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Committee on Import Licensing

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IMPORT LICENSING SYSTEM OF MALAYSIA

RESPONSES BY MALAYSIA TO THE QUESTIONS FROM THE UNITED STATES

The following communication, dated 14 April 2014, is being circulated at the request of the delegation of Malaysia.

Following Malaysia's Import Licensing notification (G/LIC/N/3/MYS/8) and (G/LIC/N/3/MYS/9), Malaysia would like to provide our responses to the questions from the US (G/LIC/Q/MYS/6) as follows:

Question 1: The United States greatly appreciates Malaysia's conscientious effort to respond to the Article 7.3 Annual Questionnaire on Import Licensing, and we commend Malaysia for its hard work in this regard. The United States notes that the Secretariat circulated to Members both G/LIC/N/3/MYS/8 and G/LIC/N/3/MYS/9 on 24 January 2014.

Question 2: From G/LIC/N/3/MYS/8, we learn that importation of an extensive list of "selected industrial products is subjected to import licensing administered by MITI". Please explain further the purpose of these licensing requirements for each of the goods named in G/LIC/N/3/MYS/8, including the purpose of the non-automatic licenses for motor vehicles, and how Malaysia considers these requirements consistent with the provisions of the Import Licensing Agreement and the GATT 1994. Has Malaysia considered methods other than import licensing in the interest of ensuring that the flow of imports of these products is not impeded?

Response: The purpose of licensing requirements for each of the goods has been provided in the notification document in G/LIC/N/3/MYS/8.

For motor vehicles, the issuance of Approved Permit (AP) is based on company's importation plan and to be used by Government for monitoring and data collection purposes. The issuance of AP is consistent with the provisions of the Import Licensing Agreement and the GATT 1994.

Malaysia has progressively reduced import licensing requirements to facilitate trade and industry. Malaysia will continue to study and conduct consultations with the industries on future elimination of import licensing requirements considering national socio-economic and security interests.

Question 3: Could Malaysia please confirm whether the importation of animals and animal products require import licenses? Is Malaysia using import licenses to verify compliance with SPS requirements?

Response: Yes, importation of animals and animal products requires import permit under the Malaysia Quarantine and Inspection Services Act 2011 (Act 728).

Import permit requirement for the import of animal and animal products are for the purpose of monitoring and traceability while SPS is monitored through the certification by the exporting country's authority in the Veterinary Health Certificate.

Question 4: With regard to plant and plant products, is Malaysia using import licenses to verify compliance with SPS requirements?

Response: Malaysia imposes import permit for certain plant and plant products for monitoring purpose. Most of agricultural products for consumption and process do not required import permit.

Question 5: With regard to "RICE AND PADDY, GLUTINOUS FLOUR, and RICE VERMICELLI, (G/LIC/N/3/MYS/8)," Malaysia states, "The licensing is intended to monitor and ensure a stable supply of rice in the country". Please explain how this licensing requirement is justified under the Agreement on Import Licensing Procedures. Please explain further how such licenses are administered "to ensure a stable supply of rice in the country".

Response: Malaysia does not impose any restrictions on the quantity of imports in relation to glutinous rice flour and noodles products and it is subject to domestic demand. Any parties who wish to import these items will only be required to maintain a Wholesalers License, an Import License, as well as obtain an Approved Import Permit from the related department.

For rice, Malaysia has appointed BERNAS as the sole rice importer under a concession agreement until 2021. The quantity of import is subject to domestic demand. In lieu of the rights as a sole rice importer, BERNAS is obliged to manage and maintain the national rice stockpile and protect public interest.

Question 6: It appears that Malaysia imposes extensive licensing requirements for the "IMPORTATION OF ROUND CABBAGE AND UNROASTED COFFEE BEANS," as described in G/LIC/N/3/MYS/8. Please explain the purpose and basis of the licensing requirements on these products, including Malaysia's statement that, "This system is to ensure the orderly importation of round cabbages and un-roasted coffee beans into the country"? Has Malaysia considered any alternative, less complicated means for achieving this objective?

Response: As explained, the purpose of the licensing requirements on round cabbage and unfrosted coffee beans are to ensure orderly importation of these products into the country.

For round cabbage, orderly importation is ensured by registering the importers with the Federal Agricultural Marketing Authority, where importers will need to submit information regarding their nature of business, facilities such as cold room, ability to import (financial background) and relevant business acumen. When importers apply for import license, the information will determine the quantity to be approved for importation.

Similarly for unroasted coffee beans, orderly importation is ensured through import licensing when only processors of coffee beans that have processing facilities are allowed to import. This is to avoid middlemen/monopoly and excessive profiteering by non-processors.

As such, Malaysia views the system above as not complicated in achieving the objective.

Question 7: Why does Malaysia subject ELECTRICAL EQUIPMENT, (G/LIC/N/3/MYS/8), to what appear to be a complicated set of import licensing procedures? With respect to electrical equipment, is Malaysia using import licenses to verify compliance with TBT requirements? Is domestically produced electrical equipment subject to the same technical regulations and certification requirements as imported electrical equipment?

Response: The import licence for electrical equipment was introduced to prevent the importation of unsafe electrical equipment for public use. Under the Electricity Regulations 1994, no person shall manufacture, import, display, sell or advertise any electrical equipment as categorized below before obtaining a Certificate of Approval (CoA) from the authority.

Imported and domestically produced electrical equipment also subject to the same technical regulations and certification requirements. Locally manufactured products have to be certified by SIRIM (the Standards Agency) for conformity to Malaysian Standards before the products are allowed to be sold in the local market.

Question 8: G/LIC/N/3/MYS/8 states that, with regard to TELECOMMUNICATION APPARATUS, "The Customs (Prohibition of Imports) Order 2008 regulates amongst others the importation of telecommunication products into Malaysia."

Are domestic producers of telecommunications products subject to any procedures "to ensure safety, electromagnetic compatibility (EMC) and interoperability"?

Response: Under the Communications and Multimedia Act, provision 182 and 183, it is an offence to use any technical equipment or systems which hinder network interoperability or which compromise public safety.

All telecommunications products needs to be certified by certifying agencies registered with the Commission (regulator), including agencies outside Malaysia that the products produced comply with the technical standards required before it can be used or installed.
