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MTN/NTM/W/2
3 April 1975

Special Distribution

GENERAL AGREEMENT ON TARIFFS AND TRADE

Multilateral Trade Negotiations

Group "Non-Tariff Measures"

QUANTITATIVE RESTRICTIONS (INCLUDING IMPORT PROHIBITIONS AND SO-CALLED VOLUNTARY RESTRAINTS) AND IMPORT LICENSING PROCEDURES

Note by the Secretariat

1. At its meeting on 4-7 March the Group agreed that "the secretariat should distribute background papers relating to each of the four non-tariff measure groupings in advance of the meetings" (MTN/NTM/1 paragraph 11).

2. This paper deals with:

Paragraphs

A. Quantitative restrictions (including import prohibitions and so-called voluntary export restraints), and

3-13

B. Import licensing procedures.

14-19

A. QUANTITATIVE RESTRICTIONS

Background notes

3. A background note by the secretariat entitled "Quantitative Restrictions, including embargoes and export restraints" (COM.IND/W/99 and Corr.1) reviews the historical background of quantitative restrictions and the GATT provisions and procedures which apply to quantitative restrictions and, more briefly, the situation in the field of export restraints.

Documentation concerning existing quantitative restrictions

4. The latest revision of the table prepared by the Joint Working Group on Import Restrictions summarizes quantitative import restrictions applied by eighteen developed countries on both agricultural and industrial products and so-called voluntary restraints on exports to these countries. (COM.IND/W/116-COM.AG/W/93 and Corr.1; see also MTN/3B/22-MTN/3E/6.)

5. Individual notification sheets which give details on the type, scope, justification and liberalization prospects of quantitative import restrictions and so-called voluntary export restraints are also available:

(a) for agricultural products, details of the import restrictions applied by the above eighteen developed countries are contained in documents MTN/3E/DOC/7 and addenda. Those applied by other countries than those covered by the Joint Working Group are contained in documents MTN/3E/DOC/8 and addenda;

(b) for industrial products, similar detailed information is contained, for the eighteen developed countries, in COM.IND/W/67/Add.1 and Corr.1-2. Part 4 of the Inventory of Non-Tariff Measures (MTN/3B/4 and Add.1-3) gives details of measures applied by both developed and developing countries which were notified by exporting countries. Each notification also gives an account of the exchange of views which took place on the subject during the preparatory phase of the negotiations.

6. A secretariat paper (COM.TD/W/203/Rev.1) contains information up-dated to May 1974 concerning the import restrictions applied by developed countries on products of export interest to developing countries. Where applicable, products falling under GSP schemes have been indicated.

7. The most recent general survey of quantitative restrictions in textiles will be found in the Study of Textiles (L/3797 and addenda).

Proposed solutions

8. Working Group 4 of the Committee on Trade in Industrial Products at its meeting of 26-28 March 1973 worked out draft texts of possible solutions for the elimination of quantitative restrictions. These texts and the Note on the meeting, which are reproduced in Appendix 1, are contained in Spec(73)17.

9. A number of suggestions for extending differentiated treatment to developing countries in the field of quantitative restrictions have been made (see in particular COM.TD/W/188 and COM.TD/W/198). A synthesis of the suggestions made in this regard is contained in MTN/3B/15. At the request of Group 3(b) the secretariat has also circulated a Note on the technical ways and means of implementing these suggestions (MTN/3B/20).

10. Some suggestions with respect to the treatment of quantitative restrictions on products of export interest to developing countries are also to be found in the reports of the Group of Three (L/3610, paragraphs 21-33; L/3710, paragraphs 24-31; L/3871, paragraphs 11-15).

11. In May 1974, Group 3(b) met to continue the study already begun on quantitative restrictions, including import prohibitions and export restrictions (BTN chapters 25-99). At that meeting, one delegation from a developing country, supported by many other delegations from developing countries, made a proposal concerning a standstill on quantitative restrictions and an agreed action programme for further liberalization in this field. This proposal is contained in the annex to the note by the secretariat on the meeting (MTN/3B/18 and Corr.1).

12. In July 1974, Group 3(b) reported to the Trade Negotiations Committee on the status of its work. An account of the discussions on quantitative restrictions and import prohibitions is given in MTN/3 paragraphs 16-21.

