

GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Import Licensing

MINUTES OF THE MEETING HELD ON 13 MARCH 1985

Chairman: Mr. A. Liontas

1. The Committee on Import Licensing held its twelfth meeting on 13 March 1985.

2. The agenda of the meeting was as follows:

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A. Election of officers

3. The Committee re-elected Mr. A. Liontas (Greece) Chairman, and elected Mr. C. Hammar (Sweden) Vice-Chairman, for 1985.

B. Information available on Import Licensing Procedures

4. The Chairman drew attention to the following documents which had appeared since the last meeting: LIC/3/Add.11, listing titles of publications containing information on import licensing procedures received by the secretariat; LIC/1/Add.35, notification by Sweden concerning Implementation and Operation of the Agreement; and L/5640/Add.7-16, replies to the Questionnaire on Import Licensing Procedures, updating or modifying previous notifications concerning import licensing systems. He reminded the Committee that each contracting party had an obligation to update annually any changes in their licensing systems, and invited signatories to do so.

5. In reply to a question by the representative of the United States, the representative of Egypt said that he understood the importance of providing information on his country's licensing system, and would present this information as it was received from the capital.

6. The representative of New Zealand referred to the policy changes he had announced at the last meeting (LIC/M/11, para. 9), and informed the Committee of the subsequent changes made by his government. He outlined three developments which underlined the firmness of his government's commitment to a fundamental restructuring of the economy, with import licence liberalization as one of the central features of its economic programme: (i) the announcement on 12 December 1984 of a Motor Vehicle Industry Development Plan, similar to other development plans already announced, involving liberalization of import licensing for completely built up (CBU) motor vehicles, buses and trucks and a general reduction of tariff levels. Detailed information concerning the status of import licensing in terms of that plan would be made available to the secretariat. (ii) On 8 November 1984 the tendering of import licences announced in October took place, covering a wide range of goods valued at \$435 million. Further rounds would take place. (iii) In February 1985, talks concerning the planned progressive removal of import licensing and its replacement by tariffs began between the government and manufacturers. Discussions centered on the manner in which tariff levels would be assessed.

7. The Committee took note of the statements made.

C. Implementation and Operation of the Agreement

8. The representative of Japan recalled that at the last meeting he had announced his authorities' decision to publish import quotas for leather footwear, although an effective date of publication had not yet been decided (LIC/M/11, para. 12). Since the last meeting, his authorities had given the matter careful consideration and now were preparing to publish import quotas for leather footwear as of the new leather fiscal year beginning in September 1985. Regarding the size of import quotas for leather goods for the second half of fiscal year 1984, he repeated the figures for finished leather, wet-blue-chrome and seat leather for automobiles which he had cited at the previous meeting (LIC/M/11, para. 12) and informed the Committee that the import quota for miscellaneous import goods for the same period was US\$45 million.

9. The representative of the European Economic Community said that they were encouraged that the Japanese authorities were now in a position to announce the publication of leather footwear quotas, whatever the legal status of these quotas in GATT. He asked the representative of Japan to clarify whether or not there would be an increase in the leather quotas for the new fiscal year. He said that there was still room for improvement in terms of Japan's system being in full accord with Article 3 of the Agreement and that they would have to continue looking at this question, especially the issue of procedures used for allocating quotas, which had been raised at the last meeting (LIC/M/11, paragraphs 13 and 17).

10. The representative of the United States thanked the representative of Japan for the information and noted that while this was a step in the right direction, there was still room for improvement. Regarding the publication of quotas for leather footwear, he wondered whether the September date meant

that the quotas published would cover all of fiscal year 1985 or just the second half of that fiscal year. He wondered if there were any figures available for quotas for miscellaneous import items for the first half of fiscal year 1985. He recalled that in previous meetings his delegation had asked for more clarification as to the products contained in this category and repeated his government's request for more specific information. He also referred to his delegation's previous questions concerning the thirteen agricultural categories under quota; while he understood that information was available on beef and citrus quotas, he wondered when they might expect quotas to be published on the other categories (LIC/M/10, paragraph 14 and LIC/M/11, paragraph 15).

