

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

Original: English

REPLIES TO THE QUESTIONNAIRE ON
IMPORT LICENSING PROCEDURES

ZAMBIA

The following notification has been received from the delegation of Zambia in response to the questionnaire on Import Licensing Procedures annexed to document L/5640/Rev.2.

Outline of system

1. With effect from 4 October 1985 the Zambian currency was delinked from the basket of currencies and was allowed to float freely. For purposes of import licensing and the allocation of foreign exchange, the freeing of the kwacha meant that a new system of determining the exchange rate of the kwacha was to be introduced. The new system of determining the exchange rate of the kwacha is called "auctioning of foreign exchange" in which importers bid for foreign exchange which is quoted in United States dollars.

Briefly, the system can be described as follows: the prospective importer who is in possession of a valid trading or manufacturing licence gets an import permit from the Ministry of Commerce and Industry, where he indicates the value of the permit in United States dollars and gives the description of the goods he wishes to import. In addition to this the importer pays levy on the value of the licence. Due to the new system of auctioning foreign exchange, an importer is allowed to bring in any type of product he wishes to, with the exception of such items as arms, livestock, minerals, and fuel which require prior clearance from the relevant government Ministries and Departments. After the import permit is issued, the importer will take his permit and relevant proforma invoices to his commercial bank, which will in turn bid for foreign exchange at the Bank of Zambia on behalf of that importer. Importers can bid for the foreign exchange on a weekly basis.

Purposes and coverage of the licensing

2. The import permit referred to above which is a prior condition to obtaining foreign exchange through the auctioning of foreign exchange allows the importer to bring in any type of product with the exception of arms and ammunition which require clearance from the Ministry of Home Affairs, livestock from the Ministry of Agriculture and Water Development, Minerals from the Ministry of Mines and fuel from the Ministry of Power, Transport and Communications.
3. This new system of import licensing (issuance of import permits) applies to all goods originating from all those countries that have trading ties with Zambia.
4. The licensing system is intended to restrict both the quantity and value of imports, by making it expensive to import through the system of auctioning foreign exchange. If it would be expensive to import, industrialists would look for alternative means of production which will maximize the use of local raw materials.
5. The Control of Goods Act Chapter 690 of the Laws of Zambia still guide the principles under which import permits are issued; and the licensing is statutorily required. The designation of products subjected to licensing is not necessarily subjected to administrative discretion as long as the products are quoted in terms of the Customs Co-operation Council Nomenclature. Yes it is possible for the Government (or the Executive branch) i.e. the Executive powers of the President of the Republic of Zambia to change the system without legislative approval.

Procedures

6. (a) On 4 October 1985, a new system of allocating foreign exchange and the processing of import permits called Auctioning was introduced and since that time the Bank of Zambia makes weekly announcements in the press on the amount of foreign exchange available for bidding. Governments and export promotion bodies of exporting countries and their trade representatives get the information through Zambian foreign embassies and at international trade fairs. The overall amount of foreign exchange available each week are published in the national press. The amount allocated to goods from each country and the maximum amount allocated to each importer is known by the Foreign Exchange Management Committee of the Bank of Zambia, which is responsible for the administration of the allocation of foreign exchange.
- (b) The size of allocations of foreign exchange is determined on a weekly basis. At the moment, there are no cases where the size of the quota is determined on a yearly basis and licences (permits) issued for imports on a six-monthly or quarterly basis. Moreover, it is not necessary for importers to apply for fresh permits on a six-monthly or quarterly basis because the auction is conducted every week.

(c) Licences (permits) are issued freely on all types of goods except those goods mentioned in paragraph 2 above. Licences (permits) issued are actually used for imports because the Department of Customs and Excise under the Ministry of Finance inspects the imports (goods) at ports of clearance when the goods arrive from outside Zambia. There is no question of unused licences or permits in the new system because import permits issued at a given time remain valid until they have been utilized to the fullest value through the foreign exchange auctioning system. Names of importers to whom permits (licences) have been allocated can be made known to governments and export promotion bodies of exporting countries upon request or through the international SGS.

