WORLD TRADE ORGANIZATION

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Committee on Import Licensing

MINUTES OF THE MEETING HELD ON 30 SEPTEMBER 2004

Chairperson: Victoria Campeanu (Romania)

The Committee on Import Licensing held its twentieth meeting on 5 May 2004. The agenda proposed for the meeting, contained in WTO/AIR/2383, was adopted as follows:

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1. Members' compliance with notification obligations – Developments since the last meeting

1.1 The Chairperson stated that compliance with notification obligations under the Agreement on Import Licensing Procedures remained low. Since the last meeting, 18 notifications were received under various provisions of the Agreement on Import Licensing Procedures. As of the date of the meeting, out of a total Membership of 122 (counting the EC as one Member), 24 Members had not submitted any notification since joining the WTO. Only a cumulative total of 88 Members (counting the EC as one) had submitted notifications concerning their laws and regulations (under Articles 1.4(a) and/or 8.2(b)). Only four Members submitted notifications under these provisions since the last

meeting. Fifty-eight Members had yet to submit their notifications. Only a cumulative total of 83 Members (counting EC as one) had submitted replies to the Questionnaire (under Article 7.3) since the entry into force of the WTO Agreement. For Article 7.3 notifications, the annual deadline of 30 September was not often respected. Only 15 Members had replied this year. Only 26 Members (counting the EC as one) notified new licensing procedures or changes in existing procedures (under paragraphs 1-4 of Article 5). Of this, two Members notified changes to import licensing procedures without submitting the initial notifications of legislation or replies to the Questionnaire. Article 5.5 of the Agreement allows Members to submit counter-notifications where a Member considers that another Member has not notified the institution of a licensing procedure or changes in the procedures. Up to now, no counter-notifications have been received. No Member requested technical assistance to fulfil the obligations.

1.2 The Chairperson urged all Members that have not provided information on their laws and regulations relevant to import licensing to submit their notifications without further delay. Even if Members did not apply import licensing procedures, or have no laws or regulations relevant to the Agreement, they were required to notify the Committee of this fact in order to have a complete overview of the licensing regimes of all Members. Notifications obligations were clearly stated in the Agreement although there were no sanctions for those not fulfilling the obligations. There was a need to improve the exchange of questions and responses following the circulation of notifications, which was another important activity of the Committee. When the Committee agreed to the notification provision in Article 7.3, it made a step forward by agreeing on the contents of the questionnaire (in Annex to G/LIC/3). The Chairperson stated that the number of notifications was not very encouraging and there was need for improvement.

1.3 The Chairperson reminded the Committee that at the end of the year the Central Registry of Notifications sends to each Member a list of notifications that should be made under all WTO Agreements; this is followed up with periodic reminders (twice a year) from the CRN to Members who have not submitted the required notifications during the year. In addition, the Secretariat reminded several delegations, informally, of their pending notifications in import licensing through a letter sent on 30 July 2004 that contained a table showing the status of notifications up to that date with a request for notifications to be submitted well in advance of this meeting of the Committee. The letter included a reminder that the Secretariat could provide assistance to those authorities meeting with difficulties.

1.4 The delegate from the United States expressed appreciation for the submissions that had been made since the last meeting, including Mexico's recent notification; as well as for answers received by Argentina, India, Brazil, Indonesia, Jamaica and China in response to the US questions. He thanked the Secretariat for the continuing work to improve compliance; in particular the recent letter and offer for technical assistance. He mentioned the overall low level of notifications and the fact that many members had never made important notifications further stating that import licensing constitutes a serious source of non-tariff restrictions in some markets. Such notifications and responses were an essential element of WTO Members obligations and tangible evidence of the respect Members owed one another. He also stated that Bahrain and the UAE had provided preliminary responses bilaterally but urged them to formalise their comments and circulate them as WTO documents in the interest of transparency.

1.5 The delegate from India requested a copy of the letter that was sent to some delegations. The Chairperson stated that it was not issued as a formal document but India could have a copy.

1.6 The delegate of the EC supported the United States' delegate concerning the low level of notification and also expressed appreciation and encouragement to the Secretariat in the efforts to rectify the situation.

