1. Pursuant to its mandate to elaborate on an ad referendum basis concrete solutions within the area of problems explored by Working Group 4, commencing with the operation of licensing systems, the Group submits to the Committee two drafts, one on automatic licensing (Annex I) and one on licensing to administer import restrictions (Annex II). It was agreed that these two texts should be accompanied by this cover note when circulated to governments. The Group considered that these two texts, if accepted and implemented, could contribute not only substantially to solution of the specific problems notified in the inventory but also to the objectives of minimizing the incidence and complexity of import formalities and decreasing and simplifying import documentation requirements.

2. As regards automatic licensing, the Group has reached a fair measure of tentative agreement with the exception of paragraph 2 which contains two alternatives. Alternative I reflects the view that automatic licensing systems are necessary for specific purposes, but if administered in accordance with the provisions of the proposed instrument would not be restrictive to trade. Alternative II, on the other hand, reflects the view that such systems should be abolished by a fixed date. The Group recommends that governments should closely examine these two alternatives with a view to finding a mutually acceptable solution.

1 The representative of Austria accepted the text of paragraph 5 on the understanding that, where strictly indispensable, certificates of origin could be required on actual importation.
3. As regards licensing to administer import restrictions, the Group's approach basing itself on the existing relevant provisions of the General Agreement notably Article XIII:2-4, has been to concentrate on developing a text, the main intent of which is to ensure that administrative procedures should aim at facilitating the full and efficient utilization of quotas administered through licensing systems. [Any specific points to be added regarding licensing to administer import restrictions.]

4. The Group noted proposals of developing countries aimed at ensuring improved allocation of quotas to them and their request that these problems be given special attention when the Group addressed itself to the problem of quantitative restrictions.

5. In both texts, bracketed paragraphs relate to questions of discrimination in operation of licensing systems. It was noted that the problem of discrimination arose in a number of other non-tariff barrier subjects and the view was expressed that this question should be examined in a wider context.

6. The Group held an exchange of views on the legal status of the texts and whether it might be necessary to devise appropriate consultation and other implementation machinery. No recommendation on this subject was formulated by the Group.

7. Some delegations maintained that the draft texts resulting from the work of the Group did not necessarily need to be regarded, in either case, as constituting perfect reciprocity as between participating countries.
8. The Group considers that, in view of the progress made on the two texts, it would now be appropriate to refer them to administrations, in accordance with instructions of the CONTRACTING PARTIES, for careful examination and for consideration of implications arising from their acceptance. Having regard to the fact that in some cases changes in legislation might be involved, the Group would recommend that this examination be undertaken as soon as possible.