

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

RESTRICTED

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Special Distribution

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Group of Negotiations on Goods (GATT)

Negotiating Group on MTN  
Agreements and Arrangements

AGREEMENT ON IMPORT LICENSING PROCEDURES

Status of Work

The Informal Group which was established by the NG8 at its meeting of 31 January-2 February 1990 (reference MTN.GNG/NG8/15, item B) has met on 28 February, 4 May, 11 June and 9 July 1990.

The attached text would form the basis for the further negotiations in this area. Amendments to the Agreement which have been proposed are set in bold type. Outstanding issues are indicated with square brackets. However, this does not prejudice further negotiations and changes as some issues are interlinked and some might require further clarification or understanding as to their precise meaning.

Agreement on Import Licensing Procedures

Preamble

Having regard to the Multilateral Trade Negotiations, the Parties to this Agreement on Import Licensing Procedures (hereinafter referred to as "Parties" and "this Agreement");

Desiring to further the objectives of the General Agreement on Tariffs and Trade (hereinafter referred to as "General Agreement" or "GATT");

Taking into account the particular trade, development and financial needs of developing countries;

Recognizing the usefulness of automatic import licensing for certain purposes and that such licensing should not be used to restrict trade;

**[Desiring to ensure that import licensing [procedures] is [are] not utilized in a manner contrary to GATT principles and obligations;]**

**[Recognizing that import licensing may be employed to administer measures such as those adopted pursuant to the relevant provisions of the GATT;]**

**[Recognizing and reaffirming the provisions of Article XI of the General Agreement as they apply to import licensing [procedures];]**

Recognizing [also] that the inappropriate [or excessive] use of import licensing procedures [may impede] [constitutes a particular impediment to] [could constitute a further impediment to] the flow of international trade;

Convinced that import licensing, particularly non-automatic import licensing, should be implemented in a transparent and predictable manner;

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Recognizing that non-automatic licensing procedures should be no more administratively burdensome than absolutely necessary to administer the relevant measure;

Desiring to simplify, and bring transparency to, the administrative procedures and practices used in international trade, and to ensure the fair and equitable application and administration of such procedures and practices;

Desiring to provide for a consultative mechanism and the speedy, effective and equitable resolution of disputes arising under this Agreement;

Hereby agree as follows:

Article 1: General Provisions

Article 1.1

For the purpose of this Agreement, import licensing is defined as administrative procedures<sup>1</sup> used for the operation of import licensing regimes requiring the submission of an application or other documentation (other than that required for customs purposes) to the relevant administrative body as a prior condition for importation into the customs territory of the importing country.

Article 1.2

The Parties shall ensure that the administrative procedures used to implement import licensing regimes are in conformity with the relevant provisions of the GATT including its annexes and protocols, as interpreted by this Agreement, with a view to preventing trade distortions that may arise from an inappropriate operation of those procedures, taking into account the economic development purposes and financial and trade needs of developing countries.

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<sup>1</sup> Those procedures referred to as "licensing" as well as other similar administrative procedures.

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Article 1.3

The rules for import licensing procedures shall be neutral in application and administered in a fair and equitable manner.

Article 1.4

The rules and all information concerning procedures for the submission of applications, including the eligibility of persons, firms, and institutions to make such applications, **the administrative body(ies) to be approached**, and the lists of products subject to the licensing requirement shall be published [in the sources notified to the GATT secretariat] in such a manner as to enable governments and traders to become acquainted with them. **Such publication shall take place to the extent practicable, twenty-one days prior to the effective date of the requirement but in all events not later than such effective date.** Any **exception, derogations or changes in or from the rules concerning** licensing procedures or the list of products subject to import licensing shall also be published in the same manner **and within the same time periods as specified above**. Copies of these publications shall also be made available to the Secretariat.

**Parties who wish to make comments in writing shall be provided the opportunity to discuss these comments upon request. The concerned Party shall give due consideration to these comments and results of discussion.**

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Article 1.5

Application forms and where applicable, renewal forms shall be as simple as possible. Such documents and information as are considered strictly necessary for the proper functioning of the licensing régime may be required on application.

Article 1.6

Application procedures and, where applicable, renewal procedures shall be as simple as possible. Applicants shall be allowed a reasonable period for the submission of licensing applications. Where there is a closing date, this period should be at least twenty-one days with provision for extension in circumstances where insufficient applications have been received within this period. Applicants shall have to approach only one administrative body in connection with an application. [and shall be allowed a reasonable period therefor. In cases] Where it is strictly indispensable to approach more than one administrative body, [these shall be kept to the minimum number possible] [applicants shall not need to approach more than two administrative bodies].

