

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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REPLIES TO QUESTIONNAIRE ON LICENSING

Addendum

HONG KONG

This addendum replaces documents COM.IND/W/55/Add.54 and Corr.1.

Introduction

1. The import licensing system of Hong Kong has been notified to the GATT before these appeared in GATT documents COM.IND/W/74:COM.AG/W/72 and Add.54 of COM.IND/W/55 and COM.AG/W/72. The following paragraphs which describe the present import licensing system in Hong Kong is presented on a format similar to the document COM.IND/W/55/Add.54 for the sake of clarity.

Outline of system

2. Hong Kong adopts an import licensing system where an applicant intending to import a commodity caught under import licensing control must lodge with the Commerce and Industry Department of the Hong Kong Government an import licence application prior to the actual importation of the commodity concerned stating clearly:

- (a) the exporting country;
- (b) the country of origin of the commodity;
- (c) the name of the commodity (full technical description);
- (d) the quantity in tons, gallons, yards, cases, etc.;
- (e) the value (declare c.i.f. Hong Kong) of the commodity;
- (f) the name and address of the foreign exporter;

- (g) whether the consignment is for local consumption or re-export purpose;
- (h) the importer's signature, stamp, address, business registration number and telephone number.

If the application is approved, the import licence will be issued to the applicant duly signed by an authorized officer of the Commerce and Industry Department. The import licence must be surrendered to the shipping or airline company carrying the commodity into Hong Kong. Unless the licence is so surrendered, the shipping or airline company will not release the commodity to the importer. The original copy of the import licence together with a copy of a manifest will then be returned to the Commerce and Industry Department by the shipping or airline company concerned. The Department will match the original copy of import licence with the manifest and the Department's copy of the licence to ascertain that the commodity had actually been imported in accordance with the details as declared on the licence.

Purposes and coverage of the licensing

3. An import licensing system is maintained for the following products:

- (a) strategic commodities;
- (b) reserved commodities (frozen meat, frozen poultry and rice);
- (c) acetic anhydride (and other acetylating substances as soon as the Acetylating Substances Ordinance 1975 is brought into effect in May/June 1975);
- (d) imitation firearms;
- (e) automatic machines, whether coin operated or not, designed for gaming purposes;
- (f) celluloid film scraps;
- (g) radioactive substances and irradiating apparatus;
- (h) vaccine;
- (i) methyl alcohol;
- (j) agricultural poisons;
- (k) plants originating in the American Tropics.

4. (a) Except for item (k), plants originating in the American Tropics, the system applies to the goods specified in paragraph 3 above originating in and coming from any territory. The importation of plants is subject to licensing only when such plants originate in the American Tropics. (The American Tropics are defined as those parts of the American continent including adjacent islands,

which are situated between the Tropic of Capricorn, latitude $23\frac{1}{2}^{\circ}$ South and the Tropic of Cancer, latitude $23\frac{1}{2}^{\circ}$ North.)

(b) Additionally, all goods originating in and consigned from Southern Rhodesia are subject to import licensing.

5. Import licensing is intended for the following purposes:

- (a) For strategic control purpose
 - (i) strategic commodities.
- (b) For reasons of public health
 - (i) agricultural poisons;
 - (ii) radioactive substances and irradiating apparatus;
 - (iii) vaccine;
 - (iv) methyl alcohol.
- (c) For enforcement of economic sanctions
 - (i) all goods originating in and consigned from Southern Rhodesia.
- (d) For protection of the public at large against vice and violence
 - (i) automatic machines, whether coin operated or not, designed for gaming purposes.
- (e) For security purpose
 - (i) imitation firearms.
- (f) For reserve stock purpose
 - (i) reserved commodities.
- (g) For suppression of the manufacture of dangerous drugs
 - (i) acetic anhydride (and other acetylating substances).
- (h) For prevention of fire
 - (i) celluloid film scraps
- (i) To protect plants
 - (i) plants originating in the American Tropics.

Other methods of accomplishing these purposes have not been considered.

6. Import licensing is maintained under the Import and Export Ordinance, Cap. 60, the Pharmacy and Poisons (Agricultural Poisons) Regulations, Pharmacy and Poisons Ordinance, Cap. 138 and Summary Offences Ordinance, Cap. 228 of the Laws of Hong Kong. The licensing is statutorily required. The legislation does not leave designation of products to be subjected to licensing to administrative discretion. If an additional product is intended to be subjected to licensing, either existing legislation must be amended or new legislation must be promulgated to incorporate the new product. It is not possible for the Government to abolish the system without legislative approval. For the existing system to be abolished, present legislation must be repealed.

