

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## Committee on Import Licensing

### DRAFT MINUTES OF THE MEETING HELD ON 12 JUNE 1984

Chairman: Mr. A. Liontas

1. The Committee on Import Licensing held its tenth meeting on 12 June 1984.
2. The agenda for the meeting was as follows:

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#### A. Election of Officers

3. The Committee elected Mr. A. Liontas (Greece), Chairman, and Mr. L. Paunescu (Romania), Vice-Chairman, for 1984.

#### B. Information available on Import Licensing Procedures

4. The Chairman drew attention to the documents which had appeared since the last meeting, including: LIC/3/Add.9, listing titles of publications containing information on import licensing procedures received by the secretariat; GATT/AIR/2003, inviting contracting parties to communicate their responses to the Questionnaire on Import Licensing Procedures; and L/5640 and Corr.1, which lists notifications received to date. He noted that future notifications in response to the questionnaire would be distributed as addenda to L/5640, and in this context drew attention to the notification by Malawi which had already appeared as L/5640/Add.1.

5. In reply to a question raised at the last meeting by the representative of the European Economic Community (LIC/M/9, paragraph 25), the representative of Argentina said the measures referred to by the Community were provisional and were in the process of being modified. He informed the Committee that his delegation had recently provided the secretariat with a copy of the provisional measures which all interested delegations could consult; the new measures would be notified to the GATT as soon as they were introduced.

6. The representative of the European Economic Community said that they would be interested in looking at the provisional, and particularly the final, measures, and noted that they might wish to revert to this issue at some later time.

7. The representative of the United States noted that Egypt had not yet responded to the Questionnaire on Import Licensing Procedures and asked when they might expect a response. The representative of Egypt replied that the preparation of their response was underway and it would be presented as soon as it was ready, hopefully before the Committee's next meeting.

8. The representative of New Zealand read a statement regarding a list of items recently exempted from import licensing. He noted that despite difficult trading conditions New Zealand had maintained a strategy and programme of trade liberalization and industry adjustment measures, including the gradual phasing-out of import licensing. On 1 July 1984, approximately 80 tariff items and statistical keys with a trade value of about NZ\$60-70 million per annum would become exempt from import licensing. A list of these exempt goods would be supplied to delegations.

9. The representative of Sweden informed the Committee that on 1 April 1984 new ordinances concerning imports and exports had replaced those in force since 1947 and 1950. These would be notified to the GATT very shortly. Most products may now be imported and exported without licence; those products still requiring a licence must be specifically designated by statute.

10. The representative of the European Economic Community drew attention to L/5640/Corr.1 which notified a change in the Federal Republic of Germany's licensing system exempting from the previously applied automatic licensing a wide range of imports from state-trading countries. All products from these countries not subject to quantitative restrictions no longer required any licences. Certain steel products from all sources, however, were subject to a new Community automatic licensing system which had already been notified (as regards the Federal Republic of Germany) in LIC/1/Add.34; a Community-wide notification regarding automatic licensing on steel would be submitted shortly. In addition, he expected that a complete update of the Community reply to the Questionnaire on Import Licensing Procedures could be made available soon.

11. The Committee took note of the statements made and the questions raised under this item.

C. Implementation and Operation of the Agreement

C.1 Import licensing measures maintained by Japan

12. The representative of Japan informed the Committee that his authorities had decided to publish import quotas for leather during the second half of the 1984 Japanese Fiscal Year (October 1984 to March 1985) and were presently actively considering publishing quotas on leather footwear in the near future. He again referred to his government's efforts to narrow the product coverage under the "miscellaneous import items" (LIC/M/8, paragraphs 7 and 8; LIC/M/9, paragraph 13;) and in this context drew attention to external economic measures undertaken by Japan as notified in L/5648 of 9 May 1984.

13. A number of delegations welcomed Japan's statement and hoped its good intentions would quickly be translated into action. They also noted the connection between the Panel report on leather and the work of the Committee. The representative of the European Economic Community regretted that Japan did not appear able to make similar efforts in another context, and hoped that positive action by the Japanese government would not have to wait for action in that other context.

14. The representative of the United States asked Japan about its specific plans to implement the measures referred to at the Council meeting of 15 May, and exactly when they would publish the quota amounts on leather. In the case of leather footwear, he noted with concern that Japan had still not fulfilled its obligations under the Agreement. Regarding restrictions on agricultural products and the "miscellaneous import items" category, he wondered whether quotas were established for separate goods within this category or a quota applied for the category as a whole, and whether any further information could be given on quotas and licensing procedures for goods within the aggregate miscellaneous category. In this regard, he wondered whether the information provided by Japan to the Committee prior to July 1983 was fully in line with Article 3 of the Agreement.

15. The representative of Japan recalled that quotas for 13 agricultural products formally included in the "miscellaneous" category had recently been published. Total imports under this category had amounted to US\$45 million in the second half of fiscal year 1983, and were projected to reach US\$50 million in the first half of fiscal year 1984. He would provide the additional information requested at a future date.

16. The representative of New Zealand informed the Committee that his government had received a reply to the questions it had addressed to the Japanese government (LIC/M/8, paragraph 7 and LIC/M/9, paragraph 12) and that he would revert to this matter at the next meeting.

