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**Committee on Import Licensing**

**MINUTES OF THE MEETING HELD ON 20 OCTOBER 2008**

Chairperson: Mr. Marco J. Kassaja (Tanzania)

The Committee on Import Licensing held its twenty-eighth meeting on 20 October 2008. The agenda proposed for the meeting, contained in WTO/AIR/3256 and Addenda 1 and 2, was adopted as follows:

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<b>1. Members' compliance with notification obligations – Developments since the last meeting</b>	

1.1 The Chairperson informed the Committee that since the last meeting, 29 notifications had been received under various provisions of the Agreement on Import Licensing Procedures (five notifications under Articles 1.4(a) and/or 8.2(b), four under Article 5.1-5.4 and twenty under Article 7.3). As of the date of the meeting, out of a total Membership of 153 (counting each of the EC

Member States individually), there remained 21 Members<sup>1</sup> who had not submitted any notification under the Agreement since joining the WTO. Nevertheless, he highlighted that during the past two years 2006 – 2008, some Members had submitted notifications for the first time under various provisions of the Agreement and encouraged them, as well as other Members, particularly those who had not submitted any notification, to do the same.

1.2 Only a cumulative total of 96 Members, counting the European Communities as one, had submitted notifications of laws and regulations (under Articles 1.4(a) and/or 8.2(b)). Only 26 Members, counting the European Communities as one, had notified new licensing procedures or changes in the existing procedures (under Paragraphs 1-4 of Article 5); of this total, one Member (Papua New Guinea) had notified changes to import licensing procedures without submitting the initial notifications of legislation or replies to the Questionnaire. In addition, the Chairperson informed the Committee that, while Article 5.5 of the Agreement allowed 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), no such counter-notifications had been received up to the date of this meeting. As to the replies to the Questionnaire<sup>2</sup>, notifications under Article 7.3, only a cumulative total of 92 Members, counting the European Communities as one, had submitted their replies since the entry into force of the WTO Agreement. For Article 7.3 notifications, the annual deadline of 30 September was not often respected by many Members. In his view, this was an indication that some action was required in order to address this particular trend. In brief, compliance with the notification obligations under the Agreement had improved but there still remained important gaps. He informed the Committee that some Members had sent draft notifications to the Central Registry of Notifications (CRN) but these had been found to be incomplete or missing information. In this regard, the Secretariat had contacted the delegation or the capital directly, but in several cases there had been no feedback. He therefore urged all those Members who had not yet provided information of their laws and regulations relevant to import licensing, nor replied to the annual Questionnaire, nor notified the institution of new import licensing procedures or changes since their previous notifications, to do so without further delay. He also reminded 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 also informed the Committee that it was his intention to hold some consultations with delegations in order to encourage full and complete compliance with notification obligations.

1.3 The Committee took note of the statement made.

1.4 The Chairperson informed the Committee as the Airgram and its *Addenda* indicated, that the following documents were before him for consideration: first, documents containing questions: G/LIC/Q/CHN/22 containing questions from Australia to China; G/LIC/Q/BRA/4 and G/LIC/Q/BRA/5 containing, respectively, questions from the United States and China to Brazil; G/LIC/Q/IND/11 containing questions from the United States to India; G/LIC/Q/IDN/9, containing questions from the United States to Indonesia; G/LIC/Q/PHL/2 containing questions from the United States to the Philippines; and, G/LIC/Q/VNM/1, containing questions from the United States to Vietnam; second, documents containing replies to questions: G/LIC/Q/ARG/5 containing replies from Argentina to the questions from the United States; G/LIC/Q/USA/4 containing replies from the United States to the questions posed by Canada; and, G/LIC/Q/IND/12 containing replies from India to the questions posed by the United States.

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<sup>1</sup> Angola, Belize, Botswana, Cambodia, Cape Verde, Central African Republic, Congo, Djibouti, Egypt, Guinea, Guinea Bissau, Mauritania, Mozambique, Myanmar, Nepal, St. Vincent & the Grenadines, Sierra Leone, Solomon Islands, Tanzania, Tonga and Vietnam.

<sup>2</sup> The Questionnaire is annexed to document G/LIC/3.

1.5 The delegate of the People's Republic of China, with regard to the questions from Australia, contained in document G/LIC/Q/CHN/22, informed the Committee that his capital was in the process of translating the replies from Chinese into English and that these would be submitted soon to the Committee<sup>3</sup>.

