

Application Guide

Import Licences for Agricultural Products

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II Abbreviations and concepts

<i>AGRIM form</i>	The European Community Import Licence (AGRIM) form. The AGRIM application form (561023) is used to apply for an import licence. The licence is also issued on the AGRIM form (holder's copy).
<i>CN code</i>	Combined Nomenclature 8-digit commodity identifier
<i>Third country</i>	A country outside the EU
<i>Mavi</i>	Finnish Agency for Rural Affairs
<i>Registration number</i>	The customer registration number which the customer receives when registering with the Department of Market Support as an import customer
<i>Customs declaration</i>	Single Administrative Document (SAD) form
<i>Tariff quota</i>	A given quantity of goods that come under a certain customs tariff heading, which are entitled to preferential treatment on certain conditions
<i>Import</i>	The fulfilment of customs formalities with regard to imports and the release of products for free circulation in connection with these formalities within the European Community
<i>Security</i>	A guarantee by an approved financial institution to act as guarantor or a cash deposit to ensure that certain actions are taken
<i>WTO</i>	World Trade Organisation

1. Introduction

The aim of these guidelines is to give the reader a general picture of the European Community's system of import licences for agricultural products and its practical application in Finland. The system forms a part of the EU's Common Agricultural Policy, whose purpose it is to stabilise markets. Import duties and levies are a way to raise the prices of cheaper agricultural products imported from countries outside the Union to bring them to a level that corresponds to Community producer prices.

Commission Regulation (EC) No 376/2008 laying down common detailed rules for the application of the system of import and export licences and advance fixing certificates for agricultural products and its amendments (codified version) (hereafter referred to as 376/2008) applies to import licences. Article 1 of this Regulation lists those agricultural products that may require an import licence if arriving from a third country. The Regulation also gives special provisions on import licences that relate to the relevant product sector. Furthermore, Commission Regulation (EEC) No 2220/85 lays down common detailed rules for the application of the system of securities for agricultural products and its amendments (hereafter 2220/85).

The Regulations referred to above are binding in Finland as they stand. These instructions are based on them, but are not legally binding. Community legislation is continually being amended, so despite the updates made to this application guide, the information may not always be up-to-date. The references to legal instruments at the end of paragraphs in this guide are in respect of European Community legislation unless stated otherwise.

The Department of Market Support at the Finnish Agency for Rural Affairs (Mavi) (hereafter referred to as the Department of Market Support) is the competent authority for import licences. An applicant should check the legislation pertaining to a given product and the procedures involved by contacting the Department of Market Support. The Agency's Department of Financial Management receives securities and is responsible for the return and forfeiture of securities. It also maintains a securities register.

All the forms in the following pages of this guide are available on the Finnish Agency for Rural Affairs'

website. The instructions set out in this application guide only concern applications for a standard import licence (see section 1.1) and a quota import licence (see section 1.2). This guide does not apply to quotas administered by means of a quota register (see section 1.2), for which the competent authority is the Customs/Rectification Group (contact details to be found at the beginning of this guide).

Product-specific guides

There are special provisions for each product sector, which might differ from the general provisions dealt with in these guidelines. These special provisions are dealt with in the product-specific guides which complement this application guide. Updated versions of both this guide and the product-specific guides can be found on the Finnish Agency for Rural Affairs' website.

1.1 Imports monitoring system

The import of agricultural products from third countries under the organisation of agricultural markets frequently requires an import licence. The object of such a licence is the sound administration of the market organisation.

A standard import licence is primarily a monitoring document. This license is always issued, provided that the applicant has registered as a customer of the Department of Market Support, the required security has been lodged, and the application has been filled out correctly.

A standard import licence is valid in all the Member States of the European Union (376/2008, Article 10).

1.2 Preferential arrangements

In certain cases preferential treatment will apply to the import of agricultural products from third countries. These are mainly tied to a certain maximum quantity, or 'tariff quota'. Tariff quotas are a way to receive relief on customs duty when importing a product into the European Community. When the quotas are filled, goods may still be imported from third countries, but the full import duties and levies have to be paid on them.

Tariff quotas can be divided into quotas based on multilateral or bilateral agreements and those based on unilateral arrangements. Agreement quotas are based on preferential treatment agreed between the European Union and third countries. Examples are quotas relating to Europe agreements, the ACP-EC Agreement and the Euro-Mediterranean agreements. Quotas only apply to products which have been shown to originate in the country concerned. WTO (formerly GATT) quotas are also quotas based on agreements and form their own group in the tariff quota system. The unilateral concessions granted by the European Union allow for partial or complete exemption from customs duty on imports for products that are not produced in sufficient quantities in the European Union.

