

Client Alert

August 2010

Automatic Import Licensing Requirement Remains in 2010: Improved or Not?

On 28 May 2010, the Ministry of Industry and Trade (“**MOIT**”) issued Circular No. 24/2010/TT-BCT (“**Circular No. 24**”), replacing the regulations on automatic import licensing previously set out in Circular No. 17/2008/TT-BCT dated 12 December 2008 (“**Circular No. 17**”) from 12 July 2010. Circular No. 24, contrary to the expectation of a lot of enterprises, mostly upholds the widely criticised regulations on the application of automatic import licensing to a number of goods items under Circular 17, and even lengthens the list of goods items being subject to the extensive rules. The continuation of the system again raises the major issue regarding its compatibility with the obligations under WTO’s agreements which Vietnam had signed three years ago, especially those related to the WTO Import Licensing Agreement (“**ILA**”).

More goods subject to automatic import licensing requirement

Circular No. 24 adds more items to the list of goods subject to automatic import licensing requirements. The initial list included products such as plastics, cosmetics, ceramics and glassware, certain iron and steel products; nuclear, certain electronics products including TVs, vehicles, and furniture. The additional goods include raw foods and edible products, drinks and beverages, and clothing and footwear, toys, etc. For more information, please see the Appendix below.

Dossier requirements: more papers, more trouble

In addition to the lengthy list of documents required for an automatic import license application under Circular No. 17, traders under Circular No. 24 must submit another two documents: one copy of the commercial invoice, and one original of a written bank payment certificate.

Under the earlier Circular No. 17, traders could stamp on the copy of the bank payment certificate and submit it to the licensing authority. The requirement of an original bank payment certificate removes such flexibility. It is not only time consuming, but also adds cost and time to traders while they apply for an automatic import license.

Submit application and receive license via post

All application dossiers must be addressed to licensing authorities via post, and all automatic import licenses and notifications about

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incompletion or invalidity of the trader's application dossier are also sent to the traders by post. This additional requirement creates a burden for enterprises. It is time-consuming to submit and receive the application by post, therefore costing the traders even more, especially in cases where the goods are shipped by air and only arrive in Vietnam one or two days after the date of shipment and traders have to pay extra fees for storing their goods at the airport due to the delay in automatic import license issuance. Moreover, the import registration dossiers or the documents sent to enterprises could be lost due to the unreliability of the postal service, and Government officials hold no responsibility in such a case.

Seven working days for the issuance of an automatic import license

For the issuance of an automatic import license, importers must wait for up to seven (07) working days (instead of five (05) working days in Circular No. 17) from the date of receipt of a trader's complete and valid dossier. An automatic import license is valid for thirty (30) days from the date of its certification.

Re-grant, modification and revocation of automatic import licenses

Circular No. 24 specifies that in case an automatic import license is lost or damaged, traders need to re-submit the dossier to the MOIT with a written explanation as to why they need the license reissued. The waiting period for re-issuance of licenses is five (05) working days.

APPENDIX

Items under Circular No. 17, re-listed under Circular No. 24	Additional Items under Circular No. 24
	<p>Chapter 2</p> <p>Meat and edible meat offal</p> <p>Whole chapter.</p>
	<p>Chapter 3</p> <p>Fish and crustaceans, molluscs and other aquatic invertebrates</p> <p>This section covers the products of headings from 0301 to 0305, 0306.14.00.00, 0306.24 and 0307.</p>
	<p>Chapter 16</p> <p>Preparations of meat, of fish, of crustaceans, molluscs or other aquatic invertebrates</p> <p>This section covers the products of headings 1601.00.00, 1602 to 1605.</p>
	<p>Chapter 17</p> <p>Sugars and sugar confectionery</p> <p>This section covers the products of heading 1704.</p>
	<p>Chapter 18</p> <p>Cocoa and cocoa preparations</p> <p>This section covers the products of headings 1806 (other than those of subheading 18.06.90.20.00).</p>
	<p>Chapter 19</p> <p>Preparations of cereals, flour, starch or milk; pastry cooks' products</p> <p>This section covers the products of heading 1901.10 (except medical nutritious products), 1902, 1903.00.00.00, 1904, and 1905 (other than those of subheading 19.05.90.60.00).</p>
	<p>Chapter 20</p> <p>Preparations of vegetables, fruit, nuts or other parts of plants</p> <p>Whole chapter.</p>

Items under Circular No. 17, re-listed under Circular No. 24	Additional Items under Circular No. 24
	<p>Chapter 21</p> <p>Miscellaneous edible preparations</p> <p>This section covers the products of headings 2101, 2103-2105.00.00.00, 2106.90.10.00, 2106.90.20.00, 2106.90.30.00, 2106.90.91.00, 2106.90.92.00, 2106.90.94.00, 2106.90.99.10, 2106.90.99.20, and 2106.90.99.90.</p>
	<p>Chapter 22</p> <p>Beverages, spirits and vinegar</p> <p>This section covers the products of headings 2201 to 2208, and 2209.00.00.00.</p>
<p>Chapter 33</p> <p>Essential oils and resinoids; perfumery, cosmetic or toilet preparations</p> <p>This section covers the products of headings 3303.00.00.00, 3304, 3305, 3306, 3307.</p>	
<p>Chapter 39</p> <p>Plastic and articles thereof</p> <p>This section covers the products of headings 3922, 3924.</p>	
	<p>Chapter 61</p> <p>Articles of apparel and clothing accessories, knitted or crocheted goods</p> <p>Whole chapter, other than those of heading 6113 and subheading 6114.30.00.10.</p>
	<p>Chapter 62</p> <p>Articles of apparel and clothing accessories, not knitted or crocheted goods</p> <p>Whole chapter, other than those of headings 6210 and 6217, and subheadings 6211.33.00.10, 6211.39.00.10, 6211.43.10.00 and 6216.00.10.00.</p>
	<p>Chapter 63</p> <p>Other made up textile articles; sets; worn clothing and worn textile articles, rags</p> <p>This section covers the products of headings 6301 to 6304 (excluding those of heading 94.04), 6307.10, and 6308.00.00.00.</p>

