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Committee on Import Licensing

MINUTES OF THE MEETING HELD ON 3 OCTOBER 2017

CHAIRPERSON: MR. FAWAZ ALMUBALLI (KINGDOM OF SAUDI ARABIA)

The Committee on Import Licensing held its forty-seventh meeting on 3 October 2017 under the chairmanship of Mr. Fawaz Almuballi (Kingdom of Saudi Arabia). The agenda proposed for the meeting was circulated in document WTO/AIR/LIC/6/Rev.1.

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

1.1. The Chairman informed the Committee that a total of 22 notifications had been received since the last meeting, of which 21 were listed for consideration. New N/3 notifications from Japan and the European Union, as well as Viet Nam's written reply to the United States would be reviewed at the next meeting.

1.2. The Chairman pointed out that, as of 3 October 2017, 16 Members had not yet submitted any notification under any provision of the Agreement since joining the WTO. With regard to the N/1 notification concerning Members' laws and regulations, as well as sources of information, 26 Members had still not submitted any such notifications. In addition, 24 Members had not yet submitted any Replies to the Questionnaire under Article 7.3. For the sake of transparency, he urged all those Members to notify as soon as possible. On the other hand, he noted some new and positive developments. For instance, Mauritius and the Republic of Moldova had submitted new N/1 notifications providing comprehensive lists of all import-licensing-related laws and regulations in force in their countries; Botswana had also prepared a draft of its first ever notification under this Agreement, which would be circulated soon. He informed Members that two Geneva-based workshops on import licensing would be organized for 2018 and 2019 to enhance technical assistance and capacity building for developing Members.

1.3. The delegate of the United States welcomed these developments and expressed gratitude to both Mauritius and Botswana regarding their new notifications. He noted that the overall compliance of notifications in this Committee was still not satisfactory and encouraged Members who had not yet made a notification to do so, as transparency was a basic and fundamental tenet of this Committee. In addition, his delegation welcomed the workshops being organized to assist Members to meet their notification obligations.

1.4 The Committee took note of the Chairman's report and of the statements made.

2 WRITTEN QUESTIONS AND REPLIES FROM MEMBERS ON SPECIFIC TRADE CONCERNS

2.1 Document G/LIC/Q/IDN/40 (follow-up questions from the EU to Indonesia)

2.1. The representative of the European Union thanked Indonesia for the replies to its questions on the importation procedures for tyres. However, the EU considered that further clarifications were needed and, in this respect, the EU had submitted a set of follow-up questions in August 2017. Today, she focused on the following questions:

(1) The EU asked when "the evaluation" of the regulation would be completed;

(2) The EU wished also to understand how Indonesia regulated the requirement of restriction of the import of tyres in order to meet the stated objective of "supporting the domestic tyres availability and encourage the development of the tyres industry". She stated that the EU looked forward to receiving detailed written replies to all its follow-up questions.

2.2. In response, the representative of Indonesia thanked the EU for its questions. She indicated that they were still waiting for a reply from Capital regarding the EU's follow-up questions circulated in document G/LIC/Q/IDN/40. Nevertheless, she provided a preliminary response.

2.3. She stated that Indonesia would make an effort to notify the regulation as soon as possible after completing the evaluation. Regarding the term "restricted" in Indonesia's import regulation on tyres, she explained that it did not mean that imports of tyres into Indonesia were restricted (be it in terms of quantity or any other forms of restriction).

2.4. She clarified that, in relation to imports, Indonesia's customs regulation classified goods into three groups, namely: "free goods", "restricted goods", and "prohibited goods". Free goods were those that were freely imported into Indonesia. "Restricted goods" referred to those goods whose importation was regulated. "Regulated" did not necessarily mean that Indonesia restricted or limited the quantity of a particular good being imported. In general, imports of any good into Indonesia that were regulated were not limited by a quantity or any other restriction. In contrast, prohibited goods were goods whose importation into Indonesia was banned.

2.5. In principle, the importation of tyres into Indonesia was regulated so as to attain the objectives set out in the regulation. The article mentioned by the EU did not provide for any discretion on the part of the issuer of the license. It stipulated that the license would be issued at the latest three working days after the application for the license had been submitted in a complete and correct manner and subsequently accepted for review.

2.2 Document G/LIC/Q/BRA/21 (replies from Brazil to the European Union)

2.6. The representative of the European Union welcomed the Brazilian government's engagement to streamline and ultimately to reduce the number of products subject to import licencing requirements and looked forward to hearing from Brazil about any new developments.

2.7. She acknowledged Brazil's commitment to amend its notification (as well as its QR notification) and would welcome any updates in this respect, in particular on when Brazil planned to submit a revised notification. She also expressed interest in understanding the role of the recently established "National Committee on Trade Facilitation" in this process.

