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GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations

Group "Non-Tariff Measures"
Sub-Group "Quantitative Restrictions"

PROPOSALS AND SUGGESTIONS MADE ON THE TWO DRAFT TEXTS ON LICENSING PROCEDURES

Note by the Secretariat

Revision

At its October/November 1975 meeting, the Sub-Group "Quantitative Restrictions" requested the secretariat to establish a note presenting in a systematic manner all the comments and proposals that had been made thus far by delegations or that might be received prior to the next meeting (MTN/NTM/9, paragraph 12). The present note does not take up general comments but concentrates on specific proposals relating to the provisions in the draft texts on import licensing procedures reproduced at pages 15 to 19 of document MTN/NTM/W/2. It also does not take up proposals which support the existing texts. No attempt has been made to indicate the degree of support received for individual proposals.

The note sets out comments communicated to the secretariat up to 15 June 1976.

ANNEX I

Automatic Import Licensing

Paragraph 2

- amend the text to read as follows:

> "2. No automatic licensing shall be required for the importation of goods after ..... except in special cases where this system is appropriate on the basis of an international arrangement or justified by particular circumstances for sanitary or security reasons. However, in the cases of imports of developing countries in special cases justified by the need to carry out certain administrative controls which could not be made in a more appropriate way, a system of automatic licensing may be applied temporarily."
>
> "Automatic licensing systems, where required, shall not be used to discourage or restrict imports. Such systems shall be governed by the provisions of the General Agreement, in particular Article VIII, and be subject to the following provisions."

- amend the text as proposed above with the deletion of the word "temporarily" at the end of the first sub-paragraph.

- amend the text to read 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 licensing requirement shall be applied in accordance with the following provisions:"

- amend the text by merging the two alternatives to read as follows:

> "(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."

- Add new paragraphs to read as follows:

"It shall not be used, either directly or indirectly, to restrict or otherwise influence the quantity, composition, conditions or sources of imports.

"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.

"It shall be removed as soon as the circumstances which gave rise to its introduction no longer prevail."

Paragraph 3

- replace by 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 or products subject to automatic licensing shall be published."

- amend the first sentence to read as follows:

"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."

Add new paragraph after paragraph 3 to read as follows:

"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 requirements."

Paragraph 4

- delete the paragraph

- delete the square brackets

- amend the text to read:

> "Automatic licensing systems shall not be designed nor operated in such a manner as to discriminate between sources of imports. No automatic licensing shall be used in respect of one or a group of countries."

- replace by the following text:

> "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

- make it clear that expression "other documents necessary to determine the nature and composition of the product" includes documents necessary to verify the value, quantity and nature of the product.

- replace the second sentence by the following:

> "Documentation requirements shall, wherever practicable, be limited to those for normal customs entry purposes:"

- replace by the following text:

> "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

- replace by the following text:

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

Paragraph 9

- amend to read:

"Application for licences must be submitted within seven days of the placement of a firm order and in no event later than the date of shipment of any of the goods involved."

Paragraph 10

- add at the beginning:

"To the extent administratively feasible,"

- amend to read:

"Applications for licences shall be granted immediately on receipt and the licences shall be issued to the person concerned as soon as the signatures and stamps further required by the customs authorities and the body granting authorization for transfers abroad have been affixed."

- replace "within a maximum of five working days" by "within a delay of five working days".

- make it clear that applications must be submitted in appropriate and complete form.

Add new paragraph after paragraph 10 to read as follows:

"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."

ANNEX II

Licensing to Administer Import Restrictions

Paragraph 1

- delete the square brackets

- delete the paragraph

- replace by the following text:

> "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

- delete the phrase:

> "including wherever possible names of importing enterprises on a confidential basis."

- amend to read:

> "Adherents shall, upon request, supply all relevant information to other adherents concerning the administration of import restrictions, the import licences granted over a recent period and the distribution of such licences among supplying countries, including, wherever agreed to by importing enterprises, the names of those enterprises."

- add additional sentence:

> "When adherents which are members of a customs union or free-trade area allocate an import quota among members of the union in fixed proportions, the allocations should, on request, be disclosed to other adherents."

Paragraph 5

- delete the word "fixed" in the phrase "involving fixed quotas".

- as above and add: "as far as practicable" at the end of the paragraph.

Paragraph 10

- add a second sentence to read as follows:

"In exceptional cases, e.g. in the interest of public security, the reasons may be withheld."

Paragraph 12

- amend to read:

"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

- amend to read:

"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

- delete the paragraph

Paragraph 15

- replace "consideration shall be given to ensuring" by "There shall be".

- amend to read:

"Consideration shall be given to ensuring a reasonable distribution of licences to new importers taking into account the desirability of issuing licences for goods in economic quantities and also the rights of traditional importers especially where quotas are applied for emergency protection purposes."

- replace by 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

- add at the end:

"with the exception of supplying countries with which no trade relations are maintained and under international agreements".

Paragraph 18

- replace "normal customs procedures" with "normal import licensing procedures".