(d) The period of time allowed for the submission of permits is one week.

(e) There are no minimum and maximum lengths of time for processing applications because permits are issued at the importer's request, without delay.

(f) The import permit (licence) is valid for the import of goods dispatched/shipped within a period of six months from date of issue. On application the validity may be extended for a further period of up to three months.

(g) Import permit applications are processed by the Ministry of Commerce and Industry only and the application is not passed on to other organs for visa note or approval.

(h) Regarding the new system of auctioning foreign exchange, the demand for import permits (licences) is fully satisfied and permits are processed on first-come, first-served basis. The allocations of foreign exchange to each importer are based on the success of the importer at the auction conducted by the Bank of Zambia Foreign Exchange Management Committee. New importers are treated like any other importer.

(i) In the case of bilateral quotas or export restraint arrangements and where export permits are issued by exporting countries, import permits are required for customs clearance purposes only.

(j) In cases where imports are allowed on the basis of export permits only, the importing country is informed of the effect given by the exporting country through the bilateral agreement signed between the two countries.

(k) There is no clear-cut policy that the issuance of an import permit for a certain product depends on the ability of the importer to export the goods. The only example of a product which can be given is sugar, because the Zambia Sugar Company was directed by Zimco to export white sugar and leave brown sugar for domestic consumption.

7. (a) Import permits are issued at importers' request and the permit is valid for the import of goods dispatched or shipped within a period of six months from the date of issue and can be revalidated for a further period of up three months. For security reasons importers are advised to get licences prior to ordering of goods.

(b) Permits are issued immediately on request.

(c) There are no limitations as to the period of the year during which application for a licence can be made.

(d) The consideration of licence applications is done by the Ministry of Commerce and Industry only and applications are not passed on to other administrative organs.

8. Under the new system of auctioning foreign exchange, the Ministry of Commerce and Industry does not refuse to grant applications for import permits as long as the applicant has a valid trading or manufacturing licence.

Eligibility of importers to apply for a licence

9. All persons, firms and institutions are eligible to apply for import permits under a non-restrictive licensing system.

Documentational and other requirements for application of a licence

10. The information required in applications is as follows:

1. Code number
2. Sector
3. Name and address of importer
4. Remitting banks and branches
5. Tariff numbers
6. Description of goods
7. Quantity/units
8. Approximate value of convertible currency of each item
9. Ports of clearance
10. Total approximate value of convertible currency
11. Importer's signature, his name and the date. The importer is required to supply a trading or manufacturing licence when applying.

11. The documents required upon actual importation are: import permit, certified invoices from suppliers, bill of lading or airway bill and certified bill of entry, applications from the Customs and Excise Department of the Ministry of Finance and National Commission for Development Planning.
12. There is a licensing fee known as import levy and it is presently 5 per cent of the value of the permit.
13. The amount of 5 per cent mentioned in 12 above is not a deposit or advance payment but a fee to the Government for processing import permits and is not refundable.

Conditions of licensing

14. The import permit is valid for the import of goods dispatched or shipped within a period of six months from the date of issue. On application the validity may be extended for a further period of up to three months. The permit can be extended by revalidating and stamping the space on the flip side of the permit just below the part used by the Department of Customs and Excise.
15. There is no penalty for the non-utilization of a permit or a portion of it.
16. Permits (licences) once issued are not transferable to any importer other than the importer to whom the permit has been issued.
17. (a) (b) None apart from those mentioned above.

Other procedural requirements

18. Apart from import licensing processing, and bidding for foreign exchange there are no other administrative procedures required prior to importation.
19. Under the new system an importer has to bid for foreign exchange and the provision of foreign exchange depends on the success of the importer's ability to offer the highest bid. An import permit is required as a condition to bidding for foreign exchange. Those importers who offer the acceptable rates are automatically given foreign exchange.