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Members,

Having regard to the Multilateral Trade Negotiations;

Desiring to further the objectives of GATT 1994;

Taking into account the particular trade, development and financial needs of developing country Members;

Recognizing the usefulness of automatic import licensing for certain purposes and that such licensing should not be used to restrict trade;

Recognizing that import licensing may be employed to administer measures such as those adopted pursuant to the relevant provisions of GATT 1994;

Recognizing the provisions of GATT 1994 as they apply to import licensing procedures;

Desiring to ensure that import licensing procedures are not utilized in a manner contrary to the principles and obligations of GATT 1994;

Recognizing that the flow of international trade could be impeded by the inappropriate use of import licensing procedures;

Convinced that import licensing, particularly non-automatic import licensing, should be implemented in a transparent and predictable manner;

Recognizing that non-automatic licensing procedures should be no more administratively burdensome than absolutely necessary to administer the relevant measure;

Desiring to simplify, and bring transparency to, the administrative procedures and practices used in international trade, and to ensure the fair and equitable application and administration of such procedures and practices;

Desiring to provide for a consultative mechanism and the speedy, effective and equitable resolution of disputes arising under this Agreement;

Hereby agree as follows:

1.2 General

1. In *EC – Bananas III*, the Appellate Body found that Article 1.3 of the Licensing Agreement applies to the *administration* of import licensing rules, and does not require the import licensing *rules*, as such, to be neutral, fair and equitable. The Appellate Body saw a similar indication in the preamble, stating that:

"As a matter of fact, none of the provisions of the *Licensing Agreement* concerns import licensing *rules*, *per se*. As is made clear by the title of the *Licensing Agreement*, it concerns import licensing *procedures*. The preamble of the *Licensing*

Agreement indicates clearly that this agreement relates to import licensing procedures and their administration, not to import licensing rules."¹

2. In *EC – Poultry*, Brazil argued before the Appellate Body that Articles 1.2 and 3.2 of the Licensing Agreement were not applicable to over-quota trade. In addressing these issues, the Appellate Body referred to the preamble of the Licensing Agreement:

"The preamble to the Licensing Agreement stresses that the Agreement aims at ensuring that import licensing procedures 'are not utilized in a manner contrary to the principles and obligations of GATT 1994' and are 'implemented in a transparent and predictable manner'."²

Current as of: December 2024

¹ Appellate Body Report, *EC – Bananas III*, para. 197.

² Appellate Body Report, *EC – Poultry*, para. 121.