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Inquiry into the Business Experience in Utilising Australia's Free Trade Agreements

Public Hearing Canberra, 21 July 2015 Follow-up questions from the Chair

Answers to questions on notice for the Australian Industry Group

1. You comment that FTAs often result in savings for the importer but are an extra administrative burden for the exporter. Could you give examples of the added administrative responsibilities for exporters under an FTA?

Ai Group response:

The benefits of Free Trade Agreements do not apply automatically, customs authorities require documentary evidence that the products being imported are eligible for the relevant duty concessions.

Under the ASEAN Australia New Zealand FTA and the Thailand Australia FTA, the rules state that Australian exporters must obtain an official certificate of origin from an Authorised Body. Ai Group and ACCI, through its State Chambers, are both authorised bodies and we both charge for this service. The China Australia FTA will have a similar system.

The Japan and Korea Free Trade Agreements have rules where the exporter is able to either self-issue the export documentation or apply for a Certificate of Origin from an Authorised body. This seems to cause confusion.

The USA, Malaysian, Chilean, NZ and Singaporean FTAs the importers supply the information, based on information provided to them by their exporter. This eliminates the need for third party involvement and is far more business friendly.

2. How easy is it for businesses to use the Customs Harmonised Tariff System Code to categorise their products and how could the process be made easier for businesses?

Ai Group response:

It isn't that easy, however it is usually the role for licensed Customs Brokers. Companies that don't import are unlikely to regularly use Customs Brokers, or understand the Harmonised Tariff System. This is why we recommend that FTA outreach includes this kind of detailed information and a customs advice line, to ensure that exporters understand this system before they attempt to understand the rules of an FTA that applies to their product.