

**NOTIFICATION OF REPLIES TO THE QUESTIONNAIRE ON IMPORT LICENSING
PROCEDURES¹**

Replies of Malaysia to Questions from the United States²

The following communication, dated 5 January 2000, has been received from the Permanent Mission of Malaysia.

Import licensing on heavy machinery/construction equipment

A. The automatic licensing requirement on imports of heavy machinery, introduced in October 1997, was largely to ensure that existing idle machinery was utilized, thereby optimizing the use of foreign exchange. Since the licensing requirement had been implemented, 100 per cent of all applications for imports of heavy machinery not available in the country had been processed and approved.

B. It is untrue to say that any priority is granted to applications from state enterprises or projects which are, in the discretion of the authorities, important to national priorities. All applications are administered in a fair and equitable manner and, as provided for under Article 2(a)(i) through (iii) of the Agreement on Import Licensing Procedures, are processed and approved within a maximum of ten working days.

C. Importers are advised a priori to ensure that they obtain an approval permit prior to proceeding with the shipment only as an additional precaution for themselves.

Responses to specific questions

1. The automatic import licensing system is temporary, but will be maintained for as long as necessary.

2. This automatic licensing system was introduced only on a small number of items as a monitoring mechanism, in accordance with Malaysia's trade, developmental and financial needs. Article 2(b) of the Agreement on Import Licensing Procedures also recognizes "that automatic import licensing may be necessary whenever other appropriate procedures are not available".

3. All applications for an import licence are processed and approved within a period of seven to ten working days.

¹ G/LIC/N/3/MYS/1

² G/LIC/Q/MYS/1

4. As this automatic import licensing system does not entail any prohibition or quantitative restrictions, the issue of violation of Article XI of the GATT 1994 does not arise. If, however, in the course of its implementation, characteristics of non-automatic licensing do arise, these will be looked into and corrective measures undertaken.
