

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

LIC/W/16

10 June 1982

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Committee on Import Licensing

DRAFT MINUTES OF THE MEETING HELD ON 10 MAY 1982

Chairman: Mr. R. Long

1. The Committee on Import Licensing held its sixth meeting on 10 May 1982.

2. The agenda for the meeting was as follows:

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3. In opening the meeting, the Chairman, on behalf of the Committee, welcomed Egypt as a new signatory to the Agreement.

A. Election of Officers

4. The Committee elected Mr. R. Long (Ireland) as Chairman, and Mr. F. McEldowney (United States) as Vice-Chairman, for 1982.

B. Information available on import licensing procedures

5. The Chairman drew attention to the information on licensing procedures contained in documents listed in paragraph 4 of GATT/AIR/1812.

6. The representative of Japan announced that as of 15 March 1982, the Japanese Government had removed civil aircraft, civil aircraft engines and parts from the list of items subject to import licensing.

7. The representative of Finland stated that import restrictions which Finland had maintained against Romania were abolished as from the beginning of 1982.

8. Upon a request for further clarification on the publication of import quotas for consumer goods, the representative of Hungary said that the dollar value of the quota as a whole as well as the values of the individual product categories were published annually. The quotas were not allocated among supplying countries.

9. Concerning the question of the publication of the overall amount of annual import quotas, the representative of the Philippines drew attention to the Replies by the Philippines to the GATT Questionnaire on Import Licensing Procedures circulated in document L/5232/Rev.1 of 30 April 1982 and in particular to the reply number 6, paragraphs (a), (b) and (c) thereof.

10. In response to an enquiry whether Czechoslovakia published the overall amount of quotas or gave public notice of quotas allocated among supplying countries, the representative of Czechoslovakia reiterated his statement recorded in paragraph 26 of LIC/M/5 to the effect that Czechoslovakia maintained neither global quotas nor quotas by country.

11. The representative of the United States referred to a discussion at the previous meeting of the Committee concerning information to be submitted by the signatories on licensing procedures applied in connection with the administration of the Single Convention on Narcotic Drugs and the Convention on Psychotropic Substances (LIC/M/5, paragraphs 9 and 10). He said that his delegation did not wish to pursue the request for information on that point. This was, however, on the understanding that any problems to be encountered in the administration of those procedures could be reviewed by the Committee on Import Licensing.

C. Implementation and operation of the agreement

12. The Chairman recalled that, in concluding its first biennial review, the Committee had agreed to revert to some of the questions addressed to delegations on the implementation and operation of the Agreement. The statements made in response to questions raised on the administration of automatic licensing procedures (paragraphs 13 to 15) and non-automatic licensing procedures (paragraphs 16 to 26) are set out below.

13. In respect to licensing procedures applied in Denmark for administering imports of endangered wild animals and plants as well as imports of fish and fish products, the representative of the European Economic Community informed the Committee that copies of publications containing information on such procedures had been submitted in the Danish language to the GATT secretariat. Relevant references to these documents were listed in Part II, paragraphs 4.2.3 to 4.2.8 of document LIC/3/Add.4.

14. The representative of Norway, in referring to reply number 7 on page 12 of document COM.IND/W/55-COM.AG/W/72/Add.60/Rev.1, said that liberal licensing practices were applied on a certain number of specified agricultural products such as dried vegetables (with certain exceptions), canned tomatoes and plants for aquariums. The products in question, while falling under the system of import regulations, were not considered for the time being to supplant internal production. Liberal licensing for those products was not limited to any particular time of the year. He also said that licences issued were either of a global nature or for imports from a specified country. The system implied that import licences were automatically granted and applications were usually processed in the most expeditious manner i.e. the same day.

15. The representative of Romania stated that the import licensing régime in Romania was applied with the purpose of keeping under statistical review the

application of the provisions of the Foreign Trade Plan. The Law No. 12 of 19 December 1980 which came into effect in January 1981 did not modify the import licensing system as described in document L/5110 of 24 February 1981. The provisions of Law No. 12 regarding the necessity for foreign trade enterprises to cover their expenditure for imports by their income from exports was to be viewed in the framework of the measures adopted at the national level which had the objective of improving the overall economic and financial self-management as well as that of the foreign trade enterprises. The representative of Romania also stated his country's understanding that every GATT contracting party took into account its own legal requirements in the application of its import licensing system. The Law No. 12 was a part of Romania's national legislation, which in accordance with the provisions of Article 2, paragraph 2(c) of the Agreement on Import Licensing, stipulated the legal requirements of the importing country for engaging in import operations involving products subject to automatic licensing.