1.6 The delegate of the United States recalled that over the last three years Brazil, in response to the United States' previous interventions and questions concerning lithium products and lithium hydroxide and lithium carbonate, had indicated that an interagency commission was reviewing the United States request for information and justification of the licensing restriction maintained on these products. She stated that her delegation would appreciate an update from Brazil regarding the current status of the review and would like to know when it could be expected to be concluded. Additionally, for almost five years, her delegation had also requested Brazil to submit a notification regarding its licensing regime for these products. From Brazil's notifications and responses to the Annual Questionnaire, it did not appear that Brazil had notified its restrictions on lithium products. With regard to the import licensing regime applied to toys, her authorities wanted to know whether the information had been published, as set out in Article 1.4a) of the Agreement; and, in particular what were the relevant provisions of Brazil's legislation that established these requirements as well as its purpose. Given the concerns and reports received from exporters, which worried her authorities, she referred to the written questions that her delegation had posed to Brazil,<sup>4</sup> namely those related to the administration of the system, the criteria applied by Brazil for approving or denying import licences applications for shipments of toys; the use of reference prices which did not appear to have been published; the length of time for processing applications; and, the cancellation of applications without any further explanation or determination. As a result of these reports, her authorities were concerned that, in cases where the invoice value of the import was below a specified reference price, import licence applications had not been approved by Brazil. Her authorities were also concerned that Brazil had not sufficiently notified the Committee of the full scope of its import licensing regime, while the limited notifications submitted by Brazil appeared to lack necessary information regarding certain products such as toys, lithium and lithium products. Her delegation looked forward to receiving notice from the Brazilian authorities of the entire import licensing regime, properly notified as outlined in Articles 1.4.a); 5; 7 and 8.2.b) of the Agreement.

1.7 The delegate of China, stated that his delegation had similar concerns to those of the United States relating to Brazil's import licensing regime applied to toys. Last year his authorities had received intensive complaints from the Chinese toy producers and exporters. China's concerns, contained in document G/LIC/Q/BRA/5, fell into two categories: (i) unpublished reference-prices used by Brazil which implied that import prices below this threshold were channelled to a "red track" and subject to additional scrutiny and delay; and, (ii) an increased time period to issue import licences that in some cases exceeded 120 days. China found these practices inconsistent with the WTO Agreement on Import Licensing Procedures. China stated that they would appreciate Brazil's responses to its questions.

1.8 The delegate of Brazil informed the Committee that Brazil's legislation affecting import licensing in his country had been modified twice during the current year. Accordingly, his authorities had compiled and updated such information and had sent a notification pursuant to Articles 5, 1.4(a) and 8.2(b) which would be circulated soon.<sup>5</sup> With regard to the questions posed to his delegation by the United States, he informed the Committee that Brazil would formally send the following responses immediately after the Committee meeting:<sup>6</sup> (i) the list of products subject to non-automatic

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<sup>3</sup> Received and circulated after the Committee meeting as G/LIC/Q/CHN/26

<sup>4</sup> See document G/LIC/BRA/4

<sup>5</sup> Received and issued after the Committee meeting as documents G/LIC/N/1/BRA/4 and G/LIC/N/2/BRA/4

<sup>6</sup> Received and circulated after the Committee meeting as G/LIC/Q/BRA/6

import licensing could be found, as previously mentioned in Brazil's communications to the Committee, on the webpage of the Ministry of Development, Industry and Foreign Trade; toys, as products subject to import licensing procedures were also mentioned in the list. Brazil's current import licensing requirements for toys were established in Directive SECEX 36/2007 which, besides the general rules applied to non-automatic import licensing procedures, contained specific provisions for toys in Article 10, Paragraph 4 and in Annex B, Item VI. (ii) In answers to the questionnaire cited by the United States, Brazil had stated that products subject to non-automatic import licensing were, "in their majority", products which might cause damage to health or the environment, products classified as weapons or products subject to quotas. Therefore, the elements mentioned by the United States in its question were part of a non-exhaustive list. Toys were subject to non-automatic import licensing procedures because there were technical regulations that they might comply with and that had been notified to the Committee on Technical Barriers to Trade. (iii) Brazil did not use reference prices as a criterion to allocate import licenses; the criteria for approving or denying import licence applications for shipment of toys was established in item VI of Annex B of Directive SECEX No. 36<sup>7</sup>. The invoice value of the import was not a parameter for the allocation of import licenses. (iv) Unless the information provided was incomplete, the maximum length of time for processing import licensing for toys was 60 days. On average, it took 15 days, thus it was in accordance with Article 3.5(f) of the Agreement. (v) In accordance with paragraph 3 of Article 14 of the Directive SECEX 36/2007, applications were cancelled when a problem was detected and the operator had not corrected it within 90 days. In those cases, Brazilian authorities indicated what obligation the operator had failed to comply with, and pointed out the specific rule related to that obligation. (vi) Brazil had just updated and notified to the Committee on the information regarding both, the products subject to import licensing requirements, and the authorities responsible for granting import licenses, including their contact details, which were also provided on the webpage of the Ministry of Development, Industry and Foreign Trade.

