

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

COM.IND/W/55/Add.51
COM.LG/W/72/Add.51
4 January 1972

Limited Distribution

Committee on Trade in Industrial Products
Group 4 - Licensing

Original: English

REPLIES TO THE QUESTIONNAIRE ON LICENSING

Addendum

ZAMBIA

Part One: PRELIMINARY AND HISTORICAL

1. In order to give a clear view of the policy and direction of import licensing in Zambia, it is desirable to make some brief survey of pre-independence economic trade patterns, which affected the then Northern Rhodesia and to explain why it has been necessary to arbitrarily alter these patterns to accommodate Zambia's economic development and expansion since 1964.
2. Prior to the grant by Great Britain of independence from protectorate status to full self-government and statehood (1964), the country's economic development of which copper and subsidiary mineral production accounted for more than 80 per cent, had been largely generated from the Republic of South Africa and, to a lesser extent, from Southern Rhodesia.
3. The general development of Southern Africa as a whole, starting in the Nineteenth Century, was stimulated agriculturally by the Dutch and British settler's migration from the Cape of Good Hope northwards and industrially by the discovery of rich mineral deposits, diamonds, gold and copper in the main, which attracted the interest and exploitation by the British South African Company. This, too, was a movement northwards, from diamonds and gold in Kimberley and the Rand to the copper fields of Northern Rhodesia and Katanga.

Secondary industry in Northern Rhodesia lagged behind that in South Africa and Southern Rhodesia who attained respectively, Dominion status in 1910 and full internal self-government in 1934.
4. Lines of communication in Southern Africa followed naturally upon the discovery of mineral riches and preceded or accompanied other industry.
5. Thus, on attaining independence in 1964, Zambia found herself understandably very largely dependent upon Southern African financial interests and communication services. This was a state of affairs which the Government of Zambia determined to change with the view of attaining economic independence and industrial development.

6. The Government's policy and actions therefore were directed towards:

- (a) Participation (51 per cent) in mining, industry and the distributory trades including the establishment of the Kafue Textile Mills and the encouragement and participation in enlarging mining and secondary industry.
- (b) Agricultural reform including the establishment of a fertilizer factory.
- (c) The development of lines of communication to the North, including the tarmacadamizing of the Great North Road, an oil pipeline and the construction of a railway (all for completion in 1974) all to the Port of Dar-es-Salaam.

In 1965, Southern Rhodesia, setting astride Zambia's main external lines of communication unilaterally declared independence from Great Britain and the political and economic implications of this illegal act added an impetus and urgency to Zambia's development of alternative routes to the North.

7. The policy touching import licensing has followed this direction and such restrictions as it has been found necessary to impose on the importation of commodities are intended:

- (a) To build up a volume of traffic through the Port of Dar-es-Salaam so as to make viable the Zambia-Tanzania road freight fleet now in operation since 1965 and in due course the Zambia-Tanzania Railways. This has been achieved by granting licences for certain categories of goods on the pre-condition that they are entered through Dar-es-Salaam or by road or air freight from a country to the North of Zambia.
- (b) For the management and protection of home industries by the severe restrictions on the importation of competing foreign goods. These are:
 - (i) Cotton textiles piece goods except for canvas of a weight of not less than 339 grs. per square metre.
 - (ii) Agricultural produce.
 - (iii) Clothing except for a few items.
 - (iv) Bicycles and bicycle parts.
 - (v) Iron and steel and timber, the import monopoly of which is granted to the State's Zambia Steel and Building Supplies group of companies.
 - (vi) Other minor products such as electrical transformers, earthenware crockery and electrodes.

These restrictive practices have been a gradual process since 1964 and have kept in step with Zambia's development of secondary industry and changing external trade patterns and although they may now be considered adequate for present circumstances are likely to widen with further industrialization in the future.

Part Two: REPLIES TO THE QUESTIONNAIRE

1. The Control of Goods Act (1965) is the enabling legislation under which Ministerial regulations and orders are made (Appendices A to C).¹

The regulations and orders themselves allow a broad administrative interpretation and Government policy is largely effected by administrative action. For example import routing restrictions are so controlled and are not published by the Government Printer.

Licences for the importation of goods are, at present, freely issued by the Ministry of Trade and Industry with the following exceptions:

- (a) With few exceptions and in exceptional circumstances, the importation of goods from Rhodesia is banned. This follows the United Nations Sanctions, compulsory and voluntary on Rhodesia, following that country's unilateral declaration of independence from Great Britain.
- (b) The restriction of import routes for certain categories of goods (Part One, paragraph 7(a)).
- (c) For the protection of home production and industries, the importation of certain foreign competitive categories is either severely restricted or banned (Appendix C¹ - Second Schedule - Part One, paragraph 7(b)).

It can be said that one licensing system exists, albeit on a fairly broad basis.

2. The system applies to goods originating in any and all countries in the world.

3. The system restricts the quantity of imports to the extent indicated in Part One, paragraph 7(b) and Appendix C¹ - Second Schedule and the routing of certain goods (Part One, paragraph 7(a) and Appendix D¹).