Procedures

7. Products except rice, for which a control scheme is in force (see paragraph 15), are not under restriction as to the quantity or value of imports.

8. (a) Import licence applications should be submitted to the Commerce and Industry Department at least four clear working days prior to the advertised time of arrival of the carrier concerned. Import licence applications are normally processed and issued within a few hours (approximately three hours) of the time of application. As such it is possible for import licences to be obtained within a shorter time-limit and for goods arriving at the port without an import licence. However, due to the large number of import licence applications received daily, the Commerce and Industry Department does not encourage this practice and would only issue import licences under such circumstances on an exceptional basis.

(b) An import licence is granted immediately on request only under very exceptional circumstances.

(c) There are no limitations as to the time of the year during which applications for import licence and/or importation may be made.

(d) (1) Consideration of import licence applications for the following items is effected by a single administrative organ, i.e. the Commerce and Industry Department:

- (i) strategic commodities;
- (ii) reserved commodities;
- (iii) acetic anhydride (and other acetylating substances);
- (iv) methyl alcohol;
- (v) goods (other than those listed in sub-paragraph (2) below) originating in and consigned from Southern Rhodesia.

(d) (2) Importers who wish to import the following items must pass on their applications for import licence to other Government departments for prior approval:

<u>Item</u>	<u>Prior endorsement required from</u>
(i) arms and ammunition (strategic commodities)	Royal Hong Kong Police Force
(ii) telecommunication equipment (strategic commodities)	Post Office
(iii) automatic machines, whether coin operated or not, designed for gaming purposes	Royal Hong Kong Police Force
(iv) radioactive substances and irradiating apparatus	Medical and Health Department and Labour and Mines Department
(v) celluloid film scraps	Fire Services Department and Marine Department
(vi) agricultural poisons	Agricultural and Fisheries Department
(vii) plants originating in the American Tropics	Agricultural and Fisheries Department
(viii) vaccine - for human and veterinary use	Medical and Health Department and Agricultural and Fisheries Department respectively

The applicants having had their applications duly endorsed, will pass them on to the Commerce and Industry Department which issues the import licences required.

9. Under normal circumstances, an application for an import licence is usually granted if it meets the ordinary criteria. In the event of refusal, the reasons may not necessarily be given to the applicant. Applicants may appeal to the Governor of Hong Kong in the event of refusal to issue an import licence. The Governor of Hong Kong may confirm, vary or reverse the decision of the Director of Commerce and Industry. The right to appeal to the Governor is statutorily provided.

Eligibility of imports to apply for licence

10. All persons, firms and institutions are eligible to apply for import licences in respect of most of the products listed in paragraph 3 above. In the case of rice, frozen meat and frozen poultry, import licences are issued only to importers registered with the Commerce and Industry Department.

Documentation and other requirements for application of licence

11. The information listed in paragraph 2 above is required when lodging an import licence application. A sample import licence is attached as Appendix I.
12. Other than the import licence no other document is required upon actual importation.
13. No licensing fee is charged. Import licence forms however can be purchased from the Government at the cost of US\$0.4 (HK\$2.00) per pad (containing twenty sets of import licence).
14. There is no deposit or advance payment requirement associated with the issue of import licences.

Rice import control scheme

15. The import of rice in Hong Kong is subject to a quota system operated by the Commerce and Industry Department. Fifteen days or so before the commencement of each quarterly period, the overall amount of quota allocated to rice importers registered with the Commerce and Industry Department is published in the press. Circular letters are sent to each individual importer informing him of his allocation. Since the formalities of filing import licence applications are well known to the trade, they are not given publicity through the press. The import quota for rice may be used for importing rice from all sources, and is not allocated on a country basis. Import licences are accordingly issued only to the registered rice importers, none of whom is a domestic producer of rice. After the announcement of the rice quota, applications for import licences may be submitted immediately until the applicant's quota allocation for the quarter is fully utilized. Manifest checking (see paragraph 2 above) is adopted to ascertain whether import licences granted are actually used for imports. Technically, quarterly quota allocations should be fully utilized within the quarter, but a slight extension may be permitted if there are unforeseen difficulties. The names of importers to whom import licences have been granted may be made known to the governments and export promotion bodies of exporting countries upon request.
16. Importers may apply for import licences to re-export rice. In this case, the rice imported for re-export will not be deducted from the rice importer's quota, but the import licence will be issued on condition that the rice will be re-exported from Hong Kong and not sold in the domestic market. Checks will be made to ensure that the quantity of rice re-exported is the same as that imported.