1.9 With regard to the import licensing regime for lithium and lithium compounds, he informed the Committee that these products were subject to some controls in Brazil given that some lithium compounds had an application in the production of nuclear energy. Therefore, these were treated as a matter of national security. He also noted that controls on lithium compounds were not uncommon and that other countries also had controls on the production of lithium products. In Brazil, imports of lithium compounds depended on the authorization by CNEN which was the National Agency responsible for nuclear energy issues. There was no discrimination against the country of origin of these products. Import licences were granted on a first-come first-served criteria. As any other operator, importers of lithium compounds had to be registered in CISCOMAX, which was the Brazilian system of foreign trade system, cited in previous notifications. Each import request might be submitted to CNEN in a form which could be downloaded from the webpage already mentioned in Brazil's notification. Brazil had informed the Committee about the inter-ministerial group that was established to study the trade policy on lithium compounds; after a thorough discussion on the topic, the inter-ministerial group had decided to temporarily maintain the controls on lithium trade.

1.10 With regard to the questions posed by China on the import licensing regime for toys, he noted that some of them overlapped with those from the United States on the same issue. Therefore, they might had been addressed in his answers to the United States. Nevertheless, his authorities were

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<sup>7</sup> "The approval of import license applications for the shipment of toys depends on the compliance with the following requirements, in addition with those contained in Title 1 of this Directive: (a) to indicate, in the field 'complementary information' of the licensing form, the number of the certification contract, signed by the importer and the certification body accredited by INMETRO; and (b) to submit the Certificate of Conformity regarding the shipment of toys being imported, confirming the certification and performing of the tests in accordance with INMETRO; (b)(1) the Certificate of Conformity is valid to only a single import license application." Annex B, item VI of Directive SECEX 36/2007.

preparing the responses to China's questions, received only some days before the Committee meeting, in order to submit them to the Committee.

1.11 The delegate of Thailand informed the Committee that her authorities had also received information from Thai exporters regarding the import licensing regime for toys applied in Brazil. Thailand had concerns on what it had understood as a two-track system applied by Brazil in the analysis of the non-automatic licence application for imported toys: the "green track" and the "red track". If this was the case, her delegation wanted to ask Brazil about how these two-track systems operated and what was the criteria considered in assigning an application to these tracks. Thailand also sought explanations from Brazil on whether different prices were used in connection with the two-track systems, and if so how and why? She stated that if Brazil had notified the two-track different price systems for non-automatic licence applications to the Committee, her delegation would appreciate it if Brazil could provide a copy of the provisions related to the two-track and different price systems. Her delegation would send its questions in writing to Brazil<sup>8</sup> and also looked forward for Brazil's responses to China and the United States.

1.12 The delegate of India informed the Committee that document G/LIC/Q/IND/12 contained the responses provided by his delegation to the questions posed by the United States.

