

GENERAL AGREEMENT ON

RESTRICTED

L/5640/Add.18/Rev.1
8 October 1987

TARIFFS AND TRADE

Limited Distribution

Original: English

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 addendum includes the relevant changes for the licensing period 1987/88 and replaces the data previously submitted by New Zealand.

Outline of System

- 1 a For ordinary import licensing system see Import Licensing Schedule 1987 as amended.¹
- b For Import Licence Tendering Scheme see Guide to Global Import Licence Tendering, November 1986.

Purposes and Coverage of Licensing

- 2 a For description of system and coverage of licensing, see Import Licensing Schedule 1987 and subsequent amendments.
- b The goods covered by tendering are advertised before each round of tendering.

3 All countries except as set out in pages xiv to xvii of the Import Licensing Schedule 1987 are covered.

4 The 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, and as such only has application to goods of a type made in New Zealand. The New Zealand Government is committed to changing 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 are the mechanisms by which this is being achieved.

Since 1971 import licensing controls (on goods of a type made in New Zealand) have been phased down. Currently about 13 percent of New Zealand's total imports by value are subject to import licensing controls. The balance, 87 percent, is exempt from licensing. A further major reduction in the coverage of licensing controls will occur on 1 July 1988 when controls will be removed on all goods outside industry study plans.

87-1518

¹This document is available for reference in the Secretariat, Room 3063, Centre William Rappard.

The Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA) 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 is being achieved through progressively increasing Australian access to the New Zealand market through the issuing of Exclusive Australian Import Licences, and by expansion of global licence access.

Procedures for the allocation of the additional import licences are covered in 6(c)(1). The Agreement which will result in duty-free trade between New Zealand and Australia by 1988 for most goods 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 Pacific Forum.

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

- i Manifestly Excessive Price/Quality Differentials Policy (see Import Licensing Schedule 1987, page xiii).
- ii Export Production Assistance Scheme (page xiii).
- iii Standard Policy (page 1).

Import Licence Tendering

The main purpose of import licence tendering is to introduce an increasing element of competition into the import licensing allocation system, thus providing a bridging mechanism in the movement from licensing to tariff-based protection.

Certain sensitive industries are covered by industry development plans, which include individual licence tender programmes. Licence controls for most of these goods will be removed in the next few years. Only four plans do not yet have a specified end date for licence controls. These are motor vehicles, apparel, footwear, and wheat and flour.

All goods not covered by an industry development programme are covered by the General Import Licence Tender Scheme. Licence controls on these goods will be removed on 1 July 1988.

5 Licensing is maintained under Import Control Regulations
1973²

Procedures

- 6 a i Information concerning the allocation of licence and formalities of application is contained in the Import Licence Schedule 1987 as amended. The Guide to Global Import Licence Tendering explains the formalities of the tendering system.
- ii Overall amounts of licence to be allocated are not predetermined in any precise way. The amount of Basic licences is determined in the main by a percentage increase each year over the amount held in the previous licence period and is designed to maintain purchasing power. Tender licence amounts are determined by the levels of domestic production. Other licence types are determined by the policy followed in each item code. This system has considerable flexibility.
- iii Most Import licences are issued on a global basis and not restricted to imports from a particular country. However some licences are issued in accordance with the provisions of certain trade agreements and schemes. These are the ANZCERTA; 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, except for tender licences which are for a 12 month period from date of issue.
- c i Licences are available to both traders and domestic producers generally, without distinction. In respect of the Exclusive Australian Licences available under ANZCERTA, a small proportion is made available to manufacturers for product rationalisation purposes, with the balance being allocated through tendering. Any unused Manufacturers Licences are transferred from the

² A copy of this document is available for reference in the Secretariat, Room 3063, Centre William Rappard.

manufacturer's allocation to the tender allocation in the following period. A manufacturer which uses less than 75 percent of a licence received loses the right to further issues in that category.

- 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. Considerable under-utilisation was found in some areas and the Government has taken steps to make unused licences available to other interested importers. A system which allows most licences to be freely transferred or used by other importers was introduced early in the 1985-86 licensing year.
 - iii Unused allocations are not added to subsequent allocations, except for Manufacturers Exclusive Australian Licences as noted in i above. This policy has been viewed as providing some incentive for licence-holders to use their allocations each period.
 - iv The names of holders of basic licences, which comprise approximately 20 percent of total licence issue by number, 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"³, which has been distributed to all foreign missions accredited to New Zealand. The booklet is also available to the public. Full details of the results of all tender rounds are also published. The names of importers to whom other than basic and tender licences have been allocated is available on request.
- 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.

³A copy of "Basic Import Licence Holdings - 1984-85 Licensing Period" is available for reference in the Secretariat.

- e Depending on the type of licence, the processing of an application can be done immediately 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 6d) granted in the three months prior to the start of the next licensing year cannot be used until 1 July.
- g Import Licence applications are usually lodged, in the first instance, with the Customs Department which has the authority to make decisions in certain circumstances. Tender licences are allocated in response to bids lodged directly with the department of Trade and Industry. The remaining applications are also 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 Standard policy applies to all item codes except those with specific policies (Import Licensing Schedule, Page 1).
 - 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 the International Sugar Agreement but proposes to withdraw from this agreement on 31 December 1987.
- 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. Licences of goods for sale in duty free shops are issued on the condition that the goods are re-exported.

- 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 request. For certain goods licence is granted immediately. Any goods made licence-on-demand are at the same time made exempt licence controls when of Australian origin pursuant to ANZCERTA.

Details of global licence-on-demand items, including GATT items subject to licence-on-demand procedures are in the relevant item codes in the Import Licensing Schedule 1987.

- b Yes, subject to a 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 (ie June year), however, in some cases licences can be issued for a 12 month period starting from the date of issue; for example, tender licences which currently account for about 30 percent of licence issues by volume.
- d Yes (see 6g).
- 8 a An application for a licence may be refused (for 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. (Application for reconsideration of a decision to be made to the Minister of Trade and Industry where there is dissatisfaction as to the grant, refusal, revocation, withdrawal or modification 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 Import Licensing Schedule 1987.
- b Sample form.⁴
- c Documents required. As in (a) above.
- 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, where licences have been put up for tender, the licence is issued to the successful tenderer upon payment of the premium. A deposit of 20 percent of the premium is required to secure the licence won. The balance must be paid within three months and before the licence is issued.

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 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. 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, ie 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. In some circumstances substitute licences, valid for a longer period, can be issued.

⁴ A sample form of "Application for a Licence to Import goods" is available for reference in the Secretariat.

15 The Government does not as a general principle penalise importers if they do not use their licence in a particular period. However, see 6(c)i for conditions relevant to Manufacturers Exclusive Australian Licences.

16 The majority of licences are freely transferable between importers. Some specialised licence types remain available for use only by the person to whom it was issued ie: Export Production Assistance Licences, ANZCERTA To-qualify Licences, ANZCERTA Non-basic Special Licences, Trade Fair Licences, Charge Licences, MEPQD licences, Goods Arrived Permits, Manufacturers Exclusive Australian Licences, Temporary Importation Licences, Passenger Baggage Licences.

17 a See sample form of import licensing application for printed conditions.⁵

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, eg Stock Act, Food Act, Medicines Act, Arms Act, etc.

19 Foreign exchange is freely available in New Zealand with no restrictions on its purchase.

⁵ A sample of "Application for a Licence to Import Goods" is available for reference in the Secretariat.