CAUTION: Not to be published or broadcast before 00.30 hours G.M.T., 27 December, 1950.

GENERAL AGREEMENT ON TARIFFS AND TRADE
Fifth Session of the Contracting Parties

STANDARD PRACTICES FOR IMPORT AND EXPORT RESTRICTIONS
AND EXCHANGE CONTROLS

At their Fifth Session, held at Torquay, England, November-December, 1950, the Contracting Parties to the General Agreement on Tariffs and Trade formulated and approved a code of standard practices for import and export restrictions and exchange controls. It was agreed that the code should be published on December 27, 1950.

The following is the text of a leaflet which will be published on December 27, 1950. The leaflet comprises a Preface and the full text of the Code of Standard Practices. The Preface, which is signed by Eric Wyndham White, Executive Secretary, is as follows:

The General Agreement on Tariffs and Trade is an international trade agreement which came into force provisionally on January 1, 1948. Thirty-two governments accounting for over three-quarters of world trade are at present parties to the Agreement and seven more are expected to join at the conclusion of the tariff negotiations now being conducted at Torquay, England.

When the Agreement was drawn up in 1947 most of the emergency controls imposed by governments on international commerce were expected to disappear within the next few years. Some headway has been made, but controls are still widespread.

The Agreement recognizes that governments will need to exercise control over the import and export of goods during periods when they are in balance of payments difficulties. Such controls and restrictions, however necessary they may be, present great problems to the trading and financial communities, and sometimes the way in which they are administered makes them unnecessarily onerous. With the sort of world in which we live, it is clear that these restrictions and controls will be maintained for some time to come. But if they cannot be removed, perhaps their administration can be improved.

The contracting parties to the Agreement examined this question at their Fifth Session which has just concluded at Torquay, England. They desired to reduce to a minimum the uncertainties and hardships to merchants resulting from the changing and unpredictable operation of trade controls. The outcome is

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the code of standard practices published in this pamphlet which, if followed by governments, would contribute to the fulfilment of the objectives of the Agreement. I believe that all who are concerned with trade and commerce will find them deserving of careful study.

It is, of course, understood that the adoption of the recommended practices cannot constitute additional obligations imposed upon contracting parties, and that individual governments must be left to decide how best to apply these standards to their own procedures. Moreover, it is recognized that where there are clear and overriding considerations, or where in particular cases there are good reasons to suspect the bona fides of the transactions, it may be necessary for individual governments to depart from the precise terms of these standards.

The Contracting Parties as a whole have made abundantly clear their wish that governments should review their present practices in the administration of import and export controls and, if possible improve their practices in line with the code of standard practices which they have recommended. In present day circumstances commercial enterprise has to operate under difficult and often frustrating conditions; these can be rendered less difficult if controls are administered in such a way as to reduce to a minimum some of the unpredictable and arbitrary elements with which the commercial community has to contend. For text of code of standard practices, see page 3
STANDARD PRACTICES FOR THE ADMINISTRATION OF IMPORT AND EXPORT
RESTRICTIONS AND EXCHANGE CONTROLS

1. The grant of an import licence should imply that the necessary foreign exchange will be obtainable if applied for within a reasonable time. When both import licences and exchange permits are required, the operation of the two requirements should be co-ordinated. If more than one rate of exchange applies in payment for imports, the import licence or exchange permit should indicate the type of exchange which will apply in the settlement of the particular transaction.

2. Any new or intensified restrictions on importation or exportation should not apply to goods shown to the satisfaction of the control authority to have been en route at the time the change was announced or to have been paid for in substantial part or covered by an irrevocable letter of credit.

3. Goods proven to have been covered by adequate confirmed prior order at the time new or intensified restrictions are announced, and not marketable elsewhere without appreciable loss, should receive special consideration on an individual case basis, provided their delivery can be completed within a specified period. Such goods, as well as those covered under paragraph 2, could be accountable against any import or export quota or exchange allocation that may have been established for that particular class of goods.

4. The administrative formalities in connection with the issuance of import and export licences or exchange permits should be designed to allow action upon applications within a reasonably short period. A licence or permit should be valid for a sufficient period to allow for the production and delivery of the goods, taking into account the character of the goods and the conditions of transport from the country of origin. The control authorities should not withdraw licences or permits unless they are satisfied that exceptional circumstances necessitate such action, and should give sympathetic consideration to requests for renewal or revalidation of licences or permits when exceptional circumstances prevent their utilisation within the original period.

5. Under a system involving the fixing of quotas for particular classes of goods or of allocations of exchange in payment for them, any period that may be set, within which applications for such quotas or allocations must be made, should be sufficient to allow for the exchange of communications with likely foreign suppliers and the conclusion of purchase contracts.

6. When foreign products subject to quantitative limitations are apportioned among importers largely in the light of their past participation in the trade, the control authorities, at their discretion and without undue prejudice to the interests of established importers, should give consideration to requests for licences or permits submitted by qualified and financially responsible newcomers.

7. If an assurance regarding the issue of an import licence is required as a condition of consular legalization of shipping documents in the country of exportation, a reliable communication giving the number of the import licence should suffice.

8. The authority given to customs officials should be adequate to allow them, at their discretion, to grant reasonable tolerance for variations in the quantity or value of individual shipments as delivered from that specified in the prior import or export authorization, in accordance with the character of the product involved and any extenuating circumstances.

9. Where, owing to exceptional and unforeseen balance-of-payment difficulties, a country is unable to provide foreign exchange for imports immediately payment becomes due to the supplier, transfers of foreign exchange in respect of goods already imported or licensed for importation should have priority over transfers in respect of new orders, or should at least have a definite and equitable share of the total amounts of foreign exchange currently available for imports.