Main issues

13. The previous discussions, including the one held at the meeting of the Group "Non-Tariff Measures" on 4-7 March 1975, seems to have related inter alia to the following main issues:

- (a) Should a distinction be made in the negotiations between quantitative restrictions which are "legal" under the General Agreement, those which are "legalized" by waivers and protocols of accession and those which are "illegal"? Can such distinctions be meaningfully made?
- (b) What approach should be used in this area? Should an attempt be made to:
 - (i) draw up rules of automatic application;
 - (ii) draw up general objectives and guidelines which would govern the detailed negotiations; or
 - (iii) proceed directly to negotiations product by product (or group of products by group of products) on the basis of specific requests and offers; or
 - (iv) some combination of the above approaches?
- (c) How should quantitative restrictions of interest to developing countries be dealt with in the negotiations having regard to the consideration of differentiated treatment to developing countries where feasible and appropriate in this area?

- (d) Should developing countries undertake any obligations in this area, consistent with their individual development, financial and trade needs?
- (e) Should textile products be dealt with or not in the negotiations to be conducted by the Group?
- (f) How should discriminatory quantitative restrictions be dealt with?
- (g) How should so-called voluntary export restraints be dealt with?
- (h) To what extent is the elimination of (i) residual restrictions or (ii) so-called voluntary export restraints linked to the examination of issues in other sectors of the negotiations?
- (i) Should a standstill agreement be negotiated pending the final conclusion of the negotiations?
- (j) Should there be any new procedures established to deal with problems which arise in connexion with the implementation of any agreement in this area, e.g. consultations, surveillance and conciliation procedures?
- (k) Should a reporting procedure be included in any agreement reached?

B. LICENSING PROCEDURES

14. Licensing procedures can create barriers to trade over and above any quantitative restrictions which they are designed to administer. Similarly procedures for "automatic" licensing may create barriers to trade. This item of the Group's work deals with these procedural barriers and not with the restrictions (if any) that they are designed to administer. The existence of the restrictions and their overall level are dealt with in the negotiations on quantitative restrictions.

Factual information available

15. Part 4 of the Inventory of Non-Tariff Measures (MTN/3B/4 and Addenda 1-3) contains a large number of notifications of problems posed by the application of licensing systems. Some of the problems which have been singled out include the uncertainty involved as to whether licences would be freely issued, the delays involved in processing applications and the alleged bias in favour of established importers.

16. Another important source of information is the series of documents relating to the replies to the questionnaire on licensing which have been submitted by fifty-two countries and the European Communities. These documents contain a description of the national licensing systems and cover both agricultural and industrial products where applicable. These documents are updated on a yearly basis. The individual replies themselves are contained in COM.IND/W/55-COM.AG/W/72 Addenda 1-54. Supplementary information to the replies, which should be read in conjunction with the latter documents, is given in Spec(72)22 and Corr.1 and in Spec(74)71. The list of the countries which have submitted a reply is contained in COM.IND/W/55/Rev.3. A summary tabulation of the replies is given in COM.IND/W/74-COM.AG/W/82 and Corr.1 and 2.

17. A note by the secretariat on the non-tariff measures affecting the trade of developing countries summarizes the work which has been done in GATT in the field of licensing (MTN/3B/23 paragraphs 75-77). Products of export interest to developing countries which are subject to liberal licensing in certain import markets are listed in Annex III of COM.TD/W/203/Rev.1.

Proposed solutions

18. In June 1972, Working Group 4 submitted the text of two ad referendum solutions, one on automatic licensing and one on licensing to administer import restrictions (COM.IND/W/82 and Corr.1). These are reproduced in Appendix 2. The Group considered at that time that the two texts, if accepted and implemented, could solve the specific problems notified in the Inventory of Non-Tariff Measures and contribute in this field to the objectives of minimizing the incidence and complexity of import formalities. Attention is drawn to the covering note which accompanies the two texts.

