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Committee of Import Licensing

MINUTES OF THE MEETING HELD ON 20 OCTOBER 2015

CHAIRPERSON: Ms. CARRIE I. J. WU (CHINESE TAIPEI)

The Committee on Import Licensing held its forty-fourth meeting on 20 October 2015 under the chairmanship of Ms Carrie I. J. WU (Chinese Taipei). The agenda proposed for the meeting, circulated in document WTO/AIR/LIC/2, was duly adopted.

1 MEMBERS' COMPLIANCE WITH NOTIFICATION OBLIGATIONS – DEVELOPMENTS SINCE THE LAST MEETING

1.1. The Chairperson informed the Committee that, since the last meeting and up to and including 8 October 2015, a total of 34 notifications had been received, including 8 notifications under Article 1.4(a) and/or 8.2(b); 6 under Article 5; and 20 notifications under Article 7.3. All of them had been listed in the airgram for the Committee's consideration. She noted that after the airgram was issued, 4 new notifications from the Russian Federation and a written response from India to the European Union (G/LIC/Q/IND/26) had been received by the Secretariat. These documents would be considered at the Committee's next meeting.

1.2. She pointed out that, as of 20 October 2015, 14 Members had not submitted any notification under any provision of the Agreement; 27 Members had not yet submitted any N/1 notifications concerning their laws and regulations as well as the sources of information under Article 1.4(a) and 8.2(b); and 23 Members had never submitted their Replies to Questionnaire under Article 7.3. For the sake of transparency, she urged these Members to notify as soon as possible.

1.3. In this context, she brought Members' attention to the following: (1) Members who did not apply import licensing procedures or had no laws or regulations relevant to the Agreement were nevertheless required to notify the Committee of this fact; (2) N/1 and N/3 notifications were distinct obligations under this Agreement and served different purposes; they were not interchangeable or optional. Therefore, Members who had provided information concerning their laws and regulations with regard to import licensing in N/3 notifications were also kindly requested to submit separate N/1 notifications. In this respect, the Secretariat was available to help Members who still needed to complete their N/1 notifications, on a bilateral basis; (3) Article 7.3 of the Agreement obliged all Members to complete the Questionnaire on Import Licensing Procedures on a yearly basis and to submit it to the Committee by 30 September each year, as established in document G/LIC/3.

1.4. She informed the Committee that, in order to improve transparency and better serve the Membership, the Secretariat would update the Import Licensing webpage on the WTO website so that all notifications received would be listed, with direct links to the national legislations as notified by Members. In addition, she would hold an informal consultation in the coming weeks regarding technical issues encountered by the Secretariat in processing Members' notifications, i.e. overlapping notification requirements under different provisions of the Agreement. The Secretariat would be invited to make a presentation on this issue.

1.5. The representative of Chinese Taipei stated that they did see some technical issues that needed to be further clarified and his delegation supported the Chair's ideas and would be happy to engage in this discussion in the future.

1.6. The representative of the United States thanked the Chairperson for the report as well as the efforts of the Secretariat in this regard. He indicated that the US joined the Chairperson in urging all Members to comply with their notification obligations, and that the US was ready to work with the Chair and the Secretariat on the informal consultations that were mentioned.

1.7. The representative of the European Union echoed the intervention of the United States and was ready to participate in this discussion.

1.8. The representative of India stated that they would like to participate in the informal consultations shortly to be convened.

1.9. The Committee took note of the statements made.

2 WRITTEN QUESTIONS AND REPLIES FROM MEMBERS ON SPECIFIC TRADE CONCERNS

2.1 Questions from the European Union to Moldova (G/LIC/Q/MDA/1) and Replies from Moldova to the European Union (G/LIC/Q/MDA/2)

2.1. The representative of the European Union thanked Moldova for having promptly replied to their question and she confirmed that the EU did not have any follow-up questions.

2.2. The representative of Moldova stated that they would be happy to answer any further questions from other Members.

2.3. The Committee took note of the statements made.

2.2 Replies from Indonesia to Australia (G/LIC/Q/IDN/35)

2.4. The representative of Indonesia hoped that their answers submitted in document G/LIC/Q/IDN/35 would address the Australian concerns.

2.5. The representative of Australia thanked Indonesia for the response. He indicated that Australia would certainly consider the responses carefully and perhaps submit follow-up questions. In particular, in relation to the responses given to question No. 2, he asked if Indonesia could specify and elaborate on the health reasons mentioned in their replies. He pointed out that Indonesia had failed to explain in what ways the measures were consistent with Article 2.2(a) and 3.2 of the Agreement and, in this regard, his delegation would submit additional questions to Indonesia in writing.

2.6. The Committee took note of the statements made.

2.3 Replies from Turkey to the European Union (G/LIC/Q/TUR/10)

2.7. The representative of the European Union thanked Turkey for their replies and confirmed that the EU did not have any follow-up questions.