16. The representative of Austria said that overall amounts of quotas, overdrawings of duty-free quotas and indicative quota ceilings were published. Information relating to the allocation or utilization of those quotas was not published. In the case of licences issued but not utilized fully, information on the reallocation of unused amount of quotas was also not published, since it was not possible to indicate an exact date for reallocation of such quotas. In connection with the formalities for filing applications for licences he said that the relevant information was reproduced in the application forms.

17. The representative of India gave details on the administration of licensing procedures for restricted items. Automatic licences for restricted items were issued to actual users on the basis of their consumption in any of the two previous years. Requirements over and above that level of consumption could also be met through the system of supplementary licences or by obtaining additional licences granted to export houses and trading houses for their imports of restricted items.

18. As for the criteria taken into account by the sponsoring authorities in recommending the issuance of a supplementary licence, he mentioned the availability of the item in question from domestic sources, the period of delivery of the domestic producer for the item and the reasonableness of the additional requirement put forward by the actual user, having regard to the value of the automatic licence obtained and to the programme of prospective production.

19. The representative of India also said that import licences for restricted items were issued to new consumers on the basis of recommendations of the sponsoring authority concerned. If the value recommended for the initial licence by the sponsoring authority was not adequate to meet their requirement the units of production concerned could apply for a supplementary licence.

20. The representative of India indicated that the criteria for transferring items from "open general licence" to "restricted list" were broadly the availability of the item from domestic production and the internal demand.

21. In connection with a two-step system maintained by Japan in administering their licensing procedures, the representative of Japan explained that each importer would be granted a certificate of import quota allocation, about every six months, from the Ministry of International Trade and Industry (MITI) before

the importer concluded a contract with his suppliers and proceeded with imports within the allocated amount. The import approval by the Official Foreign Exchange Authority was required before the goods were cleared from the customs. This was the appropriate body for checking whether the actual payments made for the imported amount was within the limit indicated in the import quota allocation.

22. The representative of New Zealand stated that the purpose of the special trade licencing was to allow for small allocations of imports from certain developing and State-trading countries and to assist traders dealing with such imports to introduce and promote their products on the New Zealand market. There was a limit on the amount of special trade licences allocated to each country. Effort was made to extend its use over as wide a range of products as possible. Those licences had been issued to twenty-three countries and their total value represented approximately 0.3 per cent of the value of all import licences issued in New Zealand. Concerning eligibility, he said that special trade licences were issued only to importers already holding basic licences in the product lines concerned. There were no other conditions relating to eligibility.

23. The representative of the United States pointed out that the licensing system governing importation of certain dairy products was outlined on pages 4 to 6 of his country's Replies to the Questionnaire on Import Licensing Procedures circulated in document L/5131. Limitations under Section 22 of the Agricultural Adjustment Act of 1933 did not impose licensing on any other agricultural products. Any quotas on products other than certain dairy products were administered by the United States Customs. These products were not subject to import licensing or permit requirements for quota purposes.

24. He said that the process by which newcomers were allocated quotas on cheese and the means by which they retained those quotas were described in reply numbers 6(h), 8 and 9 on pages 5 and 6 of document L/5131. Quotas among supplying countries were allocated after negotiations had been held among new importers.

25. He further informed the Committee that District Directors of Customs were responsible for verifying that goods submitted for importation complied with admissibility requirements of the United States regulatory agencies such as the Environmental Protection Agency, the Fish and Wildlife Administration and the Food and Drug Administration. Any additional documentation required by District Directors of Customs in this respect was not to be regarded as licensing. Its purpose was to substantiate valuation and to ensure proper classification and it did not delay or otherwise limit entry of the goods in question. The relevant information could also be provided after the goods had been released to the customs inspectorate or cleared by the importer.

26. The representative of Yugoslavia gave clarification on several points relating to his country's licensing system. The General Association of Producers and Consumers was neither a private nor a State-trading organization. It was a self-governing and autonomous body. He said that the Federal Secretariat for State trading was the sole agency responsible for licensing arrangements. He also said that there was no import licensing on imports of food products.

27. The Committee noted the replies furnished by delegations.

28. The representative of the European Economic Community reverted to the discussion that took place at the previous meeting of the Committee concerning non-publication by Japan of the overall amount of quotas by quantity and/or value applied on a few exceptional items. He wished to place on record that the situation as reflected in the statement by the representative of Japan contained in paragraph 21 of LIC/M/5 placed the Committee in some difficulty as this statement was equivalent to an admission that Japan was not fully complying with its obligations under the Agreement. It was necessary that the Committee pursue the matter and he suggested that the Committee should take note of the statement in question, record in an appropriate way that the situation was not in conformity with Articles 3(b) and 3(c) and invite Japan to take steps, in accordance with Article 5.4(a), to bring its relevant laws and procedures into line with the requirements of the Agreement. Moreover, he said that such a statement by the Committee would be without prejudice to any Party's rights under Article 4 of the Agreement, and that if Japan did not bring the situation into conformity with the Agreement after a reasonable time, action under Article 4 could not be ruled out.

