

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## Committee on Import Licensing

### DRAFT MINUTES OF MEETING HELD ON 12 JUNE 1985

Chairman: Mr. A. Liontas

1. The Committee on Import Licensing held its thirteenth meeting on 12 June 1985.

2. The agenda of the meeting was as follows:

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#### A. Work Programme

3. The Chairman recalled that at the last meeting, the Committee had concluded that, while document LIC/W/25 was a good starting point for discussion, more information was needed on points A, B and C (LIC/M/12, paragraphs 20-27). He drew attention to document LIC/W/25/Rev.1 which had been prepared by the secretariat on the basis of information supplied by various delegations, and invited delegations to comment on the information contained therein or to provide orally any information they might have been unable to submit in time to appear in that document.

4. Several delegations announced modifications to the text in LIC/W/25/Rev.1. The representative of the European Community announced changes under entries for the Federal Republic of Germany: under point A, the entry should be similar to that of the United Kingdom, but the name of the publication should be changed to Bundesanzeiger; under point C, the last line of the text should be deleted. The representative of New Zealand announced several modifications to the text which reflected changes in his government's licensing system, of which the Committee had been kept informed. Concerning point A, the phrase "and Import Policy Licensing Schedule" should be deleted to reflect the fact that the previously separate schedule of import licensing policies had been incorporated into the Import Licensing Schedule. He also announced that the import license tendering system, introduced about three years ago, was presently being used more extensively to allocate import licences; this was seen as a major improvement over the previous system of

allocation by administrative discretion both from an administrative point of view and with respect to acceptability by the business community. Under point B, the phrase "or by importer" should be deleted. The representative of Japan added the following information under point A: the list of import licences was contained in import notices and was published in the Official Gazette, the International Trade and Industry Official Bulletin and the International Trade Public Bulletin. Rules and procedures for submission of applications were contained in Import Announcement, published in the last two bulletins two weeks before the opening date of the licences.

5. The representatives of Canada, the European Community and the United States said that while the revised document had collated some useful references under part I, it still did not provide a sufficient basis on which to proceed. They therefore suggested that the Committee look at proposals made by different delegations under part II, pending completion of the information in LIC/W/25/Rev.1. The representative of the United States added that it would be helpful if signatories could provide an explanation of what was meant by "not applicable" for their respective submissions in part I.

6. The Committee took note of the information submitted orally, which would be incorporated in the next revision of the document, and invited signatories to submit the data needed to permit a comparison of national licensing practices dealt with in Part I.

7. Concerning Part II of the document, the Chairman recalled that at the last meeting, a number of delegations had found the United States' proposals useful and he invited comments on them.

8. The representative of the European Community circulated alternative formulations to the proposals submitted by the United States at the last meeting. These proposals were designed to help the Committee focus on alternative feasible time periods. They took account of the need for flexibility in different circumstances: for example, regarding publication, the proposal differentiated between those procedures applying to foreseeable situations, such as filling annual quotas which do not change, and less predictable situations, such as emergency action or safeguard measures where advance warning might either not be possible or have negative effects such as forestalling. Regarding application procedures, the European Community's proposal distinguished between those licences allocated as and when they arrived, with the effective closing date for submission being the fulfilment of the quota and those applications which were considered simultaneously, after a specified closing date for applications. Three weeks (15 working days) should normally be allowed for both publication and submission of applications under normal circumstances.

9. The representative of the United States welcomed the proposals made by the European Community and noted that his authorities were sensitive to the concerns and questions raised in relation to the United States' proposals of a thirty-day period. In commenting on both the United States' and European Community's proposals, the representative of Japan said that the two-week period for publication and application procedures he had announced under part I constituted a domestic constraint and that his delegation was not in a position to accept either of the other two formulations presented thus far, unless a phrase such as "at least two weeks" was used in either case. The representative of the United Kingdom on behalf of Hong Kong said that his

authorities had no problem with the United States' proposals; he would have to check concerning the new formulations by the European Community and Japan. He suggested that instead of "three weeks", the European Community proposal should clearly specify fifteen working days.

10. The representative of Sweden said that while his delegation had not put forward any proposals because they felt the Agreement worked well, they had a positive attitude towards the work programme. While the United States' proposals provided a good starting point, the words "where possible", were an important element in them, in view of the need to maintain flexibility for emergency action. The representative of New Zealand saw advantages to the European Community's formulation as being a "middle ground". He also felt that flexibility must be maintained through the use of words such as "at least" or "normally", because of the many different licensing systems operating in different signatories and the need to leave room for emergency action. He added that his delegation could support the United States' proposal that the minimum number of administrative bodies be no more than two.

