

REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES²

Notification under Article 7.3 of the
Agreement on Import Licensing Procedures

BURUNDI

The following notification, dated 12 October 2001, has been received from the Permanent Mission of the Republic of Burundi.

Outline of systems

1. There are two principal categories of import licence:
 - Ordinary import licences involving foreign exchange payment, and
 - licences not involving foreign exchange payment.

A licence involving foreign exchange payment means that the currency is allocated through the official banking system. A licence not involving foreign exchange payment means that the currency used comes from sources outside the official banking channels.

Purpose and coverage of licensing

2. Ordinary licences cover items known as eligible goods (i.e., basic goods) and all imports for which the banks are prepared to allocate foreign currency.

Licences not involving foreign exchange payment cover all imported goods that do not fall within the above category, namely those paid for in currency from sources outside the official banking channels.

3. There are no restrictions in terms of the countries of origin of the goods. Most of Burundi's imports are from Western Europe, followed by South-East Asia, Japan, China, South Korea and the Gulf States, on the one hand, and North America and eastern and southern Africa, on the other. The amount of imports from other regions remains negligible.

4. Since currency reserves are very limited, a finite list of basic goods has been drawn up. It should be specified that the move to liberalize import transactions led to the establishment, on 1 July 2000, of an exchange system using a single rate of exchange arrived at on the basis of a

¹ This document G/LIC/N/3/BDI/2 cancels and replaces document G/LIC/N/3/BUR/2, which was circulated with the wrong symbol.

² See document G/LIC/3, Annex, for the questionnaire.

currency auction market. This market was initially opened to the commercial banks, which are now responsible for validating import licences. Currency thus acquired by the commercial banks is allocated for imports of the aforementioned eligible goods. Other imports are covered either by foreign exchange held by the banks outside the currency auction market or by currency from sources outside the official banking system. As mentioned above, in the latter case goods are imported under licences not involving foreign exchange payment.

5. Legislative Order No. 11/37 of 6 March 1962 on Exchange Control and Foreign Trade forms the basis of Burundi's exchange system. Licensing is not prescribed by law. In principle, all goods can be imported, with the exception of prohibited goods. Given the structural shortage of foreign exchange in our countries, however, the Central Bank has discretionary power to establish priorities, if it deems appropriate and in agreement with its partners, in the selection of goods subject to licensing. As the basic text is a legislative order and Burundi has a parliament, the licensing system could not be abolished without legislative approval.

Procedures

6. Strictly speaking, there are no quantitative or value restrictions on imported goods. The only restriction concerns quality and quantity control and price comparison between imports of a given value by an approved inspection agency. The restriction also applies to large orders, which are subject to international calls for tender.

I. No quotas restricting quantities by country of origin are imposed when import licences are granted.

II. Annual import estimates are drawn up, but there is no annual import quota system.

III. There are no such restrictions. Control measures are designed to ensure that licences issued are actually used for imports. The Central Bank does not communicate the names of importers to whom licences have been issued to the governments and export protection bodies of the exporting countries. This is perhaps an issue that could be settled by the Chamber of Commerce and Industry.

IV. See above.

V. The processing of licensing applications currently lies within the exclusive purview of the commercial banks. Where the requisite conditions are fulfilled, the length of time for processing is generally very short.

VI. A credit document (in the event of payment by letter of credit) must be issued within a maximum period of one month from the date of validation of a licence. Past that deadline, the licence must be cancelled.

VII. See under V above. Once licences have been validated by the commercial banks, copies for the Central Bank are forwarded to it for checking.

VIII. As mentioned above, a list of basic goods covered by currency handled through the foreign exchange auction market has been drawn up. There is no guideline for the allocation of quotas among importers of such goods. There are practically no restrictions as long as foreign currency is available. Allocation is determined by the forces of supply and demand. New importers are placed on the same footing as existing importers. Applications are examined on receipt.

IX. Such arrangements do not exist in Burundi.

X. See under IX above.

XI. No, the granting of import licences for certain goods is not subject to the condition that the goods should be re-exported.

- 7.(a) Application for import licensing must be made in advance of actual importation and is in effect a declaration of intent to import. The granting of the licence is an authorization to import. Where a licence has been granted and payment is to be made by letter of credit, a credit document must be issued by the importer within one month at most following validation of the licence. Otherwise, the licence becomes invalid. If a credit document is issued within the prescribed deadline, the licence is valid for six months. The deadline may be extended. As mentioned above, the licence is granted prior to import, and importers are liable to severe penalties if application is made once the merchandise is already at the border.
- (b) No, all licences are subject to prior examination, in order to ascertain whether all the requisite documents are attached, whether the goods involved are eligible, and so forth.
- (c) No.
- (d) Authority to issue licences or reject applications rests with the commercial banks. The Central Bank reserves a right of control.

8. A licence may not be refused where the applicant is a duly authorized importer; the requisite documents have been submitted; the f.o.b. prices or freight rates are not visibly overcharged; the goods involved are not prohibited for import; and the foreign currency required is available. In the event of refusal to issue a licence, the applicant is informed of the reasons for the decision. All right of appeal is forfeited if the applicant fails to make the required corrections.

Eligibility of importers to apply for licence

9. All individuals, firms and institutions are eligible to apply for licences, provided that they justify their status as traders recognized by the Ministry of Trade and Industry. Burundi has a list of licensed importers.

Documentational and other requirements for application for licence

10. Applications for licences must be properly completed and contain the following details in particular:

- Names and addresses of the importer and the supplier;
- code number of the importer;
- country of origin and shipment of the goods;
- place of shipment and mode of transport of the goods;
- payment terms and currency used in the transaction;
- customs tariff heading number and statistical amount of the goods;
- detailed description of the goods;
- f.o.b. and freight value of the goods.

Applications must include:

- Certificate of insurance from a local insurance company;
- pro-forma invoice of the f.o.b value of the goods (ten copies);
- pro-forma freight invoice (six copies).

11. The final documents required upon actual importation are the following:

- Final invoice of the supplier;
- final invoice of the carrier;
- packing list;
- certificate of origin;
- certificate of inspection by an agency responsible for quantity and quality control and price comparison, approved by the Central Bank.

12. An administrative charge on f.o.b. value, covering inspection agency fees in particular, is levied on every validated licence.

13. The lodging of a deposit in advance of import licensing validation is no longer required.

Conditions of licensing

14. Licences are granted for a period of six months. The validity of a licence may be extended for a non-renewable period of three months.

15. There is no penalty for non-utilization of a licence, which is simply cancelled insofar as its validity has expired. In the event of partial use, cancellation affects the portion of goods that have not yet been imported.

16. Licences may not be transferred.

17. There are generally no quantitative restrictions. The conditions required for import licensing validation are described above.

Other procedural requirements

18. No.

19. In principle, foreign exchange is automatically provided by the banking authorities where a licence has been duly validated, the merchandise covered is not prohibited for import and the necessary currency is available. A licence is required to obtain foreign exchange for imports through the official banking channels. The availability of foreign currency is a recurring problem in our countries. On the other hand, every effort is made to ensure that Burundi always has a ready supply at least of basic goods, and licences are issued accordingly. Foreign currency is not remitted to importers in cash. Transfers are made from the importer's bank to the supplier's bank once the following steps have been completed:

- In the event of payment by letter of credit, when a credit document has been duly issued by the importer, confirmed by the supplier's bank and recognized as irrevocable by the latter;
 - in the event of payment following importation, when the final documents (supplier's and carrier's final invoices, packing list, certificate of origin, certificate from an inspection agency) certifying that the merchandise has actually been dispatched have reached the importer.
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