

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES

NEW ZEALAND

Revision

Information on import licensing procedures of New Zealand, submitted in response to the questionnaire annexed to document L/5106/Rev.1, has been made available to contracting parties in document L/5172. The present revision includes the relevant changes for the licensing period 1982/83 and replaces the data previously submitted by New Zealand.

Outline of system

1. (a) For ordinary import licensing system see 1982/83 Import Licensing Schedule and 1982/83 Import Licensing Policy Schedule.^{1/}
- (b) For Import Licence Tendering Scheme see New Guide to Import Licence Tendering Scheme, March 1982.^{1/}

Purposes and coverage of licensing

2. (a) For description of system and coverage of licensing, see 1982-83 Import Licensing Schedule, and Import Licensing Policy Schedule 1982-83.
- (b) The goods covered by tendering are advertised before each round of tendering.
3. All countries except as set out in Parts III, IV, V of Appendix I (pages 200 to 203) of 1982-83 Import Licensing Schedule are covered.

^{1/} These documents are available for reference in the secretariat, Room 1070, Centre William Rappard.

4. The primary purpose of the import licensing system is to protect domestic producers from import competition in order to foster the diversification of industry and the development of investment, production and employment. The New Zealand Government is committed to making a gradual change from an import régime based largely on import licensing to a régime based on the tariff. The Industry Studies Programme and the Import Licence Tendering Scheme are concrete steps in this direction.

Since 1971 import licensing has been removed gradually and currently about 22 per cent of New Zealand's total imports by value are subject to import licensing controls. The balance, 78 per cent, is exempt from licensing. The customs tariff is used as a protective measure where necessary for these imports.

A demonstration of the move towards greater flexibility in the Import Licensing System can be seen in the policies announced in the 1979 Budget. They were:

- (1) Product Rationalization Policy;
- (2) Excessive Price/Quality/Technology Differentials Policy;
- (3) Import Licence Tendering Scheme;
- (4) Export Production Assistance Scheme.

In addition to these policies, the Anomalies Scheme, which was introduced in the 1979-80 licensing period, is intended to correct anomalies which may occur in licence-holdings for consumer items, whether or not the applicant has licensing history in the item code.

(Detailed reference is made to these policies in the Import Licensing Policy Schedule 1982-83, pages 155 to 158, pages 177 to 181, and pages 189 to 191 and in the New Guide to the Import Licence Tendering Scheme, March 1982.) A further indication of the move towards greater flexibility in the allocation of licence is the decision to allocate by tender 15 per cent of basic licences for consumer goods in the 1982-83 licensing period. The main purpose of this measure was to introduce an element of competition and enterprise into the import licensing system.

Furthermore, one of the aims of the current programme of industry studies is the testing of tariffs on goods subject to import licensing controls, and the possibility of using tariffs rather than import licensing as a protective measure.

During the current year programmes of gradual import licensing relaxation have been implemented in relation to the packing, writing instruments and plastics industries. This process will be extended as

industry plans are implemented for other sectors which have been the subject of industry studies. The recent and current groups of studies cover a significant proportion of the sector of industry protected by licensing.

5. Licensing is maintained under Import Control Regulations 1973.^{1/}
These Regulations are repeated in Import Licensing Instructions.^{2/}

Procedures

6. (a) (i) Information concerning the allocation of licence and formalities of application are contained in the 1982-83 Import Licensing Schedule and 1982-83 Import Licensing Policy Schedule. In addition, information on licences available under tendering procedures is published before tenders are called.
- (ii) Overall amounts of licence to be allocated are not predetermined in any precise way. They are determined in the main by percentage allocations published in the Import Licensing Schedule and the policy followed in each item code. This system has considerable flexibility.
- (iii) Import licences are issued on a global basis and not restricted to imports from a particular country. In addition, there are some licences issued in accordance with the provision of certain trade agreements and schemes (e.g. New Zealand/Australia Free Trade Agreement (NAFTA); South Pacific Regional Trade and Economic Co-operation Agreement (SPARTECA); the Developing Countries Handicraft Scheme (DCHS); and the Special Trade Licence Scheme).
- (iv) There is no predetermined maximum amount for each importer except in so far as this is set under each item code by the percentage entitlement based on previous licences.
- (b) Overall allocations are determined on a yearly basis and licences are issued for imports within the import licensing year in which they are issued.
- (c) (i) Licences are available to both traders and domestic producers. By far the greatest proportion of licences for finished goods is held by the former group.