Article 1.7

No application shall be refused for minor documentation errors which do not alter basic data contained therein. No penalty greater than necessary to serve merely as a warning shall be imposed in respect of any omission or mistake in documentation or procedures which is obviously made without fraudulent intent or gross negligence.

Article 1.8

Licensed imports shall not be refused for minor variations in value, quantity or weight from the amount designated on the licence due to differences occurring during shipment, differences incidental to bulk loading and other minor differences consistent with normal commercial practice.

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Article 1.9

The foreign exchange necessary to pay for licensed imports shall be made available to licence holders on the same basis as to importers of goods not requiring import licences.

Article 1.10

With regard to security exceptions, the provisions of Article XXI of the GATT apply.

Article 1.11

The provisions of this Agreement shall not require any Party to disclose confidential information which would impede law enforcement or otherwise be contrary to the public interest or would prejudice the legitimate commercial interests of particular enterprises, public or private.

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Article 2: Automatic import licensing<sup>2</sup>

Article 2.1

Automatic import licensing is defined as import licensing where approval of the application is freely granted in all cases in accordance with the requirements of Article 2.2(a).

Article 2.2

The following provisions,<sup>3</sup> in addition to those in paragraphs 1 to 11 of Article 1 and paragraph 1 of Article 2 above, shall apply to automatic import licensing procedures:

- (a) Automatic licensing procedures shall not be administered in a manner so as to have restricting effects on imports subject to automatic licensing. Automatic licensing procedures shall be deemed to have trade restricting effects unless inter alia:
- (i) Any person, firm or institution which fulfils the legal requirements of the importing country for engaging in import operations involving products subject to automatic licensing are equally eligible to apply for and to obtain import licences;
- (ii) Applications for licences may be submitted on any working day prior to the customs clearance of the goods;
- (iii) Applications for licences when submitted in appropriate and complete form are approved immediately on receipt, to the extent administratively feasible, but within a maximum of ten working days.

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<sup>2</sup> Those import licensing procedures requiring a security which have no restrictive effects on imports, are to be considered as falling within the scope of paragraphs 1 and 2 of Article 2 below.

<sup>3</sup> A developing country Party, which has specific difficulties with the requirements of sub-paragraphs (d) and (e) below may, upon notification to the Committee referred to in paragraph 1 of Article 4, delay the application of these sub-paragraphs by not more than two years from the date of entry into force of this Agreement for such Party.

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(b) Parties recognize that automatic import licensing may be necessary whenever other appropriate procedures are not available. Automatic import licensing may be maintained as long as the circumstances which gave rise to its introduction prevail and as long as its underlying administrative purposes cannot be achieved in a more appropriate way.

Article 3: Non-automatic import licensing

Article 3.1

The following provisions, in addition to those in paragraphs 1 to 11 of Article 1 above, shall apply to non-automatic import licensing procedures.

**Non-automatic import licensing procedures are defined as import licensing not falling within the definition contained in Article 2.1 above.**

Article 3.2

**Non-automatic licensing shall not have trade restrictive [or distortive] effects on imports additional to those caused by the imposition of the restriction. [Non-automatic licensing procedures shall correspond in scope and duration to the measure they are used to implement, and shall be no more administratively burdensome than absolutely necessary to administer the measure].**

[Article 3.3]

**Given that certain types of non-automatic licensing, including licensing used to administer small quotas which fluctuate in size, or general prohibitions to which exceptions are granted, have the potential for being particularly trade distortive, Parties shall take particular care to implement such licensing requirements in a transparent and predictable manner.]**

**[In the case of licensing requirements for purposes other than the implementation of quantitative restrictions, Parties shall publish sufficient information for other Parties and traders to know the basis for granting and/or allocating licenses.]**



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Article 3.4

Where a Party provides the possibility for persons, firms, or institutions to request exceptions or derogations from a licensing requirement, it shall include this fact in the information published under Article 1.4 as well as information on how to make such a request and, to the extent possible, an indication of the [types of] circumstances under which requests may be [considered] [granted]. [Any exceptions or derogations from licensing requirements shall be granted in accordance with the provisions of this Agreement, including Articles 1.3 and 1.4.]

Article 3.5 (a) (present Article 3(b))

(a) Parties shall provide, upon the request of any Party having an interest in the trade in the product concerned, all relevant information concerning:

- (i) the administration of the restrictions;
- (ii) the import licences granted over a recent period;
- (iii) the distribution of such licences among supplying countries;
- (iv) where practicable, import statistics (i.e. value and/or volume) with respect to the products subject to import licensing. The developing countries would not be expected to take additional administrative or financial burdens on this account;

Article 3.5 (b): (present Article 3(c))

(b) Parties administering quotas by means of licensing shall publish the overall amount of quotas to be applied by quantity and/or value, the opening and closing dates of quotas, and any change thereof, within the time periods specified in Article 1.4 and in a manner as to enable governments and traders to become acquainted with them.