4. The system is constantly under review in the light of current circumstances but apart from minor modifications to meet changing circumstances it remains and has remained constant.

5. The substantive law is Act 15 of 1965, and the regulations and orders made thereunder (Appendices A to C).¹

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The legislation requires the licensing of all importations, and the only administrative discretion allowed is whether a licence may be issued or not and the route by which importation may be made (Appendix D¹).

The abolition of licensing or its amendment, as is presently enforced by Act 15 and its subsidiary legislation (Appendices A to C¹), would require parliamentary sanction or Ministerial action respectively.

6. (a), (b) No quota system at present exists although this may be necessary in future in respect of a limited category of goods. ,

(c) Certain domestic producers are favoured to a small extent by the grant of licences for certain goods which relate to their own products.

No check is made to ascertain whether or not licences are actually used.

(d) This sub-paragraph is not applicable as no quota system exists.

(e) In normal practice, the minimum length of time from receipt of application to despatch of a licence is one day, the maximum, and this is in instances where an application must be referred to another Ministry or to a possible domestic producer, is one month.

(f) Licences are valid for importation as at the day of issue.

(g) The granting of licences is effected by the Ministry of Trade and Industry except as indicated at Appendix A¹ (game animals and trophies) and B¹ (agricultural produce).

(h) The demand for licences is fully satisfied apart from the restrictions indicated at Part One, paragraph 7(b).

(i) No bilateral quotas nor restraint exist.

(j) Imports are not related to export permits from other countries.

(k) Nor is any product licensed for import subject to re-exportation.

7. (a) The question of how far in advance of importation an application must be made is largely a matter for the importer but the principle should be observed that a licence should be obtained before the goods are shipped by the supplier. This is a matter of common sense as the importer should be assured by possession of a licence that importation will be allowed before committing himself. It should be noted that goods arriving at customs posts are subjected to seizure by the Government if their importation is not licensed on arrival, or subsequently.

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In practice a licence may be obtained immediately on demand at the Ministry, unless the importation of the goods in question is objectionable.

(b) A licence can be obtained immediately on demand if the circumstances are such as to warrant priority being given over other applications. Such a case might be that where goods have arrived unexpectedly.

(c) The consideration of applications is effected by the Ministry of Trade and Industry only with the following exceptions:

- (i) Importation of certain agricultural products (Appendix B¹) for which a permit from the Ministry of Rural Development is required.
- (ii) Importation of clothing. Applications are considered by a Ministerial Committee sitting at approximately one-month intervals and including representatives of the clothing manufacturing industry.
- (iii) Certain game animals and trophies (Appendix A¹).

It is not necessary for an applicant to approach more than one administrative organ.

8. Legally an application for a licence may be refused and no reason given.

In practice no licence is refused to any applicant provided it meets ordinary criteria without an adequate reason being given.

The most common reasons for applications being refused are:

- (i) The goods concerned can be obtained from a domestic producer.
- (ii) The applicant wishes to import via a route not approved for the particular category of goods concerned. (Appendix D¹)

However, if his arguments are sufficiently compelling, his request will normally be acceded to.

9. All persons, firms and institutions are eligible to apply for (and be granted) import licences with no discrimination, except as indicated at paragraph 6(c).

10. The following information is required in an application for an import licence:

- (a) Name and address of applicant (the importer).
- (b) Name and address of the supplier of the goods.

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- (c) Country or countries of origin or manufacture of the goods.
 - (d) Quantity, value (f.o.b.) and description of the goods. The Customs Tariff number also is asked, to assist in identifying the goods in case of an inadequate description but this is not necessarily insisted upon.
 - (e) Reference to any other permit required, e.g. a permit from the Ministry of Rural Development in the case of some agricultural products.
 - (f) The import route by which the importer desires to bring in the goods.
11. The following documents are required upon actual inspection:
- (a) import licence;
 - (b) Zambian certified invoice;
 - (c) carriers advice note of arrival of the goods.
12. No fee or charge is made for the issue of licence.
13. No deposit nor charge of any kind is required for the issue of a licence.
14. For goods entering Zambia from outside the African continent, an import licence has a period of validity of six calendar months, otherwise four months. In both cases an extension of three months is normally granted.
15. There is no penalty for non-utilization of a licence.
16. Licences are not transferable between importers.
17. Generally, the only conditions attached to the issue of an import licence are:
- (a) That the goods imported agree in all respects with the details of supplier, origin, quantity, value and description shown on the licence.
 - (b) That they are imported via the route specified on the licence.
 - (c) That they are imported within the period of validity of the licence.
- It should be noted, however, that minor amendments to licences are normally approved.
18. Apart from import licensing and similar administrative procedures, no other procedure or requirement is necessary prior to importation.

19. Foreign exchange is automatically provided by the banking authorities for goods to be imported and this is normally done by the opening of a letter of credit. Authorization for the movement of funds is effected by commercial banks on production of proof that the goods have entered Zambia and for this purpose the following documents are necessary:

- (a) Zambian certified invoice;
- (b) customer's bill of entry (import).