^{1/} A copy of this document is available for reference in the secretariat, Room 1070, Centre William Rappard.

^{2/} Not reproduced

- (ii) In the 1970-71 licensing year, a system of review of item codes was introduced to determine whether proper use was being made of licences by importers. This system has continued, and for the 1982-83 licensing year four item codes are under review. The review system is undergoing some modification as computerization by the Customs Department will provide information on licence usage. But failure to use a licence wholly or partly does not in itself call for action by the Department.
- (iii) Unused allocations are not added to subsequent allocations. This policy has been viewed as providing some incentive for licence-holders to use their allocation each period.
- (iv) The names of holders of basic licences, which comprise approximately 30.1 per cent of total licence issue, have been made available for the first time this year, following discussions with importing and other commercial organizations. This information has been published in a booklet, "Basic Import Licence Holdings"¹, which has been distributed to all foreign missions accredited to New Zealand. The booklet is also available to the public. The names of importers to whom other than basic licences have been allocated remain confidential.

(d) There is no set period for the submission of applications for licences. In the main, basic allocations are issued automatically by the Customs Department upon the release of the Import Licensing Schedule without applications being required by importers. For goods with a "C" allocation (for which a licence is not automatically granted) applications are considered in terms of the policy guidelines supplied with the Import Licensing Schedule throughout the import licensing year.

(e)/(f) Basic licences are generally issued prior to the commencement of the licensing period. However, in some cases where allocations are based on imports and importers are required to submit applications supported by evidence of imports, licences may be issued after the commencement of the period. Importers, in such cases, may lodge their applications at any time after the release of the Import Licensing Schedule. The Schedule is normally released early in April and the licensing year begins on 1 July.

(g) All import licence applications are lodged, in the first instance, with the Customs Department which has the authority to make decisions in certain circumstances. The remaining applications are dealt with by the Department of Trade and Industry. In some cases other departments such as the Department of Agriculture and Fisheries, the Ministry of Defence or the Department of Health, are consulted.

¹ A copy of "Basic Import Licence Holdings - 1981-82 Licensing Period" is available for reference in the secretariat.

- (h) (i) Where the demand for licences cannot be fully satisfied allocation is normally made to applicants on the basis of past performance, that is, importing history.
- (ii) In many instances there is provision for the issue of licences in excess of the basic allocation.
- (iii) Provision is made for new importers by means of additional licences under the Anomalies Scheme. In addition, new importers are entitled to bid for licences offered for tender.
- (iv) Generally applications are considered on receipt.

(i) New Zealand has no bilateral quota or export constraint arrangements with other countries apart from those noted in (j).

(j) New Zealand is a signatory to both the International Coffee Agreement and the International Sugar Agreement. A coffee (or sugar) certificate issued by the country of export is required to be lodged before imports of these goods are allowed into New Zealand. Where the exporting country is not a member of the Agreement the Department of Customs in New Zealand issues a certificate and stamps for the certificate are obtained from the Bank of New Zealand.

(k) Yes, licences issued for goods imported on a temporary basis are issued on condition that the goods will be exported within the period specified in the "Conditions" section of the permit, and will not, in any circumstances, be sold or otherwise disposed of in New Zealand.

7. (a) Where there is no quantitative limit on a product or on imports, products may be exempt from import licensing requirements or subject to licence-on-demand procedures, whereby prospective importers are granted licences on production of evidence of a firm order. For certain goods the licence is granted immediately on request.

Details of NAFTA licence-on-demand items are also found in the Import Licensing Policy Schedule 1982-83 (pages 165 to 175).

Details of global licence-on-demand items, including GATT items subject to licence-on-demand procedures are in the relevant item codes in the 1982-83 Import Licensing Policy Schedule.

