
Committee on Import Licensing

MINUTES OF THE MEETING HELD ON 2 April 2007

Chairperson: Mr. Evelio Alvarado (Guatemala)

The Committee on Import Licensing held its twenty-fifth meeting on 2 April 2007.¹ The agenda proposed for the meeting, contained in WTO/AIR/2985 which was circulated on 23 March 2007, was adopted as follows:

Table of Contents

1. Members' compliance with notification obligations – Developments since the last meeting.....	1
2. Notifications	5
(i) <i>Notifications under Articles 1.4(a) and/or 8.2(b) of the Agreement (publications and/or legislation).....</i>	<i>5</i>
(ii) <i>Notifications under Article 5 of the Agreement (new import licensing procedures, changes to existing licensing procedures and reverse notifications).....</i>	<i>5</i>
(iii) <i>Notifications under Article 7.3 of the Agreement (Replies to the Questionnaire on Import Licensing Procedures).....</i>	<i>5</i>
3. Other Business	6
<i>Information on technical assistance activities related to the Agreement on Import Licensing Procedures</i>	<i>6</i>
4. Date of the next meeting.....	7
5. Election of Officers	7

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

1.1 The Chairperson informed the Committee that since the last meeting, a total of 15 notifications had been received: 3 notifications under Articles 1.4(a) and/or 8.2(b) on legislation/publications; 2 under Article 5.1-5.4 on new licensing procedures or changes to the procedures in force; and 10 under Article 7.3 – replies to the Questionnaire. As of the day of the meeting, out of a total Membership of 150, counting the European Communities (EC 27) as one

¹ Initially scheduled to take place on 30 March 2007.

Member, there remained 21 Members², including Viet Nam the most recently acceded Member, who had not submitted any notification under any provision of the Agreement since joining the WTO. He urged all those Members who had not yet provided any information of their laws and regulations relevant to import licensing to submit their notifications before the Committee without further delay.

1.2 As to notifications concerning Members' laws and regulations (under Articles 1.4(a) and/or 8.2(b)), only a cumulative total of 92 Members, counting the EC-27 as one, had submitted notifications. Thus, 31 Members had yet to submit their notifications under this provision. Under paragraphs 1 to 4 of Article 5, only 26 Members, the EC-27 counted as one, had notified new licensing procedures or changes in the existing ones. Of these one Member (Papua New Guinea) had notified changes to import licensing procedures without submitting the initial notification of legislation or its replies to the Questionnaire. The Chairperson urged those Members who had not yet notified either their new licensing procedures or changes in existing procedures to do so. He informed the Committee that, while Article 5.5 of the Agreement allowed Members to submit counter-notifications, up to the present no such counter-notifications had been received. As to the replies to the Annual Questionnaire under Article 7.3, he informed the Committee that only a cumulative total of 89 Members, counting EC-27 as one, had submitted their replies to the Questionnaire since the entry into force of the WTO Agreement. He also recalled that the annual deadline for the responses was 30 September, a deadline often not respected by many Members. He urged those Members who had not yet responded to the Questionnaire to submit their responses without further delay. He highlighted that Members who did not apply import licensing procedures or had no laws or regulations relevant to the Agreement were also required to notify the Committee of this fact in order to obtain a complete overview of the licensing regimes of all Members. He asked the Secretariat to send reminders to Members in this regard before 30 September 2007 and stated that compliance with the notification obligations under the Agreement remained low. Finally, he informed the Committee that the Secretariat had contacted the delegation or the capital of those Members who had sent incomplete draft notifications to the CRN. Such incomplete notifications included not attaching copies of the legislation, or not providing the summary in one of the three WTO official languages. However, in most cases there had been no feedback to these contacts.

