

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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## REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES

### JAMAICA

The following notification has been received from the delegation of Jamaica in response to the questionnaire on import licensing procedures annexed to document L/5640.

#### 1. Outline of system

The licensing system in Jamaica is formulated by the Minister of Industry and Commerce and operated by the Trade Board Limited through the Trade Administrator under powers delegated by the Minister of Industry and Commerce.

The Trade Board is established under the Trade Law, 1955 (Law 4 of 1955) The Import Restriction Order, 1958.

The present system reflects government's deliberate strategy to restore viability to the nation's depressed economy, its Structural Adjustment Programme which seeks, inter alia, to attract sufficient foreign exchange for debt servicing and to meet payments for essential goods and services. Complementary to this Programme is a Plan of Import Licensing Deregulation embarked upon in 1981 and extending to 1987, which dictates the phased removal from licensing of all items except those on the prohibited list.

The system is set up to issue import licences under three main categories, namely:

Raw materials;  
Capital goods;  
Consumer goods.

Some products which fall into dual categories are assigned according to their end uses. Within these categories, five main groups of importers are recognized and accorded access to import licences according to their status.

- (a) The target group of manufacturers. These are identified as potential earners of well-needed foreign exchange being exporters of approximately 80 per cent of the nation's exports.

- (b) Other manufacturers. Some importers in this group also earn foreign exchange and provide linkage products and/or services to primary exporters. Hotels and other enterprises in the tourist industry, while not being manufacturers as such, are foreign exchange earners in their own rights and are allowed to import without much restraint.
- (c) Distributors and traders. These are largely importers of consumer goods for which, with certain exceptions, such as pharmaceuticals and foods, budgetary provisions are extremely restrictive.
- (d) Informal commercial importers (ICIs). This group, commonly known as "Higglers" became formally embraced in the system in 1982 following their initiatives as barter traders in certain countries overseas where they earned their own foreign exchange.
- (e) Returning residents. Returning residents are permitted to import their personal and household effects excepting motor vehicles freely. Motor vehicles however, are subject to licences.

For practical purposes, the status of imported goods is categorized under four headings for licence consideration.

(i) Restricted:

Products which largely are manufactured locally or for which reasonable local substitute is available adequately. Others are regarded as non-essential and therefore restricted in conservation of scarce foreign exchange. The current list of restricted items is given in Annex I.<sup>1</sup> However, it should be noted that in January 1985 certain items will be deregulated and removed from licensing.

(ii) Non-restricted:

These are not in competition with locally produced goods but are nevertheless subject to budgetary constraints.

(iii) Goods on open general licence - (not requiring any import licence)

At present there are nineteen select items which together represent less than 1 per cent of the nation's budget.

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<sup>1</sup> A copy of Annex I is available for reference in the secretariat, Centre William Rappard, office No. 1059.

They are listed in Annex II.<sup>1</sup> This list however, continues to expand by the inclusion of items as those items are removed from import licence requirement.

(iv) Prohibited items:

At present there are five (5) such items on the prohibited list detailed in Annex III.

All importers are assigned an importer's number by the Trade Board. New importers must apply for a number. Quota holders are also assigned a quota number which must be affixed to import applications along with the importer's number.

2. Purposes and coverage of the licensing

The purposes of licensing are mainly:

- to facilitate equitable allocation of scarce foreign exchange;
- to facilitate control of certain imports and ensure adequate supplies of essential goods;
- to enhance effective monitoring of foreign exchange utilization.

Raw materials

The majority of items for manufacturing purposes are free from licensing. However, certain restricted items including packaging materials are licensable for importers other than certified exporters. (Exporters with established levels of performance.) Generally, there is very little constraint in the grant of licences except to ensure that the targeted budget figure is not overshoot.

Import licence applications against recognized loans and lines of credit facilities are granted without hindrance once the necessary formalities are completed. The Jamaica Export Credit Insurance Corporation (JECIC) (a subsidiary of the Central Bank of Jamaica) administers certain government supported loans/lines of credit in which case, the importer is required to lodge the Jamaican dollar equivalent of his foreign exchange transaction with a commercial bank and complete and submit the necessary documents to the JECIC for their endorsement before a licence may be granted.