1.7 The delegate of the Philippines echoed the appreciation for the efforts made by the Chairperson and the Secretariat to ensure that notification requirements were fulfilled and encouraged continuation of this work as well as the offer to provide technical assistance. She noted that notification obligations were more important in view of the ongoing work in NAMA where the notifications by members of non-tariff barriers were being reviewed, with many barriers found in the area of import licensing,

1.8 The Committee took note of all statements.

1.9 The Chairperson stated that since the last meeting questions from delegations on notifications of licensing systems had been circulated in the G/LIC/Q/- series. Although the Secretariat had sent reminders, only six delegations had provided replies to questions in writing. The questions were from Argentina, India, Brazil, China, Indonesia and Jamaica to the US; and from Indonesia to Australia. The US had submitted questions in writing to Argentina in G/LIC/Q/ARG/1, India in G/LIC/Q/IND/8 and Jamaica in G/LIC/Q/JAM/1. Replies from Jamaica, in G/LIC/Q/JAM/2, were received too late and would be considered at the next meeting. The replies from Argentina to the US were circulated in G/LIC/Q/ARG/2; the replies from India to the US in G/LIC/Q/IND/9; the replies from Brazil to the United States in G/LIC/Q/BRA/2; the replies from China to the United States in G/LIC/Q/CHN/10; the replies from Indonesia to the United States in G/LIC/Q/IDN/5; and the replies from Indonesia to Australia in G/LIC/Q/IDN/6 and Add.1.

1.10 The United States delegate stated that if there were follow-up questions for Argentina they would be presented at a later date. He thanked Jamaica for its clarification stating that the response made it clear that no automobile parts could be imported except for the repair of a registered vehicle. If the United States had further questions for Jamaica they would submit them later in writing. He also thanked India for making the full text version of the entire classification document available on the Directorate for Foreign Trade website.

1.11 The delegate of India stated that the entire compendium had been put on the DGFD website in the context of India's new five-year foreign trade policy for the period September 2004-March 2009. As soon as all documents were received from the Capital they would be notified to meet the obligations to the Committee on Import Licensing.

1.12 To follow-up on a request made at the October 2003 meeting, the delegate of the United States requested Brazil to submit information concerning import licensing requirements for certain lithium compounds, i.e. lithium carbonate and lithium hydroxide. At the last meeting Brazil provided a preliminary response that was circulated in G/LIC/Q/BRA/2. The delegate of the US stated that this was a partial response to the original questions on page 2 of document G/LIC/Q/BRA/1. Brazil had yet to notify some of its legislation covering automatic and non-automatic licensing requirements for lithium compounds and possibly other goods on the relevant SETES Secretariat de Commercial Exterior website. The notifications made by Brazil in June 1998, February 2002, and September 2003 did not cover all the laws and regulations concerning import licensing giving the example that Brazil might maintain quotas on certain lithium compounds including the provision of Portaria Number 279 of 1997 and that these quotas were administered through import licensing procedures. This legislation was not included in the above documents and it appeared not to have been subsequently notified to the committee. The US asked when Brazil would notify this legislation in regulations and provide the information on these requirements to the committee. The justification given for the application of these restrictions in Document G/LIC/Q/BRA/2 was tenuous. The restrictions said that some components of lithium once enriched might have an application in the production of nuclear energy; however this phrase did not demonstrate that the application was related to nuclear issues rather than to common commercial use such as aluminium smelting, the production of glass, ceramics or pharmaceuticals. The United States delegate did not understand why import licences on lithium carbonate were required by Brazil's nuclear regulatory agency when the product had no apparent nuclear related application. In practice these licensing requirements acted as quantitative restrictions

and the delay they had receiving a more complete response engendered some suspicion that there might be other more protectionist reasons for the requirement. The US had approached Brazilian officials bilaterally on this issue. The US delegate urged Brazil to fully and rapidly address the request for information and to clarify the operation of Brazil's import licensing system for lithium carbonate and lithium hydroxide, including but not limited to the following points:

(i) What were the criteria for the application and granting of import licences on lithium carbonate and lithium hydroxide?
(ii) On what basis were requests for these licences denied?
(iii) Provide specific information for the period from the year 2000 on the quantity of imports for which import licences had been requested and for which import licences were actually granted.
(v) Provide more complete import statistics for 2003 and 2004, insofar as statistics for 2004 had been compiled for lithium by value and by volume for lithium compounds by the supplying country.