11. The representative of Japan said that the size of the import quota for leather had not yet been decided for the new fiscal year beginning in April 1985. He would provide information on this point at the next meeting of the Committee. Regarding leather footwear quotas, he said that September 1985 - April 1986 was one possible time framework for publication. Regarding miscellaneous import goods, he noted that the figure of US\$45 million for the second half of fiscal year 1984 had been reduced from US\$50 million for the first half of that fiscal year. This was due to the narrowing of the product coverage of the miscellaneous import goods list. Such narrowing could be accomplished either by transferring an item to the category of independent quotas which are published, or by liberalizing the item. Regarding the former, he noted that since 1983 tomato juice, tomato ketchup and tomato sauce, fruit purée and fruit pulp had been transferred from the miscellaneous import goods to independent quotas; the quota size for tomato juice and tomato ketchup had already been published (LIC/M/8, paragraph 7; LIC/M/9, paragraph 13; LIC/M/10, paragraphs 12 and 15 and LIC/M/11, paragraph 16). Regarding liberalization, he said that last July some small items (e.g. some tropical fruit juices, some baby foods and some parts of sugar products) which had been on the miscellaneous import goods list had been liberalized. All these changes in the miscellaneous import goods list had been the subject of an import announcement. Concerning the relationship between the thirteen agricultural products and the miscellaneous import goods, he noted that some of the agricultural items in question were also included in the miscellaneous import goods. He would provide detailed information on this point to the United States bilaterally.

12. The representatives of Australia and New Zealand thanked Japan for the information just provided which indicated that Japan was moving towards bringing its leather regime more into conformity with the Agreement. The representative of Australia added that her delegation was looking forward to tangible export results, and urged Japan to complete the liberalization process at an early date. In referring to Japan's explanation concerning the narrowing of product coverage of the miscellaneous import goods, the representative of the New Zealand noted that the movement from the miscellaneous import goods list to an independent quota which was published was a step in the right direction. He asked the Japanese delegation to provide the Committee with a list of those items which had been removed from the miscellaneous import goods list and were no longer subject to quotas, as well as a copy of the import announcement referred to indicating the range of goods falling within the miscellaneous import category. He also endorsed the points made by the delegation of the European Economic Community concerning

the questions of procedures regarding the allocation of quotas which had been raised by his and other delegations at the last meeting (LIC/M/11, paragraphs 13 and 17) and were still outstanding. His delegation would also look for tangible export results and would keep the matter under close scrutiny.

13. The representative of Japan said that he would consult with his authorities regarding how to respond to delegations' requests for information concerning miscellaneous import goods. He also asked the Committee to recognize the efforts his authorities had made in the past three years, and hoped the Committee would show forbearance in following their further efforts to take positive action in this matter.

14. The Chairman noted that the Committee had welcomed the progress, however small, made by the Japanese government in pursuing the matter of publication of quotas. Nevertheless, the questions raised showed that there was still considerable concern regarding the need for Japan to liberalize its licensing system to the greatest extent possible, especially in view of Japan's importance in world trade. In this regard, he noted that several delegations had requested Japan to supply the Committee with information, preferably through notification, on four points: (i) the list of miscellaneous import goods; (ii) the import announcement concerning miscellaneous import goods; (iii) the allocation of quotas, and (iv) the modalities of different import licensing regimes in Japan. He hoped that Japan would be in a position to meet these requests.

15. Regarding the issue of United States' licensing practices for specialty steel raised at the two previous meetings (LIC/M/10, paragraph 22 and LIC/M/11, paragraph 19), the representative of the European Economic Community said that his delegation would be willing to try and clarify this matter informally, with the help of the secretariat. He also noted that the United States had recently submitted some information which might be helpful in resolving the issue before the next meeting of the Committee.

16. The representative of the United States agreed to try and resolve this matter on a bilateral basis. He called attention to the information he had just submitted to the secretariat (which was available to any interested member of the Committee) comprising a copy of the Special Steel Summary Invoice (SSSI) and a short note regarding its purpose. His delegation felt that misinterpretation might stem from a lack of information as to what was actually involved, and he hoped that this additional material might clarify the issue.

17. The Chairman proposed that consultations be held informally with the assistance of the secretariat and that the results, when available, be brought to the attention of the Committee. It was so agreed.

18. The representative of the United States informed the Committee that his authorities continued to have problems concerning Indian licensing of almond imports. They were still trying to resolve this issue bilaterally, and hoped to do so by the next meeting.

19. The Committee took note of this statement.

D. Work Programme

20. The Chairman recalled that at its last meeting, the Committee had adopted procedures regarding the first stage of its work programme concerning "simplification" of the Agreement (LIC/M/11, paragraphs 29-30). He called attention to document LIC/W/25 and suggested that delegations consider (a) the substance of the paper and (b) how to proceed further.