2.8. The representative of Turkey pointed out that his delegation had submitted answers in writing to the EU after the last Committee meeting in April, and they would be happy to provide information if other Members wanted to learn more about Turkey's import licensing system.

2.9. The Committee took note of the statements made.

3 NOTIFICATIONS

3.1 Notifications under Article 1.4(a)/8.2(b) of the Agreement

3.1. The following **8** N/1 notifications were reviewed at the meeting: European Union (G/LIC/N/1/EU/6 and G/LIC/N/1/EU/7); Macao, China (G/LIC/N/1/MAC/5); Paraguay (G/LIC/N/1/PRY/6); Peru (G/LIC/N/1/PER/5); Philippines (G/LIC/N/1/PHL/4); the Russian Federation (G/LIC/N/1/RUS/6); and Chinese Taipei (G/LIC/N/1/TPKM/10).

3.2. No comment was made on any of the above-mentioned notifications.

3.3. The Committee took note of the submissions.

3.2 Notifications under Article 5 of the Agreement

3.4. The following **6** N/2 notifications were reviewed at the meeting: European Union (G/LIC/N/2/EU/6 and G/LIC/N/2/EU/7); Indonesia (G/LIC/N/2/IDN/27 and G/LIC/N/2/IDN/28); Malawi (G/LIC/N/2/MWI/3) and Paraguay (G/LIC/N/2/PRY/5).

3.5. No comment was made on any of these notifications.

3.6. The Committee took note of the submissions made.

3.3 Notifications under Article 7.3 of the Agreement

3.7. The Chairperson reiterated that, taking into account that the notification under Article 7.3 was an annual obligation, she invited Members to explicitly indicate "the year" at the beginning of their N/3 submissions, so as to help other Members and the Secretariat to identify the specific year to which the notification referred.

3.8. The following **20** N/3 notifications were reviewed at the meeting: Cameroon (G/LIC/N/3/CMR/5); Cuba (G/LIC/N/3/CUB/7); European Union (G/LIC/N/3/EU/4); Haiti (G/LIC/N/3/HTI/8); Hong Kong, China (G/LIC/N/3/HKG/19); Japan (G/LIC/N/3/JPN/14); Jordan (G/LIC/N/3/JOR/2); Macao, China (G/LIC/N/3/MAC/18); Malawi (G/LIC/N/3/MWI/4); Mauritius (G/LIC/N/3/MUS/5); Nicaragua (G/LIC/N/3/NIC/7); Peru (G/LIC/N/3/PER/11); Philippines (G/LIC/N/3/PHL/11); Qatar (G/LIC/N/3/QAT/11); the Russian Federation (G/LIC/N/3/RUS/2); Saint Vincent and the Grenadines (G/LIC/N/3/VCT/1); Chinese Taipei (G/LIC/N/3/TPKM/6); Turkey (G/LIC/N/3/TUR/14); Ukraine (G/LIC/N/3/UKR/8) and the United States (G/LIC/N/3/USA/12).

3.9. The Chairperson informed the Committee that a revision would be issued on document G/LIC/N/2/RUS/2.

3.10. The representative of the European Union made a general statement, indicating that they were still assessing the notifications that had been circulated in the two weeks prior to the meeting, namely notifications from the United States, Japan, Ukraine, and the Russian Federation, and that they might come back with additional questions.

3.11. The Committee took note of the submissions and the statement made.

4 INDONESIA - NEW REGULATION ON TYRE IMPORTS - STATEMENT BY THE EUROPEAN UNION

4.1. The Chairperson informed the Committee that this item had been included in the agenda at the request of the European Union in a communication dated 2 October 2015.

4.2. The representative of the European Union stated that, during the past months, the EU had been concerned about Indonesia's action to impose new burdensome requirements for imported tyres on the basis of the Regulation of the Minister of Trade No. 45/M-DAG/PER/6/2015 dated 29 June 2015. Recently, the EU had been informed by EU industry that Indonesia had adopted a new regulation, No. 78/M-DAG/PER/9/2015, on 28 September 2015, which revoked Regulation No. 45/M-DAG/PER/6/2015. She requested Indonesia to confirm that the new Regulation No. 78/M-DAG/PER/9/2015 had been adopted, its date of entry into force, and to provide a copy of the text.

4.3. In addition, she noted that they had also been informed that an additional regulation would soon be adopted to regulate tyre imports in place of the revoked regulation. In this context, she asked Indonesia to confirm if this was the case and to provide any known details with regard to its reference and foreseen adoption date, and to explain how the new import system for tyres worked. Furthermore, she reminded Indonesia of its obligations to notify under the Import Licensing Agreement and the TBT Agreement provided that the regulation in question contained relevant provisions.