Various methods apply when quotas are being applied for and quantities are being allocated among products. Quotas on agricultural products are quotas that are managed either through an application procedure or the quota register.

Quotas to be allocated through the application procedure are applied for in accordance with the schedule published in the regulation relevant to the administration of each quota. The reduction in import duty allowed by the quota, the regulation reference and the quota's serial number (09.XXXX) are entered on the quota import licence.

The criterion for the allocation of quotas to be administered by means of the quota register is the date the goods are transferred. A requirement of the application of a quota is that the party in possession of the goods indicates a desire for preferential treatment in respect of the goods and presents an account of the goods' eligibility for preferential treatment when making the customs declaration. This guide does not apply to quotas administered by means of a quota register, for which the competent authority is the Customs/Rectification Group.

2. Registration

Before applying for an import licence, the importer must join the Department of Market Support's register as an importer of a given product, after which the registration number is to be quoted in any dealings with the Department (Finnish Act on the Rural Business Register 1994/1515).

Applicants register by returning a carefully completed registration application (form 561000). The form should be signed by the company's legal signatory as stated in the Trade Register or a holder of procuration. If the company to be registered is not Finnish, the company's extract from the Trade Register should accompany the form.

If there is a change in the customer's details, the Department of Market Support should be notified using the registration details amendment form (561000B). This form can be sent in by fax if the change relates to

- the address
- the telephone and/or fax number
- the contact person
- registration for a new activity or function

To change an account number, the original copy of the amendment form must be sent in. In case of a changed Business ID, the customer must submit a new registration application.

3. Security

When applying for an import licence, the importer undertakes to import the product in the quantity stated in the licence whilst the licence remains in effect. A security is a means of ensuring that the importer fulfils the obligations associated with importation and that any profiteering from import licences can be prevented.

The system of securities employed in Finland in the implementation of the European Community's Common Agricultural Policy is based on Commission Regulation 2220/85. Essentially, any form of activity for which securities are required should comply with the procedural rules in the relevant regulation. Product-specific regulations offer more detailed provisions concerning e.g. the amount of security to be lodged and its periods of validity. These are also described in the product-specific guides.

A security must be lodged before the application for an import licence is made. There must be a valid security in place no later than 2 p.m. on the day the application is lodged (376/2008, Article 14.2). The security should be determined in euros to the nearest cent. If no appropriate security is lodged, the application for an import licence cannot be processed and will be rejected. If the security relevant to an application comes to EUR 100 or less, no security is required (376/2008, Article 14.3).

3.1 Lodging of securities

Accepted forms of security include a guarantee issued by a bank or insurance company or a cash deposit (2220/85, Article 8). Securities are in practice dealt with by the Department of Financial Management, which can provide additional information and the necessary forms for lodging a security. The customer may give a guarantee issued by a bank or insurance company as a security, where an approved institution undertakes, if so required, to pay the amount mentioned in the guarantee in the event of any contravention of the conditions and procedures described in the regulations. The customer negotiates the guarantee independently with the bank or insurance company approved as guarantor. A guarantee from an institution other than one that is approved cannot be accepted. A financial institution intending to act as guarantor should seek approval from the Department of Financial Management.

When a cash deposit is paid by bank transfer it is not

regarded as establishing a security until the Department of Financial Management is satisfied that it has the relevant amount at its disposal (2220/85, Article 13). In urgent cases the customer may contact the Department, which will ensure the payment is transferred to the authority's account by telephone from the bank. No interest is paid to the customer on cash deposits (2220/85, Article 15).

Cash deposit securities should be paid into the following account:

NORDEA 166030-103872

Mavi/Vakuustalletukset (Finnish Agency for Rural Affairs/Security Deposits)

A security is generally lodged in the form of a block security. It can be used as and when required for more than one import or export operation, including operations by the various subsidiaries of the parent company that lodged the security (if the bank has extended its guarantee to cover all operations by subsidiary companies or the parent company has given its permission to use its cash deposit). The Department of Market Support and Department of Financial Management process securities in the information system they both share. An appropriate amount of a block security is, on the basis of an application, allocated to any activity currently in progress and, similarly, a security amount thus allocated is released when the obligation to import has been fulfilled and the used import licence has been returned on time. The customer should ensure that the security is for a sufficient amount. Each month or, if required, more frequently, the customer will receive a statement showing transactions connected with his security.