2.8. On Nitrocellulose for industrial use, the EU thanked Brazil for the replies to its questions, circulated as document G/LIC/Q/BRA/21, and wished to continue the discussion on the importation of Nitrocellulose for industrial use. More specifically, she asked whether, in the framework of the general review of the import licensing procedures, Brazil envisaged any revision to the procedures applicable to the importation of nitrocellulose for industrial use. With the understanding that the Brazilian Ministry of Defence could lead this specific review, she requested Brazil to clarify this aspect, including the expected timeline.

2.9. She recalled that, in its written replies, Brazil had stated that all proceedings regarding nitrocellulose could be downloaded at "http://www.mdic.gov.br/index.php/comercio-exterior/importacao/tratamento-administrativo-de-importacao". However, the EU had still not succeeded in finding the relevant information. For this reason, she asked Brazil once again to present in detail the current requirements on importation of nitrocellulose for commercial use.

2.10. Second, and as already asked in this Committee on several previous occasions, the EU continued to request reciprocal treatment on the import of nitrocellulose products for industrial purposes with a maximum nitrogen content of 12.5%, and likewise requested further clarification on the procedures for the importation of nitrocellulose under regulation NCM 3912.20 (nitratos de cellulose/ nitrocellulose).

2.11. Third, regarding Brazil's claim that the procedures were in place to guarantee Brazil's national security interests, she asked Brazil to clarify what Brazil meant by "national security interests". In this respect, she underlined that a stability test for industrial nitrocellulose declared the EU products to have the highest safety standard worldwide, that the products were stable, and that they would not show a dangerous decomposition even if they should become dry. Therefore, she asserted that Brazilian national security would not be negatively affected and invited Brazil to comment.

2.3 Document G/LIC/Q/IDN/38 (replies from Indonesia to the United States)

2.12. The representative of the United States thanked Indonesia for its replies and noted that they would take up the matter under another agenda item.

2.4 Document G/LIC/Q/IDN/39 (replies from Indonesia to the European Union)

2.13. The representative of the European Union stated that they would come back to this issue under another agenda item.

2.5 Documents G/LIC/Q/MYS/14 and G/LIC/Q/MYS/15 (replies from Malaysia to the European Union)

2.14. The representative of the European Union thanked Malaysia for its replies and confirmed that they had no further questions.

2.6 Document G/LIC/Q/MAR/2 (replies from Morocco to the European Union)

2.15. The representative of the European Union thanked Morocco for its replies and confirmed that they had no further questions.

2.7 Document G/LIC/Q/BOL/3 (follow-up questions from the European Union to the Plurinational State of Bolivia)

2.16. The representative of the European Union stated that the EU had noted an increasing use in the Plurinational State of Bolivia of import licensing procedures and wished to ask Bolivia to explain the rationale behind this new policy. She pointed out that EU companies had complained about Bolivia's burdensome import procedures and a lack of sufficient information. Thus, as at previous meetings, the EU again asked Bolivia: (1) to provide detailed written replies to the EU questions submitted last year. This would allow her delegation to understand the procedures put in place under Supreme Decree 2752/2016. In particular, the EU asked Bolivia to present the details of these procedures, clarifying their purpose and intended duration; and (2) to submit its annual notification.

2.17. In response, the representative of Bolivia asked the EU to submit their comments and questions in writing so that they could be promptly conveyed to Capital.

2.8 Document G/LIC/Q/THA/3 (follow-up questions from the EU to Thailand)

2.18. The representative of the European Union reiterated the EU's concerns with regard to Thailand's import procedures on feed wheat, and asked the following questions: (1) the EU wished to understand under what rationale the measure was introduced and for how long it would be maintained; (2) the EU wished to understand whether the measure in question was an automatic or a non-automatic import licence, as well as to receive more information with regard to the applicable import procedures (including their timeline), in accordance with Article 3 of the Agreement; (3) the EU wished also to understand Thailand's justification for the measure. In addition, the EU repeated its request to receive all relevant data concerning the actual situation in market oversupply of corn. In particular, the EU requested Thailand to provide statistics on the production, export, import, and consumption of maize and wheat for the period 2014-2016.

2.19. Moreover, she noted that a new implementing regulation had been issued in June 2017. The new set of rules maintained identical requirements for the purchase of local corn, while granting favourable derogations for feed wheat imported for the manufacture of pet food and shrimp feed. On this point, she requested Thailand to explain the consistency and rationale of this policy making and questioned if these derogations might not cause additional pressure on the alleged market oversupply of corn. If that were the case, she asked if the likely consequence would be a prolongation of the measure.

2.20. In addition, she reiterated the EU's request for Thailand to share information regarding the number of applications received under the new license regime and the number of import licenses granted to date, including the total import quantity of feed wheat allowed under the new license regime.