4.4. In response, the representative of Indonesia thanked the European Union for its interest in Indonesia's policy on the import of tyres. He indicated that the import of tyres to Indonesia was regulated by the Ministry of Trade Regulation No. 45 of 2015. However, the GOI Deregulation Package on 9 September 2015 repealed this regulation. Thus, this regulation was no longer implemented and the importation of tyres was once again regulated by the Ministry of Trade Regulation No. 40 of 2011, which simply regulated technical verification obligations at the port of loading for tyres destined for Indonesia. He explained that the reason for this policy was to ensure that imported tyres complied with the safety regulation.

4.5. He further argued that the importation of tyres into Indonesia from 2010 to 2014 had continued to increase. In 2010, the value of imports was US$414.6 million and in 2012 it increased to US$733.7 million. This trend continued throughout 2013 to 2014, with the ten largest exporters being Japan, China, Thailand, Singapore, Korea, Brazil, India, the United States, Spain, and Malaysia. He noted that this policy had been implemented because there were two types of tyres imported to Indonesia, those that were in conformity with Indonesia's National Standard and those that were not. In practice, they had also found many instances of misconduct in which tyres that were not in conformity with the National Standard entered as tyres that were by simply changing the HS code in the documents. In these circumstances, Indonesia required technical verification at the port of loading for tyres bound for Indonesia.

4.6. He noted that, in general, any import licensing requirement in Indonesia was imposed on a non-discriminatory basis, and with justified reasons, to ensure that all imported goods complied with rules and regulations to protect human and animal health, the environment, to protect consumers from deceptive practices, and to discourage the importation of goods of very poor quality.

4.7. The representative of the United States thanked the EU for putting this item on the agenda and expressed their interest in this issue. He also thanked Indonesia for the preliminary answers and looked forward to receiving further information.

4.8. The representative of the European Union thanked Indonesia for the preliminary replies and requested additional information and further clarification on the status of Regulation No. 40 of 2011 and the new Regulation No. 78/M-DAG/PER adopted on 28 September 2015.

4.9. In response, the representative of Indonesia requested the European Union to submit written questions that could then be conveyed to capital for further clarification.

4.10. The Committee took note of the statements made.

5 INDIA – IMPORT OF MARBLE AND MARBLE PRODUCTS – STATEMENT BY THE EUROPEAN UNION

5.1. The Chairperson informed the Committee that this item was included in the agenda at the request of the European Union in a communication dated 2 October 2015.

5.2. The representative of the European Union thanked India for providing detailed information on the legal basis of its import licencing regime for marble as well as information on import licenses granted in document G/LIC/Q/IND/26 circulated on 16 October 2015.

5.3. She noted that, as explained in previous meetings, the European Union fully conceded that countries were entitled to take measures aimed at safety, security, and protection of the environment. However, India had still failed to demonstrate how the importation of marble and marble products put at risk the conservation of Indian natural resources or how it posed safety, security, and environmental concerns in India. She pointed out that, in its replies of 16 October, India provided merely an abstract overview of Federal and State level regulations applying to domestic mining activities, without explaining how these regulations – if at all – applied to imported marble products. Therefore, the European Union would still appreciate India's clarification on how its import licensing and quota system could be justified from the point of view of conservation of its domestic exhaustible natural resources, bearing in mind that imports of foreign marble into India did not affect the depletion of marble resources in India. On the contrary, restrictions on imports could even trigger additional domestic production and the increased use of Indian natural resources.

5.4. She acknowledged that there had been a significant increase in the annual import quota in the last few years; however, it was still unclear how and on what basis India had fixed the annual quota amount and therefore the EU asked India to clarify this aspect.

5.5. In addition, she pointed out that India had not answered the EU's question aimed at clarifying how the existing Minimum Import Price could be justified with quality reasons in its replies of 16 October. In this regard, she observed that India merely referred to BIS standards for marble

and dimensional stones which would be in line with EN and ASTM standards, but failed to explain exactly how the Minimum Import Price was linked with quality aspects. Thus, the EU kindly requested India to provide further details.

5.6. The representative of India thanked the delegation of the EU for its continued interest in India's import licensing policy, and in particular the policy for marble and similar stones. He reiterated that marble and similar stones were restricted for import to India due to reasons of "conserving exhaustible natural resources", which was covered under Article XX(g) of GATT 1994. In this regard, he stressed that domestic marble mining was also subject to licensing and production control due to environmental concerns.

5.7. He continued that mining was closely linked with forestry and environmental issues. Mining activities was an intervention in the environment and had the potential to disturb the ecological balance of an area. Thus, marble mining in India was subject to licensing and production control for environmental safety reasons. A fine balance had to be maintained between a mineral resources requirement vis-à-vis environmental or ecological concerns. Therefore, mining was allowed in India only after environmental clearance and there were several conditions stipulated in mining licenses. The miners were to follow a number of domestic laws, rules, and orders as listed in India's recent response to the EU's question in document G/LIC/Q/IND/26.

