1. At its May 1977 meeting at technical level the Sub-Group "Quantitative Restrictions" requested the secretariat to examine, in close consultation with delegations and on the basis of concrete examples taken from Annex 2 to MTN/NTM/W/73/Rev.1 the feasibility of drawing up draft texts on Automatic Licensing and Licensing to Administer Import Restrictions and to submit the result of this examination to the Sub-Group meeting in July 1977.

2. According to the Sub-Group's guidelines the secretariat has used the CTIP text as a basic document drawing on alternative proposals where the wording was clear and reflecting different views on issues by presenting them in brackets. Annex 2 (Licensing to Administer Import Restrictions) has been taken as an example to show how the draft texts on Automatic Licensing and Licensing to Administer Import Restrictions would look if the Sub-Group decided that the secretariat's task is feasible.

3. The note has been prepared in consultation with delegations but on the secretariat's responsibility and is intended to facilitate further consideration by the Sub-Group of the subject matter. Neither its content nor the way in which the text has been presented commit any delegation.
LICENSING TO ADMINISTER IMPORT RESTRICTIONS

1. Licensing procedures adopted and practices applied for the issue of licences for administration of quotas and other import restrictions may, in some cases, have additional restrictive effects. The following provisions shall accordingly apply to such procedures and practices without prejudice to the rights and obligations of the General Agreement and taking into account the legitimate economic development purposes and financial needs of developing countries.

2. Licensing systems to administer import restrictions shall not be designed nor operated in such a manner as to prohibit imports from certain sources or discriminate between sources of imports, unless otherwise permitted under the General Agreement.

3. The foreign exchange necessary to pay for imports subject to licensing should be made available to licence holders on the same basis as to importers of goods not requiring licences or goods subject to automatic licensing.

4. All useful information concerning procedures for filing licence applications and concerning the eligibility of persons, firms and institutions to make such applications shall be published by the government issuing the licence as far in advance as possible of opening dates for submission of licence application.

5. Governments issuing licences shall provide, upon the request of any adherent to this code, all relevant information concerning the administration of the restrictions, the import licences granted over a recent period and where applicable the distribution of such licences among supplying countries and where applicable the distribution among customs union members and, wherever agreed to by importing enterprises, the names of those enterprises.

6. Governments issuing licences to administer fixed quotas shall publish the overall amount of quotas by quantity or value, opening and closing dates of quotas, where applicable, the amount allocated by country and revisions affecting the goods imported during the quota period.

7. Any person, firm or institution which fulfils the legal requirements of the importing country shall to the extent possible having regard to the provisions of paragraph 14 below be equally eligible to apply and be considered for a licence. If the licence application is refused, the applicant shall, on request, be given the reasons for such refusal and shall have a right of appeal. In exceptional cases, e.g. in the interest of public security, the reasons may be withheld.

*It was also proposed to use "utilization" instead of "distribution".
8. Application forms shall be as simple as possible. No document shall be required on application other than a pro forma invoice, or where strictly indispensable, other documents necessary to determine the value, quantity, nature and composition of product.

9. Application and, where applicable, renewal procedures shall be as simple as possible. Applicants shall have to approach only one administrative organ for a licence and shall be allowed a reasonable period to submit applications.

10. The period for processing of applications shall be as short as possible and applications with easily rectifiable errors shall not be refused.

11. The validity of the licence shall be of reasonable duration. The period of licence validity shall allow suppliers to receive, process, ship and receive payment for imports and shall not preclude imports from distant sources taking into account transport and communications conditions except in special cases where imports are necessary to meet unforeseen short-term requirements.

12. When administering quotas, the authorities of the importing country shall take all possible steps to ensure that licences will be issued and importation can be effected within the period prescribed for this purpose and to facilitate the full utilization of the quotas wherever for reasons of economic policy, the conditions under which the quotas under reference were established remain in existence, in the opinion of the governments which established those quotas.

13. Governments issuing licences shall take into account inter alia whether licences issued to the applicant in previous periods have been utilized or not for which purpose they may require the production of the appropriate evidence.

14. Licences should not be issued to importers for goods in such small quantities as to make imports uneconomical and, so far as consistent with this, should not be allocated to an unduly small number of importers except in the case of developing countries who may want to keep socio-economic objectives in view in allocating quotas.

15. Consideration shall be given to ensuring a reasonable distribution of licences to new importers, taking into account the desirability of issuing licences for goods in economic quantities and also the rights of traditional importers especially where quotas are applied for emergency protection purposes.

In the distribution of licences developed countries should reserve a substantial share to new importers, in the case of new products originating in developing countries; in addition, they should authorize a larger number of licences for traditional imports originating in developing countries.
16. In the case of quotas administered through licences which are not allocated among supplying countries, licence holders shall be free to choose the sources of imports with exception of supplying countries with which no trade relations are maintained.

17. In the case of quotas allocated among supplying countries, the licence shall clearly stipulate the country or countries from which imports must be made.

18. Imports of goods under restrictions should, wherever practicable, be allowed on the basis of normal customs procedures /import permits issued by importing countries/ or, in accordance with procedures worked out in agreement between exporting and importing countries, on the basis of export permits issued by the exporting countries.

19. Where export permits are issued by exporting countries according to a procedure worked out in common agreement with an importing country, but where the importing country for certain purposes requires import licences, the latter shall be issued automatically, within the limit of the quotas /import restriction/, in accordance where appropriate with the provisions of Annex I.

20. Licensed imports shall not be refused for minor variations in value, quantity or weight from the amount designated on the licence due to differences occurring during shipment, differences incidental to bulk loading and other minor differences consistent with normal commercial practice.