11. The Committee took note of the proposals put forward by the European Community and of the statements made on these and on the United States' proposals. It decided to hold informal consultations before the next meeting with a view to moving the work forward, and invited signatories to submit in writing, by the end of the summer, any proposals they may wish to be incorporated in a document to be prepared by the secretariat as a basis for future discussions.

12. The representative of New Zealand asked the secretariat whether it was planning to put the information available on licensing systems into some kind of data base to increase the transparency of procedures in force and to assist the Committee in its work. The secretariat replied that this would not be feasible given the limited computer resources available.

13. The representative of the European Community introduced a preliminary proposal to consider Article 1.1 of the Agreement in the context of the work programme. This would aim at defining what constituted licensing procedures in terms of the Agreement. While his delegation had no preconceived idea as to how to arrive at such a definition, he suggested two possible approaches: (i) to draw up a positive illustrative list of procedures which could be considered as import licensing; (ii) to evolve criteria to distinguish between pure customs clearance procedures which were not covered by the Agreement, and other procedures involving some licensing elements, which should be covered. At this time, his delegation was not making a formal proposal, but it might do so before the next meeting in the light of preliminary reactions and further reflection.

14. In response to a question from the representative of New Zealand concerning the drafting history of the Agreement concerning Article 1.1, the secretariat provided the following information. The negotiators of the Agreement had sought to distinguish between import licensing procedures and the import "systems" or "measures" to which such procedures might be related. The title of the Agreement was intended to make this distinction clear. During the negotiations, much time was devoted to examining "automatic" import licensing systems and licensing systems to administer import restrictions. Articles 2 and 3 of the Agreement were the result. The

footnote to Article 1.1 had been intended to make it clear that import licensing procedures might not always be referred to as such. During the negotiations, at least two delegations (Mexico and the United States) proposed to draw up a list of measures and practices with effects equivalent to those of import licensing procedures: however, such a list never emerged. Another point which was discussed, this time in relation to Article 2(d), was whether licence applications must be submitted prior to customs clearance or prior to shipment. The outcome is as stated in Article 2(d).

15. The representative of the United States said that they were sympathetic to the idea of looking at Article 1.1 in the context of the work programme. His delegation looked forward to the idea being put before the Committee in concrete form.

16. The Committee took note of the preliminary proposal and agreed to revert to this issue should the European Community choose to raise it formally at the next meeting.

B. Preparations for the Third Biennial Review of the Implementation and Operation of the Agreement under Article 5.5

17. The Committee agreed to the preparations for the third biennial review of the implementation and operation of the Agreement under Article 5.5, as outlined in document LIC/W/28.

C. United States speciality steel summary invoices

18. The representative of the European Community recalled previous discussions in the Committee (LIC/M/10, paragraphs 22-23; LIC/M/11, paragraphs 19-21; LIC/M/12, paragraphs 15-17) concerning the problem his delegation was having with the United States' licensing practices for specialty steel. He noted that informal consultations with the United States and the secretariat had failed to resolve the problem, and his delegation still sought an economic solution to relieve the burden on their exporters. This issue might therefore have to be pursued further in the Committee, and he reserved the right of his delegation to request consultations under Article 4.2 of the Agreement.

19. The representative of the United States responded that his delegation had already provided adequate information regarding the specialty steel summary invoice (SSSI) and repeated his delegation's position that the SSSI was not a licensing system in terms of the Agreement. His delegation felt that it was therefore up to the European Community to demonstrate that this issue was relevant to the Agreement, and thus within the purview of the Committee.

20. The Committee took note of both statements.

D. Date and Agenda of the Next Meeting

21. The Chairman proposed that the next meeting of the Committee be held on 9 October 1985. The following items were proposed for the agenda, subject to the agreed procedures in this regard:

1. Information Available on Import Licencing Procedures
2. Implementation and Operation of the Agreement
3. Work Programme
4. Third Biennial Review of the Implementation and Operation of the Agreement under Article 5.5
5. Report (1985) to the CONTRACTING PARTIES
6. Other business
7. Date and agenda of the next meeting.