5.8. Nevertheless, he stated that the quota had been progressively relaxed from 130,000 MT in 2007 to 800,000 MT in 2015, which was an increase of about 470% within a period of 8 years. Thus, a fine balance was being maintained and the opening of this sector was being done in a phased manner.

5.9. He recalled that India had responded to all written questions posed by interested delegations in the past. These replies were contained in WTO documents G/LIC/Q/IND/18 dated 13 October 2011, G/LIC/Q/IND/21 dated 1 November 2012, and G/LIC/Q/IND/25 dated 17 March 2015. The last set of written questions from the delegation of the EU had also recently been responded to in document G/LIC/Q/IND/26. Finally, he stated that his delegation had taken note of all the supplementary questions raised in the meeting and would forward them to his capital for a response.

5.10. The representative of the United States thanked the EU for raising this issue, in which the US also had an interest. He also thanked India for the replies provided so far and expressed continued interest in any answers to the follow-up questions.

5.11. The Committee took note of the statements made.

6 BRAZIL -- REGULATORY REQUIREMENTS FOR IMPORTS OF NITROCELLULOSE INTO BRAZIL - STATEMENT BY THE EUROPEAN UNION

6.1. The Chairperson informed the Committee that this item was included in the agenda at the request of the European Union in a communication dated 2 October 2015.

6.2. The representative of the European Union reiterated the EU's concerns with regard to Brazil's non-automatic licensing regime for nitrocellulose (NC) for industrial purposes (for applications like printing inks, wood lacquer, or nail varnish).

6.3. She argued that import licensing was not appropriate in this context, where the product was intended for commercial and not military purposes. Secondly, the non-automatic licensing regime in place represented a *de facto* ban as import licence applications were systematically denied and no imports of nitrocellulose were allowed into the Brazilian market, at least not from the EU. At the same time, Brazil allowed imports of nitrocellulose (NC) for military purposes (with a nitrogen content above 12.5%), which noticeably were twice as expensive than NC for industrial purposes. Therefore, the EU continued to be of the view that Brazil had failed to comply with the Agreement on Import Licensing and implemented *de facto* import restrictions on NC, under the guise of import licensing. Therefore, the EU urged Brazil once again to immediately eliminate those restrictions.

6.4. The representative of Brazil stated that his delegation took note of the statement from the European Union, and that they had nothing to add to previous information provided on the subject

both in oral and written forms. He pointed out that their replies to the EU had clearly established that the measures adopted by Brazil regarding imports of nitrocellulose were perfectly in conformity with the WTO Agreement on Import Licensing. He noted that the same information had been provided bilaterally to the EU in the context of the Brazil-EU Economic and Trade Sub-Commission.

6.5. He argued that nitrocellulose was a hazardous substance and that its production and commercialization were subject to controls all over the world, including Brazil. Risks ranged from the possibility of industrial accidents – it was a highly flammable material that could be ignited by flame, heat, friction, a spark, or static electricity – to its use in illegal activity, in the absence of controls. In view of these safety and security concerns, Brazil considered that the procedure of non-automatic import licensing was a legitimate instrument by which to regulate the commerce and use of nitrocellulose, regardless of its nitrogen concentration.

6.6. The Committee took note of the statements made.

7 INDIA – AMENDMENTS IN THE IMPORT POLICY CONDITIONS APPLICABLE TO APPLES – STATEMENTS BY THE EUROPEAN UNION AND THE UNITED STATES

7.1. The Chairperson informed the Committee that this item was included in the agenda at the request of the European Union and the United States in a communication dated 7 October 2015.

7.2. The representative of the European Union stated that the EU was very concerned about the measure recently adopted by India obliging the import of certain types of apples (Exim code 0808 10 00 of ITC (HS) 2012) exclusively through the Nhava Sheva port. She noted that one of the general principles stated in the Agreement on Import Licensing was that Members shall ensure that the administrative procedures used to implement import licensing regimes are in conformity with the relevant provisions of the GATT with a view to preventing trade distortions. Furthermore, rules for import licensing procedures shall be neutral in application and administered in a fair and equitable manner.

7.3. She asked India: (1) to explain the rationale of this measure and to clarify how it could be reconciled with the above-mentioned provisions? (2) to clarify which were the import procedures put in place and where they were published? (3) to explain whether this was an automatic or a non-automatic scheme? (4) to clarify what would happen to an importer if he wanted to import the concerned apples through another port (for example, Chennai, as had been the case for several EU importers)? (5) to clarify whether the measure would be notified at the WTO, considering that Members instituting or changing licensing procedures shall notify this Committee within 60 days of publication under Article 5 of the Agreement?

