REPLIES TO QUESTIONNAIRE ON LICENSING

HONG KONG

Revision

Introduction

1. The import licensing system of Hong Kong has been notified to the GATT before - these appeared in GATT documents COM.IND/W/74:COM.AG/W/82 and Add.54 of COM.IND/W/55 and COM.AG/W/72. The following paragraphs which describe the present import licensing system in Hong Kong is presented on a format similar to the document COM.IND/W/55/Add.54 for the sake of clarity.

Outline of system

2. Hong Kong adopts an import licensing system where an applicant intending to import a commodity caught under import licensing control must lodge with the Trade Industry and Customs Department of the Hong Kong Government an import licence application prior to the actual importation of the commodity concerned stating clearly:

(a) the exporting country;
(b) the country of origin of the commodity;
(c) the name of the commodity (full technical description);
(d) the quantity in kilograms, gallons, cases, pieces, sets, etc.;
(e) the value (declare c.i.f. Hong Kong) of the commodity;
(f) the name and address of the foreign exporter;
(g) whether the consignment is for local consumption or re-export;
(h) the importer's signature, stamp, address, business registration number and telephone number;
(i) the date of arrival of the goods.
If the application is approved, the import licence will be issued to the applicant duly signed by an authorized officer of the Trade Industry and Customs Department. The import licence must be surrendered to the shipping or airline company carrying the commodity into Hong Kong. Unless the licence is so surrendered, the shipping or airline company will not release the commodity to the importer. The original copy of the import licence together with a copy of a manifest will then be returned to the Trade Industry and Customs Department by the shipping or airline company concerned. The Department will match the original copy of the import licence with the manifest and the Department's copy of the licence to ascertain that the commodity had actually been imported in accordance with the details as declared on the licence.

Purposes and coverage of the licensing system

3. An import licensing system is maintained for the following products:

   (a) strategic commodities;
   (b) reserved commodities (frozen meat, frozen poultry and rice);
   (c) acetylation substances;
   (d) acetic acid;
   (e) imitation firearms;
   (f) automatic machines, whether coin operated or not, designed for gaming purposes, including any part thereof.
   (g) celluloid film scrap;
   (h) radioactive substances and irradiating apparatus;
   (i) vaccine;
   (j) agricultural pesticides;
   (k) coffee;
   (l) pharmaceutical products and medicines.

4. (a) The system applies to the goods specified in paragraph 3 above originating in and coming from any territory.

   (b) In addition, all goods originating in and consigned from Southern Rhodesia are subject to import licensing.
5. Import licensing is intended for the following purposes:

(a) For strategic control purposes
   (i) strategic commodities.

(b) For reasons of public health
   (i) agricultural pesticides;
   (ii) radioactive substances and irradiating apparatus;
   (iii) vaccine;
   (iv) pharmaceutical products and medicine.

(c) For enforcement of economic sanctions
   (i) all goods originating in and consigned from Southern Rhodesia.

(d) For protection of the public against vice
   (i) automatic machines, whether coin operated or not, designed for gaming purposes.

(e) For security purpose
   (i) imitation firearms.

(f) For reserve stock purpose
   (i) reserved commodities.

(g) For suppression of the manufacture of dangerous drugs
   (i) acetylator substances.
   (ii) acetic acid.

(h) For prevention of fire
   (i) celluloid film scrap.

(i) To fulfil international obligations
   (i) coffee

Other methods of accomplishing these purposes have not been considered.

6. Import licensing is maintained under the Import and Export Ordinance, Cap. 60, the Acetylator Substances (Control) Ordinance, Cap. 145 and the Summary Offences Ordinance, Cap. 228 of the Laws of Hong Kong. The licensing is statutorily required. The legislation does not leave designation of products to be subjected to licensing to administrative
discretion. If an additional product is intended to be subjected to licensing, either existing legislation must be amended or new legislation must be promulgated to incorporate the new product. It is not possible for the Government to abolish the system without legislative approval. For the existing system to be abolished, present legislation must be repealed.

Procedures

7. Products except rice, for which a control scheme is in force (see paragraph 15), are not under restriction as to the quantity or value of imports.