The United States would circulate these issues in writing and expected to receive more complete responses to the questions and requested relevant notifications to the Committee concerning licensing requirements for lithium compounds.

1.13 The delegate from Brazil stated that when the new questions from the United States were received in writing they would be sent to the capital so further clarification can be provided as soon as possible.

1.14 The Committee took note of all statements.

1.15 The Chairperson stated that replies to the US from Bahrain and UAE had been received the day before the last Committee meeting in May 2004. The responses had not been circulated pending clarifications from Bahrain and UAE. The delegate of the US urged both delegations to submit formal responses as soon as possible.

2. Notifications

(i) Notifications under Articles 1.4(a) and 8.2(b) of the Agreement

2.1 The Chairperson recalled that Articles 1.4(a) and 8.2(b) and procedures agreed to by the Committee required all Members to notify the Committee of their laws, regulations and administrative procedures, and submit copies of any relevant publications or laws and regulations upon becoming a Member of the WTO. Any subsequent changes to these laws and regulations also needed to be notified.

2.2 The Committee noted that notifications were received from the Dominican Republic and Chinese Taipei and reminded Members that copies of laws and regulations submitted under these provisions were available in the Secretariat for consultation by interested Members.

(ii) Notifications under Article 7.3 of the Agreement (replies to the Questionnaire on Import Licensing Procedures)

2.3 The Chairperson stated that there were notifications from seven Members listed in the airgram: from Colombia (G/LIC/N/3/COL/2), Cuba (G/LIC/N/3/CUB/2/Add.1), Dominican Republic (G/LIC/N/3/DOM/2), Chinese Taipei (G/LIC/N/3/TPKM/2), Guatemala (G/LIC/N/3/GTM/2), Saint Lucia (G/LIC/N/3/LCA/2), and Trinidad and Tobago (G/LIC/N/3/TTO/4). In addition, copies of China's latest notification submitted under Article 7.3 were available at the meeting, in English only.

The Chairperson suggested that this issue be considered under the TRM and would be reverted to at the next meeting.

2.4 The Committee took note of the notifications.

(iii) Notifications under Article 5 of the Agreement (new import licensing procedures or changes to existing licensing procedures)

2.5 The Chairperson recalled that under paragraphs 1 to 4 of Article 5, Members which instituted licensing procedures or changes in these procedures had to notify the Committee within 60 days of publication of these procedures. Paragraph 2 of Article 5 listed the information that should be included in such notifications. Members also had to submit copies of publications in which the information required in Article 1.4 would be published.

2.6 The Chairperson stated that there were two notifications submitted under this provision, received from Argentina (G/LIC/N/2/ARG/7) and Australia (G/LIC/N/2/AUS/1).

2.7 The delegate from Australia stated that the notification related to ozone-depleting substances and synthetic greenhouse gases. Australia introduced some non-automatic import licensing requirements for certain products (i.e. hydrofluorocarbons). The new requirements were an extension to the existing non-automatic licensing programme for ozone-depleting substances, previously notified to this Committee. The requirements were limited to what was necessary to discharge Australia's international obligations in this area.

2.8 The Committee took note of the notifications and statement made.

3. Third Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China

3.1 The Chairperson reminded Members that the second transitional review of China's implementation of the WTO Agreement and related provisions of the Protocol, under Paragraph 18 of the Protocol of Accession of China, was carried out in 2003 by the subsidiary bodies of the WTO. This included the Committee on Import Licensing, which had a mandate covering China's commitments under the WTO Agreement or China's Protocol of Accession. The report to the Council for Trade in Goods on last year's review was circulated in document G/LIC/11. The third transitional review was conducted at this meeting.

