

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED  
LIMITED W  
GATT/CP.5/G/3  
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ORIGINAL: ENGLISH

CONTRACTING PARTIES  
Fifth Session

## Working Party "G" on Standard Practices for Trade and Exchange Controls

### DRAFT REPORT

1. In accordance with its terms of reference, Working Party "G" has examined 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 the hardship and uncertainty suffered by members of the commercial community.

2. In examining the proposed standards, the Working Party recognised that the widely different types of control in operation in the various countries and the different procedures adopted by governments in the administration of these controls would prevent the formulation of a generally acceptable set of practices. Nonetheless, the Working Party believes that the acceptance of the standards upon which agreement has been reached in the course of its deliberations, would represent a step in the right direction, and would make an important contribution to the elimination of hardship and uncertainty under which the commercial communities suffer as a result of the many restrictions and controls at present in force.

There was agreement in the Working Party that the standard practices to be formulated for the guidance of contracting parties would serve as recommendations regarding action which it would be desirable for them to take in the application of their controls, and not as additional obligations imposed upon them under the General Agreement.

3. The Working Party accordingly desires to recommend:

- (a) That the Contracting Parties approve the draft standards set forth in the annex to this report;
- (b) That the Contracting Parties recommend these practices to the individual contracting parties as a code which they should endeavour to adopt to the maximum practicable extent; and
- (c) That contracting parties should bring these standards to the attention of all officials responsible for the administration of import and export restrictions and exchange controls, and should impress upon them the necessity for keeping these standards consistently in mind in the performance of their duties.

4. If the standards are approved by the Contracting Parties, it should be understood that, in exceptional circumstances, for example 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. Nonetheless, the Working Party believes that the adoption of this code would be in keeping with the spirit of the General Agreement, and that if contracting parties were to regard these as recommendations to be followed whenever it is at all possible to do so, they would make a valuable contribution to the fulfilment of the objectives of the Agreement.

5. The Working Party confined its attention principally to the more common

forms of import and export restrictions and exchange controls. But it was noted that international trade in many products is subject in addition to a variety of other regulations and orders to which the standard practices could be equally well applied. Accordingly the Working Party was of the opinion that the principles underlying the set of standard practices should be observed for all types of trade restriction and control.

6. The Working Party recommends that this report, if approved by the Contracting Parties, be de-restricted, 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 to this report.

A N N E X

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

(Paragraphs 1 to 8 have been approved by the Working Party; paragraph 9 requires further consideration.)

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 additional or more burdensome conditions 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 goods 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 additional or more burdensome conditions 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 and export authorization, in accordance with the character of the product involved and other 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.