

GENERAL AGREEMENT ON TARIFFS AND TRADE

Committee on Import Licensing

DRAFT MINUTES OF THE MEETING HELD ON 6 OCTOBER 1983

Chairman: Mr. Z. Jung

1. The Committee on Import Licensing held its ninth meeting on 6 October 1983.

2. The agenda for the meeting was as follows:

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3. In opening the meeting, the Chairman announced that the Government of Egypt, a signatory to the Agreement since December 1981, had completed its ratification procedures and that the Agreement would enter into force for Egypt on 6 October 1983. He drew attention to document LIC/1/Add.33 in which Egypt notified the Committee that it would delay application of Article 2.2, sub-paragraphs (d) and (e) for two years in accordance with the provisions of footnote 3 to the Agreement.

4. In this connection, the representative of Egypt explained that the difficulties referred to in the notification were of a procedural and administrative nature, and he assured the Committee that Egypt would abide by all provisions of the Agreement at the end of the two-year period.

A. Information available on Licensing Procedures

5. The representative of Pakistan informed the Committee of recent developments in his country's import policy, specifically that in fiscal year 1983-84, Pakistan would switch from a positive to negative listing system for imports. Instead of having a list with explicit descriptions of all items that could be imported, only banned or restricted items would now

be listed. During the transition period, the old system would gradually be merged into the new format. A copy of the Import Policy Order 1983 was available for consultation in the secretariat.

6. The representative of the United States called attention to the updating notification circulated by her delegation in document L/5131/Corr.2

7. The Committee took note of these statements.

B. Implementation and Operation of the Agreement

8. The representative of the European Economic Community expressed concern at Japan's continued non-compliance with Article 3(c) of the Agreement, and hoped that the Japanese representative had impressed on his government the seriousness of this matter for the Committee's work.

9. The representative of the United States recalled that at the last meeting, Japan had submitted information on its quotas and licensing procedures for agricultural products, and reserved its right to revert back to this issue. She noted that regarding leather and leather footwear, Japan had not yet fulfilled the requirements under Article 3(c), and urged Japan to do so.

10. The representative of Canada said that the consequences of Japan's non-compliance were becoming more serious with the passage of time and raised the question of what the next step might be in bringing about a satisfactory solution to this matter. He hoped that Japan would be able to correct the matter itself. The representative of India also intervened to express his delegation's concern with Japan's continued non-compliance, especially regarding transparency, and called on the representative of Japan to persuade his authorities to take prompt remedial action. The representative of the European Economic Community pursued the question raised by the representative of Canada concerning where the Committee should go from here. He suggested that perhaps the issue should be raised at the next session of the CONTRACTING PARTIES, or in light of Japan's admission that it was not complying with its obligation under the Agreement, the dispute settlement procedures in Article 4 of the Agreement remained available. The representative of the United Kingdom speaking on behalf of Hong Kong noted that this topic had been raised several times at previous meetings and asked how long the Committee would have to wait for Japan to comply with Article 3(c).

11. The representative of New Zealand shared the concerns expressed by other delegations, and in this connection he recalled that his delegation had addressed a series of questions to Japan on its licensing scheme in July 1983. These questions were being handed over to the secretariat for circulation to all signatories in the meeting. He wished to know when his delegation could expect a reply.

12. The representative of Japan referred to the minutes of the last meeting (LIC/M/8, para.7) during which he had explained Japan's difficulty in publishing quota amounts for leather and leather footwear. He told the

Committee that his government would make efforts to ensure trade expansion of leather and leather footwear and that the comments made by the various delegations at the meeting would be transmitted to his authorities. He expected the answers to New Zealand's questionnaire would be ready soon.

13. The Chairman referred to information supplied by Japan at the last meeting concerning progress made in publishing quotas on "miscellaneous import goods" and in narrowing the product coverage under that heading (LIC/M/8, paragraphs 7 and 8). Taking note of the current discussion, he noted that the Committee again urged Japan to make further efforts to comply with its transparency obligations under the Code, perhaps by communicating the overall level of quotas on all leather goods to the Committee.

14. The Committee agreed that if necessary, it would revert to this issue at its next meeting.

15. The representative of the United States, recalling previous discussions with India regarding its licensing practices affecting imports of almonds (LIC/M/7, paragraph 7 and LIC/M/8, paragraphs 5 and 6), informed the Committee that it had submitted a simplified list of questions to India, and that India had indicated it would provide a reply in the near future.