3.2 The Chairperson stated that China was required to provide relevant information, including information specified in Annex 1A, to each subsidiary body in advance of the review. Each subsidiary body was required to report the results of such review promptly to the relevant Council (for this Committee the Council for Trade in Goods) which in turn reported promptly to the General Council. According to Paragraph 18 of the Protocol, the transitional review takes place each year after accession for eight years, followed by a final review in the tenth year or at an earlier date decided by the General Council. Under paragraph 3(a) of Annex 1A China was required to notify the Committee on Import Licensing of "implementation of the provisions of the Agreement on Import Licensing Procedures and the WTO Agreement applying the measures set out in Section 8 of the Protocol including provision of the time taken to grant an import licence". Paragraph 1 of Section 8 of the Protocol set out the measures which China was to undertake to facilitate compliance with the WTO Agreement and provisions of the Agreement on Import Licensing Procedures. China was also required, *inter alia,* to submit the notification of its import licensing procedures to the Committee and to report annually to the Committee on its automatic import licensing procedures, explaining the circumstances which give rise to these requirements and justifying the need for their continuation. This report should also provide the information listed in Article 3 of the Licensing Agreement.

3.3 In addition, Section VII(a) of Annex 1A of the Protocol referred to responses to specific questions in the context of the transitional review mechanism, which should be notified to the relevant subsidiary body. The Chairperson informed the members that since the last meeting, the Secretariat received three submissions containing questions and comments, G/LIC/Q/CHN/11 from Japan, G/LIC/Q/CHN/12 from the United States and G/LIC/Q/CHN/13 from the EC.

3.4 The Chairperson suggested that the review be conducted in two parts: first, under Section IV.3(a) of Annex 1A, and thereafter under Section VII(a) of Annex 1A.

3.5 China submitted a communication late in the day of 27 September 2004 which was available in English at the meeting.

3.6 Taking the floor under Section IV.3(a) of Annex 1A, the first representative of China stated that this was not the first time for this Committee to conduct a transitional review; this was the third year. He did not feel it was necessary to quote all paragraphs from the China's Protocol of Accession and felt it might be useful just to remind the members of the Committee which questions, comments, and documents from Members, including China, had been received in advance of the review so that Members could follow the practice of the Transitional Review as was done in the past.

3.7 He offered a brief account of China's efforts in implementing its WTO commitments and obligations pursuant to this committee and introduced the Administrative Licensing Law of the People's Republic of China, which entered into force on 1 July 2004. The enactment and enforcement of this law was of great importance for implementing China's obligations under the WTO Import Licensing Agreement. It demonstrated the firm commitment and earnest efforts on the part of the Chinese Government to establish and maintain a transparent open and non-discriminatory import licensing procedure and other trade-related aspects of the licensing process. It was designed to regulate the Chinese Government's activities of administrative licensing at various levels. Trade-related administrative licensing, including import licensing, naturally fell into the jurisdiction of this law. Under the relevant WTO rules and China's accession commitments, administrative licensing should be carried out in a transparent and regular manner. The restrictive effect of administrative licensing conditions and procedures should be no more than is necessary. This understanding of the Chinese Government was one of the key reasons that led to the enactment of the law. This law contained specific provisions on the right of agencies to carry out such administration of the procedures and fees concerned. Thanks to this law and the newly revised Foreign Trade Law of the People's Republic of China, the import licensing regime of the country was further streamlined.

3.8 Prior to this session China had submitted to the Committee its responses to the questionnaire on import licensing procedures for 2004 pursuant to Article 7.3 of the Agreement on Import Licensing Procedures. China also elaborated on its 2004 import licensing regime through the provision of relevant information pursuant to Annex 1A of its Accession Protocol. The questionnaire responses and Annex 1A information made reference to quite a number of Chinese laws, regulations and proclamations for which translation efforts were underway. It was estimated that the work of translation could be completed in a couple of months. Then notifications would be submitted to this Committee. In the context of this transitional review the delegation received a number of questions from some Members.

3.9 A second delegate from China made a comment concerning the avoidance of unnecessary repetitive work under the transitional review and different Committees in the WTO. A number of the questions that were received under the Import Licensing Committee had already been raised under the Market Access Committee and had already been replied to clearly and in detail by China. There was a clear distinction among the mandates of the Committees or Councils and other bodies in the WTO. The relevance between the implementation of China's commitment of accession and each body's sphere of mandates was also clearly defined. China was serious about answering the questions raised by Members, but did not agree that Members could raise the same questions repetitively in different

Committees. Members should try their best to observe the relevance between their questions and the mandates of each of the 17 bodies that had the mandate to conduct the transitional review. The Chinese Delegation would make an objective judgment concerning the advance questions raised and decide the most relevant or most appropriate Committee or Council where discussions would be addressed. In doing so they would avoid repetitive work on the same work raised in other bodies. They would bear in mind the question's relevance to the mandate of each of the Committees as well as whether the representative of the relevant authorities was available in the Chinese delegation present at the transitional review in different Committees. He requested the understanding and cooperation of Members concerned in this regard.