17. The representative of Australia recalled that her government had supported the Panel report on leather on the understanding that the sole legal finding was set out in paragraph 59 of L/5623, and that her government did not accept the argument that Japan's domestic sensitivities precluded it from fulfilling its GATT obligations. While acknowledging Japan's intention to publish quotas on leather and to introduce automatic licensing as a first step towards the removal of the quotas, Australia remained concerned that these measures did not cover either semi-finished or finished leather but only wet-blue-chrome leather. In

addition, Australia did not accept that Japan's sole obligation concerning leather was to report to the Council on progress made towards liberalization; they intended to keep the Japanese measures under surveillance in the Committee as well as in the Council. She hoped that leather quotas would effectively be published as announced in fiscal year 1984 and that Japan would publish such quotas on a continuing basis thereafter. Australia would follow the implementation of the Japanese measures to see to what extent they were affected by demand developments in Japan. Articles 1.2 and 1.3 of the Code were relevant in this connexion and Australia expected that they would be observed. Finally, with regard to other items subject to licensing procedures in Japan, Australia would welcome any comments from Japan concerning its intentions to liberalize such items.

18. The representative of Canada said that his government would follow closely the action taken by Japan in response to the questions and concerns expressed by other delegations.

19. The Committee took note of the statements made and the questions raised. While noting the efforts made by Japan to meet its obligations, it felt that the measures announced were not fully satisfactory. The Committee therefore urged Japan to make further efforts to fulfill its obligations under the Agreement and to keep the Committee informed of any steps taken to this end. The Committee decided to revert to the pending questions at a future meeting.

#### C.2 Import licensing measures maintained by India

20. The representative of the United States informed the Committee that he had received an interim response to the questions concerning licensing of almond imports that his delegation had addressed to India (LIC/M/7; paragraph 7, LIC/M/8, paragraph 5 and 6; and LIC/M/9, paragraph 15). He hoped a more detailed response would be forthcoming.

21. The Committee took note of this statement.

#### C.3 United States customs formalities

22. The representative of the European Economic Community called attention to a United States licensing practice concerning specialty steel, whereby goods had to be landed before import authorization could be granted. The consequent full or partial blockage of shipments arriving after quarterly or half-yearly quotas had been filled posed problems for exporters, especially small exporters whose profit margins could be eroded by the costs of warehousing the products until the next quota period. He suggested that this practice had an additional restrictive effect on trade and might not be compatible with Article 3(a), and requested that the Committee take up this question at its next meeting.

23. While confirming the practice of prior landing, the representative of the United States said that the United States Customs Service did not maintain an import licensing system but only kept a tally of goods coming in under quota; once quotas were filled, ports of entry were notified and entry was no longer allowed. Since no licences were issued, he felt there was no incompatibility

with Article 3(a) of the Agreement. In addition, he said any importers, exporters or government entities could ascertain the status of a particular quota prior to shipment by calling the United States Customs Service; his delegation believed this meant that additional barriers to trade had not been created.

24. Regarding applicability of the Agreement, the representative of the European Economic Community cited Article 1, paragraph 1 raised the question whether the United States practice did not constitute a licensing procedure as it was not simply a formality of customs clearance but an actual authorization to import. Concerning the availability of information on the status of a quota before shipment, he noted that the time involved in transport and landing of goods meant that there could be no guarantee that the quota would not be filled by the time the goods were ready for clearance.

25. The Committee took note of the statements made on this question.

#### D. Consultations with interested non-signatories

26. The Chairman recalled the proposal made by the European Economic Community at the last meeting (LIC/M/9, paragraphs 23-24) regarding contacts with non-signatories. In his previous capacity as Vice-Chairman of the Committee, he had carried out a number of consultations. These would be continued with a view to holding an informal meeting between signatories and interested non-signatories immediately after the summer recess. He would report on the status of this item at the next meeting of the Committee.

27. The representative of the European Economic Community saw great value in increasing the number of signatories to the Agreement and expressed interest in organizing a meeting as soon as possible to be able to determine why non-signatories had not yet acceded to the Agreement and to help them in that respect. The representative of Egypt underlined the importance of increasing the membership of this as well as other GATT Agreements and Arrangements. He said that it might be useful to examine the provisions of the Agreement to see whether there might be any scope for adapting them in order to facilitate the accession of developing countries.

#### E. Future work of the Committee

28. The Chairman reported on an informal meeting of signatories at which the concluding remarks of the Chairman for 1983 (LIC/M/9, paragraph 20) were discussed. He said that there had been a consensus for pursuing discussions on an informal basis and that the matter would be taken up in the Committee at a later stage.

29. A number of delegations expressed support for the proposals contained in the remarks of the Chairman for 1983 and indicated that they were preparing to take an active part in the work envisaged. Support was also expressed for dealing with these proposals in two stages.

F. Date and agenda of the next meeting

30. The Committee agreed to hold its next meeting on 4 October 1984. The following items would be proposed for the agenda, subject to the agreed procedures in this regard:

1. Information available on import licensing procedures
2. Implementation and operation of the Agreement
3. Consultations with interested non-signatories
4. Future work of the Committee
5. Report (1984) to the CONTRACTING PARTIES
6. Other business