(b) Licences can be issued on request, subject to a fourteen-day processing period. (There is usually no delay in the issue of licences on demand.)

(c) Importations are required to be made during the standard licensing period (i.e. June year).

(d) Yes. (See 6(g).)

8. (a) An application for a licence may be refused (other than failure to meet the ordinary criteria) where policy relating to the goods in question does not permit the issue of a licence, or additional licence.

(b) Reasons for refusal are always given to applicants.

(c) There is provision for Right of Appeal in the Import Control Regulations 1973 under Section 16. (Reconsideration for an appeal to be made to the Minister of Trade and Industry where there is dissatisfaction as to the grant, refusal revocation, withdrawal or modifications of a licence or permit.) If the application has been refused, the applicant may appeal to the Department of Trade and Industry, Head Office. If the applicant is still not satisfied he may appeal to the Minister of Trade and Industry. The decision of the Minister upon reconsideration shall be final.

9. (a) Yes, any New Zealand domiciled firm, person, or organization may apply.

(b) As in (a). (There is no system of registration. Therefore, balance of paragraph does not apply.)

10. (a) For a description of information required in applications, see information section of 1982-83 Import Licensing Schedule - sub-section headed "Supporting Information".

(b) Sample Form¹.

(c) Documents required. As in (a) above. See also sub-section headed "Applications for Basic Licences Based on Previous Imports" in information section of Import Licensing Schedule.

11. In so far as import licensing is concerned, only the actual licence is required upon importation.

12. There is no licensing fee or administrative charge.

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

¹A sample form of "Application for a Licence to Import Goods" is available for reference in the secretariat.

However, in the case where licences have been put up for tender, the licence is issued to the successful tenderer upon payment of the premium. Payment must be no later than six months after the tenderer has been notified of the success of the bid.

Conditions of licensing

14. (a) The normal period of validity of a licence is from 1 July-30 June the following year. However, in certain circumstances, licences may be issued for any period up to twelve months outside of the usual June year licensing period.

(b) A licence is valid only for goods imported during the period for which it was issued, unless otherwise endorsed.

(c) Licences can be extended on application. In certain special circumstances, the validity of a licence may be extended to the following period. For example, the uncertainty of some shipping movements can present a problem towards the end of the licensing period, i.e. vessels scheduled to arrive on or before 30 June may be delayed for a number of reasons. Each year, the Department of Trade and Industry publishes a list (in circular memorandum form and in the Import Licensing Bulletin) of those vessels which are regarded as "qualifying" for the particular licensing period even though they may subsequently be delayed and arrive after 1 July. A list of "non-qualifying" vessels is published concurrently. Where a "qualifying" vessel arrives after 30 June the validity of the current licence would be extended to allow the importation concerned.

15. The Government does not as a general principle penalise an importer if he does not use his basic licence in a particular period.

16. Licences are not transferable between importers. (There is some provision for transfer from one item code to another.)

17. (a) See sample form of import licensing application for printed conditions.¹

In addition, other conditions may be typed on the licence, viz. agricultural requirements, health requirements, or certain conditions relating to the goods themselves. Where a licence is issued to an importer to import goods for supply to a particular client such a note may appear on the licence.

(b) Conditions referred to above can apply to imports not subject to quantitative restrictions.

¹A sample form of "Application for a Licence to Import Goods" is available for reference in the secretariat.

18. The granting or issue of a licence or permit under Import Control Regulations 1973 does not absolve any person from compliance with any other provision of law relating to the importation of goods, e.g. Stock Act, Food and Drugs Act, Arms Act, etc.

19. (a) Foreign exchange is automatically provided only when goods to be imported are exempt goods.

(b) A licence is required as a condition to obtaining foreign exchange, except for exempt goods.

(c) Foreign exchange is always available to cover licences issued.

(d) Trading banks have copies of the Import Licensing Schedule and importers must satisfy their trading bank as to whether the goods they wish to import are exempt from licensing or subject to the requirements of a licence. In the latter case, the trading bank requires to sight the licence.