Main issues

19. The previous discussions including the one held at the meeting of the Group "Non-Tariff Measures" on 4-7 March 1975, would appear to relate to the following main issues:

- (a) Should automatic licensing be banned or should it be permitted provided that certain defined procedures are followed (see paragraph 2 of Annex I to Appendix II)?
- (b) Should the texts provide for non-discrimination between sources of imports or should this question be dealt with in the context of quantitative restrictions?

- (c) What should be the legal status of the texts? What should be their relationship to existing rights and obligations? Should appropriate consultations and other implementation machinery be devised?
- (d) Is differentiated treatment to developing countries feasible and appropriate in this area? If so, how might this be accorded?
- (e) Should a reporting procedure be included in any agreement reached?

Appendix 1¹COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS
WORKING GROUP 4Group 4 on Quantitative Restrictions, Including Embargoes
and Export RestraintsNote by the Secretariat on the Meeting of 26-28 March 1973

1. As it had been decided at the last meeting of the Committee on Trade in Industrial Products in January this year, Working Group 4 held a meeting from 26-28 March 1973, under the chairmanship of Mr. H. Colliander (Sweden), to examine quantitative restrictions, including embargoes and export restraints.
2. The documentation for the meeting consisted of the last report of Working Group 4 to the Committee on Trade in Industrial Products (COM.IND/W/49), a background note prepared by the secretariat on the subject of quantitative restrictions, including embargoes and export restraints (COM.IND/W/99) and the latest version of the Consolidated Table of Import Restrictions prepared in the framework of the Joint Working Group, (COM.IND/W/97/COM.AG/W/92).
3. The Group, according to its mandate to focus its attention on possible ad referendum solutions, reviewed a number of proposals made in the course of 1970 when it had held a discussion on quantitative restrictions and export restraints on an exploratory basis. The discussion in the Group brought out divergencies of views with regard to some important problems such as the legality issue, the treatment of export restraints and standstill provisions. These divergencies are reflected in the two possible solutions (drawn partly from pages 15-17 of L/3496) which were reviewed in the course of the meeting. The text of these two alternatives is attached in the Annex to this note. It was emphasized by several delegations that these texts, in addition to certain reservations expressed regarding specific provisions, were only tentative at this stage and were put forward as a basis for future discussion.
4. One difficulty in establishing a common text arose from the difference in the scope of the restrictions to be covered. Some delegations were in favour of eliminating illegal restrictions as soon as possible and at any rate before the beginning of the multilateral trade negotiations, while an overall plan for the elimination of quantitative restrictions which are inconsistent with the General Agreement but legal under waivers or protocols of accession should be the subject of negotiations in the multilateral trade negotiations. Other delegations, pointing out the difficulty of arriving at a commonly agreed definition of the legality or illegality of restrictions, which they said were in some cases merely a question of

¹Originally issued as Spec(73)17 of 12 April 1973

historical accident, wanted to avoid any ambiguous attempt to make a distinction and favoured an overall gradual liberalization programme for all types of restrictions, whether they were consistent with the GATT or not. Those who favoured the first approach further pointed out that no compensation should be expected for the removal of illegal restrictions, which should be done on a unilateral basis. An attempt was made by one delegation to reconcile the two approaches by adding to the second alternative a provision whereby the problem of illegal restrictions would be dealt with separately in conformity with the provisions of the General Agreement. Another delegation proposed the immediate elimination of quantitative restrictions which were no longer justified by present circumstances, but other delegations pointed to the difficulty as to who would decide which restrictions were no longer justified.

5. Another question which arose from the discussion was whether the ad referendum solution should apply to both developed countries and developing countries, or to developed countries only. The first alternative for an overall approach is addressed to developed countries only whereas the second alternative includes both developed and developing countries. In this respect it was pointed out by some delegations that most restrictions maintained by developing countries were consistent with the GATT. As to illegal restrictions, some delegations wondered why developing countries should be required to remove illegal restrictions when developed countries had maintained such restrictions for over twenty years. Another delegation pointed out that in any event it would be up to each country participating in the multilateral trade negotiations to decide which of its legal quantitative restrictions would be subject to negotiations under the second alternative.