3.10 China responded to questions received in advance from Members as follows:

(a) Question concerning the entities responsible for authorization of tariff rate quotas for the importation of agricultural products: this information was contained in announcement No. 54 of 2003 which was jointly promulgated by the Ministry of Commerce (MOFCOM) and the National Development and Reform Commission (NDRC).

(b) Question concerning the entities responsible for the authorization of tariff quotas for the importation of fertilizers: this information was found in Decree No. 27 of 2002, jointly promulgated by the former State Economic and Trade Commission and the General Administration of Customs.

(c) Question concerning the entities responsible for the authorization of automatic import licensing: this information was found in the *Measures on Administration of Automatic Import Licensing for Goods* promulgated by the former Ministry of Foreign Trade Economic Cooperation, now MOFCOM as Ministry Degree No. 20 of 2001.

(d) Question concerning the entities responsible for the authorization of import licences and import quota licences: this information was found in the *Measures on Administration of Import Licences for Goods* promulgated as Ministry Degree No. 22 of 2001, also by the former Ministry of Foreign Trade and Economic Cooperation, now MOFCOM.

All of these announcements could be found in the China Foreign Trade and Economic Cooperation Gazette and on the website of MOFCOM. Some had already been translated and submitted to the Committee as notifications and those not yet notified were in the process of translation and would be notified in the coming few months. The delegate pointed out a typographical error in Annex 1A of the Protocol of Accession document G/LIC/W/23. The website address in the fourth line of the last paragraph of the document should read www.mofcom.gov.cn not ch.

(e) Question concerning the buying, selling and transferring of import licences: it was explicitly stipulated as illegal in article 34 of the newly revised Foreign Trade Law and Articles 66 and 67 of the Regulations on Administration of Import and Export of Goods. In addition, these stipulations were again embodied in the implementing rules of these laws and regulations that included the Measures on Administration of Import Licences for Goods, the Measures on Administration of Automatic Import Licensing for Goods, the Interim Measures on Administration of Tariff Rate Quota for Importation of Agricultural Products and the Interim Measures on the Administration of Tariff Rate Quota for Importation of Fertilizers etc.

(f) Questions concerning the newly revised Foreign Trade Laws, the issuer of trading rights and quantitative restrictions on importation of automobiles: these issues were repetitive and the Committee on Market Access and the Council for Trade in Goods were respectively the right places to deal with these issues. In the transitional review conducted a few days previously in the Committee on Market Access, the delegate had responded to these questions in detail where he also made it clear that the responses did not in any way affect their judgment on the

relevance of these questions in the sphere of the Committee's mandates. He concluded by saying that, firstly, the Foreign Trade Law will be implemented in a way consistent to China's WTO commitments and obligations. Secondly, China would continue to implement it's commitments made on the reduction of non-tariff measures in 2005.

(g) Question concerning the Measures on Administration of Foreign Investment in Commercial Fields: this fell into the sphere of distribution service which should be dealt with under the Council for Trade in Services and should not be dealt with in the Import Licensing Committee.

(h) Question concerning the quarantine inspection and related certificate of China's quarantine authorities: this was an SPS issue and should be dealt with in the transitional review of the SPS Committee to avoid repetitive travel to Geneva of officials from the quarantine and inspection authorities.

3.11 The Chairperson noted that she was encouraged by China's commitment taken in this Committee that China would fully observe its obligations taken at the moment of accession to the WTO.

3.12 The delegate from the United States asked whether there was any one place or particular Gazette citations that compiled all the laws, items and regulations or whether it was necessary to go to the various sources.

3.13 The delegate from the European Communities acknowledged receipt of the answers to the agreement C3 and stated that they might raise extra questions later. She further stated that she had consulted the MOFCOM website but found that the most recent rules dated from 1991, and she had not found information about the implementation or publication of legal texts. She questioned whether the website would be updated.