2.21. In conclusion, she indicated that the EU was looking forward to receiving written replies to its questions circulated in document G/LIC/Q/THA/3, as well as to the questions raised today, and

would like to know whether Thailand intended to notify these import procedures in accordance with Articles 1.4 and 5 of the Agreement.

2.22. The representative of Canada shared the EU's concerns. He encouraged all Members to submit notifications in a timely manner and, in this case, asked Thailand to notify its measures to the WTO as soon as possible, in accordance with Articles 1.4 and 5 of the Agreement on Import Licensing Procedures. Canada looked forward to receiving additional information from Thailand, including on the issue of the compatibility of Thailand's measures in question with Article XI of GATT 1994.

2.23. In response, the representative of Thailand thanked the EU and Canada for raising the questions regarding its import procedures for feed wheat in document G/LIC/Q/THA/3. She explained that Thailand had set the final bound tariffs for wheat at 27%. However, since September 2007, Thailand had exempted import tariffs for wheat to reduce the burden on the private sector. Since 2012, Thailand had begun importing a large amount of feed wheat and this had had a negative impact on corn farmers during the harvest season. The import permit for feed wheat was a temporary measure that had been put in place to relieve the challenge of corn price depression. In this regard, animal feed manufacturers were required to register with the Department of Livestock Development. The Ministry of Commerce was currently reviewing a possible increase in imports of wheat at a reasonable level and was in consultation with the Ministry of Agriculture and private sector to find a satisfactory way in which to do so. In this regard, she asked the EU to provide its questions in writing.

2.24. The representative of Ukraine registered Ukraine's support for the concerns expressed by the EU and Canada and thanked Thailand for its explanation.

2.25. The representative of Australia echoed the concerns of the EU, Canada, and Ukraine. He thanked Thailand for its answers but noted that this was an issue that had been raised in multiple fora since the beginning of the year, and Australia looked forward to its resolution.

2.26. The Committee took note of the statements made.

3 NOTIFICATIONS

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

3.1. The following N/1 notifications were reviewed: European Union (G/LIC/N/1/EU/11); Mauritius (G/LIC/N/1/MUS/3); Republic of Moldova (G/LIC/N/1/MDA/3); Switzerland (G/LIC/N/1/CHE/4); and the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (G/LIC/N/1/TPKM/12).

3.2. The Committee took note of the notifications made.

3.2 Notifications under Article 5 of the Agreement

3.3. The following N/2 notifications were reviewed at the meeting: Argentina (G/LIC/N/2/ARG/28); the European Union (G/LIC/N/2/EU/11); Hong Kong, China (G/LIC/N/2/HKG/8); Malaysia (G/LIC/N/2/MYS/8 and G/LIC/N/2/MYS/8/Add.1); Paraguay (G/LIC/N/2/PRY/7); and Ukraine (G/LIC/N/2/UKR/6/Corr.1).

3.4. On G/LIC/N/2/PRY/7, the representative of the European Union sought confirmation from Paraguay that, with these new measures, Paraguay had introduced an automatic import licensing procedure for mobile cellular telephones, and a non-automatic procedure for telephone parts not integrated into finished mobile cellular telephones. She also requested an explanation of the rationale for having put in place two different systems, one automatic and the other non-automatic, as well as Paraguay's reasons for choosing a non-automatic system.

3.5. The Committee took note of the notifications and statements made.

3.3 Notifications under Article 7.3 of the Agreement

3.6. The following N/3 notifications were reviewed at the meeting: Argentina (G/LIC/N/3/ARG/13); Australia (G/LIC/N/3/AUS/9/Rev.1); Hong Kong, China (G/LIC/N/3/HKG/21); Mali (G/LIC/N/3/MLI/9); Mauritius (G/LIC/N/3/MUS/7); Panama (G/LIC/N/3/PAN/8); the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (G/LIC/N/3/TPKM/8); Switzerland (G/LIC/N/3/CHE/13); and Ukraine (G/LIC/N/3/UKR/10).

3.7. The Committee took note of the notifications made.

4 INDIA – IMPORT LICENSING REQUIREMENTS FOR BORIC ACID – STATEMENT BY THE UNITED STATES

4.1. The Chairman informed the Committee that items 4 to 9 had been included in the agenda at the request of the United States in a communication dated 19 September 2017.

4.2. The representative of the United States indicated that, for quite some time, the US had been concerned with India's import licensing requirements for boric acid, particularly with respect to the burdensome end-use certificates necessary for importation. In fact, his delegation had been raising this issue in the Committee since 2008, and bilaterally for even longer.

4.3. He recalled that US concerns dated back to 2006, when India's Ministry of Commerce and Industry issued a new ruling, stating that "Imports 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."

4.4. He elaborated that, prior to this change, no import permit had been required for boric acid. However, India's implementation of this change had had the effect of limiting the importation of non-insecticidal boric acid by Indian importers by requiring the importer to provide the precise end-use of the product prior to importation. This information was subject to a formal government review process. Ultimately, only a specific quantity of boric acid could be approved for import under each transaction.