21. Commenting on the substance of the paper, most members of the Committee expressed positive preliminary reactions to the approach followed, though it was considered that much of the information needed was lacking. Accordingly, a number of delegations were prepared to assist the secretariat in correcting and completing the data in part I of document LIC/W/25.

22. The representative of the European Economic Community noted that replies to the GATT Questionnaire were probably not the best source of information to draw up an inventory as in part I, though at least on item C some useful data had been gathered. This posed the question of the basis on which the work might be pursued. His delegation felt that, if the issue of compiling an inventory were retained, this should at least be done in close consultation with delegations so as to arrive at meaningful results. Regarding the United States' proposals in part II of the document, he said that in discussing time-frames, it may be useful to distinguish between two types of situations: those where emergency action was needed and where it would be counterproductive to require that information be published too far in advance; and those where a continuous system of licensing was in effect (e.g. renewal on a half-year or yearly basis) and where it would be reasonable to inform potential applicants well in advance. Concerning the latter case, the 30-day time period generally advocated by the United States may not be realistic in all cases, particularly where the notification involved was complex or the notifying country was a great distance from Geneva. However, the United States' proposal was a good starting point for a discussion, and his delegation could support the main ideas contained in it.

23. The representative of New Zealand said that the inventory was helpful in terms of an initial outline his authorities had submitted previously concerning ways in which the Committee's work programme might be approached. Concerning the question of how to proceed, he suggested that the secretariat update document LIC/W/25, as far as possible with the help of delegations. Regarding the United States' proposal on application procedures, one needed to look at what was done in practice before trying to establish a time-frame. While the 30-day time-frame seemed popular, he agreed with the point made by the European Economic Community that it might not necessarily be appropriate.

24. The representative of Chile said that the secretariat document reflected the reticence in capitals to answer the Questionnaire, for fear of providing too much detail which might boomerang in the form of queries from trading partners. He suggested that the Committee might focus its work on a more practical exercise to aid exporters and importers, for example by asking countries to produce organigrammes of the procedures an importer or exporter

must follow to obtain a licence. Concerning the United States proposals, while they were basically good, he noted that Santiago was far from Geneva and that, as suggested by the European Economic Community, a 30-day period might be too short.

25. The representative of Yugoslavia said that while her authorities had not had enough time to consider the secretariat paper, both the inventory in LIC/W/25 and the United States' proposals seemed to be of great use. There was also a great need to help ease the licensing procedures in developing countries and she suggested that this might be accomplished by exchanging experiences among countries, or by technical assistance to developing countries. She said that her authorities would cooperate in providing full information on the Yugoslav licensing procedures and would look forward to help from other countries in improving these procedures.

26. The representative of the United States said that the suggestions made by his delegation in part II of LIC/W/25 had been made without the benefit of the information contained in part I, and had been intended to focus the Committee's mind on the issues. His delegations approached these issues with an open mind, and would cooperate fully in improving the information base and in working towards consensus solutions.

27. The Chairman concluded the discussion on the work programme by saying that the Committee had had a constructive preliminary exchange of views on the secretariat document, which was considered as a good basis for further work. The suggestions and proposals by the United States were also considered useful from this standpoint. All delegations speaking had highlighted the need for more information on points A, B and C. He considered that it would be preferable to complete the work on points A, B and C before proceeding further, and with this in view he suggested that the secretariat be asked to revise document LIC/W/25 in consultation with delegations. It was so agreed.

E. Special Meeting of the Committee

28. The Chairman recalled that the Committee had already been concerned about this issue. He, as Chairman of the Committee, had consulted bilaterally with a number of non-signatory contracting parties and had reported on these consultations to the Committee. The Committee itself had held an informal meeting with non-signatory contracting parties. It seemed that by responding to the invitation of the CONTRACTING PARTIES to hold a special meeting contained in document L/5756, the Committee would provide an appropriate channel to continue these consultations and to respond to the different concerns raised at its last meeting (LIC/M/11, paragraphs 23-25). It was so agreed.

29. The Committee decided to hold the special meeting on 17 April 1985.

F. Date and Agenda of the Next Meeting

30. The Committee agreed to hold its next meeting on 12 June 1985. The agenda of the meeting will be as follows:

- (1) Work programme
- (2) Preparation for the Biennial Review
Review of the Agreement under Article 5.5.
- (3) Other business