The customer may also lodge an individual security, though in this case the customer needs to ensure he has lodged such a security for each individual transaction requiring a security.

3.2 Return of securities

If the customer wishes to have the security paid back into his bank account he should request this in writing to the Department of Financial Management. The informal, dated and signed request should state the relevant security number, the amount and the bank account number the security should be paid into.

4. Import licence

An import licence is the document referred to in Article 1 of Commission Regulation 376/2008, the AGRIM import licence, which entitles and obliges the holder to import during its period of validity the quantity of the products mentioned therein that come under a certain customs tariff heading (376/2008, Article 7.1). The import licence gives rise to an obligation to import from the country or group of countries specified therein (376/2008, Article 7.3), unless otherwise provided in legislation specifically applicable to the product. An import licence is a valuable document that should be kept carefully on file.

4.1 Application for an import licence

Applications for both a standard and a quota import licence should be addressed in writing to the Department of Market Support using the AGRIM application form (376/2008, Article 12) (form 561023). The application for an import licence may be faxed, sent by post or handed in at the Department's registry office. Addresses and fax numbers can be found at the beginning of this guide. The application may also be e mailed, if the applicant has registered for the online service using form 561027 and the log-in details are entered correctly. See the product-specific instructions for maximum quantities of products for which import licences need not be presented (376/2008, Annex 2).

An application will be deemed to have arrived on the day on which it has been submitted to the Department of Market Support no later than 2 p.m. Applications for licences that are received after 2 p.m. on a working day, or a Saturday, a Sunday or a holiday will be deemed to have been lodged on the Agency's next working day (376/2008, Article 16.1, 2). There are exceptions to these time limits in some product-specific regulations.

A security is required if an import licence is being applied for. See section 3.1, Lodging of securities.

If a customer wishes to cancel an application or make a change to it, this should be done in writing by 2 p.m. on the day the application is lodged (376/2008, Article 12.2).

If an application is wholly or partly rejected, the rele-

vant security lodged will be released forthwith (376/2008, Article 20).

4.2 Issue of an import licence

Both standard and quota import licences are issued on the basis of an AGRIM form (holder's copy). Quota import licences may involve a product-specific award coefficient, as announced by the European Commission.

An import licence, once granted, is posted to the address provided. Alternatively, the applicant can pick it up at the Department of Market Support's registry office. The periods for which import licences are valid are given in the product-specific instructions.

4.3 Use of the import licence

An import licence is a precondition for the release for free circulation of goods. The customs declaration must be made by the titular holder or transferee or their representative within the meaning of Article 5(2) of Regulation (EEC) No 2913/92 (376/2008, Article 23).

The serial number on the import licence should be quoted on the customs declaration, which should also state the quota number that gives entitlement to the customs levy reduction (Instructions for completing the Single Administrative Document [SAD form] issued by the Finnish National Board of Customs for exportation, importation and transit).

The Customs will record and confirm the imported quantities, or the importers themselves may enter details of the imported quantities on the reverse of the import licence, to be examined and endorsed by the Customs (376/2008, Article. 23)

If the space reserved for endorsements on the reverse of the import licence is insufficient, the Customs authority will attach additional pages to the licence (376/2008, Article 27).

The information on the import licence may not be altered after its issue. Where the accuracy of the information is in doubt, the issuing authority may correct the licence (376/2008, Article 25)

An import licence issued in Finland must be returned to the Department of Market Support no later than two months after its expiry. Shorter return times have also been stipulated for quota import licences. The security will be released if the obligation to import has been fulfilled (376/2008, Article 34)

The obligation to import in connection with the import licence will be deemed to have been fulfilled in its entirety when at least 95% of the quantity indicated in the licence has been imported (376/2008, Article 7.5), unless otherwise provided in legislation specifically applicable to the product.

In case of a standard import licence, an overrun of 5% of the quantity recorded on the licence is allowed (376/2008, Article 7.4). There is normally no excess allowed with quota import licences (376/2008, Article 48).

4.3.1 Transfer of an import licence

If so requested by the titular holder of an import licence, the Department of Market Support may transfer rights deriving from the import licence either partly or wholly to another importer during the period of its validity, unless otherwise provided in legislation specifically pertaining to the product. The original import licence and a written request to transfer it should be submitted to the Department. The transfer only relates to those quantities not yet attributed to the licence (376/2008, Article 8)

Obligations deriving from licences cannot be transferred: the titular holder is responsible for fulfilling them by virtue of the security he has lodged. A right may not be transferred further, but the transferee may make a written request to transfer rights back to the titular holder. A transfer or transfer back to the titular holder takes effect from the date of entry (376/2008, Article 8)

4.3.2 Extracts from the import licence

One or more extracts from an import licence can be issued, and these may e.g. be used when products covered under the licence are being imported through several Customs offices at the same time. The original licence and a written request for an extract are submitted to the Department of Market Support.