4.5. The Central Insecticide Board and Registration Committee only met monthly, and often did not have the opportunity to review import requests. This completely impeded the ability of importers in India to meet "just in time" supply chain requirements for non-insecticidal boric acid. No such restrictions were placed on domestic suppliers of non-insecticidal boric acid.

4.6. In addition to the lengthy time-frame for obtaining an approval, quantities were also restricted. Indian importers had expressed their frustration that they must supply information on their past consumption of boric acid, broken out by imports and domestic sources, when seeking approval to import. New approvals for imported boric acid were based only on past import levels, not on total consumption. This appeared to be an arbitrary quantitative restriction.

4.7. He noted that the US had received varying responses from the Indian government when presented with these facts. During its TPR, India had cited the Insecticides Act of 1968 as the legislative authority for its import licensing of boric acid. However, import permits were not required on boric acid until 2006. Then, in 2011, India's Central Board of Excise and Customs (CBEC) stated that Section 38 of the Insecticide Act 1968 exempted insecticides with non-insecticidal use from import permit requirements. However, the CBEC later clarified that import permits were still required for non-insecticidal boric acid.

4.8. He continued to request that India explain why boric acid, which had a toxicity level roughly equivalent to that of table salt, was the only insecticide requiring an import permit for non-insecticidal use considering its low toxicity level compared to other insecticides that were not required to obtain an import permit.

4.9. He observed that domestic manufacturers of boric acid in India did not have to seek approval from a government Ministry to sell their product, and that domestic producers did not have to determine the end use of the boric acid prior to its sale. Indeed, domestic producers could sell to any buyer and faced no quantitative limit upon how much they sold.

4.10. In this regard, the US continued to request that India amend Schedule – I (Imports) of the ITC (HS) Classifications of Export and Import Items to eliminate the requirement that imports of boric acid for non-insecticidal purposes be subject to an import permit.

4.11. Further, on 17 August 2017, India's Central Insecticide Board and Registration Committee issued a public notice entitled "Mechanism for Issuance of the Specific Quantity Permission (SQP) in view of Make in India initiative."

4.12. The policy would implement quantitative restrictions on imports of all registered insecticides, including boric acid. The notice stated that imports of insecticides would be restricted to 75% of the average of the three previous years of imports from the date an application for an import permit was submitted.

4.13. In this regard, the United States had a number of questions that they intended to follow up with India bilaterally:

- The US wished to understand on what basis India was imposing this restriction on the amount of boric acid that could be imported?
- When did India plan to notify this measure to the Committee?
- The US understood that its implementation had been deferred until an online system had been developed and was interested to know when India expected to implement this policy.

4.14. In response, the representative of India thanked the US delegate for its continued interest in India's import licensing policy on boric acid. He noted that the US had raised two specific issues. On the first issue, India had already responded to all written questions asked by interested delegations, including the US, and these replies had explained the policy objectives of the measure as well as issues relating to its implementation. The matter had also been discussed at a bilateral level. He stated that there was no new response from India on this issue and invited the US to refer to India's detailed statement delivered at the Committee's previous meeting and available at paragraph 6.11 and 6.12 of the minutes (G/LIC/M/44).

4.15. Regarding the US reference to the public notice issued by the Central Insecticide Board Administration and Registration Committee in 2017, he indicated that the implementation of the measure had been deferred until further notice. In this regard, India requested the US to submit its concerns in writing. India also indicated that the issue would be discussed further in bilateral meetings with the US.

4.16. The Committee took note of the statements made.

5 MEXICO – STEEL IMPORT LICENSING PROGRAM – STATEMENT BY THE UNITED STATES

5.1. The representative of the United States thanked Mexico for its continued cooperation towards addressing US concerns over Mexico's import licensing requirements for steel products.

5.2. However, the United States continued to be concerned about aspects of the program and its implementation. He noted that his authority had received reports from US industry of long border delays caused by ad hoc or unusual import license paperwork requirements. Specifically, some US steel service centres had indicated that SAT and Mexican Customs were: (1) mandating – in certain instances – that importers or customs brokers present an original or "certified copy" of the Steel Mill Test Certificate; and (2) requiring that specific terminology, such as "hot-rolled steel," be spelled out on the Mill Test Report. He noted that this development was confusing for industry because a listing of these requirements seemed not to have been published anywhere in Mexican law, nor on the websites of SAT or Mexican Customs.

5.3. In this regard, the US had questions for Mexico on which they wished to follow up bilaterally, including:

- Whether Mexico could clarify where the requirements for certified copies of Steel Mill Test Certificates and specific terminology on Mill Test Reports could be found? And could Mexico provide the rationale for requiring specific terminology on Mill Test Reports?