8. (a) Import licence applications should be submitted to the Trade Industry and Customs Department at least four clear working days prior to the advertised time of arrival of the carrier concerned. Import licence applications are normally processed and the licences issued within twenty-four hours of the receipt of the application. It is possible for import licences to be obtained within a shorter time-limit for goods arriving without an import licence. However, due to the large number of import licence applications received daily, the Trade Industry and Customs Department does not encourage this practice and would only issue import licences under such circumstances on an exceptional basis.

(b) An import licence is granted immediately on request only under very exceptional circumstances.

(c) There are no limitations as to the time of the year during which applications for import licences and/or importation may be made.

(d) (1) Consideration of import licence applications for the following items is effected by a single administrative organ, i.e. the Trade Industry and Customs Department:

(i) strategic commodities;
(ii) reserved commodities;
(iii) acetylating substances;
(iv) goods originating in and consigned from Southern Rhodesia;
(v) coffee.
(d) (2) Importers who wish to import the following items must first obtain approval from another government department before submitting applications for import licences:

<table>
<thead>
<tr>
<th>Item</th>
<th>Relevant department</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Arms and ammunition (strategic commodities)</td>
</tr>
<tr>
<td>(ii)</td>
<td>Imitation firearms</td>
</tr>
<tr>
<td>(iii)</td>
<td>Telecommunications equipment (strategic commodities)</td>
</tr>
<tr>
<td>(iv)</td>
<td>Explosives (strategic commodities)</td>
</tr>
<tr>
<td>(v)</td>
<td>Automatic machines, whether coin operated or not, designed for gaming purposes</td>
</tr>
<tr>
<td>(vi)</td>
<td>Radioactive substances and irradiating apparatus</td>
</tr>
<tr>
<td></td>
<td>Royal Hong Kong Police Force</td>
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<tr>
<td></td>
<td>Royal Hong Kong Police Force</td>
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<td></td>
<td>Post Office</td>
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<td></td>
<td>Mines Division, Labour Department</td>
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<td></td>
<td>Television and Entertainment Licensing Authority</td>
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<tr>
<td></td>
<td>Medical and Health Department (Radiation Board), Labour Department for irradiating apparatus for industrial use.</td>
</tr>
</tbody>
</table>

(d) (3) Importers who wish to import the following items must submit their applications for import licences to another government department for prior endorsement indicating that there is no objection to the items being imported:

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior endorsement required from</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Celluloid film scrap</td>
</tr>
<tr>
<td>(ii)</td>
<td>Agricultural pesticides</td>
</tr>
<tr>
<td>(iii)</td>
<td>Vaccine for human and veterinary use</td>
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<tr>
<td>(iv)</td>
<td>Acetic acid</td>
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<tr>
<td>(v)</td>
<td>Pharmaceutical products and medicines</td>
</tr>
<tr>
<td></td>
<td>Fire Services Department, Marine Department (only for transhipment cargo)</td>
</tr>
<tr>
<td></td>
<td>Agriculture and Fisheries Department</td>
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<tr>
<td></td>
<td>Medical and Health Department or Agriculture and Fisheries Department</td>
</tr>
<tr>
<td></td>
<td>Fire Services Department</td>
</tr>
<tr>
<td></td>
<td>Medical and Health Department (Pharmacy and Poisons Board)</td>
</tr>
</tbody>
</table>

After the applications have been endorsed by the department concerned the applicants submit them to the Trade Industry and Customs Department for the import licences to be issued.
9. Under normal circumstances, an application for an import licence is usually granted if it meets the ordinary criteria. In the event of refusal, the reasons may not necessarily be given to the applicant. Applicants may appeal to the Governor of Hong Kong in the event of refusal to issue an import licence. The Governor of Hong Kong may confirm, vary or reverse the decision of the Director of Trade Industry and Customs. The right to appeal to the Governor is statutorily provided.

Eligibility of importers to apply for licence

10. All persons, firms and institutions are eligible to apply for import licences in respect of most of the products listed in paragraph 3 above. In the case of rice, frozen meat and frozen poultry, import licences are issued only to importers registered with the Trade Industry and Customs Department.