3.14 She affirmed that the EC did raise questions in another context such as the Committee on Market Access but they still had issues pending, such as the right to trade and certain restrictions to importing and exporting especially with regard to the right to trade, referring to Article 9 of the new revised trade law. The EC would like explanations as to when and in what way detailed provisions concerning the right to trade would be made public. She stated that apparently this was not the case so far, and that they would like to have an indication of the content of these provisions. She stated that they had taken note of the fact that article 9 of the Foreign Trade Law said that registration would not be required if the rules and administrative provisions and laws otherwise provided. She would like an explanation of this or an explanation on when registration would not be required. Could they have assurances that this would not give rise to discrimination? In addition they had concerns about restrictions to imports and exports and wondered about the compatibility with WTO rules of any possible restrictions that might be introduced by China under the revised version of the new Foreign Trade law. The EC also had very serious concerns about the services sectors and would be raising questions in a communication that would be addressed to the Councils on Goods and Services.

3.15 The delegate from Japan requested clarification on two points. First, since the first Transitional Review was held, Japan expressed concern about China's implementation of import quotas of automobiles. Since the phasing out period of the non-tariff measures was coming soon, rather than raising the issue of import quotas of automobiles, Japan requested that China confirm that on 1 January 2005 it would completely eliminate non-tariff measures on their automobile sector and would thereafter not implement new measures. In particular, the delegate wanted clarification that after 1 January 2005 there would be no need for Japanese automobile manufacturers or importers to apply for any non-automatic import licences.

3.16 Second, Japan was concerned about reports from Japanese manufacturers regarding the lack of transparency in issuing import licences on automobiles shown in document G/LIC/Q/CHN/11 we understand that a certain automobile with 30 seats or more had been subject to automatic import licensing procedures. In practice only a limited number of Japanese applications were approved. The reasons behind this were unknown but Japan hoped that the concerns prevailing within Japan's auto industry will disappear quickly. If such misapplication occurs again, Japan directed China to request further opportunity to take up this issue bi-laterally for more profound discussion.

3.17 Finally, the delegate expressed Japan's strong desire that China ensure that automatic import licensing procedures shall not have trade-restricting effects.

3.18 The Chairperson announced that there would be a correction or a revision to G/LIC/W/23, correcting the website address.

3.19 The delegate from Canada raised a problem that Canada had experienced in the application of China's import licensing procedures. It was Canada's understanding that China required all shipments of recyclable materials destined for China markets to be certified for quality prior to export under requirements set out in AQSIQ notices 48-2002 and 115-2003. The Chinese certification agency in the US, China Certification and Inspection Company (CCIC), had informed Canadian Government officials that they would provide inspectors for Canadian shipments of recyclable materials only if the Canadian facility would pay for the inspectors' travel and accommodation expenses. The Canadians confirmed with US exporters and US association representatives that US-based recyclable material exporters were charged only for the inspection service and not for any travel or accommodation expenses. This meant that there was preferential treatment provided to US based recyclable material exporters in their shipments to China, in comparison to that provided to Canadian exporters. Canada noted that the Agreement on Import Licensing Procedures provides for non-discriminatory treatment, equitable administration, neutral impact on trade, and equal eligibility across firms. In addition, the Preshipment Inspection Agreement provides for inspection in the customs territory of the exporter. This issue was raised bilaterally with Chinese officials in Ottawa. Canada requested that this particular situation be investigated and that Canadian recycling companies be accorded treatment consistent with the Agreement on Import Licensing Procedures and that this treatment should be as favorable as that extended to US exporters.

3.20 The delegate from China provided follow-up to the questions. First he addressed the issue raised by the US concerning a compilation list of entities by stating that these entities were listed in all relevant decrees and announcements of all the relevant authorities. To facilitate the work of the Committees China was preparing the translations of all these relevant documents. Some of them had been completed and the rest would be completed in a couple months. He felt that the translations of the full texts of these documents would give Members a clear understanding of the information provided in the earlier statement. On the question of the difficulty the EC representative had when surfing the website of MOFCOM, the delegate thought the information was very much up to date. He had personally been in Geneva for about three weeks and used the website a lot to update information, but could recognise the difficulty because the language could be a difficult point for Members, and as he had stated they were doing the translation of all the documents related to this Committee and making the notifications. This could also be addressed.