- The US understood that SAT established the Steel Sector Import Registration in January 2017. Companies were initially given until 15 May to register although that deadline was then extended to 15 June because of the overwhelming number of applications received. The US wished to know whether all applications had been successfully reviewed by the 15 June deadline. If not, how was SAT managing imports by those companies whose applications had not yet been reviewed, and were imports by those companies permitted?

5.4. He hoped to continue bilateral communications with Mexico in order to resolve these issues.

5.5. In response, the representative of Mexico took note of the statement made by the US. She indicated that her delegation had been surprised to see that this item had once again been included on the Committee's agenda, in particular given the ongoing bilateral exchanges and cooperation on this issue. She pointed out that, unfortunately, her delegation was not in a position to answer the questions raised today given that they did not receive any indication of the specific US concerns prior to the meeting, and nor had they been notified that the item would appear on the agenda. She noted that such notification was considered a courtesy gesture between Geneva delegations. In any case, the channels of communication remained open, in Geneva and in Capital. She requested that the questions raised be submitted to her delegation in writing.

5.6. The Committee took note of the statements made.

6 INDONESIA – IMPORT LICENSING REGIME FOR CELLPHONES, HANDHELD COMPUTERS AND TABLETS - STATEMENT BY THE UNITED STATES

6.1. The representative of the United States pointed out that, as the Committee was well aware, the US held long standing and serious concerns over Indonesia's import licensing regimes and, in particular, the import licensing requirements for cellphones, handheld computers, and tablets. For some time, the United States had been seeking clarity regarding the specific requirements of Indonesia's import licensing regime and an explanation of the overall rationale for the requirements.

6.2. While recognizing the responses provided by Indonesia just prior to the last meeting, the US was of the view that these did not address their concerns and, in some instances, the answers did not respond to the questions asked.

6.3. He continued to seek Indonesia's explanation as to why the import licensing requirements treated 3G and 4G technologies differently. He pointed out that the answers received from Indonesia merely stated that the two products were treated differently—both in terms of which type of API was needed as well as in terms of the type of recommendation needed—without explaining the underlying rationale for the difference in treatment.

6.4. The US also continued to wish to understand why Indonesia required both a license to import generally—which divided companies into those that imported goods for further processing and those that imported finished products—and a separate license for specific products, in this case for 4G LTE products, and a recommendation from the specific line ministry.

6.5. In addition, the US also had a series of questions concerning whether or not domestic companies were subject to requirements equivalent to those imposed on importers. Based on Indonesia's responses, it appeared that Indonesia had designed its system to treat importing companies differently from domestic companies manufacturing these products. Further, it appeared that the system was designed to treat importers that import for further processing more favourably than those importing finished products.

6.6. He emphasized that this set of requirements was a source of fundamental concern and that the responses received had so far done nothing to alleviate that concern.

6.7. He pointed out that the one area in which it appeared that there might be a similar requirement for domestic companies was with respect to the use of distributors. In this regard, his delegation asked Indonesia to provide the specific legislative or regulatory reference—the title, number, and year—for the requirement applicable to domestic companies regarding the use of distributors.

6.8. Furthermore, his delegation questioned the suggestion made in the written responses, that a comparison of the current requirements with the immediately preceding requirements was an appropriate basis for determining whether the current requirements were no more administratively burdensome than necessary, because:

- It did not appear that the current requirements were less administratively burdensome than the immediately preceding requirements;

- Second, if one were to accept that proposition, it would be preferable to compare the current requirements to the situation in 2011, when there were no requirements in place.

6.9. Overall, his delegation continued to question what WTO-consistent measure these import licensing requirements were implementing, as well as how these requirements could be understood as being no more administratively burdensome than necessary.

6.10. He understood that Indonesia had issued additional regulations—Ministry of Industry Regulation 65/2016, and Ministry of Communication and Information Technology Regulation 23/2016—which contained additional procedures for obtaining the necessary certification prior to obtaining an import license.

6.11. He stated that the industry concerned was very important both to the United States and to the global economy. As previously stated, the issues raised today and on multiple previous occasions were serious. In the view of the US, the import licensing requirements at issue had already begun to distort trade and investment in an important and dynamic sector, and to undermine efforts to enhance market access opportunities for high technology products, as reflected in the WTO Information Technology Agreement.

6.12. He appreciated that Indonesia had notified some of these measures to the Committee, including Ministry of Trade Regulation 41/2016, in March 2017. However, the US urged Indonesia: (1) to notify all of the associated measures, including Ministry of Industry Regulations 108/2012 and 68/2016, the two aforementioned new measures from the Ministry of Industry and the Ministry of Communication and Information Technology (Regulation 29/2017 and Regulation 23/2016, respectively); as well as KOMINFO Circular Letter 518/2017; and (2) to reconsider these import licensing requirements for cellphones, handheld computers, and tablets.