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Article 3.5(c): (present Article 3(d))

(c) In the case of quotas allocated among supplying countries, the Party applying the restrictions shall promptly inform all other Parties having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall publish this information within the time periods specified in Article 1.4 and in a manner as to enable governments and traders to become acquainted with them.

Article 3.5(d) (to replace present Article 3(e)) \*

(d) Where situations arise which make it necessary to provide for an early opening date of quotas, the information referred to in Article 1.4 should be published within the time periods specified in Article 1.4 and in a manner as to enable governments and traders to become acquainted with them.

Article 3.5(e) (present Article 3(f))

(e) Any person, firm or institution which fulfils the legal [and/or administrative] requirements of the importing country shall be equally eligible to apply and to be considered for a licence. If the licence application is not approved, the applicant shall, on request, be given the reason therefor and shall have a right of appeal or review in accordance with the domestic legislation or procedures of the importing country;

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\* Present Article 3(e) reads: Where there is a specific opening date for the submission of licensing applications, the rules and product lists referred to in paragraph 4 of Article 1 shall be published as far in advance as possible of such date, or immediately after the announcement of the quota or other measure involving an import licensing requirement;

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Article 3.5(f) (present Article 3(g))

(f) The period for processing applications [shall be as short as possible;]  
[should [normally] [where practicable] not be longer than  
twenty-one [thirty] days if applications are considered as and  
when received, i.e. on a first-come first-served basis, and  
[normally] [where practicable] [no longer than sixty days] if  
all applications are considered simultaneously.]

Article 3.5(g) (present Article 3(h))

(g) The period of licence validity shall be of reasonable duration and not be so  
short as to preclude imports. The period of licence validity shall not preclude  
imports from distant sources, except in special cases where imports are  
necessary to meet unforeseen short-term requirements;

Article 3.5(h) (present Article 3(i))

(h) When administering quotas, Parties shall not prevent importation from  
being effected in accordance with the issued licences, and shall not discourage  
the full utilization of quotas;

Article 3.5(i) (present Article 3(j))

(i) When issuing licences, Parties shall take into account the desirability of  
issuing licences for products in economic quantities;

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Article 3.5 (j) (present Articles 3(k) and 3(l))

(j) In allocating licences, the Party should consider the import performance of the applicant. In this regard, consideration should be given as to whether licences issued to applicants in the past have been fully utilized during a recent representative period. In cases where licenses have not been fully utilized, the Party shall examine the reasons for this and take these reasons into consideration when allocating new licences. Consideration shall also be given to ensuring a reasonable distribution of licence to new importers, taking into account the desirability of issuing licences for products in economic quantities. In this regard, special consideration should be given to those importers importing products originating in developing countries and, in particular, the least-developed countries.

Article 3.5(k) (present Article 3(m))

(k) In the case of quotas administered through licences which are not allocated among supplying countries, licence holders (footnote: sometimes referred to as "quota holders"), shall be free to choose the sources of imports. In the case of quotas allocated among supplying countries, the licence shall clearly stipulate the country or countries.

Article 3.5(l) (present Article 3(n))

In applying paragraph 8 of Article 1 above, compensating adjustments may be made in future licence allocations where imports exceeded a previous licence level.

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Revised Article 4: Institutions [consultation and dispute settlement]

Article 4.1

There shall be established under this Agreement a Committee on Import Licensing composed of representatives from each of the Parties (referred to in this Agreement as "the Committee"). The Committee shall elect its own Chairman and Vice Chairman and shall meet as necessary for the purpose of affording Parties the opportunity of consulting on any matters relating to the operation of this Agreement or the furtherance of its objectives.

Article 4.2

[Consultations and the settlement of disputes with respect to any matter affecting the operation of this Agreement, shall be subject to the procedures of Articles XXII and XXIII of the GATT.] **See new Articles 6 (Consultations) and 7 (Dispute Settlement) below.**

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[New Article 5 - Notification]

[Article 5.1]

1. Parties which institute licensing procedures or changes in these procedures shall notify the Committee of such within [thirty] days of publication.]