Hotels receive foreign exchange allocations based on the level of their foreign exchange lodgement with the Jamaica National Retained Account Committee which operates out of the Central Bank - Bank of Jamaica. Import

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<sup>1</sup> Copies of Annexes II and III are available for reference in the secretariat, Centre William Rappard, office No. 1059.

applications submitted against their allocations are expedited within two days. All imports for hotels excepting capital goods are classified as raw materials.

Government's purchasing agency - The Jamaica Commodity Trading Co. Ltd., is the sole authorized importer of bulk wheat, corn, soyabeans, soya oil, skimmed milk powder, buttermilk powder and butter oil.

#### Capital goods

Importers for the productive sector are freely allowed to ensure that the necessary equipment, machinery and materials are in place to facilitate productive development. Government provides funds under the Rehabilitation Fund to assist with imports for the construction industry and refurbishing materials for others in the productive sector.

The JECIC administers the funds and issues appropriate documents for those imports which are not licensable, while applications for goods which are subject to licensing must be referred to the Trade Board for approval with the appropriate endorsement by JECIC. The Jamaica Commodity Trading Co. Ltd., imports Southern Yellow Pine for distribution to the trade. They are also the sole importer of motor vehicles for distribution. Most of their procurements are under barter-trading arrangements or loans. A specially appointed committee advises the Trade Administrator on the importation of motor vehicles.

#### Consumer goods

A quota system is in place to facilitate equitable allocation of foreign exchange for imports in this category. Allocations are based on previous import performance and the percentage allocated varies according to the level of the budget figure established. Low priority status is accorded to goods falling in this category. However, certain essential commodities are specially provided for in the budget.

##### (a) Non-durables

Pharmaceuticals: Items identified as essential for the "Basic Needs Basket" are imported by the Jamaica Commodity Trading Co. Ltd. (JCTC) for both the public and private sectors.

The JCTC procures supplies in bulk on the basis of international tender thereby ensuring that products are available to the consumer at the lowest possible price. A list of items imported by the JCTC is circulated to all concerned while those pharmaceuticals which the company does not import are allowed to the trade to the level of the restrictive quota allocations. A special advisory committee advises the Trade Administrator as to the grant of licences.

(b) Grocery items

As in the case of pharmaceuticals, the JCTC is the sole importer of certain items - namely, canned sardines, rice and dried salted cod fish. They formerly imported a wider range of commodities but most have been deregulated and may now be imported by the private sector.

(c) Agricultural products

In order to protect local producers from undue competition from imported products, restriction is imposed on certain agricultural imports which are referred to a committee comprising officials of the Ministry of Agriculture and other related agencies for recommendations. These products include condiments, dairy products, coffee, fruits, vegetables, meats, onions, peanuts, cashew, peas and other legumes and fish. Please see restricted list of imports. (Annex I)<sup>1</sup>

(d) Durables

Motor vehicles are under restriction.

Importation for distribution is done by the JCTC as stated under capital goods. In the case of returning residents, a special policy applies. The importer must be continuously resident overseas for at least two years and must be returning to Jamaica to reside. Certain other conditions must be satisfied. A list of all licensable imports (Annex IV)<sup>1</sup> effective 2 April 1984, was published under Notice to Importers No. 3069.

3. The system applies to all countries except South Africa which is a prohibited source of origin. Imports from CARICOM countries are no longer subject to import licensing.

4. Licensing is intended to restrict both the quantity and value of imports particularly those items that are produced locally. Licences are issued specifying the quantities and c.i.f. values permitted and it is a breach of the import regulations to exceed the stipulations.

5. The Trade Board Limited which is the licensing authority was established under the Trade Act, Law 4 of 1955. Please see information at (1). The authority to grant licences is delegated to the Trade Administrator by the Minister of Industry and Commerce. The items which are subject to licensing are determined by the Minister from time to time, published in official notices and gazetted. Legislative approval is not required to abolish the system.

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<sup>1</sup>A copy of Annexes I and IV are available for reference in the secretariat, Centre William Rappard, office No. 1059.