6.13. In response, the representative of Indonesia thanked the United States for its concern with regard to Indonesia's import licensing regime for cellphones, handheld computers, and tablets.

6.14. She noted that, as the destination for many 4G devices, Indonesia needed to ensure the safety and conformity of 4G devices with existing operating systems in Indonesia; Indonesia also needed to ensure that 4G devices sold on its market came with good after-sales service so that consumers knew where to go if any problems occurred with their devices. She stated that her Government had invested a huge sum to create the 4G system and had an obligation to ensure that 4G devices sold in Indonesia were compatible with the network provided without creating any unnecessary interference that might affect national security.

6.15. She continued that, as the Committee was primarily concerned with import licensing procedures, her delegation could reassure the US that, as long as all the licensing requirements were fulfilled in a complete and correct manner, the import license would be issued automatically, especially in the case of imports of cellphones, handheld computers, and tablets.

6.16. The Committee took note of the statements made.

7 INDONESIA – IMPORT LICENSING REQUIREMENTS RELATED TO MILK SUPPLY AND CIRCULATION – STATEMENT BY THE UNITED STATES

7.1. The representative of the United States noted that the US was very concerned with recent developments regulating the dairy industry in Indonesia. They understood that Indonesia had recently issued Ministry of Agriculture Regulation 26/2017 concerning Milk Supply and Circulation ("MOA 26/2017") and that this regulation called for the issuance of several additional measures, including a dairy import regulation.

7.2. He was concerned that Regulation MOA 26/2017 and associated measures would restrict US dairy exports to Indonesia and create disadvantageous conditions for dairy importers and food processing businesses. Based on conversations with Indonesian officials, the US understood that the import regulation would be similar to some of the existing import licensing requirements that were already in place in Indonesia, such as those for animal and animal products.

7.3. He stated that, as this Committee was well aware, the United States had long-standing concerns with Indonesia's import licensing regime in general, and in the agriculture area specifically. Thus, he urged Indonesia to reconsider Regulation MOA 26/2017, and to consult with its trading partners prior to the issuance of any subsequent dairy import measures.

7.4. The representative of the European Union expressed its interest in this issue. In particular: (1) the EU was interested in receiving information on the current situation with regard to the implementation regulation; (2) the EU requested Indonesia to present in detail the rules applicable on the basis of Regulation No. 26/2017 and its implementing regulations on milk supply and distribution; (3) the EU invited Indonesia to notify these new procedures as soon as possible upon their entry into force.

7.5. The representative of Switzerland echoed the concerns raised by the US and the EU with regard to Indonesia's tariff regulation 26/2017 on milk supply and regulation. He looked forward to receiving a response from Indonesia on this matter, especially regarding Indonesia's justification for the measure and details of its implementation.

7.6. In response, the representative of Indonesia thanked the US, the EU, and Switzerland, for their interest in Indonesia's regulation on the provision and circulation of milk, and in particular that part of the regulation that concerned imports. She pointed out that the regulation did not contain any provision regarding import licensing. However, her delegation would convey the issue to Capital and stood ready to give additional explanation if requested to do so.

7.7. The Committee took note of the statements made.

8 VIET NAM – DISTILLED SPIRITS AND COMPLETENESS QUESTION – STATEMENT BY THE UNITED STATES

8.1. The representative of the United States recalled that they had been raising the issue of Viet Nam's distilled spirit importation measures for some time and that it remained an issue of importance to various stakeholders in the United States.

8.2. He indicated that there were positive signals that the issue might soon be addressed in light of a replacement decree that would come into effect on 1 November 2017. This new decree – Decree 105 – appeared to replace the three-tiered licensing regime from Decree 94/2012, and to eliminate the earlier decree's discriminatory aspects.

8.3. He noted that while his Government would review the new decree and its implementation, the US preliminary analysis suggested that the issues they had raised in the past had now been addressed. In this regard, his delegation highly appreciated Viet Nam's responsiveness to their concerns. Finally, he emphasized that the US remained interested in confirming that Viet Nam had notified all of its import licensing regimes. They had been working bilaterally with Viet Nam to address this issue and appreciated the efforts Viet Nam had made to resolve it. He informed the Committee that, based on their bilateral discussions, it appeared that Viet Nam intended to meet its transparency obligations imminently and had a plan to do so. The US looked forward to reviewing Viet Nam's Article 7.3 notification in the near term.

8.4. The representative of Australia stated that Australia had also been raising this issue on distilled spirits with Viet Nam for some time. His delegation was pleased to hear the news from the US that the new Decree made some positive amendments. They would review the new Decree and looked forward to further engagement with Viet Nam.

8.5. In response, the representative of Viet Nam confirmed that on 2 October Viet Nam had submitted its answers to the United States' questions (document G/LIC/Q/VNM/7). He informed the Committee that, as of the day of the Committee's meeting, the draft decree on wine trading referred to in their response had become final and would enter into force on 1 November 2017. He hoped that it would address all the concerns raised by the United States. He thanked the US for their continued interest and remained open to discussing with Members any further issue regarding Viet Nam's import licensing regime.

