

GENERAL AGREEMENT ON
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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/AIR/1167.) This agreement was confirmed at the October/November meeting of the Sub-Group (MTN/NTM/9, paragraph 11 and GATT/AIR/1240).

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

A. AUTOMATIC IMPORT LICENSING

Paragraph 1. Mexico considers that the definition in this paragraph is somewhat vague and, in addition, it mentions certain provisions of the General Agreement on Tariffs and Trade, a fact which impairs its autonomy.

In view of the foregoing and since Mexico is not a contracting party to GATT, it is suggested that the secretariat should define clearly the scope of the automatic import licensing system, for which purpose what should be envisaged is language containing positive terms and not referring back to the General Agreement. In this case, Mexico refrains from proposing an alternative text because the articles of the General Agreement are open to various interpretations, and for this reason Mexico considers that it would be more appropriate that the secretariat itself, which knows the legislative history of the instrument, should draft the new paragraph.

Paragraph 2. The delegation of Mexico has contended that there should be differential treatment in favour of the developing countries in all areas of the multilateral trade negotiations; accordingly, one element of differential treatment in this area would be for developing countries to have the necessary flexibility for maintaining at all

times the licences with which we are dealing, whereas the developed countries should abolish such licences within an agreed period. It should be mentioned, furthermore, that the text proposed by Mexico reconciles the two alternatives set out in the draft Code, with the addition of the element of differential treatment in favour of the developing countries.

Consequently, the proposal submitted by the delegation of Mexico implies substantial amendments to alternatives I and II under discussion, in particular the elimination of the reference to Article VIII of the General Agreement, in keeping with the objective mentioned in the previous paragraph, and the inclusion of provision for differential treatment in favour of developing countries. In these circumstances it is proposed that the text should be amended by merging the two alternatives:

"(a) Automatic licensing systems, where required, shall not be used to restrict imports.

(b) After ..., the developed countries shall eliminate the system of licensing for imports of goods to which they applied the automatic licensing system.

(c) Automatic licensing shall be subject to the provisions set out in paragraphs 3 to 10 below."

Paragraph 3. The delegation of Mexico considers it desirable to include in the wording of this paragraph a provision to the effect that countries may, at any time and without prior consultation, modify the rules of operation of the said system and also the list of the products involved. Accordingly, the delegation of Mexico proposes the following text:

"The rules governing presentation of applications for automatic licences and the lists of products subject to automatic licensing shall be published, with a specific indication as to the purpose and character of the system. The said rules and lists may be amended at any time without prior notice.

Any changes in either the rules governing automatic licensing or the lists of products subject to automatic licensing shall be published".

Paragraph 4. The following text is proposed:

"Within the framework of the political, economic and trade relations of each country with other countries and in the light of the relevant resolutions of the United Nations, automatic licensing systems shall not as a general rule be designed in such a manner as to discriminate between sources of imports".

Paragraph 6. The following text is proposed:

"Application forms shall be as simple as possible. Together with the application, a pro forma invoice may be required or, where strictly indispensable, in accordance with the administrative policy of the country concerned, other documents necessary to determine the nature and composition of the product".

Paragraph 8. The delegation of Mexico takes it that the purpose of this paragraph is to avoid the possibility that, for the purpose of the granting of licences, the applications in question may be arbitrarily referred to other administrative bodies. For this reason the following text is proposed:

"The applicant for a licence shall have to approach the administrative organ or organs previously specified in the applicable rules referred to in paragraph 3 above."

B. LICENSING TO ADMINISTER IMPORT RESTRICTIONS

Paragraph 1. The following text is proposed:

"Within the framework of the political, economic and trade relations of each country with other countries and in the light of the relevant resolutions of the United Nations, the systems to administer import restrictions shall not as a general rule be designed in such a manner as to discriminate between sources of imports."

Paragraph 4. Mexico would like to receive some clarifications concerning this paragraph during the meeting of the Sub-Group, and for this reason the Mexican delegation reserves its position regarding the paragraph.

Paragraph 5. Mexico would like to receive clarifications concerning this paragraph during the meeting of the Sub-Group, and for this reason the Mexican delegation reserves its position regarding the paragraph.

Paragraph 6. Mexico would like to receive clarifications concerning this paragraph during the meeting of the Sub-Group, and for this reason the Mexican delegation reserves its position regarding the paragraph.

Paragraph 12. The following text is proposed:

"When administering quotas, the authorities of the importing country shall take all possible steps to ensure that licences will be issued and importation can be effected within the period prescribed for this purpose and to facilitate the full utilization of the quotas, wherever for reasons of economic policy, the conditions under which the quotas under reference were established remain in existence, in the opinion of the governments which established those quotas."

Paragraph 13. The delegation of Mexico considers that it should be left to the discretion of governments to require the evidence implicitly called for by this paragraph and accordingly proposes the following text:

"The administrative authority issuing the licence may take into account inter alia whether licences issued to the applicant in previous periods have been utilized or not, for which purpose it may require the production of the appropriate evidence."

Paragraph 14. It is proposed that this paragraph be dropped, because in the opinion of the Mexican delegation it is open to various interpretations, for it is difficult to define what is meant by "uneconomical" and "an unduly small number of importers".

Paragraph 15. The delegation of Mexico considers that a provision should be added in this paragraph concerning differential treatment in favour of developing countries, and accordingly proposes the following text:

"In the distribution of licences, developed countries should reserve a substantial share to new importers, in the case of new products originating in developing countries; in addition, they should authorize a larger number of licences for traditional imports originating in developing countries."

Paragraph 16. The delegation of Mexico proposes that the following passage be added at the end of the paragraph: "with the exception of supplying countries with which no trade relations are maintained and under international agreements".

Paragraph 18. Mexico would like to receive clarifications concerning this paragraph during the meeting of the Sub-Group, and for this reason the delegation of Mexico reserves its position regarding the paragraph.

Paragraph 19. Mexico would like to receive clarifications concerning this paragraph during the meeting of the Sub-Group, and for this reason the delegation of Mexico reserves its position regarding the paragraph.