Documentation and other requirements for application for licence

11. The information listed in paragraph 2 above is required when submitting an import licence application. A sample import licence is attached as Appendix II.1

12. Apart from an import licence no other document is required upon actual importation.

13. No licensing fee is charged. Import licence forms however can be purchased from the Government at the cost of US$0.65 (HK$3.00) per pad (containing twenty sets of import licence application forms).

14. There is no deposit or advance payment requirement associated with the issue of import licences.

Rice import control scheme

15. The import of rice in Hong Kong is subject to a quota system operated by the Trade Industry and Customs Department. Fifteen days or so before the commencement of each quarterly period, the overall amount of quota allocated to rice importers registered with the Trade Industry and Customs Department is published in the press. Circular letters are sent to each individual importer informing him of his allocation. Since the formalities of filing import licence applications are well known to the trade, they are not given publicity through the press. The import quota for rice may be used for

1This sample form is not reproduced in this document.
importing rice from all sources, and is not allocated on a country basis. Import licences are accordingly issued only to the registered rice importers, none of whom is a domestic producer of rice. After the announcement of the rice quota, applications for import licences may be submitted immediately until the applicant's quota allocation for the quarter is fully utilized. Manifest checking (see paragraph 2 above) is adopted to ascertain whether import licences granted are actually used for imports. Technically, quarterly quota allocations should be fully utilized within the quarter, but a slight extension may be permitted if there are unforeseen difficulties. The names of importers to whom import licences have been granted may be made known to the governments and export promotion bodies of exporting countries upon request.

16. Importers may apply for import licences to re-export rice. In this case, the rice imported for re-export will not be deducted from the rice importer's quota, but the import licence will be issued on condition that the rice will be re-exported from Hong Kong and not sold in the domestic market. Checks will be made to ensure that the quantity of rice re-exported is the same as that imported.

Conditions of licensing

17. An import licence is valid for six weeks from the date of issue for reserved commodities and six months for the other products listed in paragraph 3 above. The period of validity can be extended to double the above limits if the applicant writes to the Trade Industry and Customs Department and obtains approval from the Director of Trade Industry and Customs or any authorized officer.

18. No penalty is imposed for the non-utilization of an import licence or a portion of an import licence.

19. Import licences are not transferable between importers.

20. Other conditions may be attached to the issue of an import licence. They vary in respect of different commodities. The following conditions are more commonly imposed:

(a) In respect of some commodities imported for use in Hong Kong, the following condition may be attached to the issue of the import licence: "For use in Hong Kong. Diversion en route prohibited. Re-export not permitted except under special licence."
(b) In respect of some commodities imported for re-export purposes only, the following condition may be attached to the issue of the import licence: "For re-export to (name of destination). Diversion en route prohibited. To be delivered by shipping or airline company concerned to government designated private godown. Overside delivery not permitted. Release from godown subject to approval of export licence."

(c) The importer may be required to report to the Director of Trade Industry and Customs in writing, the name of the carrying vessel and its arrival date in Hong Kong, at least four days before the arrival of the goods covered by the import licence.

(d) The importer may be required to store the goods in a government approved godown immediately upon importation, and no deliveries may be made except with the permission in writing of the Director of Trade Industry and Customs.

Other import licensing arrangements

21. Certain items not listed as subject to import licensing control by the Trade Industry and Customs Department are subject to import control by other departments of the Hong Kong Government, in each case maintained as a statutory requirement. These include:

(a) Dangerous drugs, by the Medical and Health Department. Imports must be covered by import licences which are issued to authorized dealers only. Purpose: protection of public health. Maintained under Section 4, Dangerous Drugs Ordinance, Cap. 134.

(b) Radio transmitting equipment, by the Post Office. Imports must be covered by import permits issued by the Telecommunications Division. Purpose: to control the use of telecommunications services and telecommunication apparatus and equipment. Maintained under Section 9, Telecommunication Ordinance, Cap. 106.

