Committee on Import Licensing

DRAFT MINUTES OF THE MEETING HELD ON 23 MARCH 1993

Chairman: Mr. S. Soto Nuñez (Mexico)

1. The Committee on Import Licensing held its thirty-second meeting on 23 March 1993.

2. The agenda contained in GATT/AIR/3400 was adopted.

A. Election of Officers

3. The Committee elected Mr. Sergio Soto Nuñez (Mexico) as Chairman and Mr. Adrian Constantinescu (Romania) as Vice-Chairman for 1993.

B. Status of Signatories and Observers

4. The Chairman recalled that during the Working Party's examination of its request for accession to the GATT, Bolivia had indicated that it would seek observer status and study the possibility of acceding to the Agreement on Import Licensing Procedures, and that it would announce its intention in this latter regard within eighteen months. Bolivia, which had had observer status in the Committee since March 1991, had accepted the Agreement, subject to ratification, on 27 January 1993 (LIC/19).

5. The representative of Bolivia stated that, in accepting the Agreement, her Government renewed its confidence in the multilateral trading system and reiterated its support for the conclusion of the Uruguay Round negotiations that would establish more specific and adequate rules for international trade. During its accession process to the GATT, Bolivia had entered into a commitment to examine the possibility of acceding to the Agreement on Import Licensing Procedures. The economic reform process in Bolivia since 1985 had led to stability and economic growth to such a degree that at the beginning of 1993, two years since acceding to the General Agreement, her country was able to fulfil its commitment by signing the Agreement. She pointed out that all agreements entered into by her Government required to be submitted for legislative approval, and said that once this process had been concluded, Bolivia could be considered a full member of the Agreement.

6. She added that her Government had decided to abolish the prior licensing requirement on sugar, the only product on which it had maintained such requirement. The legislation in effect in Bolivia guaranteed the freedom to import and export all goods with the exception of that which affected public health and national security. Bolivia would communicate its reply to the Questionnaire on Import Licensing Procedures in the period stipulated in GATT/AIR/3403.
C. Information Available on Import Licensing Procedures

7. The Chairman drew attention to document L/5640/Rev.9 on the status of notifications made in response to the GATT Questionnaire on Import Licensing Procedures, and recalled the invitation in GATT/AIR/3403 that contracting parties communicate to the Secretariat, by 30 September, any data on their licensing systems necessary to bring up-to-date their replies to the Questionnaire.

8. He reported that since the last meeting replies to the Questionnaire had been received from Australia (L/5640/Add.13/Rev.6), the Czech Republic and the Slovak Republic (L/5640/Add.38/Rev.1). In addition, a reply received from the Philippines had been circulated in L/5640/Add.26/Rev.4. The Secretariat had also received just prior to this meeting an updated reply to the Questionnaire as well as information on relevant legislation from Romania, which would be circulated shortly.

9. The representative of Australia drew to the attention of the Committee a significant change in the Australian import licensing requirement in respect of therapeutic substances and goods, as notified on page 6 of L/5640/Add.13/Rev.6, whereby most barrier controls which had previously applied to imports of therapeutic goods had been repealed.

10. The representative of the Czech Republic informed the Committee of the developments in his country's import licensing system since the dissolution of the former federation, the Czech and Slovak Federal Republic. The notification circulated in L/5640/Add.38/Rev.1 was made by the former federal State. Following the dissolution of the CSFR, legislation from the previous federation, including that relating to import licensing, had been inherited by the two successor States. The licensing procedures of the Czech Republic formed an important element of its foreign trade régime and it reflected the important changes in the political and economic climate of his country. The Czech Republic was in the process of formulating a new import licensing system which would be notified to the contracting parties shortly. The new licensing system, including the coverage of goods subject to import licensing, was expected to be almost identical to that inherited from the former CSFR. It would enter into force on 1 May 1993.