An extract is issued for a part of the quantity remaining on the original licence. An extract has the same legal effects as the licence from which it is extracted, within the limits of the quantity in respect of which the extract is issued (376/2008, Article 9). No further extract may be made of an extract from a licence (376/2008, Article 21).

4.4 Return of an import licence

4.4.1 Release and forfeiture of a security

A security may be released when the obligations to import associated with the import licence have been fulfilled and the used licence, plus any extracts, is returned to the Department of Market Support within two months of its expiry (376/2008, Article 34). There are exceptions to these time limits in some product-specific regulations, and these might stipulate that additional documents are required in order to release the security.

The security will be released in its entirety if at least 95% of the quantity indicated in the licence has been used (376/2008, Article 7.5). This figure, however, varies from product to product. If less than 95% of the licence has been used, the security will be forfeited as follows (376/2008, Article 34.2):

[the quantity indicated in the licence (kg) x 95% less the quantity actually imported (kg)] divided by the quantity indicated in the licence (kg) x the security lodged in association with the licence = amount of the security forfeited

Example: The import licence had been issued for 10,000 kg and 5,000 kg of that was used. The security lodged is EUR 2,000. The used import licence is returned within the time limit allowed.

The unused quantity on the licence is:
10,000 kg x 95% - 5,000 kg = 4,500 kg.
Amount of security forfeited:
4,500 kg / 10,000 kg x EUR 2,000 = EUR 900.

Consequently, EUR 900 of the security lodged is forfeited and EUR 1,100 is released.

If less than 5% of the licence has been used, the whole security is forfeited (376/2008, Article 34.2).



If the amount of the security to be forfeited comes to EUR 100 or less, no forfeiture applies (376/2008, Article 34.2).

If the customer's security takes the form of a cash deposit, the amount of the security forfeited will simply not be returned. If the customer has lodged a security in the form of a guarantee, he will be sent an invoice for the amount in question, which he should pay into the Finnish Agency for Rural Affairs' Intervention Fund account.

4.4.2 Late return of an import licence

If an import licence is returned late, some of the security will be forfeited, even if the licence has been used in its entirety. If the licence is not returned to the Department of Market Support within the time limit allowed but is submitted no later than 24 months after its expiry date, 15% of the entire security relating to the licence will be forfeited (376/2008, Article 34), unless otherwise provided in legislation specifically pertaining to the product.

4.5 Loss or destruction of the import licence

The Department of Market Support may issue a duplicate of a partly or wholly used import licence that has been lost or an extract from it, at the request of the importer, in order to have the security released (376/2008, Article 38.1). Duplicates may not be used for carrying out import operations (376/2008, Article 38.2). A duplicate should be requested by an informal written application, explaining how the original licence came to be lost.

The duplicate and evidence of the use of the lost import licence (e.g. customs declarations) should be submitted to the customs authority, which will make entries on the duplicate with regard to imports in connection with the lost licence. The security can be released when the duplicate with its entries made by the Customs is returned to the Department of Market Support.

If it can be proven that an import licence or an extract from it which has been used in its entirety has been destroyed, the Department of Market Support may issue a replacement licence or extract, if the importer makes a written request explaining how it came to be destroyed (376/2008, Article 38). In such cases the titular holder must be able to show to the department that the licence has not been used in its entirety and that it can no longer be used on account of the fact that it has been destroyed.

4.6 Force majeure

Non-compliance with the conditions of an import licence is only acceptable in cases of force majeure. Where import operations cannot be effected during the period of validity of the licence owing to force majeure, the titular holder must apply to the Department of Market Support either for the licence to be cancelled or its period of validity to be extended. A written account of the force majeure should be sent to the Department within six months of the expiry of the licence. However, if an application is being made to extend the period of validity of the licence, the account of the force majeure should be presented to the Department no later than 30 days after the expiry of the licence (376/2008, Article 39).

Forms

<http://lomake.mmm.fi>

Form 561000 Registration application

Form 561000B Registration details amendment form

Form 561007 Security declaration form

Form 561023 Import licence application form (AGRIM)

Form 561027 On-line service registration form



www.mavi.fi