6. In both alternative solutions the special problems of developing countries were recognized. Both texts, therefore, contain a provision whereby in the implementation of the undertakings, effective priority shall be given to restrictions affecting exports of developing countries and to discriminatory restrictions, which in many cases applied to developing countries. It was stated by one delegation, however, that there were no restrictions which affected developing countries' exports exclusively. Regarding discriminatory restrictions, some delegations stated that priority should be given to the removal of such restrictions. According to one of these delegations, the bilateral agreements between his country and a number of other countries contained provisions which offered more effective protection than quantitative restrictions which were still upheld against exports from his country.

7. A third issue was the treatment of export restraints in the context of solutions to quantitative restrictions. Some delegations maintained that export restraints were of the same character and had the same effects as quantitative restrictions which were forbidden by the General Agreement. Other delegations were of the opinion that export restraints had been imposed for various reasons, that they had never been defined by the CONTRACTING PARTIES and that no thorough examination of them had been made yet by the Working Group. Their status was thus

still unclear. These delegations, therefore, felt that it was not possible to decide at this stage whether they should be treated on the same basis as restrictions on imports, and there was a need for further discussion on this point before the Group could agree on how to deal with them. In this connexion, one delegation added that some aspects of export restraints and quantitative restrictions could best be discussed in the context of safeguards and that a proposal had been made in the Committee on Trade in Industrial Products to establish a Working Group to deal with safeguards. Other delegations, however, recalled that the Group was instructed by the Committee on Trade in Industrial Products to conduct the examination of quantitative restrictions and export restraints simultaneously and that therefore export restraints should be treated in the same manner as quantitative restrictions in any ad referendum solution.

8. Another question which was discussed was whether there should be a provision for a standstill on existing restrictions. Although it was contended by some delegations that an agreement on an overall programme of liberalization of restrictions might make standstill requirements unnecessary, many delegations thought it appropriate to introduce the concept in the two alternatives in order to ensure that no new restrictions be introduced. The Group finally proposed a text which calls for a standstill to be observed concerning both new restrictions and increases in the restrictive element of the existing restrictions unless they were consistent with the GATT.

9. One delegation pointed out that the sector or commodity approach offered an additional possibility, should agreement not be reached on other alternatives. This same delegation pointed out that this solution need not be limited to sensitive sectors.

10. The same delegation requested the inclusion in the ad referendum text of a provision designed to safeguard access. After a revision of the original wording, a text was proposed which is identical for both alternatives. (See paragraph 4 of Annex.)

11. The Group agreed to have the two alternatives, with a covering note by the secretariat explaining the main issues, transmitted to the Committee on Trade in Industrial Products and that further discussions might be warranted on these matters.

ANNEX

POSSIBLE SOLUTIONS PROPOSED AT MEETING, 26-28 MARCH 1973

1(a). An overall gradual liberalization and elimination of quantitative restrictions (including embargoes and measures having embargo effects), as well as export restraints by developed countries, shall be undertaken in step with progress reached in the preparation and in the course of the multilateral trade negotiations.

Each individual developed contracting party shall contribute according to the relative importance of its quantitative restrictions of all types.

(b) In implementing sub-paragraph (a), effective priority shall be given to:

- (i) quantitative restrictions (including embargoes and measures having embargo effects), as well as export restraints affecting exports of developing countries;

1(a). Illegal quantitative restrictions (including embargoes and measures having embargo effects), [as well as illegal export restraints] shall be removed before the beginning of the multilateral trade negotiations. Countries maintaining such restrictions after the beginning of the negotiations shall be required to:

- (i) seek waivers of their GATT obligations, or
- (ii) pay appropriate compensation.

Countries obtaining waivers shall nevertheless be subject, as is customary, to the provisions of Article XXIII.

- (b) An overall plan for the elimination of quantitative restrictions (including embargoes

(ii) discriminatory quantitative restrictions (including embargoes and measures having embargo effects), as well as export restraints.

and measures having embargo effects) as well as export restraints inconsistent with the General Agreement but legal under waivers or protocols of accession shall be the subject of negotiations in the multilateral trade negotiations.

(c) In implementing sub-paragraphs (a) and (b), effective priority shall be given to:

(i) quantitative restrictions (including embargoes and measures having embargo effects) as well as export restraints affecting exports of developing countries;

(ii) discriminatory quantitative restrictions (including embargoes and measures having embargo effects) as well as export restraints.