C. Second Biennial Review

16. Several delegations expressed concern over the late distribution of the Basic Document for the Second Biennial Review of the Implementation and Operation of the Agreement (LIC/7), noting that their authorities had been unable to prepare properly for the discussion. A representative of the secretariat said he shared these concerns and explained that the problem was due to conflicting demands on the secretariat's translation and documents services. All efforts would be made in the future to circulate the documents in good time.

17. The representative of the United States addressed questions to Finland and South Africa under this item. Specifically, she wanted to know if Finland always provided reasons for refusing import licences, as required in Article 3(f), and also wanted information on its licensing procedures for soybeans. She asked the representative of South Africa for a clarification of its adherence to Article 1(6) regarding imports of primary agricultural commodities, medicines, state imports of iron steel, weapons and military technology, and also asked when South Africa would publish its revised import licensing list.

18. The representative of Finland replied that on request Finland gave reasons for refusing an import licence. Soybeans are subject to discretionary licences ("individual licensing"). He invited the representative of the United States to address any detailed questions to the Finnish Licensing Board.

19. The representative of South Africa said that a number of institutions had to be approached for certain import licences. The Department of

Industries, Commerce and Tourism had primary responsibility for granting import licences, but in the case of certain agricultural and fisheries products, other agencies had responsibilities in this area, namely the Department of Agriculture and the Department of Environmental Affairs. These were special cases which were related to the protection of natural resources. In reply to a further request, he also outlined import licensing procedures under South Africa's Medicines and Related Substances Control Act - Narcotic Drugs and Psychotropic Substances, applied by the Department of Health, Welfare and Pensions.

20. The Chairman made the following concluding remarks:

"The Committee has made considerable progress in improving the transparency of licensing systems through the collection and exchange of information. Some need for clarification on the operation of the systems continues to exist, however, and some specific issues regarding the implementation of the Agreement remain unresolved. Therefore, the Committee cannot consider that all its work in relation to transparency is completed. But it may not need, in the future, to give as much attention to collecting the basic documentation, it being understood, of course, that Parties to the Agreement will regularly update the information on their licensing systems.

The question then arises, what more should the Committee do to meet the objectives of the Agreement. In addition to transparency, the Preamble refers to the desire of the Parties to ensure the fair and equitable application and administration of licensing procedures and practices. This would appear to call for some exchanges of information on the actual way in which licensing systems are applied. I recognize that care should be taken in seeking such information, so as not to create misunderstandings regarding the purpose of the exercise. One possible way would be to ask the secretariat to conduct case studies in areas of interest to the Parties, in cooperation with them.

The other major objective, referred to in the Preamble, is the simplification of licensing procedures and practices. The Agreement establishes a number of operational criteria, with which what one might call an ideal licensing system should conform. In principle, therefore, licensing systems which meet all these criteria should be assumed to have reached a sufficient degree of simplification for the purposes of the Agreement. On the other hand, some of the criteria are defined in fairly vague language, such as "a reasonable duration", or "a reasonable distribution of licences", etc. The Committee might wish to consider whether in its future discussions, it could attempt to agree on some minimum requirements in relation to the provisions in question. In this connection, I refer by comparison to the recommendations that have been adopted by the Committee on Technical Barriers to Trade with a view to ensuring the efficient functioning of the notification procedures under the Standards Code."

21. The Chairman indicated that the Committee could revert to these remarks at a future meeting, and noted that the Biennial Review had been concluded in accordance with Article 5.5 of the Agreement.

D. Report (1983) to the CONTRACTING PARTIES

22. The Committee adopted its report (L/5553) which contains a section on the operation of the Agreement in light of the November 1982 Ministerial Decision on MTN Agreements and Arrangements.

E. Consultations with interested parties

23. The representative of the European Economic Community suggested that the Committee might arrange for informal consultations with interested parties to examine what obstacles might exist to their joining the Agreement. The proposal was endorsed by a number of delegations, who made several suggestions for dealing with the matter.

24. The Chairman noted that there were a number of different modalities for holding the meeting which could be accommodated into one basic proposal. He invited the Committee to take note of this discussion and said he would consult with the secretariat and delegations of non-signatory countries and report back to the Committee. It was so agreed.

F. Argentina: suspension of licences

25. In reply to a question from the European Economic Community, the representative of Argentina said he would verify press reports concerning the suspension of import licences by his government and would convey the information to the delegation of the European Economic Community and the Committee as soon as possible.

G. Date and agenda of next meeting

26. The Committee agreed to hold its next meeting on 15-16 May 1984. The following items would be included in the agenda:

1. Information available on import licensing procedures
2. Implementation and operation of the Agreement
3. Consultations with interested parties
4. Other business