7.4. The representative of the United States joined the EU and expressed serious concerns about this measure adopted by India. He stated that the measure of India had had an impact on trade and that the United States associated itself with the EU with regard to all the questions raised by the EU. In addition, the U.S. was concerned to note that this measure was adopted as a final measure without any notification or comment period for traders.

7.5. The representative of New Zealand thanked the EU for placing this item on the agenda. He shared the EU and US concerns, namely that India was limiting the entry of imported apples only to the Nhava Sheva port of Mumbai, with all other ports consequently closed. He pointed out that this decision was a surprise to New Zealand and its exporters as there had been no prior consultation. To date, New Zealand apple exports had been able to enter India through six ports – Nhava Shiva, Chennai, Kolkata, Vizak, Kochin, and Tuticorin. He noted that this restriction was applied to apples only and that no other imported product appeared to be affected by port restrictions. He also thanked India for the bilateral discussions on the issue so far. On the other hand, he highlighted that questions remained, including how long these closures would remain in place, when a WTO notification would be provided, and the rationale for the decision to limit port access. He questioned India on the absence of such reasoning, and if this was not an issue for this Committee, as insisted by the Indian delegation, in which WTO Committee should the issue be considered.

7.6. The representative of Chile thanked the EU and the US for raising this issue, and his delegation joined the statements and concerns voiced regarding India's policy. He indicated that Chile was concerned over the recently adopted measure because it limited Chilean apples' entry into India exclusively to the Nhava Sheva port. He requested India to clarify the rationale behind the measure and the reasons for restricting entry to the one single port of Nhava Sheva. In addition, he asked India to explain under which WTO Agreement India claimed these rights, whether the measure was permanent or temporary, and how long it would last, highlighting that this information would be very helpful to Chilean industry.

7.7. The representative of Australia supported the concerns raised by the European Union and the United States regarding the extent to which India had met its obligations under the Import Licensing Agreement and other WTO Agreements. He noted that the entry into force of India's new regulation restricted the importation of apples to the Nhava Sheva port from 14 September 2015. He pointed out that the movement of goods was already greatly restricted and that the new measure had been applied without notification to the Committee or consultation with other WTO trading partners.

7.8. In response, the representative of India stated that his delegation was of the view that the policy in question did not fall under the category of "import licensing", and hence was not fit for discussion in this Committee. He recalled that the Committee on Import Licensing was established to afford Members the opportunity of consulting on any matters relating to the operation of the Import Licensing Agreement or the furtherance of its objectives. For the purpose of this Agreement, "import licensing" was defined as administrative procedures used for the operation of import licensing regimes requiring the submission of an application or other documentation (other than that required for customs purposes) to the relevant administrative body as a prior condition for importation into the customs territory of the importing Member.

7.9. He argued that the policy in question did not ask for submission of any application or any other documentation for granting permission to import. No prior permission or license was required to import apples into India. The policy in question only specified the port through which the goods could enter the country, and the import was "free", as clearly mentioned in DGFT's notification No. 21/2015-2020 of 14 September 2015. Therefore, his delegation held that the policy did not satisfy the definition of the term "import licensing" and thus the issue was not fit for discussion in this forum.

7.10. The representative of Australia asked the representative of India to clarify whether the Indian requirement that all imported apples be sent to one port was an administrative procedure under the definition of "import licensing" of the Agreement?

7.11. In response, the representative of India repeated his intervention and noted that the definition of import licensing referred to an import licensing regime requiring the submission of an application or other documentation to the relevant administrative body as a prior condition for importation. However, there was no such requirement of submission of an application or other documentation in the recent amendment to India's import policy for apples. Hence the policy was not an "import licensing" policy.

7.12. He further elaborated on this issue and quoted some relevant provisions of the Agreement to clarify the scope of import licensing. For instance, Article 1.4(a) listed certain elements of import licensing that needed to be published, such as "procedures for the submission of applications, including eligibility of persons, firms and institutions to make such applications, the administrative bodies to be approached, and the list of products subject to these requirements". Likewise, Articles 1.5 and 1.6 focused on application forms and application procedures. Article 1.6 further asked that applicants should be allowed a reasonable period of time for the submission of license applications. He pointed out that the Agreement also touched upon a number of issues relating to administration of licenses such as period of licence validity (Article 3.5(h)) and allocation of licence among importers (Article 3.5(j)). He held that these elements were clearly not there in the policy in question. The policy did not stipulate submission of any application or any eligibility criteria of the applicant or any administrative bodies to be approached. Also, the policy did not deal with other requirements such as allocation of licences. As a result, the Indian delegation argued that the policy was not at all an import licensing policy, and that this Committee was not the right forum to discuss the issue.

