

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
LIMITED B
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CONTRACTING PARTIES
Fifth Session

REPORT OF WORKING PARTY "G" ON STANDARD PRACTICES FOR IMPORT AND EXPORT RESTRICTIONS AND EXCHANGE CONTROLS

1. In accordance with its terms of reference, Working Party "G" has studied the proposal that the Contracting Parties should agree upon a set of standard practices for the administration of import and export restrictions and exchange controls in order to minimise hardship and uncertainty to members of the commercial community.
2. The Working Party recognised that, in view of the widely different administrative procedures in operation in countries applying import and export restrictions and exchange controls, it necessarily had to confine itself to recommending basic principles which should govern the administration of such controls, leaving it to individual governments to decide how best to apply these principles to their own procedures.
3. The Working Party accordingly recommends that the Contracting Parties:-
 - (a) approve the draft standards set forth in the Annex to this Report;
 - (b) recommend these practices to the individual contracting parties as a code which they should endeavour to adopt to the maximum practicable extent; and
 - (c) request individual governments to bring these standards to the attention of those responsible for the administration of import and export restrictions and exchange controls.
4. The Working Party considered that the proposed standards set forth in the Annex should be regarded as a code for the guidance of contracting parties and not as additional obligations imposed upon them under the General Agreement. The Working Party believed that if contracting parties were to accept these as recommendations to be followed whenever possible, they would make a valuable contribution to the fulfilment of the objectives of the General Agreement. At the same time it was recognised that, where there are clear and overriding considerations, or in individual cases where there is good reason to suspect the bona fides of transactions in question, it may be necessary for contracting parties to depart from the letter of the standards.
5. The Working Party confined its attention principally to the formulation of standard practices to be applied by governments imposing import and export restrictions and exchange controls for balance-of-payment reasons. Since, however, international trade in many products is subject to other regulations and orders, the Working Party was of the opinion that, where possible, the principles underlying the set of standard practices proposed in the Annex should also be observed for such regulations and orders.
6. The Working Party recommends that this Report, if approved by the Contracting Parties, be de-restricted at the close of the Session, and that the Contracting Parties instruct the Executive Secretary to give the maximum publicity to the recommendations set forth above and to the standard practices in the Annex.

ANNEX

STANDARD PRACTICES FOR THE ADMINISTRATION
OF IMPORT AND EXPORT RESTRICTIONS
AND EXCHANGE CONTROLS

1. The grant of an import licence should imply that the necessary foreign exchange will be obtainable if applied for within a reasonable time. When both import licences and exchange permits are required, the operation of the two requirements should be co-ordinated. If more than one rate of exchange applies in payment for imports, the import licence or exchange permit should indicate the type of exchange which will apply in the settlement of the particular transaction.
2. Any new or intensified restrictions on importation and exportation should not apply to goods shown to the satisfaction of the control authority to have been en route at the time the change was announced or to have been paid for in substantial part or covered by an irrevocable letter of credit.
3. Goods proven to have been covered by adequate confirmed prior order at the time new or intensified restrictions are announced, and not marketable elsewhere without appreciable loss, should receive special consideration on an individual case basis, provided their delivery can be completed within a specified period. Such goods, as well as those covered under paragraph 2, should be accountable against any import or export quota or exchange allocation that may have been established for that particular class of goods.
4. The administrative formalities in connection with the issuance of import and export licences or exchange permits should be designed to allow action upon applications within a reasonably short period. A licence or permit should be valid for a sufficient period to allow for the production and delivery of the goods, taking into account the character of the goods and the conditions of transport from the country of origin. The control authorities should not withdraw licences or permits unless they are satisfied that exceptional circumstances necessitate such action, and should give sympathetic consideration to requests for renewal or revalidation of licences or permits when exceptional circumstances prevent their utilisation within the original period.
5. Under a system involving the fixing of quotas for particular classes of goods or of allocations of exchange in payment for them, any period that may be set, within which applications for such quotas or allocations must be made, should be sufficient to allow for the exchange of communications with likely foreign suppliers and the conclusion of purchase contracts.
6. When foreign products subject to quantitative limitations are apportioned among importers largely in the light of their past participation in the trade, the control authorities, at their discretion and without undue prejudice to the interests of established importers, should give consideration to requests for licences or permits submitted by qualified and financially responsible newcomers.
7. If an assurance regarding the issue of an import licence is required as a condition of consular legalization of shipping documents in the country of exportation, a reliable communication giving the number of the import licence should suffice.

8. The authority given to customs officials should be adequate to allow them, at their discretion, to grant reasonable tolerance for variations in the quantity or value of individual shipments as delivered from that specified in the prior import or export authorization, in accordance with the character of the product involved and any extenuating circumstances.

✓9. Where, owing to exceptional and unforeseen balance-of-payment difficulties, a country is unable to provide foreign exchange for imports immediately payment becomes due to the supplier, transfers of foreign exchange in respect of goods already imported or licensed for importation should have priority over transfers in respect of new orders, or should at least have a definite and equitable share of the total amounts of foreign exchange currently available for imports.