1.13 The delegate of the United States, thanked India for its responses and noted that the ITC (HS) Classification of Export and Import Items was now available online. India also indicated that the ITC (HS) provided product specific import restrictions but, even though this document identified which products required import licenses, in the view of her delegation, it did not provide all of the information required by the Agreement, nor did it refer to the entire scope of India's import licensing procedures. For example, the document merely stated "Import of Boric Acid for non-insecticidal purposes would be subject to an import permit issued by the Central Insecticide Board & Registration Committee under the Ministry of Agriculture" but, aside from this statement, there was no additional information about the procedure. Therefore, according to Article 5.2 of the Agreement which required Members to include specific information in their notifications, the United States appreciated it if India could provide information on the following: (i) Was the import licensing regime for non-insecticidal boric acid automatic or non-automatic? If the import licence was automatic, what was its administrative purpose? If the import license was non-automatic, what was the measure being implemented through the licensing procedure? (ii) Were domestic producers of non-insecticidal boric acid subject to any similar requirements? Why were the procedures so different for importers? Did domestic producers have to declare the specific end-use and quantity of each sale, as it was required for importers in order to obtain an import licence for non-insecticidal boric acid? This was because India had stated that domestic producers were subject to the "rigorous requirement of obtaining registration before the CIB&RC." (iii) What criteria did each ministry apply in determining whether to grant a no-objection certificate? What criteria did the CIB&RC use to determine whether to grant an import license? Could India provide additional information regarding what information was required in the "pro-forma application" for an import licence for non-insecticidal boric acid? Could India provide a copy of the Department of Agriculture's exhaustive list of government agencies that could issue end-use certificates, or indicate where to locate this exhaustive list of agencies? In addition, what criteria did the GOI apply in determining which agency should issue the end-use certificate for a particular end-use? Could multiple agencies be responsible for issuing certificates for the same end-use? Might an end user request an end-use certificate from any one of these agencies? Her delegation intended to submit these questions in writing to India<sup>9</sup>.

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<sup>8</sup> Received and circulated after the Committee meeting as G/LIC/Q/BRA/7.

<sup>9</sup> Received and circulated after the Committee meeting as document G/LIC/Q/IND/11/Add.1

1.14 The delegate of the United States informed the Committee that in Indonesia, traders, different contacts and local press had reported to her authorities that the Indonesian Government was planning to introduce reforms to its import licensing regime that would limit sugar imports to favour domestic sugar production. The reforms would require companies needing sugar for their operations, including the food and beverage industry, to purchase sugar from domestic refineries that had been beneficiaries of a government-supported revitalization programme. Indonesia had recently indicated to her authorities that there was not a new import licensing system currently being planned. She stated that her delegation would appreciate confirmation by Indonesia on whether it intended to revise the existing import licensing system and, if so, what was the projected timetable for its actual implementation. Her authorities were interested in any new licensing procedures and hoped that Indonesia would submit them to the Committee, as well as the responses to the questions contained in document G/LIC/Q/IDN/9.

1.15 The delegate from Thailand stated that her country was a major exporter of sugar to Indonesia and that her authorities had also received a report from its local industry and from the Indonesian Sugar Importers who were facing difficulties given the new import licensing regime to import sugar into Indonesia. Such regime involved quantitative restrictions of imported sugar in the form of a quota and of a special import licence with the intention to promote sugar self-sufficiency in Indonesia, which made it difficult to obtain an import licence for sugar. Thailand stated that they would like Indonesia to respond in writing to the questions posed by the United States as well as to the following additional questions<sup>10</sup>: (i) Could Indonesia confirm that its new import licensing regime for sugar involved the above-mentioned measures -quantitative restrictions of imported sugar in the form of quotas and also of a special import licence? (ii) Was the new import licensing system for sugar automatic or non-automatic? (iii) What specific criteria did Indonesia use for allocation of import licensing for sugar? (iv) What was the maximum length of time and how long did it normally take to process an application for a licence to import sugar? (v) Could Indonesia provide any law or regulation concerning the import licensing procedures for the importation of sugar into Indonesia? Thailand was interested in discussing this matter further with Indonesia, either bilaterally or in any other form, to have a clearer understanding of the regime and be able to solve any problem in a satisfactory manner.

1.16 The delegate of Indonesia informed the Committee that an official response would be promptly provided to the United States and that there would not be a new regulation on sugar in the near future. His authorities were still using the 16 Regulation Form for sugar, issued by Decree of Ministry of Trade in 2004. The Indonesian newspaper had quoted the Minister of Trade when he mentioned that Indonesia might not need "to import white sugar as the local producers would be able to meet local demands" once the government-funded refinery revitalization programme had been completed in 2009; this refinery revitalization programme had the aim to increase domestic production to match domestic demand for sugar by 2009.