8.6. The Committee took note of the statements made.

9 CHINA – CHANGES TO IMPORT LICENSING FOR CERTAIN RECOVERABLE WASTES AND RECOVERED MATERIALS – STATEMENT BY THE UNITED STATES

9.1. The representative of the United States noted that the US had significant concerns over the uncertainty, transparency, and trade restrictiveness of the changes to import licensing regulations surrounding China's implementation of an existing import ban on certain plastic and paper scrap and China's plans to extend this ban to other products. He asked China to explain the following: (1) the new import licensing requirements under this policy, and when it would notify these changes to the Committee; and (2) whether China planned to extend the import ban to ferrous and non-ferrous scrap? If so, when might those changes occur? What procedures would be followed in adopting such an extension? In addition, he respectfully asked that China adhere in a timely manner to its notification obligations under the Agreement on Import Licensing with respect to any new import measures, particularly for ferrous and non-ferrous metals, as China was a multi-billion dollar market for US stakeholders.

9.2. The representative of the European Union expressed the EU's interest in this issue and asked China to provide details of the recently adopted amendments to the licence procedures for restricted waste. The EU also invited China to notify these amendments as soon as possible.

9.3. The representative of Australia also expressed its concerns and interest in this matter. He noted that Australia had raised its concerns both in Geneva and in Beijing and looked forward to receiving further information on this matter and, in particular, a notification of the changes to China's regime.

9.4. The representative of Canada shared the US's concerns with regard to China's recently announced restrictions on the import of solid waste and the resulting uncertainty for traders. Canada would appreciate additional and more detailed information on the following: (1) the specific products that China intended to ban under the revised Catalogue of Solid Wastes Forbidden to Import into China; (2) clarity with regard to the explicit descriptions of each newly banned material and the rationale for China's action in each case so as more clearly to understand China's intentions; (3) an explanation from China regarding the planned changes to its import licensing system, as well as the date of implementation; and (4) clarification as to whether or not the proposed measures would apply to goods destined for recycling operations.

9.5. He argued that the trade in recyclable materials was mutually beneficial because Canada was not able to process many of these materials as efficiently as China could, and because Chinese companies in turn obtained valuable raw materials from Canadian sources. Severely restricting the import of these materials into China might then increase the price of those raw materials, thereby harming the competitiveness of Chinese processors. In this regard, Canada encouraged China to consider all possible mechanisms to ensure that this lucrative trade was not disrupted while at the same time limiting any harmful environmental impact.

9.6. The representative of the Republic of Korea shared the concerns of other Members with regard to China's changes to its import licensing for certain recoverable waste and recovered materials. He indicated that Korea would continue to closely monitor the follow-up measures to be

taken by the Chinese Government. Korea looked forward to reviewing China's notification to the Committee and to further cooperating with China on this matter, as necessary.

9.7. In response, the representative of China took note of the statements made by the US, the EU, Australia, Canada, and Korea. She pointed out that, since it was the first time that this issue had been raised in the Committee, her delegation would forward it to Capital for further consideration. In order to better respond to the concerns, she hoped that the US and other Members would submit their questions in writing.

9.8. The Committee took note of the statements made.

10 IMPROVING TRANSPARENCY IN NOTIFICATION PROCEDURES OF THE AGREEMENT – REPORT OF THE CHAIRPERSON

10.1. The Chairman noted that transparency had always been one of the key pillars of the multilateral trading system and that, in the past few years, a lot of work and effort had gone into improving transparency and notification compliance in this Committee. He recalled that at the Committee's previous meeting, on 5 May 2017, he had repeated the view expressed by his predecessor, Mr Tapio Pyysalo of Finland, that the factors leading to a low notification rate in this area were complex and needed to be addressed in a comprehensive manner. He also believed that the time and effort dedicated by many Members and the Secretariat to simplifying and streamlining notification procedures should not be wasted. On the other hand, he recognized the fact that, at this stage, divergent views remained among Members with regard to how to improve notification procedures, as well as the process by which to do so.

10.2. Taking into account the importance of improving transparency and notification compliance in this Committee, he suggested to Members that they continue to work in a frank and constructive manner. In this regard, he intended to hold informal consultations with Members after MC11. As the new Chair, he sought Members' views on: (1) whether we should continue the discussions in this Committee; and (2) what would be the best approach to do so?

10.3. The representative of the United States thanked the Chairman and the Secretariat for all their work in seeking to improve notification procedures and expressed disappointment with the difficulties that had arisen in further advancing this work. His delegation understood that it could be challenging to comply with the notification requirements under this Agreement, especially for lesser developed countries with capacity constraints. His delegation was also aware of the seemingly very low level of compliance among Members with their import licensing notification obligations.