1.3 The representative from the United States said that his delegation appreciated the submissions from Members, especially those that had notified for the first time, since notifying the licensing system, or lack of one, was central to the obligations of the Agreement on Import Licensing Procedures. He thanked Congo, Israel, Rwanda, Saudi Arabia and Thailand for their initial submissions to the Import Licensing Questionnaire and urged countries that had never submitted any notifications under the Agreement to do so promptly. He pointed out that import licensing, in and of itself, might constitute a serious source of non-tariff restrictions on imports in many markets. Thus, transparency in the Committee was important to mitigate such effects. Responses to questions posed by other Members was also an important issue and his delegation would raise some points in this regard. The US appreciated the work of the Chair and the Secretariat in encouraging compliance, such as sending reminders to Members on notifications, and believed that the ongoing efforts in this regard had significantly improved the notification situation.

1.4 The Committee took note of the statements made.

1.5 The Chairperson informed the Committee that, since the last meeting, the following questions and answers from delegations concerning licensing systems maintained by some Members had been circulated in the G/LIC/Q/- series: (i) questions from Australia to Malaysia, from Mexico to

² Angola, Belize, Botswana, Cambodia, Central African Republic, Congo, Djibouti, Egypt, Guinea, Guinea Bissau, Kuwait, Lesotho, Mauritania, Mozambique, Myanmar, Nepal, St. Vincent & the Grenadines, Sierra Leone, Solomon Islands, Tanzania and Vietnam

Guatemala, and from the United States to Brazil and Indonesia (documents G/LIC/Q/MYS/4, G/LIC/Q/GTM/2, G/LIC/Q/BRA/3/Add.2 and G/LIC/Q/IDN/7/Add.1, respectively); and (ii) replies from the United States to questions posed by China (document G/LIC/Q/USA/2). He also stated that the Secretariat, following the notification procedures agreed by the Committee on 6 November 2001, had reminded the delegations of Malaysia; Guatemala; Brazil and Indonesia of pending replies to questions put to them regarding their licensing regimes. He invited the delegations that were in a position to provide replies to the questions to do so, keeping in mind that, under the procedures adopted by the Committee (G/LIC/4), they were required to provide replies in writing, with copies to the Secretariat and to those delegations that had posed questions.

1.6 The representative of Malaysia informed the Committee that the questions posed by Australia (G/LIC/Q/MYS/4) had been sent to the capital but that his delegation had not yet received responses since the details of import licensing system questioned by Australia involved the Ministry of International Trade and Industry as well as various departments in the Ministry of Agriculture. He believed that his capital would be answering these questions during the coming weeks.

1.7 The representative from Australia thanked Malaysia for the information provided and reiterated his delegation's interest in Malaysia's import licensing regime given that the products covered by the import measures, ranging from automobiles to various agricultural products, represented about a third of Malaysia's tariff lines.

1.8 The representative from Guatemala informed the Committee that the questions posed by Mexico (G/LIC/Q/GTM/2) had been conveyed to his capital and that his authorities continued to examine them and that the replies would be transmitted to Mexico and the Committee as soon as possible.

1.9 The representative from Mexico thanked Guatemala for the information provided and said that his delegation would await the replies as soon as possible.

1.10 The representative of the United States recalled Brazil's oral responses at the last meeting of the Committee and welcomed Brazil's notifications under Articles 5; 7.3; 1.4(a) and 8.2(b), in documents G/LIC/N/2/BRA/3; G/LIC/N/3/BRA/5 and G/LIC/N/1/BRA/3, respectively. He said that the notifications provided general information about Brazil's import licensing regime but did not answer the questions the US had submitted on certain lithium products, including lithium hydroxide and lithium carbonate on which the United States had been consistently requesting information for three years. Natural lithium products such as lithium carbonate and lithium hydroxide were all commercially traded products, widely available on global markets and traded throughout the world as they were important components in the manufacturing of a number of common commercial products. The US was not aware of other countries, except Brazil, that restricted the import of natural lithium compounds. At the October 2006 Committee meeting, his delegation had asked again for an update on the findings of the Inter-Ministerial Group and also had submitted written questions, circulated in G/LIC/Q/BRA/3/Add.2. He requested Brazil to provide the Committee with the findings of the Inter-Ministerial Group and to respond to the written questions since Brazil had neither notified its restrictions on these products, nor responded to the questions. He also requested the Brazilian authorities to ensure that its import licensing regime for these products was fully consistent with the WTO requirements.

