

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Committee on Trade in Industrial Products
Group 4 - Licensing

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REPLIES TO QUESTIONNAIRE ON LICENSING

Addendum

HONG KONG

This Addendum replaces documents COM.IND/W/55/Add.9 and 46 and COM.AG/W/72/Add.9 and 46.

Outline of system

1. 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 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

2. An import licensing system is maintained for the following products which fall within Chapters 1-99 of the BTN:

- (a) rice;
 - (b) frozen meat;
 - (c) frozen poultry;
 - (d) coffee;
 - (e) plants originating in the American Tropics;
 - (f) strategic commodities;
 - (g) acetic anhydride;
 - (h) arms and ammunitions (including imitations);
 - (i) automatic machines, including any part thereof;
 - (j) celluloid film scrap;
 - (k) diamonds;
 - (l) gold, including gold bullion, gold coin, and articles, substances or liquids made wholly or partly of gold;
 - (m) insecticides containing phosphorous and homologous and related compounds;
 - (n) radio transmitting equipment;
 - (o) radioactive substances and irradiating apparatus;
 - (p) vaccine.
3. (a) Except for item (e), plants originating in the American Tropics, the system applies to the goods specified in paragraph 2 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 imported directly or indirectly from Southern Rhodesia are subject to import licensing.

4. Import licensing is intended for the following purposes:

- (a) To ensure adequate stock and supply
 - (i) rice;
 - (ii) frozen meat;
 - (iii) frozen poultry.
- (b) To fulfil international obligation
 - (i) coffee.
- (c) To protect plants
 - (i) plants originating in the American Tropics.
- (d) For exchange control purposes
 - (i) diamonds;
 - (ii) gold, including gold bullion, gold coin, and articles, substances or liquids made wholly or partly of gold.
- (e) For strategic control purpose
 - (i) strategic commodities.
- (f) For reasons of public health
 - (i) insecticides containing phosphorous and homologous and related compounds;
 - (ii) radioactive substances and irradiating apparatus;
 - (iii) vaccine.
- (g) For enforcement of economic sanctions
 - (i) all goods originating in and consigned from Southern Rhodesia.

- (h) For protection of the public at large against vice and violence
 - (i) automatic machines, including any part thereof.
- (i) For security purpose
 - (i) arms and ammunition;
 - (ii) radio transmitting equipment.
- (j) For suppression of the manufacture of dangerous drugs
 - (i) acetic anhydride.
- (k) For prevention of fire
 - (i) celluloid film scraps.

Other methods of accomplishing these purposes have not been considered.

5. Import licensing is maintained under the Import and Export Ordinance, Chapter 60 and the Pharmacy and Poisons Ordinance, Chapter 138, of the Laws of Hong Kong. The licensing is statutorily required. The legislation does not leave designation of products to be subject 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

6. Only imports of coffee from countries not signatories of the International Coffee Agreement, and rice are subject to quota control.

A. Coffee

- (a) Information concerning the size of quota for a particular coffee year (October to September) and the formalities of filing applications for import licences are published in the press. Circular letters are also sent to individual coffee importers in Hong Kong. The available quota is allocated to importers on a first-come-first-served basis, and is not allocated on a country basis. There is no maximum quantity limitation on each importer, but the latter's application must be supported by documentary evidence.
- (b) The size of quota is determined on a yearly basis. Import licences are issued on a first-come-first-served basis until the quota is fully utilized.

(c) There are no domestic producers of coffee in Hong Kong. Manifest checking (see paragraph 1 above) is adopted to ascertain whether import licences granted are actually used for imports. Unused allocations are allowed to lapse and not added to the quota for a succeeding period. The names of importers to whom import licences have been granted are not generally made known to governments and export promotion bodies of exporting countries unless on specific request.

(d) After the announcement of the coffee quota, applications for import licences may be submitted any time during the year.

(e) Applications are normally processed and issued within a few hours (approximately three hours) of the time of application. Under exceptional circumstances, import licences may be issued immediately on request.

(f) Import licence applications must be submitted four days prior to actual importation. As import licences are normally processed within a few hours (approximately three hours), the minimum time remaining between grant of licence and actual importation is three to four days. Under exceptional circumstances, import licences may be issued immediately before actual importation.

(g) Consideration of import licence applications is effected by a single administrative organ, i.e. the Commerce and Industry Department.

(h) See sub-paragraph (a) above.

(i) Not applicable.

(j) Not applicable.

(k) There are no import licences issued on condition that the coffee imported should be exported and not sold in the domestic market.

B. Rice

(a) Ten to fifteen days before the commencement of each quarterly period, the overall amount of quota allocated to rice importers is published in the press. Circular letters are sent to each individual importer registered with the Commerce and Industry Department, 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.

(b) The size of quota is determined on a quarterly basis.

(c) Import licences are issued only to rice importers registered with the Commerce and Industry Department. None of these registered importers is a domestic producer of rice. Manifest checking (see paragraph 1 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 unforeseen difficulties prevail. 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.