6. Procedures

- (a) Information concerning particulars of quota allocations is not normally published except to advise importers of policies as necessary or that quota documents are available for delivery. The amounts allocated to each importer is kept in strictest confidence and not revealed publicly. Information of a general nature relating to policy changes, etc., are usually published in the leading newspapers and through the electronic media in the form of "Official Notice to Importers" and news releases respectively. Such notices are copied to our overseas missions through the Ministry of Foreign Affairs for dissemination to export promotion bodies and interested parties. Regular dialogue takes place with related government agencies, the Chamber of Commerce, Jamaica Manufacturers' Association and like bodies.
- (b) At present, quotas are issued for consumer imports only. Raw materials and capital goods were removed from quota restrictions since January 1984.

Quotas are allocated on the basis of a percentage of past import performance. The percentage level is determined on the basis of the budget figure established by the Central Bank - Bank of Jamaica. Quotas are normally issued on a six-monthly basis to facilitate half-yearly assessment of imports against their utilization. New applications (including applications for increases) are treated on merit together with foreign exchange availability.

In cases where the validity of the quota expires before utilization, application to the Trade Administrator for extension would not be granted beyond the calendar year.

There are cases where quotas may be issued for one year duration but the relevant licences given only six-months validity. The importer may apply for extension, particularly where there is evidence of commitment to import. However, the licence would not be extended beyond one year.

- (c) Licences are normally not issued for goods adequately produced locally and which are restricted items except in cases where it can be ascertained that the local supplier is unable to satisfy demands in terms of quantity, quality, price and delivery time required.

Periodic review of matched imports against licences is undertaken. Where there is evidence that usage has not taken place and is unlikely to be done in reasonable time, revocation may be effected and the funds re-allocated where necessary. Unused quota allocations may be added to quotas for succeeding periods within the same calendar year.

- (d) No specific period is given for the submission of licences against quotas issued. The importer may submit application any time during the validity period of his quota.
- (e) There is no stipulated minimum or maximum period of time for processing applications. In the case of the hotel industry an undertaking has been given for a two-day processing but all others are subject to diverse conditions such as investigations that may be necessary, reference to the advisory committee, staff availability, etc. Processing time is usually possible within a maximum of two weeks.
- (f) There is no minimum time given between granting of licences and the date of opening of the period of importation.
- (g) The Trade Board Limited is the administrative organ that considers licence applications. However, firearms and ammunitions are usually referred by the Trade Board to the Ministry of Security and Justice for recommendation because of the sensitive nature of the imports. Applications for buses and other vehicles for public transport require the prior recommendation of the Minister of Public Utilities and Transport before submission to the Trade Board. This is to ensure that the respective routes are adequately serviced in keeping with the public transport schedules of the responsible body. Where applications relate to loans/lines of credit administered by the JECIC or the Rehabilitation Fund, the importer is required to contact that agency for the necessary authorization.
- (h) If the demand for licences cannot be fully met a number of factors are taken into account in making allocations. For example, the essentiality of the intended import together with the importer's past performance, present stock level, availability of local substitute, the amount available for that category of goods as well as employment implications. Licences are usually issued on a first-come-first-served basis. Sometimes it becomes necessary to issue licences simultaneously to all members of a product group, e.g., the pharmaceutical group.

Except in the case of consumer goods, there is no maximum amount allocated per applicant. Allocations are computed on the basis of past import performance where applicable and against the global budget allocation. New importers are considered on merit and against foreign exchange availability. Applications of a similar nature are often examined simultaneously on receipt in order to ensure that each case is being treated equitably.

- (i) An import licence is required for any licensable product whether or not covered by an export permit from another country. Automatic licensing is not guaranteed with an export permit as

grant of licence is still subject to all the overriding considerations. The importer is obliged under the import regulations to secure an import licence prior to importation.