1.11 In response, the representative from Brazil informed the Committee that the US' concern had been discussed both at the Committee meetings and bilaterally. At the bilateral meeting, Brazil had provided some information and explanation about the ongoing consultation process. Unfortunately his capital had not yet provided any final instructions nor replies since the issue was still being considered by his authorities.

1.12 The representative of Indonesia, with regard to the questions posed by the United States in document G/LIC/Q/IDN/7/Add.1, informed the Committee that Indonesia had amended Decree No. 732/MPP/Kep/10/2002 concerning certain textile products, through Decree No. 19/M-DAG/PER/9/2005 of the Ministry of Trade relating to the "Regulation on the Imports of Textiles and Textile Products." In accordance with the latter and with Article 2.2 of the Agreement on Import Licensing Procedures, Indonesia applied automatic licensing procedures as follows: "[...] Director General shall issue an acknowledgement or refusal of acknowledgement as IP-Textile to a proposal as mentioned in Article 3 within the period at the latest 10 (ten) working days commencing from such proposal was accepted".

1.13 The representative from the United States thanked Indonesia for its responses and reiterated the request that the Government of Indonesia either eliminate or modify its existing import licensing regime under Decree No. 732/2002, remove the provisions that restricted or distorted trade, and bring its import licensing regime into conformity with WTO requirements. His delegation remained concerned that importers were facing an undue burden in attempting to obtain import licences for textiles. Indonesia required all importers to submit a monthly report to the Minister of Trade to track all importation of applicable fabrics by date, destination, quantity, duty and country of origin and, further required, that all importers submit an annual Statement of Plan in order to receive an import licence. These requirements might unduly deter legitimate trade. In the view of the US Decree 732/2002 restricted and distorted trade while requiring that only manufacturers might import fabric, and that the imported fabric might not be sold or otherwise transferred to other legitimate buyers. These restrictions unnecessarily limited the market for imported fabric, allowed domestic producers to limit import competition, and unfairly restricted access to imported fabrics for retail customers and other distributors. Meanwhile, domestic fabrics, identical to those listed in Attachment 1 of the Decree, might be freely sold or otherwise transferred, without any of the procedures and requirements imposed on purchasers of imported fabric. Previous responses by the Government of Indonesia in paragraph 6 (ii) of document G/LIC/Q/IDN/5 and, in its responses to Australia in document G/LIC/Q/IDN/6, specifically stated that the 10 day period required for licensing was "much less than provided for in Article 3.5(f) of the Agreement on Import Licensing procedures which requires 30 working days to be approved." This statement indicated that the licences were in fact non-automatic. However, in G/LIC/Q/IDN/8 Indonesia had stated that the licence was "automatic". He therefore requested Indonesia to clarify whether the Decree constituted "automatic licensing", as defined in Article 2 of the Agreement on Import Licensing Procedures or "non-automatic licensing", as defined in Article 3 of that Agreement, and to report to the Committee.

1.14 The representative of China, thanked the United States for its responses to its questions in documents G/LIC/Q/USA/1 and 2.

1.15 The representative of Australia recalled his delegation's questions to China about the import licensing procedures on iron ore and copper ore, an issue that had been raised three times in the Committee. His authorities were monitoring those regimes and had concerns about their consistency with the WTO Agreement on Import Licensing Procedures. Given the latter and the substantial commercial interests of Australia in those regimes, his delegation had circulated some questions in document G/LIC/Q/CHN/19, after the Fifth Transitional Review of China. He urged China to respond since it was an important issue for a number of Members.

