OUTLINE OF SYSTEM

1. Hong Kong adopts an import licensing system where an applicant intending to import a commodity caught under import licensing control must lodge with the Commerce and Industry 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 tons, gallons, yards, cases, 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 purpose;
   (h) the importer's signature, stamp, address, business registration number and telephone number.

If the application is approved, the import licence will be issued to the applicant duly signed by an authorized officer of the Commerce and Industry 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 Commerce and Industry Department by the shipping or airline company concerned. The Department will match the original copy of import licence with the manifest 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

2. An import licensing system is maintained for the following products which fall within Chapters 25-99 of the BTN:

   (a) Strategic commodities;
   (b) acetic anhydride;
(c) arms and ammunition (including imitations);
(d) automatic machines, whether coin operated or not, designed for gaming purposes;
(e) celluloid film scrap;
(f) diamonds;
(g) gold, including gold bullion, gold coin or articles made wholly or partly of gold;
(h) insecticides containing phosphorus and homologous and related compounds;
(i) Mexican dollars;
(j) radio transmitting equipment;
(k) radioactive substances and irradiating apparatus;
(l) shaving brushes manufactured in and/or exported from Japan;
(m) silver, including silver bullion and silver coins containing more than 90 per cent pure silver by weight;
(n) vaccine lymph.

3. (a) The system applies to the goods specified in paragraph 2 above originating in and coming from any territory.
(b) Additionally, all goods originating in and consigned from the following territories are subject to import licensing:

(i) Albania
(ii) Bulgaria
(iii) Czechoslovakia
(iv) East Germany
(v) Hungary
(vi) North Korea
(vii) Poland
(viii) Romania
(ix) USSR, including Estonia, Latvia, Lithuania and Northern Sakhalin
(x) Southern Rhodesia

4. Import licensing is intended for the following purposes:

(a) For exchange control purpose

(i) Diamonds;
(ii) gold, including gold bullion, gold coin or articles made wholly or partly of gold;
(iii) Mexican dollars;
(iv) silver, including silver bullion and silver coins containing more than 90 per cent silver by weight;
(v) all goods originating in and consigned from the territories listed in paragraph 3(b) above, with the exception of Southern Rhodesia.
(b) **For strategic control purpose**
   (i) Strategic commodities

(c) **For reasons of public health**
   (i) Insecticides containing phosphorus and homologous and related compounds;
   (ii) radioactive substances and irradiating apparatus;
   (iii) shaving brushes manufactured in and/or exported from Japan;
   (iv) vaccine lymph.

(d) **For enforcement of economic sanctions**
   (i) All goods originating in and consigned from Southern Rhodesia

(e) **For protection of the public at large against vice and violence**
   (i) Automatic machines, whether coin operated or not, designed for gaming purposes

(f) **For security purpose**
   (i) Arms and ammunition;
   (ii) radio transmitting equipment.

(g) **For suppression of the manufacture of dangerous drugs**
   (i) Acetic Anhydride

(h) **For prevention of fire**
   (i) Celluloid film scraps

Other methods of accomplishing these purposes have not been considered.

5. Import licensing is maintained under the Importation and Exportation Ordinance, Cap. 50, and the Defence Regulations (Continuation) Ordinance, Cap. 309, 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.
6. Products are not under restriction as to the quantity or value of imports.

7. (a) Import licence applications should be submitted to the Commerce and Industry 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 issued within a few hours (approximately three hours) of the time of application. As such it is possible for import licences to be obtained within a shorter time-limit and for goods arriving at the port without an import licence. However, due to the large number of import licence applications received daily, the Commerce and Industry 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 licence 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 Commerce and Industry Department:

   (i) Strategic commodities;
   (ii) acetic anhydride;
   (iii) Mexican dollars;
   (iv) radioactive substances and irradiating apparatus;
   (v) silver, including silver bullion and silver coins containing more than 90 per cent pure silver by weight;
   (vi) vaccine lymph;
   (vii) goods (other than those listed in sub-paragraph (2) below) originating in and consigned from the territories listed in paragraph 3(b) above.

(2) Importers who wish to import the following items must pass on their applications for import licence to other Government departments for prior approval:

<table>
<thead>
<tr>
<th>Item</th>
<th>Prior endorsement required from</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i)</td>
<td>Royal Hong Kong Police Force</td>
</tr>
<tr>
<td>(ii)</td>
<td>Royal Hong Kong Police Force</td>
</tr>
</tbody>
</table>

Item

Arms and ammunition

Automatic machines, whether coin operated or not, designed for gaming purposes
The applicants having had their applications duly endorsed, will pass them on to the Commerce and Industry Department which issues the import licences required.

8. 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 be given to the applicant. Applicants do not by law have a right of appeal in the event of refusal to issue an import licence. They may however petition to the Governor of Hong Kong who may direct the Director of Commerce and Industry to change a decision. This however is not statutorily provided.

Eligibility of importers to apply for licence

9. All persons, firms and institutions are eligible to apply for an import licence under the import licensing system.

Documentational and other requirements for application of licence

10. The information listed in paragraph 1 above is required when lodging an import licence application. A sample import licence is attached at Appendix I. 1

The importer is not required to submit any document with the application.

11. Other than the import licence no other document is required upon actual importation.

12. No licensing fee is charged. Import licence forms however can be purchased from the Government at the cost of US$0.33 (HK$2.00) per pad (containing twenty-five sets of import licence).

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

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1This appendix is not reproduced in this document.
Conditions of licensing

14. An import licence is valid for six months. It can be extended for a further six months if the applicant writes in to the Commerce and Industry Department and obtains approval from the Director of Commerce and Industry or any authorized officer.

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

16. Import licences are not transferable between importers.

17. Other conditions may be attached to the issue of an import licence. They differ in respect of different commodities. The following conditions are in general 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 and subject in addition to general or specific concurrence of government of supplying country concerned."

(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 Commerce and Industry 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 of the Director of Commerce and Industry in writing.

(e) The importer may be required to produce both the original and the duplicate of the import licence to the Post Office for endorsement.

Other procedural requirements

18. Other than the procedure described above, there is no other administrative procedure prior to importation.
19. Hong Kong is a member of the Scheduled Territories (Sterling Area) and payments within the area may be made freely in Hong Kong dollars, sterling or any other Scheduled Territory currency. For goods purchased outside the Schedule Territories, official foreign exchange is automatically made available, unless the purchase is from an area termed the "free market trading area". This consists basically of North and South America plus a few other countries associated with the US dollar. Foreign currency for imports purchased from the free market trading area must be provided by the importer or obtained on the local free market, where rates have for some time been very close to the official rates. Foreign exchange is always available for those imports which qualify and the only formalities required are the submission of an invoice and shipping documents to an authorized bank.