2. Progressive quota increases and continued liberalization of trade in embargoed products shall be put into

2. Progressive quota increases and continued liberalization of trade in embargoed products shall be put into

operation with regard to quantitative restrictions (including embargoes and measures having embargo effects) as well as export restraints.

3. In no event shall new quantitative restrictions (including embargoes and measures having embargo effects) inconsistent with the General Agreement be introduced, nor shall the restrictive element of existing quantitative restrictions (including embargoes and measures having embargo effects) be increased, unless the increase is consistent with the General Agreement.

operation with regard to quantitative restrictions (including embargoes and measures having embargo effects) as well as export restraints.

3. In no event shall new quantitative restrictions (including embargoes and measures having embargo effects) or export restraints inconsistent with the General Agreement be introduced, nor shall the restrictive element of existing quantitative restrictions (including embargoes and measures having embargo effects) as well as export restraints be increased, unless the increase is consistent with the General Agreement.

4. Trade liberalization resulting from the implementation of the preceding paragraphs shall not be impaired or nullified by the introduction of other trade inhibiting measures.

Appendix 2¹

COMMITTEE ON TRADE IN INDUSTRIAL PRODUCTS

Group 4 on Licensing

Report by the Chairman

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 administrations. The Group considered that the two texts, if accepted and implemented, could solve the specific problems notified in the inventory and contribute in this field to the objectives of minimizing the incidence and complexity of import formalities.
2. As regards automatic licensing, the Group has reached a fair measure of agreement² with the exception of paragraph 2 which contains two alternatives. The Group recommends that administrations should closely examine these two alternatives with a view to finding in due course a mutually acceptable solution.
3. As regards licensing to administer import restrictions, the Group's approach basing itself on the existing relevant provisions of the General Agreement notably of Article XIII, has been to concentrate on developing a text, the main intent of which is to minimize the additional restrictive effects arising in some cases from licensing procedures to administer import restrictions and particularly to facilitate the full and efficient utilization of quotas administered through licensing systems.
4. In both texts, bracketed paragraphs (paragraph 4 of Annex I and paragraph 1 of Annex II) relate to questions of discrimination between sources of imports in the design or operation of licensing systems. Some delegations noted that the problem of discrimination arose in a number of other non-tariff barrier subjects and expressed the view that this question should be examined in a wider context and that therefore the inclusion of these paragraphs was not appropriate. Other delegations while recognizing the necessity of such an examination in a wider context considered that this did not preclude inserting in the texts the paragraphs proposed to deal with the question of discrimination. These delegations considered that the paragraphs constituted an essential part of the texts in view of the fact that the principle of non-discrimination is basic to GATT.

¹Originally issued as COM.IND/W/82 of 28 June 1972 and Corr.1

²Some delegations accepted the text of paragraph 6 of Annex I on the understanding that, where strictly indispensable, certificates of origin could be required on actual importation.

5. The Group has not considered in depth such questions as the legal status of the texts, their relationship to existing rights and obligations or the necessity to devise appropriate consultation and other implementation machinery. In a preliminary exchange of views, some delegations considered that it was within the terms of reference of the Group to make recommendations on the legal status to be given to the texts prepared, while others expressed the view that this matter should be left to the Committee on Trade in Industrial Products, or other higher bodies of the CONTRACTING PARTIES. No recommendation on these questions was formulated by the Group.
6. The Group considered that, in view of the progress made on the two texts, it would now be appropriate to refer them to administrations 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.
7. The Group noted the decision of the Council at its meeting on 21 April 1971 that Group 4 when dealing with licensing would consider licensing systems as measures of general application subject to the right of the Agriculture Committee to review the applicability to the agricultural sector of any solutions evolved.
8. In its work on licensing, the Group noted proposals made by developing countries that quantitative restrictions affecting their export trade should be removed by a fixed target date, if necessary on a preferential basis, and that pending their total elimination, allocation of quotas to them should be improved. Inter alia it was pointed out that distribution of global quotas among supplying countries on the basis of imports during the previous representative period in accordance with paragraph 2(d) of Article XIII posed special problems to new exporting countries and it was suggested that this criterion should be revised to ensure adequate share of the quota to the new entrant. It was also proposed that where imports were subject to quotas, such quotas should not apply to imports of products intended for re-export. The requests of developing countries concerning these problems will receive special attention when the Group addresses itself to the problem of quantitative restrictions.