7.13. The representative of the European Union thanked India for its response and asked whether India could explain at today's meeting, what would happen to an importer if he wanted to import the concerned apples through another port?

7.14. The representative of India replied that he was asked to respond to a question that did not fall under the jurisdiction of this Committee. He indicated that when the policy clearly stipulated that the import was allowed only to Nhava Sheva port, there was no way in which importation could be through any other port except for Nhava Sheva, as stipulated in the policy. In this regard, he drew the attention of the Committee to WTO dispute case DS366 that dealt with the matter of port of entry. He argued that, in this case, there was no case of violation of any Import Licensing Agreement provisions, and that paragraph 7.226 of the Panel report mentioned that the port of entry specification was not an Import Licensing issue.

7.15. The representative of Australia inferred from the responses by the delegate of India that no documents whatsoever were required to export apples to India. He argued that if documents were required, and he wanted this on the record, then everything that the representative of India said here could not be the case. Because everything he said hinged on the fact that there were no documents required to export apples to India. He asked India to answer whether there were any documents required for an exporter to send apples to India?

7.16. In response, the representative of India appreciated the supplementary questions from Australia and limited his answer to the extent that it was relevant for this Committee and the measure in question, notification No. 21/2015-2020. He confirmed that this particular policy document did not add any additional requirement for the importation of apples into India.

7.17. The Committee took note of the statement made.

8 INDONESIA - IMPORT LICENSING REGIME FOR CELL PHONES, HANDHELD COMPUTERS AND TABLETS - STATEMENT BY THE UNITED STATES

8.1. The Chairperson informed the Committee that this item had been included in the agenda at the request of the United States in a communication dated 7 October 2015.

8.2. The representative of the United States stated that the U.S. continued to have serious concerns with Indonesia's import licensing regime and, in particular, with the import licensing requirements for cell phones, handheld computers, and tablets. His delegation continued to raise these concerns in this Committee in the hope that Indonesia would address them satisfactorily.

8.3. He observed that, through the licensing regime, it seemed that the Indonesian Ministry of Industry was attempting to reduce import quantities to incentivize companies to submit plans for local manufacturing pursuant to Ministry of Trade Regulation No. 38 of 2013. He understood that, starting next year, the Ministry of Trade would not issue import licenses to companies unless they had either a factory or design house in Indonesia. The United States regarded this as disturbing, both in light of Indonesia's WTO commitments, and because it appeared to impose a local manufacturing requirement on licenses issued even prior to the adoption of Ministry of Trade Regulation No. 38 in 2013.

8.4. He pointed out that, while Indonesia had maintained that these measures were for consumer protection purposes, there was no specific reference to improving the safety and welfare of consumers, and his delegation did not see how regulations that appeared to limit imports and require the establishment of local manufacturing facilities necessarily protected consumers.

8.5. Furthermore, the United States understood that the Indonesian government was undertaking reforms under a series of Economic Policy Packages and that the Ministry of Trade was considering revising many of its import licensing measures. This effort could include eliminating requirements for specialized product-specific import licences, for recommendations or approvals from multiple ministries, and for surveyors. The United States understood that these would be positive developments, and wished that these reform efforts would extend to the measures that Members had raised in this Committee.

8.6. In this context, he asked if Indonesia could provide any additional specific information regarding these recent developments. He encouraged Indonesia to ensure that its import licensing requirements were consistent with the Import Licensing Agreement through its reconsideration of the measures at issue and to work with all stakeholders as it amended existing regulations, and to notify measures to this Committee as required.

8.7. He emphasized that the relevant industry in this situation was very important to the United States and the global economy. The issues they had raised today, and on multiple previous occasions, were quite serious. The import licensing requirements at issue stood to distort trade and investment in an important and rapidly developing sector, and potentially undermine efforts to enhance market access opportunities for high technology products, as reflected in the WTO Information Technology Agreement, which promoted the facilitation of trade in information technology products.

8.8. The representative of Indonesia thanked the United States for their continued interest in Indonesia's import policy of cell phones, handheld computers, and tablets. He emphasized that this regulation was not intended to restrict imports, as evidenced by the fact that there had been rapid growth of imports for these goods in 2013 and 2014, and the trend was continuing. Rather, as mentioned already in April's meeting, the reason behind the policy was merely to protect domestic consumers through, among other things, establishing after-sales service centres in Indonesia. As a large country, Indonesia needed service centres to cover its large territory. He added that the importation of cell phones had been increasing every year. In 2014, mobile phone imports were the second largest imported product in Indonesia, with a value reaching US$3 billion. This was a significant increase from US$2.6 billion in 2013, with imports mainly coming from the United States, the European Union, China, Chinese Taipei, Japan, and Korea.