1.17 The delegate of the United States recalled that at the previous meeting in April 2008, her delegation had requested additional information regarding the Philippines' import licensing requirements for telecommunications equipment. She thanked the Philippines for the additional information it had recently provided, which was still being reviewed by her authorities. She looked forward to the Philippines' revised notification on telecommunications equipment and encouraged the Philippines to circulate its written responses to the questions posed by her delegation.

1.18 The delegate of the Philippines informed the Committee that his delegation would promptly circulate its responses and that his authorities were still working on a new notification which included the licensing regime applied to telecommunications equipment.

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<sup>10</sup> Received and circulated after the Committee meeting as G/LIC/Q/IDN/10

1.19 The delegate of the United States informed the Committee of Viet Nam's August 2008 decision to implement automatic import licences for certain goods. Her delegation had submitted the questions contained in document G/LIC/Q/VNM/1 in order to seek additional information and looked forward to receiving Viet Nam's written responses. Although her delegation had concerns regarding the scope and purpose of the automatic import licence requirement, her authorities were pleased to note that Viet Nam had recently reduced the number of products covered by the requirement and that Viet Nam had also decided to eliminate this practice by the end of the year, as prescribed in a recently published legislation.

1.20 The delegate of Viet Nam informed the Committee that his delegation would be promptly circulating its responses to the questions posed by the United States.

1.21 The delegate of the United States thanked Argentina for its replies, contained in document G/LIC/Q/ARG/5, and informed the Committee that, although her delegation had reviewed Argentina's response to its questions, as well as the replies to the Questionnaire (G/LIC/N/3/ARG/5), her authorities continued to seek further clarification from Argentina regarding its import licensing procedures for toys and footwear. Specifically, the United States remained extremely concerned about the lengthy processing times that its exporters were encountering for import licenses for toys and footwear, which averaged approximately 120 days. The United States had raised this issue several times, but had not received an explanation from Argentina. Her delegation would circulate additional follow up questions in writing on this issue,<sup>11</sup> and looked forward for Argentina's written responses by the next meeting.

1.22 The delegate from Argentina informed the Committee that, although Resolution 486/ 2005, as notified to the Committee did not set out timeframes, the processing period for import licensing procedures normally lasted between 30 and 50 days, a processing period which complied with paragraph f. of Article 3.5 of the Agreement.

1.23 The delegate of Canada thanked the United States for its responses contained in document G/LIC/Q/USA/4, which were currently being studied in her Capital. She indicated that at this time there was no follow-up but her delegation would inform the Committee if there were additional questions.

1.24 The Committee took note of the statements made.

## **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 Committee<sup>12</sup>, 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 five notifications had been received since the last meeting from Albania, India, St. Lucia, Turkey and Ukraine<sup>13</sup>.

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<sup>11</sup> Received and circulated after the Committee meeting as G/LIC/Q/ARG/3/Add.1

<sup>12</sup> G/LIC/3.

<sup>13</sup> Contained in documents G/LIC/N/1/ALB/2; G/LIC/N/1/IND/11; G/LIC/N/1/LCA/3; G/LIC/N/1/TUR/7; and G/LIC/N/1/UKR/1, respectively.

2.2 The delegate from the United States thanked Ukraine for having submitted its notification so quickly immediately after its recent accession.

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

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

2.4 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 four notifications submitted by: Argentina, India; Malaysia and Moldova as listed in the Airgram and its *Addenda*<sup>14</sup>. The notifications from Malaysia and Moldova were not available in the three WTO official languages and would be considered at the next meeting, as well as a notification from Hong Kong, China<sup>15</sup>, received after the issue of the Airgram and its *Addenda*.

2.5 The Committee took note of the notifications from Argentina and India.

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

2.6 The Chairperson informed the Committee that there were twenty notifications listed in the Airgram and the *Addenda* convening this meeting, received from Argentina; Armenia; Canada; Costa Rica; the European Communities; Hong Kong, China; India; Jamaica; Lesotho; Macao, China; Madagascar; Malaysia; Morocco; Norway; Saint Lucia; Singapore; Trinidad and Tobago; Turkey and Ukraine<sup>16</sup>. He also informed the Committee that the notifications from Canada; Hong Kong, China; Macao, China; Malaysia and Morocco were not available in the three WTO official languages; and that after the Airgram and its *Addenda* were issued, one notification was received from China<sup>17</sup> under this provision. Thus, these notifications would be considered at the next meeting.