1.16 The representative of China replied that at the last meeting his delegation had provided an oral reply and that the written responses were in the process of translation.³

1.17 The Committee took note of the statements made.

³ Circulated after the meeting in document G/LIC/Q/CHN/20

2. Notifications

(i) *Notifications under Articles 1.4(a) and/or 8.2(b) of the Agreement (publications and/or legislation)*

2.1 The Chairperson recalled that Articles 1.4(a) and 8.2(b) and notification procedures, as had been agreed by the Committee⁴, required all Members to publish their laws, regulations and administrative procedures, and notify these to the Committee upon becoming a Member of the WTO, together with copies of any relevant publications or laws and regulations. Any subsequent changes to these laws and regulations were also required to be notified. He informed the Committee that under these provisions there were three notifications before the Committee submitted by three Members: Armenia (G/LIC/N/1/ARM/2); Costa Rica (G/LIC/N/1/CRI/2) and Tunisia (G/LIC/N/1/TUN/2 and Corr. 1). He recalled that at the last meeting and given the amount of notifications received, the notification submitted by Brazil (G/LIC/N/1/BRA/3) would be considered at the current meeting and, that after the issuance of the airgram convening the previous meeting, a notification from Haiti (G/LIC/N/1/HTI/2) had also been received and that this notification would also be considered at this meeting.

2.2 The Committee took note of the notifications.

(ii) *Notifications under Article 5 of the Agreement (new import licensing procedures, changes to existing licensing procedures and reverse notifications)*

2.3 The Chairperson recalled that under paragraphs 1 to 4 of Article 5, Members who instituted licensing procedures or changes in these procedures, were required to notify the Committee within 60 days of the 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 the publications in which this information was published. Furthermore, paragraph 5 of Article 5 provided the possibility of making counter-notifications, where a Member considered that another Member had not notified a licensing procedure or changes therein, in accordance with paragraphs 1-3 of Article 5. He informed the Committee that under this provision there were two notifications submitted by Costa Rica (G/LIC/N/2/CRI/1) and Korea (G/LIC/N/2/KOR/1). He also recalled that, at the last meeting, he had informed the Committee that the notification received from Brazil under this agenda item (G/LIC/N/2/BRA/3) was not translated into the three WTO official languages and would also be considered at the present meeting.

2.4 The Committee took note of the notifications.

(iii) *Notifications under Article 7.3 of the Agreement (Replies to the Questionnaire on Import Licensing Procedures)*

2.5 The Chairperson informed the Committee that there were ten notifications from nine Members before the Committee, received from Costa Rica, Dominica, the European Communities, Indonesia, Korea, Thailand, Tunisia, Trinidad and Tobago and Singapore.⁵ He recalled that, at the last meeting, he had announced that notifications from Canada and Haiti,⁶ received after the issuance of the airgram convening that meeting, would be considered at the present meeting. He also recalled that the notifications listed in the airgram convening the previous meeting and received from Australia; Brazil; China; Colombia; the Democratic Republic of Congo; Israel; the Kyrgyz Republic;

⁴ G/LIC/3.

⁵ G/LIC/N/3/CRI/4; G/LIC/N/3/DMA/2; G/LIC/N/3/EEC/9 and Add.1; G/LIC/N/3/IDN/3; G/LIC/N/3/KOR/5; G/LIC/N/3/THA/1; G/LIC/N/3/TTO/5; G/LIC/N/3/TUN/4 and G/LIC/N/3/SGP/5.

⁶ G/LIC/N/3/CAN/5 and Corr.1, and G/LIC/N/3/HTI/3.

Malaysia; Saint Lucia; Saudi Arabia and Turkey,⁷ would also be considered at the present meeting. With regard to the notifications received from Thailand and Trinidad and Tobago (G/LIC/N/3/THA/1 and G/LIC/N/3/TTO/5), which were not available in the three WTO official languages, he announced that they would be considered at the next meeting and invited delegations to raise questions and comments to be considered by Thailand and Trinidad and Tobago at the next meeting.

