

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.2, has been made available to contracting parties in document L/5172/Rev.1. The present revision includes the relevant changes for the licensing period 1983/84 and replaces the data previously submitted by New Zealand.

Outline of system

1. (a) For ordinary import licensing system see 1983/84 Import Licensing Schedule and 1983/84 Import Licensing Policy Schedule.¹
- (b) For Import Licence Tendering Scheme see Guide to Import Licence Tendering Scheme, October 1983.

Purposes and coverage of licensing

2. (a) For description of system and coverage of licensing, see 1983-84 Import Licensing Schedule, and Import Licensing Policy Schedule 1983-84.
- (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 212 to 215) of 1983-84 Import Licensing Schedule are covered.
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 have previously been pointed to as concrete steps in this direction.

¹These documents are available for reference in the secretariat, Room 1063, Centre William Rappard.

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.

The Australia New Zealand Closer Economic Relations Trade (ANZCERT) Agreement which came into force on 1 January 1983 represents a further significant step in the process of liberalizing New Zealand's import licensing system. This agreement with New Zealand's largest trading partner requires that all import licensing protection on imports from Australia will be removed by 1995 at the latest. This liberalization will be achieved through progressively increasing Australian access to the New Zealand market through the issuing of Exclusive Australian Import Licences, or by expansion of global licence access as well as the phasing out of most import tariffs by 1988.

Procedures for the allocation of the additional import licences are covered in 6(c)(i). The Agreement which will result in a complete free-trade area between New Zealand and Australia by 1995 is outward-looking and, through encouraging the allocation of resources into internationally competitive activities will complement other moves by the New Zealand Government to replace quantitative import restrictions with tariff-based protection policies.

The SPARTECA Agreement also provides licensed and duty-free access to most exports of member countries of the South Pacific Forum.

Other special policies aimed towards greater flexibility in the Import Licensing System are:

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

(Detailed reference is made to these policies in the Import Licensing Policy Schedule 1983-84, pages 187 to 195, pages 201 to 203, and page 229.)

The main purpose of the Import Licence Tendering Scheme was to introduce an element of competition into the import licensing allocation system, thus providing a bridging mechanism in the movement from licensing to tariff-based protection. The last of the initial four rounds of the Scheme was run late in 1982 and the Scheme is currently under review. In addition to the tendering under the Scheme, it was decided to allocate by tender 15 per cent of basic licences for consumer goods in the 1982-83 licensing period and this has been repeated for the 1983-84 licensing period. The aim of this move was to increase the flexibility on the basic licence allocation system which has a historical basis.

Further significant liberalization of import licensing is occurring as a result of the Industry Studies Programme. Two of the aims of the Programme are to increase import competition on a gradual basis and to provide information for the setting of tariffs as import licensing controls are removed.

During the current year new programmes of gradual import licensing relaxation have been implemented in relation to the starch, footwear, tyres, canned fruit, resilient flooring, glassware and electric motors industries. This process will be extended as industry plans are implemented for other sectors which are still under study. The industries under study include the electronics, motor vehicles, general rubber goods and ceramic industries and a review of the textile industry which was the subject of a study implemented in 1980. The recent and current groups of studies cover a significant proportion of the sector of industry protected by licensing, and are concentrated on industries for which Effective Rates of Protection tend to be among the highest provided to New Zealand industry.

Two special licensing schemes which have been discontinued are the Anomalies Scheme and the Production Rationalisation Scheme. The decision to end these policies is an indication of the wider availability of licences since the time when the Schemes were first introduced. In the case of the Anomalies Policy, licence is more freely available under various industry development plans and under the ANZCERT Agreement Exclusive Australian Import Licences are available. In the case of the Production Rationalisation Scheme several other factors were also taken into account. Interest in the scheme has not been high and it has been difficult to administer while the benefits, in national terms, were not as great as had been hoped. However, it should be noted that the new opportunities have opened up under the "guideline R" provisions of ANZCERT, and under specific rationalization schemes under various industry plans (e.g., plastics, writing instruments).

5. Licensing is maintained under Import Control Regulations 1973.¹ These Regulations are repeated in Import Licensing Manual.

Procedures

6. (a) (i) Information concerning the allocation of licence and formalities of application are contained in the 1983-84 Import Licensing Schedule and 1983-84 Import Licensing Policy Schedule. In addition, information on licences available under tendering procedures is published before tenders are called.

¹ A copy of this document is available for reference in the secretariat, Room 1063, Centre William Rappard.

- (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, some licences are issued in accordance with the provision of certain trade agreements and schemes (e.g. Australia/New Zealand Closer Economic Relations Trade (ANZCERT) Agreement; 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 for basic licences based on previous licences. Additional "special" (non-recurring licences) are made available in appropriate cases.

(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. In respect of the Exclusive Australian Licences available under ANZCERT, 50 per cent have been made available to manufacturers for product rationalization purposes, with the other 50 per cent and unallocated manufacturers entitlement being allocated through tendering.
- (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, up to the 1982-83 licensing year but a review programme has not yet been introduced for the 1983-84 licensing year. Computerization by the Customs Department will provide information on licence usage but the utilization of this information is still under evaluation.
- (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 25 per cent of total licence issue, and the values of their basic licences, have been made available for the first time in 1981-82, 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.

- (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.

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

(iii) New importers are entitled to bid for licences offered for tender, and may also be eligible to apply for other licences.

(iv) Generally applications are considered on receipt.

(i) New Zealand maintains 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 certificate issued by the country of export is required to be lodged before imports of these goods are allowed into New Zealand. In the case of sugar, imports are only permitted when accompanied by a certificate of contribution to which the appropriate sugar stamps have been affixed. These stamps can be purchased 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 ANZCERT licence-on-demand items are also found in the Import Licensing Policy Schedule 1983-84 (pages 171 to 186).

Details of global licence-on-demand items, including GATT items subject to licence-on-demand procedures are in the relevant item codes in the 1983-84 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 1983-84 Import Licensing Schedule - sub-section headed "Supporting Information".

(b) Sample form.¹

(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.

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.

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

(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 penalize 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.

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.

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 Act, Medicines 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.

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