[Article 5.2]

2. Each notification shall include the following information:

- (a) list of products subject to licensing procedures;
- (b) contact point for information on eligibility;
- (c) administrative body(ies) for submission of applications;
- (d) date and name of publication where licensing procedures or changes in procedures are published;
- (e) indication of whether licensing procedure is automatic or non-automatic according to definitions contained in Articles 2 and 3;
- (f) in the case of automatic licensing procedures, the circumstances giving rise to introduction of the licensing procedure and its underlying administrative purpose;
- (g) in the case of non-automatic import licensing procedures, identification of the measure being implemented through the licensing procedure [and the GATT basis for taking the measure]; and
- (h) expected duration of the measure and licensing procedure or reason why this information cannot be provided.]

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[Article 5.3

3. If a Party to the Agreement believes that another Party has implemented licensing procedures but has failed in part or total to satisfy the above notification requirements, the first Party may [seek information on such measures bilaterally from the Party concerned and invite this Party to fulfill the notification requirements. If the Party concerned continues to fail the notification requirements, the first Party may] bring this failure to the attention of the Committee. [The first Party may cross-notify these licensing procedures if the Party concerned still fails to satisfy the notification requirement in spite of the above-mentioned bilateral actions and actions towards the Committee by the first Party. Such cross-notifications should include all relevant and available information regarding the existence and nature of the licensing procedures in question.]]

New Articles 6 (Consultation) and 7 (Dispute Settlement)

(This Agreement's provisions on consultation and dispute settlement should be examined with a view to their improvement and clarification taking into account, as appropriate, the work of the Negotiating Group on Dispute Settlement.)

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Article 8: Review

New Article 8.1 (present Article 5.5, first part)

The Committee shall review [as necessary, but] at least once every two years, the implementation and operation of this Agreement, taking into account the objectives thereof, and the rights and obligations contained therein. [In doing so it shall examine the licensing [regimes] [procedures] of each signatory in the light of the provisions of this Agreement and shall also examine whether these provisions are adequate to achieve its objectives.]

[Article 8.2

As a basis for the Committee review, the secretariat shall prepare a report based on information provided under Article 5, responses to the annual licensing questionnaire and other available and relevant information. Parties undertake to complete the annual licensing questionnaire promptly and in full.]

[Article 8.3

Reports prepared in accordance with this Article shall, inter alia, describe the licensing [regimes] [procedures] of each Party, and changes or developments in those regimes over the review period]

Article 8.4 (present Article 5.5, second part)

The Committee shall inform the CONTRACTING PARTIES to the GATT of developments during the period covered by such reviews.



## Agreement on Import Licensing Procedures

### Article 9 (present Article 5)

#### Article 9.1: Acceptance and accession (present Article 5.1)

- (a) This Agreement shall be open for acceptance by signature or otherwise, by governments' contracting parties to the GATT and by the European Economic Community;
- (b) This Agreement shall be open for acceptance by signature or otherwise by governments having provisionally acceded to the GATT, on terms related to the effective application of rights and obligations under this Agreement, which take into account rights and obligations in the instruments providing for their provisional accession;
- (c) This Agreement shall be open to accession by any other government on terms, related to the effective application of rights and obligations under this Agreement, to be agreed between that government and the Parties, by the deposit with the Director-General to the CONTRACTING PARTIES to the GATT of an instrument of accession which states the terms so agreed;
- (d) In regard to acceptance, the provisions of Article XXVI:5(a) and (b) of the General Agreement would be applicable.

#### Article 9.2: Reservations (present Article 5.2)

Reservations may not be entered in respect of any of the provisions of this Agreement without the consent of the other Parties.

#### Article 9.3: Entry into Force (present Article 5.3)

This Agreement shall enter into force on 1 January 1980 for the governments (footnote: For the purpose of this Agreement, the term "governments" is deemed to include the competent authorities of the European Economic Community) which have accepted or acceded to it by that date. For each other government it shall enter into force on the thirtieth day following the date of its acceptance or accession to this Agreement.

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Article 9.4 National Legislation (present Article 5.4)

- (a) Each government accepting or acceding to this Agreement shall ensure, not later than the date of entry into force of this Agreement for it, the conformity of its laws, regulations and administrative procedures with the provisions of this Agreement.
- (b) Each Party shall inform the Committee of any changes in its laws and regulations relevant to this Agreement and in the administration of such laws and regulations.

Article 9.6: Amendments (present Article 5.6)

The Parties may amend this Agreement, having regard, inter alia, to the experience gained in its implementation. Such an amendment, once the Parties have concurred in accordance with procedures established by the Committee, shall not come into force for any Party until it has been accepted by such Party.

Article 9.7: Withdrawal (present Article 5.7)

Any Party may withdraw from this Agreement. The withdrawal shall take effect upon the expiration of sixty days from the day on which written notice of withdrawal is received by the Director-General to the CONTRACTING PARTIES to the GATT. Any Party may upon such notification request an immediate meeting of the Committee.