- (j) Imports are not allowed on the basis of export permits only. Therefore, no flow of information in this regard is necessary.
  - (k) Goods imported for temporary use are usually issued with specific clauses for re-exportation at the end of a given time. Motor vehicles imported by contract officers and temporary visitors as also machinery and equipment are sometimes treated in this manner.
7. (a) The period of time necessary between application for licence and importation depends on the essential nature of the import. As previously detailed certain applications (e.g. hotels) are specially expedited while others could require up to five days processing time. It is illegal to import licensable goods without an import licence hence the onus is on the importer to secure a licence in advance of importation. Restricted goods imported without a licence are liable to seizure plus fines or re-exportation by the Collector of Customs. The Trade Administrator is not obliged to grant licences for foods imported illegally whether inadvertently or not.
- (b) A licence may be granted immediately on request at the discretion of the Trade Administrator.
  - (c) There is no limitation as to the time of year in which applications may be submitted. Importers of consumer goods that are subject to quota must await receipt of their quota allocations before licence applications are submitted.
  - (d) The importer may have to approach more than one organization depending on the intended import.

8. Applications for licences may be refused on the basis of foreign exchange unavailability, non-essentiality of the items applied for, adequacy of previous licences granted, non-recommendation by the reference sources, availability of local substitute, insufficient or lack of quota, illegal importation, etc. Refused applications are turned out with a stamp indicating the reasons for refusal. Applicants may appeal against refusal in writing to the Trade Administrator. If refusal is upheld he may appeal to the Minister of Industry and Commerce.

9. Eligibility of importers to apply for licence

All persons are eligible to apply for licences for imports whether under restrictive or non-restrictive licensing. Hence there is no



published list of authorized importers. Informal commercial importers are registered with the Revenue Board and given importers' numbers to be embraced in the system.

10. Documentational and other requirements for application of licence

Importers are required to submit import application forms completed in triplicate showing name and address of importer, name and address of consignor, country of origin of imports, importer's number, quota number where applicable, category of intended imports, currency of payment, description of unit, quantity applied for, quantity on hand, tariff number, description of goods, unit price, c.i.f. value in the currency of Jamaica and the United States and that of any other originating country.

Application forms for personal and commercial imports are attached, Annex V and VI respectively.

Licences are expressed in the US dollar c.i.f. regardless of source, since the import budget is denominated in US dollars. The importer is required to submit supporting documents with his application as pertaining to the particular imports. For example:

Drugs - Certification from the Ministry of Health;

VHF communication equipment - Certificate from the Postmaster General;

Firearm and ammunition - Certificate from the Commissioner of Police;

Motor vehicles (by returning residents) - Certified copies of: ownership documents of vehicle, passport pages, evidence of residency overseas for at least two years and intention to return permanently.

11. Upon actual importation, the importer is required to present shipping documents to customs authorities along with valid import licences where required for clearance.

In the case of motor vehicles, the importer is required to take his arrival documents to the Trade Board to secure release of the licence which must then be verified by the JCTC before clearance authorization is made by the Trade Board.

12. No fees for the issuing of licences are chargeable at present.

13. No deposit or advance payment of any kind is associated with the issuance of licence at present.

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<sup>1</sup>Copies of Annexes V and VI are available for reference in the secretariat, Centre William Rappard, office No. 1059.

14. Conditions of licensing

The period of validity of a licence is usually six months but may be extended to one year where necessary. Please see 6(b).

15. There is no penalty for the non-utilization of a licence or a portion thereof except that utilization is usually taken into account for subsequent allocations.

16. Licences are not transferrable between importers.

17. An importer who imports goods beyond the quantities stipulated on import licence must satisfy the Trade Administrator as to the reason for such action. Depending on the excess, he may be granted an additional licence to facilitate clearance or the Collector of Customs may be authorized to clear without an additional licence.

18. Other procedural requirements

CARICOM imports were removed from import licensing by Notice to Importers dated 8 June 1984. However, importers are required to register their intended imports with the Bank of Jamaica before importation in order that the respective payments may be appropriately scheduled.

19. Foreign exchange for payment of imports is provided on the basis of an auction system by the Bank of Jamaica which came into effect in December 1983.

Licensable imports must be covered by a valid import licence which is presented by the importer to a commercial bank along with the Jamaican dollar equivalent of the value of his import to secure a letter of credit. The commercial bank accesses the auction system on behalf of the importer where the c.i.f. value is under US\$50,000. For sums above this figure, the importer has the privilege of direct access to the auction.

Once a valid licence is secured where necessary and other requirements as described above are met, payment by the bank is automatic.