange permits are not sufficiently definite. Whenever imports are subject to licences and exchange permits, it is essential that the importer who has received the import licence should automatically be granted the exchange permit enabling him to obtain the foreign exchange required to pay for the authorized imports.

"Governments should make appropriate arrangements to ensure that the importers have to accomplish only one formality, for instance by filling in a single document composed of several sheets, in order to obtain the licence and the exchange permit, and that applications for the licence and exchange permit are dealt with expeditiously by the administrations concerned, the whole set being returned simultaneously to the importers.

"3. It frequently happens that the importer does not give his foreign seller a credit for the whole duration of validity of the licence. The importer is liable to meet with difficulties from the exchange control authorities of his country should he wish to extend his credit. Where credits have to be approved by the administration, they should therefore cover, or be extendable to the validity of the licence.

"4. When the goods have been dispatched before the expiry date of the licence, they should be treated as having been exported or imported during the validity of the licence.

"5. Quotas for seasonal articles and products - the term 'seasonal' being understood in the wide sense required by the complexity of international trade - should be rationally distributed over the year.

"6. Any portion of an import or export licence not utilized during the stipulated period should be carried over to the following period. Licences or portions of licences not utilized by the beneficiaries for reasons within their control should be transferable by the competent administration to another importer or exporter of the same country.

"7. The governments should do everything in their power to enable the public to obtain prompt information regarding the delivery of licences and the extent to which quotas have been utilized.

"8. With regard to the past period of reference provided for in Article 6, these should be selected by the competent authorities in close consultation with the interests concerned with a view to preserving the normal channels of trade.

"9. Articles which are genuine accessories of a principal consignment as well as samples should be treated as outside the quota.

"10. Where deposits are required from importers, they should be no more than is strictly required to discourage frivolous or speculative applications for licences.

"11. When professional organizations manage or advise upon import or export quotas, provision should be made for a procedure of appeal; the management committees should include the largest possible number of representatives of the trades concerned.

"12. In some quota agreements, the item 'Miscellaneous' is included to avoid a lengthy list of articles likely to be imported or exported. The application of this item is usually left to the decision of the administration. Measures should be taken to safeguard against abuses under this heading".

2. International Wool Textile Organization

The following is the text of the Resolution which was adopted by the 20th International Wool Conference, Barcelona, May 1951.

"The Twentieth International Wool Conference assembled at Barcelona welcomes the Standard Practices for the administration of Import and Export Restrictions and Exchange Controls, recommended by the Governments which are parties to the General Agreement on Tariffs and Trade as a step in the right direction, considers with regret, however, that these governments have not attached sufficient importance to the principle of sanctity of contract and recommends that further study be undertaken by the parties in order to give the fulfilment of genuine contracts, entered into before the imposition of new or intensified restrictions, absolute priority over all new business".