2.6 The Committee took note of the statements and of the notifications.

2.7 The representative of the United States, regarding Argentina's response to the Annual Questionnaire in document G/LIC/N/3/ARG/3, made several comments and questions. Argentina had stated that "footwear import licences are allocated to both foreign and domestic producers." Could Argentina describe how these licences were allocated? Argentina had also stated that "certificates are issued and must be presented together with the rest of the documentation required for inward customs clearance." Could Argentina explain how these certificates were issued? In response to question 4 of the Questionnaire, which referred to whether import licensing was "intended to restrict the quantity or value of imports," Argentina had answered that "licensing does not restrict either the quantity or the value of imports." However, in its reply to question 6.IV of the same Questionnaire, Argentina had stated that "the current footwear quotas stem from the application of a safeguard measure." Did Argentina currently have a quota in place for footwear? Was this quota enforced through restricting the quantity of import licences granted for footwear? Could Argentina identify the safeguards or any other quantitative restrictions applied in conformity with WTO rules that would justify Argentina's efforts to control these imports? Question 6.V of the Questionnaire required Argentina to describe the length of time Argentina required for processing applications; Argentina had responded that import certificates for products including footwear and toys took "a maximum of 30 calendar days." However, US exporters had reported that in practice, the processing time period was between 60 to 90 days. Could Argentina describe how it processed non-automatic import licences to ensure its system's compliance with the WTO? He requested Argentina to inform the US on the issues raised and to ensure that its import licensing regime for these products was fully consistent with WTO requirements.

2.8 In response, the representative from Argentina said that she would convey the questions to her capital and recalled that, at the last Committee meeting, her delegation had responded to the questions put by the US at an earlier meeting, some of which had been raised once again by the US.

2.9 The Committee took note of the statements and questions.

3. Other Business

Information on technical assistance activities related to the Agreement on Import Licensing Procedures

3.1 The Chairperson informed the Committee that, since the last meeting, two countries in the process of accession had requested technical assistance to the Secretariat on the Agreement on Import Licensing Procedures: Montenegro and Tajikistan. In this regard a National Seminar with the participation of representatives from various ministries and governmental institutions took place in Podgoridza, Montenegro, from 14-15 November 2006. Another National Seminar took place in Dushanbe, Tajikistan, from 5-7 March 2007. The objective of these two activities was to enhance the administrative capability of the different authorities to clearly understand the aim, purposes and

⁷ G/LIC/N/3/AUS/3; G/LIC/N/3/BRA/5; G/LIC/N/3/CHN/5; G/LIC/N/3/COL/4; G/LIC/N/3/COD/1; G/LIC/N/3/ISR/1; G/LIC/N/3/KGZ/2; G/LIC/N/3/MYS/2; G/LIC/N/3/LCA/4; G/LIC/N/3/SAU/1; and G/LIC/N/3/TUR/6, respectively.

particularities of the Agreement. Training was also provided to enable the authorities to differentiate between the two types of import licences and other trade barriers whose legitimate objectives could be better obtained through less trade-restrictive and less trade-distorting measures such as technical regulations, sanitary and phyto-sanitary measures, etc. These areas were covered as suggested by the local authorities to better deal and respond to the concerns and questions raised by Members on import licensing procedures in the accession processes of Montenegro and Tajikistan. Two additional requests for technical assistance from Serbia and Belize had been received by the Secretariat.

3.2 The Committee took note of the information.

4. Date of the next meeting

4.1 The Chairperson informed Members that the Secretariat had tentatively reserved Monday, 8 October 2007 for the next meeting of the Committee, on the understanding that additional meetings would be convened if necessary. He also reminded Members that the Sixth Transitional Review of China would be carried out at that meeting. He encouraged Members to send their questions to China as soon as possible so as to allow China to prepare its responses well in advance.

4.2 The Committee took note of the information.

5. Election of Officers

5.1 The Committee elected by acclamation Mr. Marco J. KASSAJA (Tanzania) as Chairperson of the Committee, to hold office until the end of the first meeting of 2008, under Rule 12 of the Committee's Rules of Procedure (G/L/147). It also elected by acclamation Mrs. Anna ASHIKALI (Cyprus) as Vice-Chairperson.