8.9. The Committee took note of the statements made.

9 INDIA – IMPORT LICENSING REQUIREMENT FOR BORIC ACID – STATEMENT BY THE UNITED STATES

9.1. The Chairperson informed the Committee that this item had been included in the agenda at the request of the United States in a communication dated 7 October 2015.

9.2. The representative of the United States stated that the US had for quite some time been concerned with India's import licensing requirements for boric acid, particularly with respect to the burdensome end-use certificates necessary for importation. They appreciated the additional information provided as to which central government entities could issue the end-use certificate necessary for import, and had found the information available on the Central Insecticide Board and Registration Committee website to be transparent and useful.

9.3. However, the U.S. continued to have questions on (1) the registration process for domestic producers; (2) the length of time for the approval process; and (3) the limited quantities that appeared to be approved for import. The U.S also sought to better understand the treatment of domestic producers of boric acid to evaluate whether the controls India imposed on importers were similar to the treatment enjoyed by domestic producers of boric acid for insecticidal and non-insecticidal use.

9.4. While still having issues and questions on what they believed to be overly burdensome end-use certification requirements for the importation of boric acid, which impeded the exports of boric acid from the United States, the US. looked forward to continuing bilateral communications with India to resolve this issue.

9.5. In response, the representative of India thanked the United States for its continued interest in the matter of India's import policy relating to 'boric acid'. He noted that the issue had been raised in this Committee over a period of quite some time, and that India had already responded to all written questions received from Members. These replies were contained in WTO documents G/LIC/Q/IND/12 (dated 8 October 2008), G/LIC/Q/IND/14 (dated 30 September 2009), G/LIC/Q/IND/16 (dated 1 November 2010), and G/LIC/Q/IND/22 (dated 1 November 2012). He believed that these responses properly explained the policy objectives of the measure as well as issues relating to its implementation.

9.6. He also pointed out that, in the meeting of this Committee held on 29 October 2012, the delegation of the United States had expressed its desire to take up the matter bilaterally with India and that since then the two capitals had been engaged in bilateral consultations. In these bilateral meetings, the Indian side had responded to all the issues raised and supplied the documents requested. The issue was likely to be discussed again in the US-India Trade Policy Forum scheduled to take place on 28 and 29 October 2015. India hoped that these bilateral discussions would help address the concerns expressed on this subject.

9.7. The Committee took note of the statements made.

10 BANGLADESH – IMPORT LICENSING PROCEDURES – STATEMENT BY THE UNITED STATES

10.1. The Chairperson informed the Committee that this item had been included in the agenda at the request of the United States in a communication dated 7 October 2015.

10.2. The representative of the United States noted that their most recent questions to Bangladesh were circulated in February 2014 in document G/LIC/Q/BGD/5, and that his delegation had not yet received any response from Bangladesh. He emphasized that they had been raising this issue for quite some time in this Committee and in other fora.

10.3. The representative of Bangladesh thanked the U.S. for its continued concerns about Bangladesh's drug policies. He pointed out that the import of pharmaceutical products into the country was solely guided by Bangladesh's import, border, and drug policies. He clarified that this policy did not directly reflect any publishing of the Prime Minister's Directive of 1998. He emphasized that, like any other countries, restriction was a must for import and sale of drugs in Bangladesh. He also informed the Committee that there was a Standing Committee for the import of pharmaceutical products, consisting of the Ministry of Health and Family Welfare, and other agencies, and that that Committee accorded approval for the imports, sale, and production of drugs. There was no discrimination between local manufacturers and importers. Anyone who intended to produce, import, and sell drugs/medicines had to obtain such an approval. In this context, Bangladesh held that there was no inconsistency in the administration of the country's drug policy. He further noted that Bangladesh would take steps to submit its new written replies to the Questionnaire under Article 7.3.

10.4. The Committee took note of the statements made.

11 MEXICO – STEEL IMPORT LICENSING PROGRAM (G/LIC/Q/MEX/1) – STATEMENT BY THE UNITED STATES

11.1. The Chairperson informed the Committee that this item had been included in the agenda at the request of the United States in a communication dated 7 October 2015.

11.2. The representative of the United States thanked Mexico for its continued cooperation to address US concerns relating to Mexico's import licensing requirements for steel products. He noted that the US continued to have concerns, particularly with the delays and additional costs that came as a result of needing to obtain a license. In addition, most approvals still took longer than the time needed for transporting the goods from the mill to the border, and these delays had disrupted supply chains and imposed additional shipment/demurrage costs, as shipments had to remain at the border until licences were issued.

11.3. He highlighted that the US welcomed Mexico's efforts to establish an alternative scheme for steel import licensing and appreciated its continued cooperation to ensure that its licensing system was truly automatic and did not disrupt legitimate trade. His delegation hoped to continue their bilateral communications with Mexico to resolve the issue, and looked forward to Mexico's responses to their recently submitted questions.

