

GENERAL AGREEMENT ON TARIFFS AND TRADE

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REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES

NEW ZEALAND

Addendum

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 addendum includes the relevant changes for the licensing period 1985/86 and replaces the data previously submitted by New Zealand.

Outline of System

1. (a) For ordinary import licensing system see 1984 Import Licensing Schedule as amended. 1

(b) For Import Licence Tendering Scheme see Guide to Import Licence Tendering Scheme, November 1984.

Purposes and coverage of licensing

2. (a) For description of system and coverage of licensing, see 1984 Import Licensing Schedule, and subsequent amendments.

(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 Annex I (pages 198 to 206) of 1984 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 regime based largely on import licensing to a regime 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.

¹This document is available for reference in the Secretariat, Room 1059, Centre William Rappard.

Since 1971 import licensing has been removed gradually and currently about 24 percent of New Zealand's total imports by value are subject to import licensing controls. The balance, 76 percent, is exempt from licensing.

The Australia New Zealand Closer Economic Relations Trade (ANZCERT) Agreement which came into force on 1 January 1983 represented a further significant step in the process of liberalising 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 liberalisation 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.

Procedures for the allocation of the additional import licences are covered in 6(c)(i). The Agreement which will result in duty-free trade between New Zealand and Australia by 1988 and the removal of all quantitative restrictions 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 unlicensed 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 (see 1984 Import Licensing Schedule page 215).
- (2) Export Production Assistance Scheme (page 214 to 215).
- (3) Standard Policy (page 207).

Import Licence Tendering

The main purpose of import licence tendering is 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 initial tender scheme provided four rounds of tendering over two years. The final round was run late in 1982. In addition to this scheme it was decided to tender 15% of basic licences for consumer goods in the 1982-83 licensing period. This has been repeated each year, with the 1985-86 basic licence being tendered most recently. The aim of this move was to

increase the flexibility of the basic licence allocation system which has a historical basis.

Further significant liberalisation of import licensing has occurred as a result of the Industry Studies Programme. This programme had the aim of increasing import competition on a gradual basis and to provide information for the setting of tariffs as import licensing controls are removed. Increases in access have generally been through a system of licence tendering.

The industries covered by this programme represent a large and important part of New Zealand's manufacturing sector. Studies which have now been completed and industry plans implemented by the Government are as follows: textiles and apparel, tobacco, packing, wine, plastics, shipbuilding, writing instruments, starch, footwear, tyres, canned fruit, electric motors, glassware, general rubber goods, ceramics, electronics and motor vehicles.

During 1983 the then Government began consultations with interested groups in New Zealand on a long term strategy for the development of the manufacturing sector. Agreement was reached on a set of principles and some progress was made on ways of increasing imports on a phased basis. The existing industry development plans were to continue on their separate path.

After the July 1984 election the present Government endorsed the central principles that had been agreed and indicated its intention to move to a system of tariff based assistance to industry. It also indicated its intention to immediately increase the access available for imports. Following the devaluation of the New Zealand dollar the Government in August 1984 increased the value of all licences by 25 percent to maintain the quantity of imports. It also announced its intention to increase import access to a minimum of ten percent of the domestic market except in those areas where this level was already exceeded. Unless there were exceptional circumstances that access level would be increased by five percentage points of the domestic market each year. This access will be made available through the tendering system. This programme (which does not apply to industry plan areas) will allow for significant increases in imports. Further steps may be taken to increase access on a commodity basis.

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 1984 Import Licensing Schedule as amended. The Guide to Import Licence Tendering explains the formalities of the tendering system. Information on licences available under tendering procedures is published before tenders are called.

¹A copy of this document is available for reference in the Secretariat, Room 1059, 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. Additional 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. 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 percent have been made available to manufacturers for product rationalisation purposes, with the other 50 percent and unallocated manufacturers entitlement being allocated through tendering.
- (ii) A programme of reviewing item codes has been carried out in the past to determine whether proper use was being made of licences by importers. With the introduction of a computerised recording system in 1983 it was possible to check accurately on licence usage in the 1983-84 year. Considerable underutilisation was found in some areas and the Government is now taking steps to make unused licences available to other interested importers. A system which will allow most licences to be freely transferred or used by other importers is expected to be introduced early in the 1985-86 licensing year. Tender licences can already be re-assigned to other importers. In addition the rules for tendering require

licence-holders to make full use of their licences. (See Guide to Global Import Licence Tendering Page 10 paragraphs 51 and 52).

- (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 percent of total licence issue, and the values of their basic licences, have been made available since 1981-82. 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 is available on request (page 3 of the Background to the 1984 Import Licensing Schedule).

(d) There is no set period for the submission of licence applications. Prior to the beginning of the licensing period, most basic licences are issued automatically by the Customs Department without applications being required from importers. Licence applications for other goods above the level of the basic allocation, or where an item code has a "special" allocation can be made at any time during the licensing year (and up to three months before 1 July) provided that the goods can be imported within the licensing year. Calls for tender appear at regular intervals and licence can be issued at any time for a 12 month period starting from the date of issue.

(e) Depending on the type of licence, the processing of an application can be done immediately (subject to a fourteen-day processing period) or take up to several weeks.

(f) In general once an application is approved the licence can be used immediately. However, some licences (see para 5(d)) granted in the 3 months prior to the start of the next licensing year cannot be used until 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.

¹A copy of "Basic Import Licence Holdings - 1984-85 Licensing Period" is available for reference in the Secretariat.

- (ii) Standard policy applies to all item codes except those with specific policies (Import Licensing Schedule, Page 207).
- (iii) In many instances there is provision for the issue of licences in excess of the basic allocation.
- (iv) New importers are entitled to bid for licences offered for tender, and may also be eligible to apply for other licences.
- (v) 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 1984 Import Licensing Schedule (pages 219 to 221).

Details of global licence-on-demand items, including GATT items subject to licence-on-demand procedures are in the relevant item codes in the 1984 Import Licensing Schedule (see also pages 228 to 229).

(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 usually required to be made during the standard licensing period (i.e. June year), however, in some cases licences can be issued for a 12 month period starting from the date of issue.

(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 organisation 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 1984 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 currently no licensing fee or administrative charge. However the Government is considering making a charge to recover some of the administration costs of the Import Licensing system.

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 and in the case of tender licences they may be issued for any period up to twelve months outside of the usual June year licensing period.

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

(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. Provided certain criteria are met the licences can be extended for up to 60 days.

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 currently not transferable between importers except when businesses or agencies are sold. (There is some provision for transfer from one item code to another). The question of transferability was recently addressed by the Government and it is the intention to allow basic licences to be freely transferable between importers.

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.

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 whether the goods to be imported are exempt or licensed goods.

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

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