

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Group "Non-Tariff Measures"

Sub-Group "Quantitative Restrictions"

LICENSING PROCEDURES

Addendum

At its meeting of April 1975, the Sub-Group "Quantitative Restrictions" agreed that the two draft texts of Licensing Procedures reproduced on pages 15-19 of MTN/NTM/W/2 should be the starting point for the Sub-Group's continuing work, and that delegations so desiring would propose in writing to the secretariat for distribution, specific alterations to the two draft texts giving the reasons therefor, in time for discussion at the next meeting of the Sub-Group. (MTN/NTM/2, paragraph 9(i) and (vii), and GATT/DIR/1167.) This agreement was confirmed at the October/November meeting of the Sub-Group (MTN/NTM/9, paragraph 11 and GATT/DIR/1240).

The following communication has been received from the delegation of Canada.

A. Automatic import licensing

With regard to "automatic" import licensing as defined in paragraph 1 of the draft text in Annex I to MTN/NTM/W/2, the Canadian delegation is of the view that there should be no such general requirement as a prior condition for the entry of products included in Part I of the Tariff Schedules of individual contracting parties. However, in particular situations presenting special problems such as the possible threat of injury, the introduction of some form of automatic import licensing requirement for surveillance purposes may be preferable to the introduction of restrictive measures.

The Canadian delegation suggests some modifications to the existing draft text, involving a replacement of both Alternative I and Alternative II in paragraph 2; amendments to paragraphs 3, 6 and 10; deletion of paragraph 4; and the introduction of some additional provisions. The whole text as amended from paragraph 2 onward would be as follows:

"Automatic import licensing shall not be required as a general and permanent prior condition for the entry of any product described in Part I of the appropriate

Schedules to the General Agreement. Where required, any automatic import licensing requirement shall be applied in accordance with the following provisions:

- "(a) It shall not be used, either directly or indirectly, to restrict or otherwise influence the quantity, composition, conditions or sources of imports;
- "(b) It shall be limited to those products for which specific administrative controls are deemed necessary by the authorities of the contracting party concerned with respect to some or all sources of imports;
- "(c) It shall be removed as soon as the circumstances which gave rise to its introduction no longer prevail;
- "(d) The rules governing presentation of applications for automatic licences and the lists of products subject to automatic licensing shall be promptly published, with a specific indication as to the purpose and character of the requirement and in such a manner as to enable traders to become acquainted with them. Any changes in either the rules governing automatic licensing or the lists of products subject to automatic licensing shall also be promptly published in the same manner;
- "(e) The rules governing presentation of application for automatic licences or changes thereto shall be notified annually to the GATT. Each contracting party shall also promptly notify any product for which an automatic licensing requirement is introduced or removed, as and when it is introduced or removed, with a specific indication of the purpose and character of the licensing requirement;
- "(f) All persons, firms and institutions which fulfil the legal requirements for engaging in import operations involving products subject to automatic licensing shall be equally eligible to apply for and to obtain licences;
- "(g) Application forms shall be as simple as possible. Documentation requirements shall, wherever practicable, be limited to those for normal customs entry purposes;
- "(h) No application shall be refused for minor errors in documentation easily rectifiable;
- "(i) The applicant shall have to approach only one administrative organ for a licence;

- "(j) Applications for licences may be submitted at any time;
- "(k) To the extent administratively feasible, applications for licences shall be granted immediately on receipt or within a maximum of five working days from the date of receipt of the application;
- "(l) Each contracting party shall, upon request, afford sympathetic consideration to and afford opportunity for prompt consultation with regard to any matter related to automatic import licensing. If no satisfactory solution of the matter has been reached within sixty days, the matter may be brought before the Contracting Parties."

B. Licensing to administer import restrictions

The Canadian delegation would suggest the following with respect to the draft text contained in Annex II to MTN/NIM/W/2:

Paragraph 1

The brackets should be removed. The question of whether or not there may be any discrimination between sources of imports should be considered in the context of import restrictions as such, in the light of the GATT provisions, and not of its administration. In this regard, the preamble of the draft text clearly indicates that its provisions are intended to remove the "additional" restrictive effects on imports that may result from the administration of quotas and other import restrictions.

Paragraph 4

The reference to "including wherever possible names of importing enterprises on a confidential basis" should be deleted. It is unnecessary for the purpose of this text and it may conflict with statutory confidentiality requirements under which the Canadian Government must operate in its relations with the business community in this area.

Paragraph 15

The words "consideration shall be given to ensuring" should be replaced by the following: "There shall be ..."

C. Discretionary or conditional import licensing

The Canadian delegation maintains the view that "discretionary" or "conditional" import licensing are measures akin to quantitative restrictions and should be considered in that context.