11.4. The representative of Canada echoed the US and he stated that Canadian exporters continued to experience delays at the border that resulted in additional costs. In this regard, Canada looked forward to continuing the discussion with Mexico to ensure its system operated automatically and that trade was not disrupted.

11.5. The representative of Mexico thanked the US and Canada for their interest in Mexico's import licensing program which had been notified in documents G/LIC/Q/MEX/2 and G/LIC/Q/MEX/4 (amendment). She indicated that since the first notification was published on the steel import regime, the Mexican government had opened a channel of communication and worked closely with interested parties in order to respond to their comments and queries. This had led to improvements which had also been duly notified to this Committee.

11.6. She informed the Committee that they had satisfactory bilateral cooperation with the US and Canada, and that her delegation was working to respond to the concerns that had been raised. She highlighted that Mexico was looking at an alternative mechanism to improve current licensing practice applied to steel, and that they were ready to work with any interested trading partner in this regard.

11.7. The Committee took note of the statements made.

12 VIET NAM – DISTILLED SPIRITS AND COMPLETENESS QUESTION (G/LIC/Q/VNM/5 AND G/LIC/Q/VNM/6) – STATEMENT BY THE UNITED STATES

12.1. The Chairperson informed the Committee that this item had been included in the agenda at the request of the United States in a communication dated 7 October 2015.

12.2. The representative of the United States thanked Viet Nam for its notification under Article 5 in April 2015. He stated that the US remained interested in information regarding the broader product categories that appeared subject to import licensing requirements based on Viet Nam's Trade Policy Review. Specifically, the US continued to have concerns relating to the import licensing requirements for distilled spirits, and they looked forward to receiving a complete written response to the questions raised in documents G/LIC/Q/VNM/5 and G/LIC/Q/VNM/6. He further noted that, despite the fact that the US had a productive bilateral discussion on this topic with Viet Nam and recognized the capacity issues that Viet Nam was facing, they continued to encourage Viet Nam to develop the necessary time and resources to respect these important obligations.

12.3. The representative of Viet Nam indicated that his delegation took note of the US concerns and would send them to the capital for a reply as soon as possible.

12.4. The Committee took note of the statements made.

13 CHAIR'S REPORT ON THE INFORMAL CONSULTATION HELD ON 9 JULY 2015

13.1. The Chairperson reported to the Committee on the informal consultation she had held on Thursday, 9 July 2015 concerning the possibility of holding a workshop on Import Licensing notifications. Her statement is reproduced below:

13.2. For transparency, I would like to report to the Committee the informal consultation I held on Thursday, 9 July. I made clear in my opening remarks that the consultation was to provide an opportunity for interested Members to exchange views on the possibility of such a workshop, including the scope and timing of this event. The idea of organizing a workshop was discussed in this Committee in the context of how to improve transparency and compliance rate of notifications. I also pointed out that the informal consultation was convened in response to the call by our former Vice-Chair of the Committee (Mr Juha Niemi of Finland), who suggested at the April Committee meeting this year that the new Chair should follow up on the idea of organizing a Geneva-based IL notification workshop for new delegates.

13.3. With regard to the content of the possible workshop, I shared some thoughts in order to get the discussion going. For example, I believed that it would be useful for the Secretariat to give an overview of: (1) the notification requirements under this Agreement; (2) the status quo of Members' notifications and (3) the technical issues that the Secretariat encountered in processing notifications. I also suggested that Members could use the workshop to share their experiences and practices on how to carry out inter-agency coordination in collecting information for import licensing notifications.

13.4. A number of Members who took the floor at the consultation supported the idea of organizing a workshop on notifications in Geneva so as to improve transparency and notification compliance under this Agreement. Some Members expressed interest in the workshop and were open to further discussions on details, i.e. the content and timing of the event. A few Members expressed the view that no decision had been taken by the Committee on the workshop and they could only respond after seeing concrete proposals from Members. After hearing all the interventions, my assessment was that (1) Members supported efforts to enhance transparency and improve the level of compliance of notifications under this Agreement; and (2) Members agreed to continue the discussion on the possibility of a workshop on the basis of written proposals from interested Members. In this context, I would revert to this issue at a later stage upon Members' requests.

13.5. The Committee took note of the Chair's report.

14 DRAFT REPORT (2015) OF THE COMMITTEE TO THE COUNCIL FOR TRADE IN GOODS (G/LIC/W/45)

14.1. The Committee adopted the draft report (2015) of the Committee to the Council for Trade in Goods (G/LIC/W/45). The final report was issued as document G/L/1132.

15 DATE OF THE NEXT MEETING

15.1. The Chairperson informed Members that the Secretariat had tentatively reserved Thursday, 14 April 2016, for the next meeting of the Committee, on the understanding that additional meetings may be convened if necessary.

15.2. The Committee took note.

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