ANNEX IAutomatic Import Licensing

1. Automatic import licensing is defined as licensing which is not used to administer import restrictions such as those employed pursuant to the relevant provisions of inter alia Articles XI, XII, XVII, XVIII, XIX, XX and XXI of the General Agreement and when foreign exchange is granted automatically. The term "automatic licensing" covers technical visa requirements, surveillance systems, exchange formalities related to imports, and other administrative reviews of an equivalent kind effected as a prior condition for entry of imports.

2. Alternative I

Automatic licensing systems, where required, shall not be used to restrict imports. Such systems shall be governed by the provisions of the General Agreement, in particular Article VIII, and be subject to the provisions set out in paragraphs 3-10 below.

Alternative II

No automatic licensing shall be required for the importation of goods after However, during the interim period, in special cases justified by the need to carry out certain administrative controls which could not be made in a more appropriate way, a system of automatic licensing may be applied subject to the following provisions.

3. The rules governing presentation of applications for automatic licences and the lists of products subject to automatic licensing shall be published, with a specific indication as to the purpose and character of the system and in such a manner as to

enable governments and traders to become acquainted with them. Any changes in either the rules governing automatic licensing or the lists of products subject to automatic licensing shall also be promptly published in the same manner.

4. Automatic licensing systems shall not be designed nor operated in such a manner as to discriminate between sources of imports.]

5. All persons, firms and institutions which fulfil the legal requirements for engaging in import operations involving products subject to automatic licensing shall be equally eligible to apply for and to obtain licences.

6. 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 nature and composition of the product.

7. No application shall be refused for minor errors in documentation easily rectifiable.

8. The applicant shall have to approach only one administrative organ for a licence.

9. Applications for licences may be submitted at any time.

10. Applications for licences shall be granted immediately on receipt or if this is not administratively feasible within a maximum of five working days from the date of receipt of the application.

ANNEX II

Licensing to Administer Import Restrictions

Licensing procedures adopted and practices applied for the issue of licences for administration of import restrictions may, in some cases, have additional restrictive effects on imports. The following provisions shall accordingly apply when a licensing system is used for the administration of quotas and other import restrictions.

.....

1. 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.

2. The foreign exchange necessary for the payment of imports subject to licensing shall, where required, be made available to import licence holders on the same basis as to importers of goods that do not require import licences.

Information and publication

3. All useful information concerning formalities for filing applications for licences shall be published by the government which imposes or maintains the licensing requirement, as far in advance as possible of any opening date for submission of applications for licences.

4. All relevant information shall be provided to governmental authorities, upon their request, concerning the administration of import restrictions, the import licences granted over a recent period, and the distribution of such licences among supplying countries, including wherever possible names of importing enterprises on a confidential basis.

5. In the case of licences for import restrictions involving fixed quotas the overall amount of quotas, by quantity or value, including revisions during the quota period, of goods that could be imported during that specified period, dates of opening of quotas and, where applicable, the amount allocated by country, shall be published.

Procedure for licence applications and distribution of licences

6. Any person, firm or institution which fulfils the legal requirements shall, to the extent possible, having regard to the provisions of paragraph 14 below, be equally eligible to apply for licences and to get their applications considered accordingly.

7. A reasonable period shall be allowed for submission of applications for licences.

8. Application forms and procedures for application and, where applicable, renewal shall be as simple as possible.

9. The period for processing of applications shall be as short as possible.

10. In the event of refusal of an application, the applicant shall be given on request the reasons for such refusal and shall have the right of appeal.

11. The validity of the licence shall be of reasonable duration, and in no case, except in special cases where imports are necessary to meet unforeseen short-term requirements, so short as to prevent imports from countries situated at a distance, taking into account transport and communications conditions.

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.

13. The administrative authority issuing the licence shall take into account inter alia whether licences issued to the applicant in previous periods have been utilized or not.
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.
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.
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.
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, 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, in accordance where appropriate with the provisions of Annex I.