29. The representative of Japan said that taking into account the internal situation in his country concerning this problem, the most he could say was that among the items subject to so-called residual import restrictions there were two exceptional categories of items for which the total amounts of quotas were not published. One category was miscellaneous imported goods, namely several agricultural and fishery products. Another category was leather products. The amounts on each item among the miscellaneous imported goods were small which made it difficult to grasp the supply and demand situation or market trends. For that reason, an import quota was not established for each item among the miscellaneous imported goods. Import licences for such imports were approved by the authorities on an application-by-application basis. As to leather products, the amount of import quotas was not published due to political and social difficulties encountered by the leather industry. When certificates of import allocation were issued for these items, the government authorities concerned made efforts to secure appropriate amounts based on the import levels attained in the past.

30. Representatives of a number of delegations shared the assessment made by the representative of the European Economic Community that there was a need for further clarification on the implementation of the relevant provisions of the Agreement by Japan. They said that the non-publication of quotas was a matter of serious concern both in terms of its economic effects and in terms of the proper functioning of the Agreement. While expressing their appreciation for the efforts made by the delegation of Japan to supply more information, the situation still lacked transparency. They thought it desirable that further information should be sought from Japan and expressed the hope that the discussion held at the present meeting of the Committee would convince the Japanese authorities of the importance of abiding fully by the provisions of the Agreement.

31. The representative of the European Economic Community recalled that further information on the matter had been sought from Japan on a number of occasions. The information supplied so far by Japan was far from sufficient and he reiterated his delegation's urgent request that the necessary steps be taken by the Japanese authorities to correct the situation and to ensure the conformity of Japan's laws, regulations and administrative procedures with the provisions of the Agreement.

32. The representative of Japan said that he would convey to his authorities the concerns that had been expressed in the Committee and would make his best efforts to reply to the questions posed at the next meeting.

33. The Committee took note of the statements made.

34. The Chairman summed up the discussion on this point as follows:

- (a) The Committee had noted that the non-publication of quotas by Japan on a few items had been the subject of discussion in the Committee on a number of occasions;
- (b) Members of the Committee had expressed concern about the situation as reflected in paragraph 21 of the minutes of the previous meeting (LIC/M/5);
- (c) While showing appreciation for the efforts made by the delegation of Japan to supply additional information on the items for which the amounts of quotas were not published, members of the Committee had stated that there was now an urgent need for further clarification from Japan on this question. It was understood that the information requested from Japan would be provided by the next meeting of the Committee and that it would also cover the steps taken by Japan to bring its laws, regulations and administrative procedures in conformity with the Agreement, in particular Article 3(b) and 3(c);
- (d) The Committee also had noted that one member reserved its rights under Article 4 of the Agreement.

35. The Committee took note of the Chairman's conclusions and agreed to revert to the matter at its next meeting.

36. In the context of the general discussion on the implementation and operation of the Agreement the following points were raised.

37. The representative of the European Economic Community wished the members of the Committee to note that in the view of his delegation, Japan was not fully applying other provisions of the Agreement, relating to non-automatic import licensing, in particular Article 3(f) thereof. He also added that the Community could seek further action under Article 4 of the Agreement if no satisfactory response was forthcoming from Japan with regard to this matter.

38. The representative of Romania expressed his delegation's appreciation that, over the period of the implementation of the Agreement, Romanian exporters had not been confronted with refusals or important delays in the issuing of import licences by countries signatories to the Agreement. He, nevertheless, pointed out that certain signatory countries had used the procedure of granting of import licences as an attempt to oblige the Romanian exporters to accept some restrictive regulation such as voluntary export restraint arrangements for specific products.

39. The Chairman suggested reverting to this standing item of the agenda at the next meeting.

D. Contribution to the Ministerial meeting

40. After an initial exchange of views, the Committee noted that there were no specific problems relevant to the operation of the Agreement that the members of the Committee proposed to raise in response to the invitation from the Preparatory Committee as recorded in document PREP.COM/R/2. The Committee agreed that its contribution to the Ministerial meeting should take the form of a note on the implementation and operation of the Agreement to be prepared by the Chairman on his own responsibility.

E. Date and agenda of the next meeting

41. The Committee agreed to hold its next meeting on 6-7 December 1982.

42. The following items would be included in the agenda:

- A. Information available on import licensing procedures.
- B. Statements on implementation and operation of the Agreement.