

CHAPTER 12

IMPORT LICENSING

12.1 Introduction

Some products require an **import licence** before they can be imported into the EU. Licensing is a form of **restriction** and currently licences are needed in the areas of **textiles and iron & steel**, originating in particular countries.

Import licences are regulated by the **Department for Business, Innovation and Skills** (BIS) in the UK and these restrictions are regulated through the 'open general import licence' or **OGIL**. From the **OGIL** an importer can see if there are any import restrictions pertaining to his goods.

Illustration 1

Imagine that we are importing textile products from China. When we present our C88 Import Declaration we may need to produce an import licence. There are many reasons as to why an import licence may be required.

- Firstly, licences are a form of **protection** for EU or UK industry;
- they are also used to **implement international policies**;
- they can be a way of ensuring that **public health and safety** is maintained, and
- finally they provide **statistics** on the imported trends of sensitive goods.

12.2 Specific import licences

There are two main types of licence. They are **specific** and **surveillance** licences.

Specific import licences can take two forms. Firstly, those that are **export administered quota licences**. This means the **exporting country allocates a quota** to certain goods. A **quota is simply a maximum number of goods** that can be exported. They allocate this quota by the issue of export licences to exporters from their country. Some of these licences may be electronic as well as paper. The UK import licence will only be granted on production of an export licence.

The other type of specific licence is the **import administered licence**. This is where **no control is exercised by the exporting country** at all so exports may not be restricted to any maximum number. However, the **EC might want to set a limit** on the number of imports. If so it will set a quota for the goods. These quotas **usually come into effect at the start of each calendar year**, and imports of products may only be allowed provided they are within this quota.

Licences can have a **varying validity**. **Textile licences** are usually valid for **6 months with two 3 month extensions** allowed on request. Therefore, the overall validity is **12 months**. Other types of licences, may be valid for a **calendar year**.

12.3 Surveillance licences

The other type of licence is a surveillance licence. Surveillance licences are used when the **EC wishes to monitor the level of imports** of particular products. Usually they are **product specific** and **country specific** as well. This means it is only imports of certain products from certain countries that are affected.

They generally have a limited period of validity, usually between **4 to 6 months**. Some surveillance licences are what we call **double control** where this is similar to the export administered quota licences that we have just looked at, i.e. import licences are issued against valid export licences. **Single surveillance licensing** involves import licences being issued after completion of an import licence application. There are no requirements to be satisfied from the exporting country.

12.4 Applying for an import licence

Application is made to the BIS. If you don't obtain one then goods imported without a licence are **liable to seizure**. In addition, the importer could be liable to other **penalties**, which we have already covered in the chapter on 'prohibitions, restrictions and penalties'.

Licensing is determined by the **commodity code** of the goods and the **country of origin**. You may want to remind yourself on how we classify our goods by looking at the classification chapter and also look at the anti-dumping duties chapter which tells you how to establish the country of origin for your goods.

The **Tariff** is a good place to start to see whether your products are liable to licensing or not. However, as the Tariff is not always up to date it is wise to confirm specific details with the BIS website, www.bis.gov.uk. Here you will find **Notices to Importers** which detail the products, countries of origin concerned, any quota limits and how to apply for your licence. The Notices to Importers replicate the official law that is contained in the **Official Journals of the European Communities**.

In order to apply for our import licence we have to complete a **paper application form, called an ILB/W**. At present electronic forms are not acceptable as an original signature is needed on the form.

Only **persons established in the community** can apply for them.

You can actually see a copy of the import application forms on the website. The application form asks for the following information:

- details on the **applicant**,
- the **commodity code** applicable to the goods being imported,
- the **country of origin**, and
- the **quantity** that is required.

As these licences are commodity code specific it is important to ensure that the code being used for the imported goods is correct.

An electronic licence will be issued if the goods are only being imported to the UK. Where the goods are imported into other Member States as well as the UK, a paper licence will be issued.

12.5 Licensing and Customs procedures

So how does licensing interact with the use of customs procedures such as IPR and customs warehousing? If somebody is using IPR suspension then as the likely destination of the products is outside the EU, an **import licence is not needed unless the goods are released to free circulation.**

Also if you import your products to a customs warehouse then on entry into the warehouse the goods do not require an import licence. As with IPR, the **licence does need to be presented when the goods are removed from the warehouse to free circulation.**

This can be quite handy. We have just mentioned that licences sometimes have quotas attached to them, which limit the maximum number of goods you can import.

Illustration 2

Imagine that you are nearing the end of the calendar year and you have exhausted your maximum amount. If your goods are in your customs warehouse this is not a problem. The goods can be sat there until your new licence is received the following year. When January arrives you can release the goods to free circulation. This stops you having to pay expensive charges that you could otherwise incur if your goods are being stored at the port before awaiting clearance.

Another regime that can be used with licensing is **Outward Processing Trade** or **OPT**. This regime allows manufacturers in the EC to take advantage of cheaper production costs abroad without them needing an import licence to import the finished product. A person must be authorised to use OPT.

Illustration 3

Imagine a UK manufacturer who wants to have his cloth sewn into t-shirts outside the EU. He sends his cloth to be made up into t-shirts which are then re-imported into the UK. Through the use of OPT, the t-shirts can be re-imported without an import licence. **OPT is advantageous as it gives an importer additional quota limits, to those under the normal licensing procedure.**

12.6 National licensing restrictions

The UK itself may have its own licensing requirements. These requirements fall under a variety of areas. To illustrate just some of these areas;

The Firearms Act of 1968 ensures that restricted firearms can be imported only by appropriate people.

[The Firearms Act 1968](#)

Licence restrictions are also administered by the **Chemical Weapons Convention National Authority** and this provides controls on the import of toxic chemicals. And finally, the **Land Mines Act of 1998** covers the imports of anti-personnel mines.

[Land Mines Act 1998](#)

Example 1

Have a go at the following crossword.

DOWN

- 1. Some licences are administered
- 3. Surveillance licences can be control
- 4. Some licences are administered
- 5. Licences are currently needed for
- 7. Failure to have a licence can result in of the goods
- 8. The Act 1968 can require importers of guns to have a licence
- 9. Surveillance licences are often valid for to six months
- 11. Most licences are governed by the

ACROSS

- 2. Licensing aims to EU/UK industry
- 6. Quotas usually run for a calendar
- 10. Some licences have attached to them
- 12. A licence is a way of monitoring imports of goods

			1								
					3						
			2				4		5		
8											
				6							7
		9		10		11					
12											

Answer 1

			I								
			M		D						
			P	R	O	T	E	C	T		
			O		U		X		E		
			R		B		P		X		
F			T		L		O		T		
I				Y	E	A	R		I		S
R							T		L		E
E									E		I
A		F		Q	U	O	T	A	S		Z
R		O				G					U
M		U				I					R
S	U	R	V	E	I	L	L	A	N	C	E