(d) 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.

(e) As in paragraph 6(A)(e) above.

(f) As in paragraph 6(A)(f) above.

(g) As in paragraph 6(A)(g) above.

(h) Import licences are issued to registered rice importers who have received quota allocations. If the rice importers feel that the quotas allocated to them are insufficient in a particular quarter, they may apply for an advance of quota from the following quarter. At present there are no provisions admitting new importers of rice.

(i) Not applicable.

(j) Not applicable.

(k) 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.

7. With the exception of coffee and rice (see paragraph 6 above), the other products listed in paragraph 2 above are not under restriction as to the quantity or value of imports. It should be noted that:

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

- (i) rice;
- (ii)* frozen meat;
- (iii)* frozen poultry;
- (iv) coffee;
- (v) plants originating in the American Tropics;
- (vi) strategic commodities;
- (vii) acetic anhydride;
- (viii) radioactive substances and irradiating apparatus;
- (ix) vaccine;
- (x) all goods imported directly or indirectly from Southern Rhodesia.

(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	Royal Hong Kong Police Force
(ii) Automatic machines, including any part thereof	Royal Hong Kong Police Force

*Except that if the frozen meat and poultry are supplied from countries in which a competent authority has not been recognized by the Hong Kong Government then the prior endorsement of the Urban Services Department is required.

<u>Item</u>	<u>Prior endorsement required from</u>
(iii) Celluloid film scraps	Fire Services Department and Marine Department
(iv) Diamonds	Exchange Control Office
(v) Gold, including gold bullion, gold coin, and articles, substances or liquids made wholly or partly of gold	Exchange Control Office
(vi) Insecticides containing phosphorous and homologous and related compounds	Agriculture and Fisheries Department
(vii) Radio transmitting equipment	Post Office

8. 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. Under the law, applicants have a right of appeal in the event of refusal to issue an import licence. The appeal must be made in writing to the Colonial Secretary within fourteen days from the date when the applicant was informed of the refusal.

Eligibility of importers to apply for licence

9. (a) All persons, firms and institutions are eligible to apply for import licences in respect of items (d) to (p) listed in paragraph 2 above.

(b) Only importers who are registered with the Commerce and Industry Department may import the following items:

- (i) rice;
- (ii) frozen meat;
- (iii) frozen poultry.

It should be noted that no registration fee is incurred.

Documentational and other requirements for application of licence

App. I 10. The information listed in paragraph 1 above is required when lodging an import licence application. A sample import licence is attached at Appendix I. No other documents are required to be submitted with the import licence

¹This sample import licence which is not reproduced here, may be consulted at the secretariat.

applications if the importer wishes to import the items listed in paragraph 2 above with the following exceptions:

<u>Item</u>	<u>Accompanying documents</u>
(i) Coffee	Certificate of Origin or Certificate of Re-export
(ii) Frozen meat	Health Certificate issued by the competent authority in the exporting country, or written permission of the Urban Services Department
(iii) Frozen poultry	Health Certificate issued by the competent authority in the exporting country, or written permission of the Urban Services Department

11. Other than the import licence no other document is required upon actual importation.

12. No licensing fee is charged. Import licence forms however can be purchased from the Government at the cost of US\$0.36 (HK\$2.00) per pad (containing twenty-five sets of import licences).

13. There is no deposit or advance payment requirement associated with the issue of import licences.

Conditions of licensing

14. The period of validity of an import licence for the following items is:

<u>Item</u>	<u>Period of validity</u>
Rice	6 weeks
Frozen meat	6 weeks
Frozen poultry	6 weeks
Coffee	6 months (if imported from member countries of the International Coffee Agreement) 28 days (if imported from non-member countries of the International Coffee Agreement)
Items (e) to (p) of paragraph 2 above	6 months

The validity period may be extended upon approval by the Director of Commerce and Industry or an authorized officer.

15. No penalty is imposed for the non-utilization of an import licence or a portion of an import licence.

16. Import licences are not transferable between importers.

17. 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.

(e) The importer may be required to produce both the original and the duplicate of the import licence to the Post Office for endorsement.

Other procedural requirements

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

19. Hong Kong is a member of the Scheduled Territories (Sterling Area) and payments within the area may be made freely in Hong Kong dollars, sterling or any other Scheduled Territory currency. For goods purchased outside the Scheduled Territories, official foreign exchange is automatically made available, unless the purchase is from an area termed the "free market trading area". This consists basically of North and South America plus a few other countries associated with

the United States dollar. Foreign currency for imports purchased from the free market trading area must be provided by the importer or obtained on the local free market, where rates have for some time been very close to the official rates. Foreign exchange is always available for those imports which qualify and the only formalities required are the submission of an invoice and shipping documents to an authorized bank.

Note: Although import permits are required for certain livestock, these permits do not appear to be relevant to the purpose of the questionnaire. The permits requirement is aimed at protecting public health and controlling livestock diseases.