3.21 On the question of the trading rights, the Chinese delegate did not know whether the representative of the EC had communicated with their representative who would be representing the EC in the Market Access Committee meetings because they have already responded to exactly the same questions in that Committee's meeting and also they did not think that the committee on Import Licensing was the appropriate body to address the trading rights issue. He did not repeat in detail what he had said in that Committee's meeting but assured the Committee that the newly revised Foreign Trade Law would be implemented consistently with their WTO obligations and commitments and the implementing rules with regard to the trading rights had also been promulgated. For that he

hoped the EC delegate could consult the information they had provided in the Market Access Committee.

3.22 On the questions from Japan, the Chinese delegate thought he had made a very clear response in his statement when he said that in the year 2005 they would continue to implement their commitments with regard to the reduction of their non-tariff measures. Concerning another point that the Japanese delegate had raised in his intervention, the Chinese delegate thought the non-automatic licensing regime in China was consistent with their obligations or commitments within the Agreement on Import Licensing Procedures and they did not see any reason why they should abolish this automatic import licensing regime. Because of the large amount of non-tariff measures eliminated in the short period of time after China's accession they believed that the monitoring of the trade of these products was very important and the automatic import licensing regime was a good way through which they could closely monitor the latest developments of trade in these products. He did not see the necessity to abolish the automatic import licensing regime but he assured the Committee that this regime would be implemented in a way consistent with the obligations for this Organization.

3.23 In response to the question from the Canadian delegate, the Chinese delegate stated that he could not get into the details because they did not have the information available. This question related to the measures adopted by their quarantine and inspection authorities and he hoped that they could deal with this issue in the coming month in the SPS or TBT Committee meetings in order to avoid repetitive travel to Geneva of their people from that authority. He also suggested that more detailed information be provided in advance of the meeting so they could prepare for the responses.

3.24 The delegate from Japan stated that there had been a misunderstanding between their questions and the answers. Japan did not deny China's right to conduct automatic import licensing as mentioned but acknowledged that in 2004 a certain type of automobile had been subject to automatic licensing. They had found a case of misapplication because their industry had stated that in some cases only limited numbers of applications had been approved this year. This should not have happened under automatic licensing so it was requested that the message go to Beijing.

3.25 The delegate from Canada stated that they would be prepared to put their issue in writing so that it could be addressed more readily. In Canada's view, it did not appear to be an SPS issue as it concerned quality standards. She stated that it was not clear if it was a TBT issue either, as it was inspection for quality prior to export, but in this case the concern was about access to inspection services to get an import licence.

3.26 The delegate from the United States stated that the AQSIQ issue had licensing components. He would like responses in one month's time and would revert to the issue in a later meeting.

3.27 The delegate from China thought he recalled that in the Market Access Committee or in the questions provided, the request was made that they abolish or eliminate the automatic licensing provision. Concerning the issue raised by the Japanese delegation, he had checked with Chinese licensing services and they didn't find that their practices are inconsistent with stipulations in their own decrees or announcements or regulations nor the obligations under this committee and he reminded Members they have the new law of administrative licensing and the law on administrative procedures which provide the procedures that can be relied on by the Japanese companies for their difficulties.

3.28 The delegate of Japan felt that discussion would be difficult at the meeting because it was really to be debated based on actual facts of what they are doing at customs and other occasions. He also conveyed the message to the capital and would like further discussion on this issue in the future.

3.29 The Committee concluded the review. In accordance with the practice used after the two previous reviews the Committee requested the Secretariat to prepare a brief factual report for

submission to the CTG, with references to the documents concerned and the portion of the minutes of the meeting which relate to the transitional review.

4. Report (2004) to the Council for Trade in Goods

(G/LIC/W/21)

4.1 The Chairperson stated that the Committee was required to submit an annual report on its activities to the Council for Trade in Goods. A draft report to the CTG covering the activities of the Committee in 2004 was circulated in document G/LIC/W/21 for the Committee's consideration. After this document was circulated submissions were received from Bulgaria, Singapore, Chinese Taipei, the EC, Hong Kong China, Jamaica and Mexico. The report would be updated to include these submissions, the work at this Committee meeting and any other submissions received up to the date the report was issued.

