

Committee Secretary
Joint Standing Committee on Treaties
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Canberra ACT 2600



18 June 2014

Supplement to ACCI KAFTA Submission - JSCOT

We refer to the National Interest Analysis with attachments [2014] ATNIA 8, particularly the Regulation Impact Statement at Attachment II at "Regulatory Burden and Cost Offset Estimate", page 26. This section regards Certificates of Origin, and makes several omissions and incorrect statements regarding the cost of Certification.

- A. At point 4, it is stated *'Preferential certificates are generally issued in respect of countries with whom Australia has an FTA, but which do not allow for self-declaration'*. It should be understood that Certificates of Origin issued by third parties are a requirement of ordinary trade occurring outside FTAs. Accordingly, they are a document businesses are already familiar with. Divergent origin documents in KAFTA add to the complexity of existing business practices, creating a multitude of systems, rather than co-opting existing procedures and reducing red tape.
- B. At point 8, it is stated *'the cost of each certificate varies from between \$20-70 at an average of \$33'*. We confirm \$33 is the average cost amongst our agent chambers. However it should be highlighted our chambers compete with each other in an open market, which drives issuing prices down – for example, the cost of our Certification is much cheaper than similar export documents issued by Government departments.
- C. At point 9, it is stated *'The cost of a certificate depends on the level of complexity – relatively simple or 'wholly obtained' goods ...attract lower fees than complex or composite manufactured goods'*. This is **completely untrue for ACCI and its issuing chambers**. The cost of a Certificate of Origin amongst chambers is the same \$33 average for all exporters, regardless of the complexity of the goods. We would like to know the basis on which the NIA has made this incorrect statement, and highlight that ACCI (as an issuing body) should have been consulted when the NIA for KAFTA was developed.
- D. At point 11, in relation to time burden, nowhere is it mentioned that ACCI and its issuing chambers use electronic Certificate of Origin systems that have a turn-around time from submission of the document by the exporter, to Certification and automated return of the documents, **of under 20 minutes**. Had ACCI been consulted in the research of the NIA, this fact might have been included in relation to the benefits of the uniform Certificate of Origin system run by third party agents of Government such as Chambers of Commerce.
- E. At points 13 through 15 ACCI notes the NIA (correctly) assumes that only third-party government-agent issuing bodies such as ACCI and its chambers will issue Certificates of Origin for KAFTA. **We note the NIA does not include an assessment of exporters filling out their own Declaration to foreign Customs for the tariff concession without the backing of Government agencies, as the KAFTA text appears to allow, and the costs to exporters if they do so incorrectly, or have their documents unfairly rejected at importing Customs**. The regulatory burden and costs associated with low-cost third-party uniform issuance of Certificates of Origin (as per ordinary trade and AANZFTA and TAFTA), **are minor** compared with the potential regulatory costs of exporters filling out their own Declaration and attempting to cross the border without government agency support (from ACCI). Exporters risk disputes with importing Customs, demurrage costs, penalty fees and goods spoiling if they are not supported by the Certificates of Origin system backed by third-party issuing bodies acting as agents of government. None of this detail is referred to in the NIA.

Yours sincerely,

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