Conditions of licensing

17. An import licence is valid for six weeks for reserved commodities and six months for other products listed in paragraph 3 above. The period of validity can be extended to double the above limits if the applicant writes in to the Commerce and Industry Department and obtains approval from the Director of Commerce and Industry or any authorized officer.
18. No penalty is imposed for the non-utilization of an import licence or a portion of an import licence.
19. Import licences are not transferable between importers.
20. Other conditions may be attached to the issue of an import licence. They differ in respect of different commodities. The following conditions are in general more commonly imposed:
- (a) In respect of some commodities imported for use in Hong Kong, the following condition may be attached to the issue of the import licence: "For use in Hong Kong. Diversion en route prohibited. Re-export not permitted except under special licence and subject in addition to general or specific concurrence of government of supplying country concerned."
 - (b) In respect of some commodities imported for re-export purposes only, the following condition may be attached to the issue of the import licence: "For re-export to (name of destination). Diversion en route prohibited. To be delivered by shipping or airline company concerned to Government designated private godown. Overside delivery not permitted. Release from godown subject to approval of export licence."
 - (c) The importer may be required to report to the Director of Commerce and Industry in writing, the name of the carrying vessel and its arrival date in Hong Kong, at least four days before the arrival of the goods covered by the import licence.
 - (d) The importer may be required to store the goods in a Government approved godown immediately upon importation, and no deliveries may be made except with the permission of the Director of Commerce and Industry in writing.

Other procedural requirements

21. Other than the procedure described above, there is no other administrative procedure prior to importation.

22. There is no official exchange control in Hong Kong. Payment for imports can be made freely in any kind of international currencies obtainable on the local free market.

Import declaration

23. Apart from certain exempted articles, an importer must lodge with the Commerce and Industry Department an import declaration in respect of any article within fourteen days after importation of the article. This is required for the purpose of compiling statistics on Hong Kong's commodity trade. A charge is payable on each declaration. The rate is HK\$2 (US\$0.4) for food and live animals irrespective of the value of the articles specified in the declaration. In the case of any other declaration, a charge of HK\$2 is made where the value of the article does not exceed \$4,000; where the value exceeds \$4,000, the charge is calculated at the rate of HK\$2 in respect of the first \$4,000 value and HK\$0.5 in respect of each additional \$1,000 value or part thereof. A list of articles exempted from the import declaration requirement is shown in Appendix II.

This licence is issued upon the following specific conditions:

1. That this copy is correctly endorsed by the importer with shipment arrival details and that the importer does not take delivery of the goods until the licence has been so endorsed; the licence duly endorsed must then be passed to the shipping or airline agent who should check details given by the importer against the relevant Bill of Lading and manifest.
2. That goods are released and accepted only subject to the conditions of issue of the licence having been fulfilled.

Note: If the commodities licensed overleaf are not covered by one item number in the Hong Kong Imports and Exports Classification List, separate import declarations must be made for each commodity.

ARRIVAL DETAILS

Importer must type in arrival details and sign that these details are true and correct before tendering licence to shipping or airline company concerned. Shipping or airline company must check typed details against Bill of Lading and manifest and sign in space provided that this has been done.

Date of Arrival (a)	Ship (b)	Bill of Lading No. (c)	Goods arriving (Show number of cases and total quantity using same unit as in para. 1(b) overleaf) (d)	Is there any balance to be imported after this import (State Yes or No). (e)	Importer's signature declaring that details given in (a) (b) (c) (d) & (e) are true and correct	Shipping or Airline Company's verification that information has been checked against B.L. and manifest.

APPENDIX II

Articles Exempted from import Declaration Requirement

- (a) Trans-shipment cargo.
- (b) Transit cargo (article destined for a place other than Hong Kong and passing through Hong Kong on the same ship or aircraft without trans-shipment).
- (c) Articles imported or exported by the Government or the armed forces of the Crown.
- (d) Ships' stores including bunker fuel, for use by or consumption on board the vessel on which the stores are carried.
- (e) Aircraft stores including aviation fuel carried in the tanks of an aircraft, for use by that aircraft.
- (f) Personal baggage, which does not include motor vehicles.
- (g) Any postal packets the contents of which are valued at less than HK\$4,000 (US\$800).
- (h) Advertising materials supplied free of charge and samples valued at less than HK\$500 (US\$100) used for the purpose of advertising.
- (i) Articles imported solely for exhibition and to be exported after exhibition.
- (j) Articles imported or exported under and in accordance with an A.T.A. Carnet.
- (k) Marine fish arriving direct from fishing ground on fishing craft registered or licensed in Hong Kong.
- (l) Gifts of a personal nature where no payment is or is to be made by the receiver.
- (m) Used empty freight containers and the like which are regularly imported and exported and used solely for the carriage of articles which are imported or exported.