2.7 The Committee took note of the notifications from Argentina; Armenia; Costa Rica; the European Communities; India; Jamaica; Lesotho; Madagascar; Norway; Saint Lucia; Singapore; Trinidad and Tobago; Turkey and Ukraine.

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<sup>14</sup> Contained in documents G/LIC/N/2/ARG/7/Add.1; G/LIC/N/2/IND/10; G/LIC/N/2/MYS/3 and G/LIC/N/2/MDA/1, respectively.

<sup>15</sup> Contained in document G/LIC/N/2/HKG/3.

<sup>16</sup> Contained in documents G/LIC/N/3/ARG/5; G/LIC/N/3/ARM/5; G/LIC/N/3/CAN/7; G/LIC/N/3/CRI/5; G/LIC/N/3/EEC/11 and Add.1; G/LIC/N/3/HKG/12; G/LIC/N/3/IND/10; G/LIC/N/3/JAM/3; G/LIC/N/3/LSO/1; G/LIC/N/3/MAC/11; G/LIC/N/3/MDG/3; G/LIC/N/3/MYS/4; G/LIC/N/3/MAR/7; G/LIC/N/3/NOR/3; G/LIC/N/3/LCA/5; G/LIC/N/3/SNG/6; G/LIC/N/3/TTO/7; G/LIC/N/3/TUR/8; and G/LIC/N/3/UKR/1, respectively.

<sup>17</sup> Contained in document G/LIC/N/3/CHN/7.

### 3. Seventh Transitional Review under Paragraph 18 of the Protocol on the Accession of the People's Republic of China (WT/L/432)

3.1 The Chairperson recalled that the sixth transitional review of the implementation by China of the WTO Agreement and of the related provisions of the Protocol, under paragraph 18 of the Protocol of Accession of China (WT/L/432), had been carried out in 2007 by the subsidiary bodies of the WTO, including the Committee on Import Licensing, which had a mandate covering China's commitments under the WTO Agreement or China's Protocol of Accession. The Committee's report to the Council for Trade in Goods on that review had been circulated in document G/LIC/17. The Committee would conduct the seventh transitional review at the present meeting. He also informed the Committee that since the last meeting, the Secretariat had received one submission from the United States (G/LIC/Q/CHN/23) containing questions on China's import licensing procedures. The Secretariat had also received, after the Airgram and its *Addenda* convening this meeting were issued, a communication from China containing information required by paragraph IV:3 of Annex 1A of the Protocol of Accession which has been circulated in document G/LIC/W/33.

3.2 The representative of the People's Republic of China informed the Committee that no major changes had occurred in China's import licensing regime since 2007 and that all China's related import licensing issues could be found in China's Foreign Trade and Economic Cooperation Gazette as well as in the website of MOFCOM, China's Ministry of Commerce.

3.3. The representative of the United States, referring to the questions posed to China under the transitional review (document G/LIC/Q/CHN/23), informed the Committee that on 5 August 2008 China's General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) had issued Notice No. 87-2008 announcing the establishment of a new requirement for foreign cotton exporters who might obtain, before engaging in the export of cotton to China, a registration certificate from AQSIQ or face preshipment inspection requirements. This notice established a starting date for the acceptance of registration applications by foreign exporters of cotton of 15 September 2008 and set a deadline of 15 March 2009, by which time consignees might provide the registration certificate of a foreign exporter of cotton at the port of entry of a cotton shipment. AQSIQ Notice No. 87-2008 also imposed an obligation for consignees to include a preshipment inspection clause in the contract or purchase agreement for importation of cotton from *non*-registered foreign suppliers, and described a quality credit appraisal system for implementation by AQSIQ.

3.4 The representative of the People's Republic of China, in response to the concerns raised by the United States, informed the Committee that each year China imported more than 3 million tonnes of cotton of which the total value exceeded US\$4 billion and that the inferior quality of some imported cotton had been a problem for some time. Chinese importers and users of this cotton were seriously injured due to quality problems such as plant diseases, insect pests, hazardous substances, poor quality and shorter wheat. The figure for 2006 showed that this was the case for almost 70% of cotton imports inspected. Therefore, for quality purposes in preventing inferior cotton from entering into China and putting an end to deceptive practices, China decided to implement the registration requirement from AQSIQ. This registration did not constitute a trade barrier but would serve to protect the legitimate activities of fair enterprises. The complete text of this registration requirement, currently available only in Chinese, can be consulted on the website of AQSIQ ([www.aqsiq.gov.cn](http://www.aqsiq.gov.cn)). With regard to the question concerning the qualification criteria in entering the certificate, the representative of China stated that it was advisable to refer to Article I of the registration requirement which provided specific details. Concerning the designation of an organization for pre-shipment inspection, the TBT National Enquiry Point should be approached by interested Members via e-mail, telephone or fax ([www.aqsiq.gov.cn](http://www.aqsiq.gov.cn); Telephone 8861082260618; or Fax 8601082262448).