(c) Arms and ammunition, by the Royal Hong Kong Police Force. Every importer of arms or ammunition must obtain a licence annually from the Commissioner of Police. Purpose: enforcement of law and order. Maintained under Section 10, Arms and Ammunition Ordinance, Cap. 238.
(d) Dogs and cats, by the Agriculture and Fisheries Department. Permits are required before importation, supported by certificates of health and isolation depending on country from which imported. Purpose: to regulate the keeping and control of dogs and cats and to provide for the suppression of rabies. Maintained under Section 12, Dogs and Cats Regulations, Cap. 167.

(e) Animals or birds suffering from disease, by the Agriculture and Fisheries Department. A special permit is required before importation. Purpose: to prevent introduction of infectious diseases. Maintained under Section 4, Public Health (Animals and Birds) Ordinance, Cap. 139.

(f) Specified plants from scheduled countries, by the Agriculture and Fisheries Department. Licences are required for import of specified plants, supported by phytosanitary certificates. Purpose: prevention of spread of plant pests. Maintained under Section 4, Plant (Importation and Pest Control) Ordinance, Cap. 207.

(g) Animals and plants of endangered species, and parts thereof, by the Agriculture and Fisheries Department. Licences are required for import of specified species and animal parts and derivatives. Purpose: to conform with the requirements of the 1973 Washington Convention on International Trade in Endangered Species of Wild Fauna and Flora. Maintained under Section 4, Animals and Plants (Protection of Endangered Species) Ordinance, Cap. 187.

(h) Any artificial sweetener or food containing artificial sweetener (other than saccharin, saccharin sodium and saccharin calcium), by the Urban Services Department. Import of artificial sweetener for human consumption is prohibited. Purpose: protection of public health. Maintained under Section 3, Food Adulteration (Artificial Sweeteners) Regulations, Cap. 132.

(i) Sand, by the Public Works Department. Import permit required. Purpose: to regulate importation. Maintained under Section 3, Sand Ordinance, Cap. 147.

Other procedural requirements

22. Other than the procedures described above, there is no other administrative procedure prior to importation.
23. There is no official exchange control in Hong Kong. Payment for imports can be made freely in any kind of international currency obtained on the local market.

Import declaration

24. Apart from certain exempted articles, an importer must lodge with the Trade Industry and Customs Department an import declaration in respect of any article within fourteen days after importation of the article. This is required for the purpose of compiling statistics on Hong Kong's commodity trade. A charge is payable on each declaration. The rate is HK$2 (US$0.45) for food and live animals irrespective of the value of the articles specified in the declaration. In the case of any other declaration, a charge of HK$2 is made where the value of the article does not exceed $4,000; where the value exceeds $4,000, the charge is calculated at the rate of HK$2 in respect of the first $4,000 value and HK$0.5 in respect of each additional $1,000 value or part thereof. A list of articles exempted from the import declaration requirement is shown in Appendix I.
APPENDIX I

Articles Exempted from Import Declaration Requirements

(a) Transhipment cargo.

(b) Transit cargo (articles destined for a place other than Hong Kong and passing through Hong Kong on the same ship or aircraft without transhipment).

(c) Articles imported or exported by the Government or the armed forces of the Crown.

(d) Ships' stores including bunker fuel, for use by or consumption on board the vessel on which the stores are carried.

(e) Aircraft stores including aviation fuel carried in the tanks of an aircraft, for use by that aircraft.

(f) Personal baggage, which does not include motor vehicles.

(g) Any postal packets the contents of which are valued at less than HK$4,000 (US$800).

(h) Advertising materials supplied free of charge and samples valued at less than HK$500 (US$100) used for the purpose of advertising.

(i) Articles imported solely for exhibition and to be exported after exhibition.

(j) Articles imported after having been exported for exhibition.

(k) Articles imported or exported under and in accordance with an A.T.A. Carnet.

(l) Marine fish arriving direct from fishing ground on fishing craft registered or licensed in Hong Kong.

(m) Gifts of a personal nature where no payment is or is to be made by the receiver.

(n) Used empty freight containers and the like which are regularly imported and exported and used solely for the carriage of articles which are imported or exported.