11. He further informed the Committee that the Protocols of Accession to GATT were signed by the Czech Republic and the Slovak Republic on 16 March 1993 and that their accession would take effect on 15 April 1993. The two Republics would send very shortly letters to the Director-General expressing their intention to join the Tokyo Round Agreements and the Multifibre Arrangement on the same day as that of their accession to the General Agreement.
12. The representative of the Slovak Republic said that, pursuant to paragraph 3 of the Protocol of Accession signed by the Slovak Republic on 16 March 1993 undertaking to request membership in a number of instruments negotiated under the auspices of the General Agreement, his Government was preparing a letter to the Director-General announcing its intention to accede to the Agreement on Import Licensing Procedures. The current licensing system of the Slovak Republic was taken over from the former CSFR. The Decree of the Federal Ministry of Foreign Trade No. 560/1991 referred to in L/5640/Add.38/Rev.1 still applied. The new legislation concerning import licensing would be announced shortly. The new licensing system would be notified in due course in conformity with the Agreement.

13. The representative of Romania informed the Committee that his Government had embarked on a comprehensive economic reform process since December 1989. In this context, trade policy reform was also launched with the aim of demonopolisation, deregulation and liberalization of trade. The changes in the import licensing régime represented an important component in this policy reform.

14. The import licensing régime now in force in Romania had been established by Government Decision No. 215/1992. The system was in line with the provisions of the Agreement on Import Licensing Procedures. Decision No. 215/1992, supplemented by Order No.2/1993 of the Minister of Trade, provided the legal framework for import licensing in Romania. The general rule was that imports into Romania were liberalized, not being subject to import licensing. Two categories of exceptions were, nevertheless, provided, namely: (1) Goods under quantitative restrictions; the Ministry of Trade could establish quantitative restrictions in the case of an imminent threat of balance-of-payments deficit in order to create normal foreign exchange reserves, or when any product was being imported into the country in such quantities and under such conditions as to cause or threaten to cause serious injury to domestic producers of similar or directly competitive products; so far, Romania had not had recourse to quantitative restrictions. (2) Goods subject to import control régime. According to Order No. 2/1993, the following goods were subject to control: (a) goods and technologies under control of the final destination, goods under control for reasons related to non-proliferation of mass destruction weapons and of carrying missiles as well as of radioactive products, nuclear installations and nuclear related products; (b) special products such as weapons, ammunition, explosives and military equipment, toxic products, drugs and narcotics, renewable wastes, goods dangerous for human health and environment, as well as goods in transit in the regions subject to UN Security Council embargoes.

15. The Ministry of Trade was the single administrative body issuing import licences. For categories of goods under import control, prior approval from the Government Commission for the Endorsement of Importation and Exportation of Special Products, Ministry of Health or the Ministry of Rivers, Forests and Environment, as the case may be, was necessary for issuing an import licence.
16. Besides import licences, in certain cases, a so-called "transaction licence" would also be utilized for transactions to be settled in clearing, barter, counterpurchase or co-operation accounts. Such licences were required not for customs clearance, but only for banking purposes, in order to monitor such transactions and to prevent abuses in this area, with a view to gradually eliminating such forms of transaction.

17. Romania’s reply to the Questionnaire on Import Licensing Procedures and the relevant legislation submitted to the Secretariat prior to this meeting contained details of the new licensing system.

18. The Committee took note of the statements made. It agreed to a request made by the representative of New Zealand that the reply to the Questionnaire from the Philippines be taken up at the Committee’s next meeting.

D. Preparations for the Seventh Biennial Review of the Implementation and Operation of the Agreement.

19. The Committee agreed to the preparations for the seventh biennial review of the implementation and operation of the Agreement under Article 5.5 as outlined in LIC/W/65.

E. Other Business

20. The Committee agreed that the Secretariat should make arrangements for the next meeting in consultation with the Chairman. The agenda for the autumn meeting would include the seventh biennial review of the Agreement.