1. This report, submitted under Article 5.5 of the Agreement on Import Licensing Procedures, sets out developments in the implementation and operation of the Agreement since the Committee's last report on 23 October 1985 (L/5884).

2. The Agreement on Import Licensing Procedures entered into force on 1 January 1980. As of 16 October 1986 there were twenty-six signatories to the Agreement: Argentina, Australia, Austria, Canada, Chile, Czechoslovakia, Egypt, the European Economic Community, Finland, Hong Kong, Hungary, India, Japan, New Zealand, Nigeria, Norway, Pakistan, Philippines, Poland, Romania, Singapore, South Africa, Sweden, Switzerland, United States and Yugoslavia. Argentina has signed the Agreement subject to ratification. The Committee was informed by the European Economic Community that, as new member States, Spain and Portugal were now subject to the Agreement on Import Licensing Procedures and it would be making the appropriate notifications with respect to Article 5.4.

3. The following twenty-three contracting parties have observer status in the Committee on Import Licensing: Bangladesh, Brazil, Colombia, Côte d'Ivoire, Cuba, Dominican Republic, Gabon, Ghana, Indonesia, Israel, Jamaica, Republic of Korea, Malaysia, Malta, Mexico, Peru, Senegal, Sri Lanka, Tanzania, Thailand, Trinidad and Tobago, Turkey and Zaire. Tunisia and three non-contracting parties, Bulgaria, Ecuador and Venezuela are also observers. Two international organizations, IMF and UNCTAD, have attended meetings of the Committee in an observer capacity.

Developments since the Committee's last report (L/5884)

4. The Committee held its fifteenth and sixteenth meetings on 11 March (LIC/M/15 and L/5973), and 16 October 1986 (LIC/M/16 and L/6063).

5. The following contracting parties have accepted the Agreement on Import Licensing Procedures in the course of 1986: Nigeria on 14 March 1986 and Poland on 23 April 1986. The Agreement entered into force on 13 April 1986 for Nigeria. For Poland the acceptance is subject to approval.

6. On 23 April 1986 Hong Kong was deemed to be a contracting party to the GATT in accordance with Article XXVI:5(c) of the General Agreement. Hong Kong, having declared its intention to continue to accept the Agreement on Import Licensing Procedures, became a party thereto in its own right with effect from 23 April 1986.

7. Since the last report (L/5884), two contracting parties, the Dominican Republic and Mexico, have acquired observer status in the Committee on Import Licensing. As a result of their accession to the European Communities, Portugal and Spain no longer have observer status in the Committee but participate in the work of the Committee as members of the European Economic Community.
8. During the reporting period, signatories communicated regularly to the Committee, in accordance with Article 5.4 of the Agreement, changes in their laws and regulations and in the administration of such laws and regulations relevant to the Agreement (LIC/1 and addenda). Copies of publications containing information on new rules concerning import licensing procedures or lists of products subject to licensing requirements were made available to the secretariat as and when published (LIC/3, corrigenda and addenda). In addition, seventeen signatories have brought up to date the data supplied by them in response to the GATT Questionnaire on Import Licensing Procedures. Another Party informed the Committee (LIC/15, paragraph 15) that in the near future an additional supplement to its reply (L/5640/Add.21) would be presented to reflect the changes in this Party's membership. The status of such notifications as of 10 March 1986 is contained in L/5640/Rev.2.

9. At its fifteenth meeting, one Party declared its intention to raise questions under Article 3(b) on the licensing system for imports of almonds by another Party (LIC/M/15, paragraphs 10 and 12) and concerning another Party's licensing system in relation to imports of leather footwear and of thirteen agricultural product categories (LIC/M/14/Rev.1, paragraph 10; LIC/M/15, paragraphs 9-11).

10. At its fifteenth meeting (LIC/M/15, paragraph 15), the Committee was informed that the problem raised by one Party concerning another Party's invoicing practice for imports of specialty steel, which involved the requirement of prior landing before import authorization could be granted (LIC/M/10, paragraphs 22-24; LIC/M/11, paragraph 19; LIC/M/12, paragraphs 15-17; LIC/M/13, paragraphs 18-20; LIC/M/14/Rev.1, paragraphs 17-20) had been resolved in the context of a broader solution which had been notified to GATT and appeared in L/5524/Add.74. Although the specific bilateral problem had been solved, the Committee agreed, at the request of the Party that had raised the issue, to consider the broader issue of the applicability of Article 1.1 in conjunction with discussions of its work programme.

11. At the fifteenth meeting, one Party expressed concern regarding another Party's import licensing procedures used to administer prohibitions or quantitative restrictions, which were claimed to be inconsistent with Article XIII of the GATT, and reserved its position with respect to the conformity of the relevant import licensing procedures under the GATT. That Party considered that the import licensing procedures used to administer them were equally inconsistent with the GATT, and therefore affected the balance of rights and obligations both under the GATT and under the Agreement (LIC/M/15, paragraph 13). The Party in question stated that the purpose of the Agreement was to ensure that procedures to administer restrictions did not themselves restrict imports and that this purpose could be fulfilled without reference to the legal status under GATT of the restrictions themselves. Therefore, if the means by which restrictions were administered were correct in terms of the Agreement, the balance of rights and obligations under it was safeguarded (LIC/M/15, paragraph 15).

12. At the fifteenth meeting, one Party questioned another Party's practice of allocating global import quotas to individual member States according to a given "burden sharing" formula. This hindered the full utilization of import quotas and thus was not in keeping with Articles 3(i), (k) or (l), or the rationale of the Agreement itself (LIC/M/15, paragraph 14). At the sixteenth meeting, the other Party concerned reiterated its readiness to provide information on quota allocation procedures bilaterally (LIC/M/15, paragraph 15; LIC/M/16, to be issued shortly). The Party which had raised
the question reserved the right to revert to it at a future meeting of the Committee.

13. The Committee pursued the examination of its work programme (LIC/M/11, paragraphs 29-34) at each of the meetings held during the reporting period (LIC/M/15, paragraphs 17-30 and LIC/M/16, to be issued shortly) and through informal consultations.

14. The Committee agreed to hold informal consultations to discuss the relationship of its work to the Uruguay Round.