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Committee on Import Licensing

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## REPLIES TO QUESTIONNAIRE ON IMPORT LICENSING PROCEDURES<sup>1</sup>

### NOTIFICATION UNDER ARTICLE 7.3 OF THE AGREEMENT ON IMPORT LICENSING PROCEDURES (2018)

#### ISRAEL

The following communication, dated 5 July 2018, is being circulated at the request of the delegation of Israel.

#### Outline of System

1. The import licensing system is regulated primarily by:
  - Free Import Order of 2014 (replacing Free Import Order of 2012), for purposes of public security, health and safety, and consumer welfare.
  - Israeli Customs Tariff and Exemptions and Tax Order of 2017, Schedules 3-10 and 13; for purposes of MFN tariff quota management, under the GATT and the Free Trade Area Agreements (FTAs).

These Orders establish the list of goods subject to import licensing. The first Order is administered by the Israeli Ministry of Economy and Industry. The second Order is administered by the Israeli Tax Authority at the Israeli Ministry of Finance, except allocation of quotas which is administered by the Ministry of Agriculture or the Ministry of Economy and Industry (see below).

#### Purposes and coverage of licensing

2. Schedules 1 and 2 of the Free Import Order of 2014 list products subject to non-automatic licensing.

Israeli Customs Tariff and Exemptions and Purchase Tax on Goods Order of 2017, Schedules 3-10 and 13, regulates the non-automatic licensing of GATT and FTA MFN tariff quotas.

3. The systems mentioned above apply to goods originating in and coming from all WTO countries and FTA partners.

4. Free Import Order of 2014: Import licenses are required for reasons of safety, health, protection of the environment, and security, or to comply with international (non-WTO) commitments.

Israeli Customs Tariff and Exemptions and Tax Order of 2017, Schedules 3-10 and 13: Import licenses are required for imports of fresh agricultural products and processed food for quotas management purposes.

5. The licensing system is based on official regulations (secondary legislation) promulgated under The Import and Export Ordinance [New Version], 1979.

Regarding the Free Import Order of 2014, Schedules 1-2 list the tariff number and the products that require a license. Under special circumstances there exists the possibility of granting an exemption

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<sup>1</sup> See document G/LIC/3, Annex, for the Questionnaire.

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from these requirements, specifically based on the designation of the products. The government may not abolish the system without legislative approval.

Regarding the Israeli Customs Tariff and Exemptions and Tax Order of 2017, Schedules 3-10 and 13, no administrative discretion (exemption) is allowed for the government in order to abolish the system without legislative approval.

### Procedures

- 6.I. According to Israeli Customs Tariff and Exemptions and Purchase Tax on Goods Order of 2017 Schedules 3-10 and 13, for products under restriction, the quota system is administered by the Ministries of Agriculture and Rural Development (for agricultural products and fresh food) and Economy and Industry (for processed food). Before the end of each calendar year, both Ministries announce the opening of the quotas for the coming year on their websites and in two daily newspapers. The announcement includes information on source countries, HS codes, and quota volumes.
- II. There are two periods in which licenses for the purpose of quota allocation are issued; at the beginning of the year (January) and the middle of the year (June-July). For the vast majority of the goods, licenses are granted for 12 months, from 1<sup>st</sup> January to 31<sup>st</sup> December. However, by mid-year, the Quota Allocation Committee examines the extent to which the quota is utilized by each importer. The Committee reserves the right to recall licenses of importers who have not utilized at least 40% of the granted quantity by mid-year. The unutilized quantity is then re-allocated to other bidders who have demonstrated that they have imported at least 50% of the quota granted to them by mid- year. There is a group of products under the quota system that is characterized by low demand. For that group the licenses are allocated on a first come first serve basis throughout the year.
- III. Licenses are allocated to importers regardless of whether they are producers of like products. Guidelines determine that importers that do not utilize the licenses issued to them cannot submit requests for licenses for these products in the following year. Unutilized allocations are not added to quotas for the next year. The list of importers to whom licenses have been allocated is published on the web site of the relevant Ministries.
- IV. From the time of announcing the opening of quotas, a period of four weeks is allowed for the submission of applications for licenses.
- V. Applications for licenses under preferential and WTO quotas are normally processed within 4 to 6 weeks. Some applications are processed within a shorter time frame.
- VI. Import licenses are granted on the date of opening of the period of importation. If necessary, the licenses are extended for another period of time.
- VII. In most cases, licenses applications are considered by one administrative organ. The specific organs which must be approached, relevant to the product, are specified in Schedules 1 and 2 of the Free Import Order of 2014.
- VIII. Allocation is generally determined according to demand and size of quotas. Specific methods of allocation are used according to size of the quotas and number of applicants. The methods used include mainly past performance and FCFS. For highly demanded products a competitive tender (auction) method is used in which the bidders compete on the price for the consumer and the bidder that proposed the lowest price is granted the license to import under the quota. In addition, the lottery system still exists but is rarely used.