Items under Circular No. 17, re-listed under Circular No. 24	Additional Items under Circular No. 24
	<p>Chapter 64</p> <p>Footwear; gaiters and the like; parts of such articles</p> <p>Whole chapter, other than those of heading 6406.</p>
<p>Chapter 69</p> <p>Ceramic products</p> <p>This section covers the products of headings 6910, 6911, 6912.00.00.00.</p>	<p>Chapter 69</p> <p>Ceramic products</p> <p>This section further includes the products of headings 6904, 6905, 6906.00.00.00, 6907, 6908.</p>
<p>Chapter 70</p> <p>Glass and glasswear</p> <p>This section covers the products of heading 7013.</p>	
<p>Chapter 73</p> <p>Articles of iron or steel</p> <p>This section covers the products of headings 7321, 7323, 7324.</p>	
<p>Chapter 76</p> <p>Aluminium and articles thereof</p> <p>This section covers the products of heading 7615.</p>	
<p>Chapter 84</p> <p>Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof</p> <p>This section covers the products of headings 8413.20.10.00, 8413.70.22.00, 8414.51, 8415.10.00, 8415.81.91.10, 8415.81.99.10, 8415.81.99.20, 8415.82.90.10, 8415.83.90.10, 8418.10.10.00, 8418.21.00.00, 8418.29.00.00, 8418.30.00.10, 8418.40.00.10, 8419.11.10.00, 8419.19.10.00, 8419.81, 8421.12.00.00, 8421.21.11.00, 8421.21.21, 8421.22, 8422.11, 8443.31, 8443.32, 8443.39, 8450, 8451.21.00.00, 8451.80.10.00, 8470.10.00.00, 8470.21.00.00, 8470.29.00.00, 8470.30.00.00, 8471.30.10.00, 8471.30.20.00, 8471.30.90.90, 8471.41.10.00, 8471.41.90.90, 8471.49.10.00, 8471.49.90.90.</p>	

Items under Circular No. 17, re-listed under Circular No. 24	Additional Items under Circular No. 24
<p>Chapter 85</p> <p>Electrical machinery and equipment; and parts thereof; sound recorders and reproducers, television image and sound recorders and reproducers, and parts and accessories of such articles</p> <p>This section covers the products of headings 8508.11.00.00, 8508.19.00.10, 8509, 8510, 8516, 8517.11.00.00, 8517.12.00.00, 8518.10.19.00, 8518.10.90.00, 8518.21.00.00, 8518.22.00.00, 8518.29.10.00, 8518.30, 8518.40.90.00, 8518.50.00.90, 8519.30.00.00, 8519.81.10.00, 8519.81.20.00, 8519.81.30.00, 8519.81.70.90, 8519.81.90.90, 8519.89.20.00, 8519.89.90.90, 8521.10.00.90, 8521.90.19.00, 8521.90.99.00, 8525.80, 8527.12.00.00, 8527.13, 8527.19.91.00, 8527.19.99.00, 8527.91.10.00, 8527.92.10.00, 8527.99.10.00, 8528.71.90, 8528.72, 8528.73.</p>	
<p>Chapter 87</p> <p>Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof</p> <p>This section covers the products of headings 8703.10.90.00, 8703.21.29.00, 8703.21.90.90, 8703.22.19.00, 8703.22.90.90, 8703.23.51.00, 8703.23.52.00, 8703.23.53.00, 8703.23.54.00, 8703.23.91.00, 8703.23.92.00, 8703.23.93.00, 8703.23.94.00, 8703.24.50.00, 8703.24.90.00, 8703.31.20.00, 8703.31.90.90, 8703.32.51.00, 8703.32.59.00, 8703.32.91.00, 8703.32.99.00, 8703.33.51.00, 8703.33.52.00, 8703.33.90.00, 8703.90.51.00, 8703.90.52.00, 8703.90.53.00, 8703.90.54.00, 8703.90.90.00, 8711.10.91.00, 8711.10.99.00, 8711.20.10.00, 8711.20.41.00, 8711.20.42.00, 8711.20.43.00, 8711.20.90.00, 8711.90.40.00, 8711.90.90.00, 8712.00.10.00, 8712.00.30.00, 8712.00.90.00.</p>	<p>Chapter 87</p> <p>Vehicles other than railway or tramway rolling-stock, and parts and accessories thereof</p> <p>This section further includes the products of headings 8703.24.50, 8703.24.50.10, 8703.24.50.90, 8703.24.90, 8703.24.90.10, 8703.24.90.90.</p>

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<p>Chapter 94</p> <p>Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; lamps and lighting fittings, not elsewhere specified or included; illuminated signs, illuminated name-plates and the like; prefabricated buildings</p> <p>This section covers the products of headings 9401.30.00.00, 9401.40.00.00, 9401.51.00.00, 9401.59.00.00, 9401.61.00.00, 9401.69.00.00, 9401.71.00.00, 9401.79.00.00, 9401.80.90.00, 9403.10.00.00, 9403.20.00.90, 9403.30.00.00, 9403.40.00.00, 9403.50.00.00, 9403.60.00.90, 9403.70.00.90, 9403.81.00.90, 8403.89.00.90.</p>	
	<p>Chapter 95</p> <p>Toys, games and sports requisites; Parts and accessories thereof</p> <p>Whole chapter.</p>

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