10.4. In this context, he welcomed a re-examination of the notification procedures, while recognizing that the substantive obligations would not be modified through this process, and providing that any changes contemplated were realistically designed to increase the level of compliance with the notification obligations. Furthermore, his delegation continued to advocate that legislation be provided to the Secretariat in an electronic format so as to ensure that such information be easily transmittable and accessible.

10.5. The representative of Switzerland thanked the Chairman and supported his proposal to hold further consultations. His delegation regretted that the Committee's discussions had not resulted in agreement on how to improve the situation on notification. He echoed the US in saying that notification compliance in the Committee was poor partly because of the complexity of the current notification system. He emphasized that the proposal put forward by the Secretariat would be on a voluntary basis and that his delegation was still of the view that to discuss the document should not be an issue. Therefore, his delegation would indeed wish to continue the discussion.

10.6. The representative of the European Union expressed the EU's readiness to participate in any kind of initiative if Members joined the consensus to work on the revision of the notification templates. She noted that, as expressed several times in past years, in the EU's view, there was room for improvement in the current rules in order to streamline the notification process and to make the preparation of the annual notification less burdensome to Members. On the other hand, the EU also considered it necessary that Members first agree on the process. The EU therefore

encouraged those Members that had objected to such discussions in the past to reconsider their positions and to engage in this process with the aim of improving regulatory transparency.

10.7. The representative of Canada expressed support for the Chair's initiative to continue working on informal consultations with a view to advancing a discussion on new notification templates. In Canada's view, the work would facilitate efforts to help Members to meet their transparency obligations under the Agreement, and to ensure that governments and businesses had access to applicable import licensing procedures in a timely manner. Canada supported continuous discussions on the issue and was ready to participate in such discussions in any format.

10.8. The representative of Singapore indicated that Singapore was supportive of Members' efforts in the Committee to improve overall compliance with notification obligations. Singapore very much welcomed the technical assistance workshops that the Secretariat would organize and regarded such efforts as a step in the right direction. She reiterated her delegation's continuous support for the Committee's earlier efforts to streamline notification requirements, without duplicating existing obligations or creating new notification obligations.

10.9. The representative of Australia noted that, as technology evolved, Members should look to make the best use of it in the area of notifications. Referring to the very low compliance rate in notifications to the Import Licensing Committee, he believed that the compliance rate could be improved by new approaches and appropriate amendments. He emphasized that Members should always be looking to make improvements in how things were done. Australia's ultimate wish was to have a database, similar to those of other Committees, where Members would be able to search procedures and notifications with ease. However, he acknowledged that, in the interim certain initial steps might first need to be taken. The first step was to improve the notification process itself. He encouraged the Chairman to hold consultations on this issue and looked forward to working with him in this regard.

10.10. The representative of China thanked the Secretariat for its great efforts in improving transparency and the efficiency of the notification template. China attached great importance to implementation of the transparency obligation under the Agreement on Import Licensing Procedures and believed that discussions on the templates should aim at simplifying notifications, improving efficiency, and reducing the notification burden on Members. At the same time, the exercise should avoid duplicating notification obligations or creating new notification obligations. China was ready to engage in any related technical discussions.

10.11. The representative of Thailand pointed out that her delegation fully supported continuing the discussion to improve the notification procedures and practices under the Agreement by streamlining a template to fulfil the Agreement's requirements and to reduce the duplications in the existing forms. She emphasized that it was essential that the revised template facilitate the notification procedures and enhance transparency without placing any additional burden on Members.

10.12. The representative of the Republic of Korea expressed support for advancing the consultations and his delegation was ready to work on this issue to enhance transparency in the Committee.

10.13. The representative of Chinese Taipei thanked the Secretariat for the excellent work they had done and for the discussion so far. She expressed her delegation's full support for a simplified and streamlined notification format. She encouraged Members with concerns to show flexibility and looked forward to the adoption of draft formats in this Committee in the near future.

10.14. The Committee took note of the Chair's report and of the statements made.

11 DRAFT REPORT (2017) OF THE COMMITTEE TO THE COUNCIL FOR TRADE IN GOODS (G/LIC/W/48)

11.1. The Chairman informed the Committee that a draft report to the Council for Trade in Goods (CTG), covering the activities of the Committee in 2017, had been circulated in

document G/LIC/W/48 for the Committee's consideration. He noted that new notifications and documents received since the issuing of the draft report would be included in the final report.[1]

11.2. The Committee adopted the report.

12 DATE OF THE NEXT MEETING

12.1. The Chairman informed the Committee that the Secretariat had tentatively reserved Friday, 20 April 2018, for the next formal Committee meeting and on the understanding that additional meetings may be convened as necessary.

12.2. The Committee took note.

[1] The final report was circulated in document G/L/1187.