In general, the quotas are divided into equal portions, for allocation between applicants. Maximum allocation per importer may not exceed 20 per cent of a given quota.

Priority is given to local producers, in allocation of raw materials, in proportion to the volume of the producers' consumption of materials under quotas. Applications are examined on receipt.

- IX. There are no such arrangements.

X. Non applicable.

XI. No.

7.(a) There is no requirement for a certain period of time between the application for a license and the importation of the goods. Licenses can be obtained for goods arriving at the port without a license.

(b) Under certain circumstances, a license can be granted immediately on request.

(c) In general, there are no limitations as to the period of the year during which application for license and/or importation may be made. Nonetheless, for some fresh agricultural products the license/quota could be given for specific seasons of the year.

(d) In most cases, licenses applications are considered by one administrative organ. The specific organs which must be approached, relevant to the product, are specified in Schedules 1 and 2 of the Free Import Order of 2014.

8. None. The reasons for any refusal are given to the applicant in writing. In the event of refusal to issue a license, the applicant has a right of appeal by petitioning to an administrative court. The applicant also has the right to apply again later.

#### **Eligibility of importers to apply for licence**

9. All persons, firms and institutions are eligible to apply for licenses. In some specific areas, there is a registration fee and there are published lists of authorized importers.

#### **Documentation and other requirements for application for licence**

10. Two sample application forms are attached, one for an Import License under the Free Import Order of 2014, and another for an Import license under the Israeli Customs Tariff and Exemptions and Tax Order of 2017, Schedules 3-10 and 13 for quotas management purposes. There are no standard documents that apply for all products.

11. Upon actual importation, an importer is required to submit the import license.

12. For most goods there are only standardization tests. In addition, there is a licensing fee or administrative charge in some specific areas, the amount of the fee various rely on the nature of the goods.

13. No.

#### **Conditions of licensing**

14. For import licenses under the Free Import Order of 2014: The validity of the licenses can vary (usually between 2-5 years) according to the nature of the goods. The extension of a license may be considered if the applicant so requests.

For import licenses under the Israeli Customs Tariff and Exemptions and Tax Order of 2017, Schedules 3-10 and 13 for quotas management purposes: there are two periods in which licenses are issued; at the beginning of the year (January) and the middle of the year (June-July). For the vast majority of the goods, licenses are granted for 12 months, from 1<sup>st</sup> January to 31<sup>st</sup> December.

There is a group of products under the quota system that is characterized by low demand. For that group the licenses are allocated on a first come first serve basis throughout the year. For these licenses the validity cannot be extended and the importer is required to apply again in order to obtain a license to import under the quota.

15. There is no penalty for the non-utilization of a license or a portion of it. Nevertheless, for licenses for the purpose of quota allocations, an importer who did not utilize a license may not apply for the reserves nor for the following year.

16. Licenses are not transferable between importers, unless otherwise stated in the license.

17. No.

**Other procedural requirements**

18. There are no other administrative procedures, apart from import licensing, required prior to importation.

19. There are no foreign exchange limitations in Israel.

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