3.5 The Committee took note of the statements made.

3.6 The Chairperson suggested that, to conclude the Seventh Transitional Review under Paragraph 18 of the Protocol of Accession of the People's Republic of China, a factual report on China's transitional review be submitted to the Council for Trade in Goods (CTG). As had been done previously, this factual report would refer to the relevant paragraphs of the minutes of this meeting as well as the oral and written comments and questions submitted to China, and the information received from China. The relevant paragraphs of the minutes which reflected the discussion would be annexed to this report.

3.7 The Committee so agreed. The report to the CTG on the seventh transitional review was circulated in document G/LIC/19.

#### **4. Seventh Biennial Review of the Implementation and Operation of the Agreement under Article 7.1**

4.1 The Chairperson recalled that Article 7.1 of the Agreement provided that "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" and that the Sixth Biennial Review of the Implementation and Operation of the Agreement took place in October 2006. He referred to the background document prepared by the Secretariat, on its own responsibility and for the Committee's consideration, circulated as G/LIC/W/31, which covered the period from 31 October 2006 to 20 October 2008; he highlighted that the Secretariat had also included some figures which would help delegations to better assess Members' compliance with notification obligations under the different provisions of the Agreement, since its entry into force and during the review period 2006- 2008. He said that the document, as well as the annexes, would be updated to take into account the discussion at the present meeting. This report would be circulated in the G/LIC/-series.

4.2 The Committee agreed to adopt the report as updated<sup>18</sup>.

#### **5. Report (2008) of the Committee to the Council for Trade in Goods**

5.1 The Chairperson said that the Committee was required to submit an annual report on its activities to the Council for Trade in Goods, (CTG). A draft report to the CTG, covering the activities of the Committee in 2008, had been circulated in document G/LIC/W/32 for the Committee's consideration. The information covered in the draft report, including its Annex, would be updated to reflect the notifications received up to the present meeting, as well as the discussion at this meeting.

5.2 There were no comments on the draft report. The Committee agreed to adopt the report, subject to the updating. The report as revised and adopted was circulated as document G/L/868

#### **6. Other Business**

##### *(i) Statement from Canada*

6.1 The delegate from Canada recalled that at the April 2008 meeting her delegation had posed oral questions to Brazil and China. Her authorities would like Brazil to put its responses in writing and were also looking forward to China's written responses. In order to receive written responses from Brazil and China, her delegation intended to circulate its questions in writing<sup>19</sup>.

6.2 The Committee took note of the statement.

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<sup>18</sup> The final report was circulated as document G/LIC/18, 13 November 2008.

<sup>19</sup> Received and circulated after the Committee meeting as G/LIC/Q/BRA/8 and G/LIC/Q/CHN/24

(ii) *Information on technical assistance activities related to the Agreement on Import Licensing Procedures*

6.3 The Chairperson informed the Committee that, during 2008, three countries had requested technical assistance from the Secretariat on the Agreement on Import Licensing Procedures: Dominican Republic, Jordan and People's Republic of Lao. The objective of these activities would be to enhance the administrative capability of the different authorities to clearly understand the aims, purposes and particularities of the Agreement; and to enable the authorities to differentiate between the two types of import licences and other trade barriers whose legitimate objectives could be better addressed through less trade-restrictive and less trade-distorting measures such as technical regulations, sanitary and phyto-sanitary measures, etc. The first two activities would take place in November 2008 and the third one in early 2009.

6.4 The Committee took note of the information.

**Date of the next meetings**

6.5 The Chairperson informed Members that the Secretariat had tentatively reserved Thursday, 30 April 2009 and Friday 23 October 2009 for the next meetings of the Committee, on the understanding that additional meetings would be convened if necessary.

6.6 The Committee took note of the information.

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