4.2 The Committee adopted the report, subject to updating, for presentation to the Council for Trade in Goods.

5. Fourth Biennial Review of the Implementation and Operation of the Agreement

5.1 The Chairperson referred to the background document prepared by the Secretariat, containing factual information for the period of 12 October 2000 to 15 September 2004, and circulated as document G/LIC/W/22, in preparation for the review foreseen under Article 7.1 of the Agreement. She stated that the document would be updated to take into account the discussion at the present meeting, as well as notifications received by the Secretariat before the final version of the document was issued in the G/LIC/- series. Annex 4 would be updated to reflect other documents issued in the G/LIC/Q/- series.

5.2 The Committee agreed to adopt the report as updated.

6. Other business

(i) Questions posed to the European Communities

(b) Pigmeat Restrictions

6.1 The delegate from the United States posed questions to the European Communities concerning pig meat and enriched uranium. He promised to circulate the questions in writing and expects a written response. Beginning with pig meat, he stated that in May the EU had notified its licensing procedures with respect to agricultural Tariff Rate Quotas in G/LIC/N/3/EEC/6/Add.1 which included TRQs for imports of pigmeat. In a recent official publication, 1458/2003, additional provisions were enacted addressing the administration of the TRQ system in the pig meat sector, e.g. a limit of ten per cent of the total quota on the amount for which each importer was allowed to request licences. The US was concerned that this practice imposed additional trade distorting effects on imports, was administratively burdensome and appeared to be more restrictive than necessary. Its application discouraged the full utilization of the quota. These concerns were also shared with the Committee on Agriculture. He noted to the Import Licensing Committee that none of these provisions were included in G/LIC/N/3/EEC/6/Add.1, which did not reference 1458/2003 nor indicate any fixed limit for import allocations within the TRQ. He requested that the EU delegation provide information on the TRQ licensing procedures authorized by 1458/2003 and update its notification to the Committee providing answers to the following: (1) How was the ten per cent limit calculated and why was it used as the ceiling for categories placed in group 2, particularly when that category was

not being fully utilised? (2) How could parties seeking to export more than ten per cent of the quota volume be afforded the opportunity to do so?

(c) Uranium Restrictions

6.2 The United States delegate's second issue concerned Restrictions on Sales of Enriched Uranium. He stated that since 1992, the EU had maintained strict quantitative restrictions on imports of natural and enriched uranium to protect its domestic producers. Since 1994, import restrictions had been applied in accordance with the terms of a never published declaration, the Corfu Declaration, which reportedly imposed explicit quotas for imports of both natural and enriched uranium. With respect to enriched uranium, the US believed that only about 20 per cent of the European market was open to imports of enriched uranium. The quotas were enforced through licensing restrictions administered by the Euratom Supply Agency. These restrictions had a negative impact on import suppliers and the United States would like more information on these restrictions. The United States had approached the EU bilaterally but been unable to receive any further information. The United States sought clarification of the content and purpose of the Corfu Declaration, in particular concerning the quantitative restriction placed on imports of enriched uranium, notification to the Committee of the licensing requirements that enforced its quotas, and provision to the Committee of the legislation that enforced them. He asked the EU to provide a copy of the Corfu Declaration and relevant annexes addressing the issue of import access to the EU market for natural and enriched uranium.

6.3 The delegate of the EC stated that the TRQ's administration for pig meat was an issue which had been raised by the US delegation partially at the Committee on Agriculture on 22 September 2004, to which they had responded in writing and distributed to all Members. There was nothing new in this system, which dated back to 1995. The date of the last licensing notification was 1 July 2003 and this regulation 1458/2003 was published in August 2003. The full contents of the previous regulation were in 1456/1995 which was also included in pages 80-90 in AG/N/EEC/1/2, CC/N/3/EEC/4Add.1 and EEC/15Add.1 of the 14 June 2001, which the EC would provide in writing. She would respond to the questions concerning enriched uranium at the next meeting.

(ii) Dates of the next meetings

6.4 The Chairperson informed Members that the Secretariat had tentatively reserved 18 May and 28 September 2005 for the next meetings of the Committee, on the understanding that additional meetings would be convened if necessary.

6.5 The Committee took note of the above.