



Bare Facts

Number 15

Published by J.J. Lawson - Customs and Freight Brokers



Bringing you the bear essentials

Matt's top tip



In previous Bare Facts, I have reported on various ways to reduce Customs Duties payable on imported goods. Here are some more, which rely on the Country of Origin of the Goods.

FREE TRADE AGREEMENTS

Most importers are aware that Australia has Free Trade Agreements (FTA) with a number of countries - currently twelve. These countries are the USA, New Zealand, Thailand,

Singapore, Chile and the ASEAN Countries (Brunei, Cambodia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam).

With some countries, we have more than one FTA - such as New Zealand, Singapore and Thailand with whom we have bi-lateral Free Trade Agreements and who also fall under the umbrella of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA).

Where imported goods may be covered by more than one FTA, goods only need to meet the criteria of one of the FTAs to be eligible for preferential rates of Customs Duty. As such, the importer and supplier should discuss which FTA to use before the goods have been shipped (having such discussions after shipment may be too late).

Please note that while Indonesia is a member of ASEAN, it has not completed its domestic legislation to implement the AANZFTA and so the AANZFTA will not apply to Indonesian goods until after this has happened.

In addition to the above Free Trade Agreements, Australia is currently negotiating Free Trade Agreements with the following countries - China, India, Indonesia, Japan, Malaysia, South Korea, the Gulf Co-Operation Council States (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates), the Pacer Plus Countries (the Cook Islands, the Federated States of Micronesia, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, the Republic of the Marshall Islands, Samoa, the Solomon Islands, Tonga, Tuvalu and Vanuatu) and the Trans-Pacific Partnership Countries (Brunei, Chile, Malaysia, New Zealand, Singapore, Peru, the United States and Vietnam).

Under the Free Trade Agreements, goods made in the country with which Australia has an FTA and which comply with the requisite rules of origin, consignment provisions and for which a Certificate of Origin has been issued (if required), can be imported Duty Free or at reduced duty rates (compared to the General Rate of Customs Duty).

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Import Export Show 2011

JJLawson will be exhibiting at the Import Export Show 2011 at Rosehill Gardens Event Centre in Sydney on September 15-16 and everyone is welcome to come along. www.importexportshow.com.au.

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Landed Cost Reports are a very useful time-saving tool. J.J. can calculate and deliver a Landed Cost Report for you for just \$65.00 per shipment, providing you with full details of the Landed Cost per unit or line of product.

The report incorporates the product costs and all other charges such as freight, local charges, duty where applicable, GST and cartage. Nominated sales margins and mark-ups can also be added in. The report can be customised to suit your needs.

For a free trial sample shipment Landed Cost report, please contact Marty Lawson on 02 9669 3011 or email marty@jjlawson.com.au



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Matt's top tip

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RULES OF ORIGIN

The Rules of Origin vary for each FTA but in the main are based on what is called the Change in Classification Test or a Regional Value Content percentage. There is one exception to this which is the Singapore-Australia Free Trade Agreement (SAFTA). Under SAFTA the goods must achieve a certain allowable factory cost percentage to comply with the Rules of Origin.

For information on these rules please contact us on 02 9669 3011.

CONSIGNMENT PROVISIONS

The various FTAs all have certain shipment restrictions, called 'Consignment Provisions', which impose conditions on the manner in which goods can be shipped to Australia. The main restriction being that the goods cannot be further manufactured after being exported from the FTA country and before arrival in Australia.

In addition the Singapore FTA, ASEAN FTA and Thai FTA require the goods to be located in the relevant FTA country when sold for export to Australia.

CERTIFICATES OF ORIGIN

Under the FTAs we have with ASEAN, Singapore and Thailand, it is mandatory that, before Duty Free or reduced Duty rates can be claimed, the importer must hold a Certificate of Origin (or copy thereof) issued for the purposes of the FTA by the relevant Government body in the country of export at the time of importation.

In regard to the FTA with Chile, it is mandatory that before Duty Free or reduced Duty rates can be claimed, the importer must hold a Certificate of Origin (or copy thereof) issued for the purposes of the FTA by the exporter.

If the importer does not possess a copy of the Certificate of Origin at time of importation, then normal duty rates apply. However, once the Certificate of Origin is obtained the duty refunds can be applied for.

Please note that the FTA Certificates of Origin must be issued by the relevant authorised body. General Certificates of Origin issued by a Chamber of Commerce are not acceptable substitutes.

For the FTAs with New Zealand (other than under the ASEAN FTA) and the USA, there are no mandatory Certificate of Origin requirements.

However, under these FTAs, for an importer to claim the Duty Free or reduced Duty rates, the importer must have knowledge that the goods comply with the Rules of Origin of the FTA. This is usually done by providing a statement from the manufacturer in the country of export attesting to the fact that the goods sold to the importer comply with the relevant Rule of Origin.

Please contact us if you need more information on the preferred format of such statements.

OTHER PREFERENCE ARRANGEMENTS

Australia also has other preferential customs Duty arrangements with Papua New Guinea, Canada, the Forum Island Countries (South Pacific Islands), Least Developed Countries and the Developing Countries (for the Developing Countries the preferential Duty rates are divided into three classes - DC, DCS and DCT).

As a general rule, although there are some exceptions, goods which comply with the preference arrangements for goods made in Papua New Guinea, the Forum Island Countries, the Least Developed Countries and Developing Countries (that fall within the DC Duty rate category), can be imported Duty Free.

Goods made in Canada and the DCS and DCT Developing Countries which comply with the preference arrangements for those countries, attract higher Duty rates (although still lower than the General Rate of Duty) or the General Duty rates depending on the Tariff Classification of the goods being imported.

Certificates of Origin are not mandatory. However, to claim the preferential Duty rates for these countries, it is recommended that either the supplier provide a Form A Certificate of Origin and Preference (usually issued by a Chamber of Commerce in the Exporting Country) or a preference declaration issued by the manufacturer of the goods in the country of export (we can supply the format that these declarations should be in).

In regards to Canada, there is a further requirement that to claim any preferential Duty rates, goods made in Canada must be shipped directly to Australia from Canada.

Sydney Ports Record Breaker!

Sydney Ports Corporation has announced that for the first time ever, container traffic through Port Botany had exceeded two million TEUs in a financial year.

The high volume of trade in the financial year 2010/2011 has apparently been led not only by increased imports driven by the high Australian dollar, but by significant growth in the export of cereals, machinery and equipment and paper and timber products. Solid trading performance by the State's regional and rural export sector has also contributed to the result. Total full container exports for the 2010/11 financial year saw exports rise by 3.6 per cent over the same period last year reaching over 458,700 TEUs.

Key drivers for the growth in exports have been identified as

- cereals, including wheat and flour, up by over 7 per cent;
- machinery and transport equipment (including a mix of industrial

machinery and equipment), up by 6 per cent;

- pulp and waste paper (up by more than 10 per cent; and
- wood and timber, up by more than over 11 per cent compared to the same period last year.

Total full container imports for the 2010/11 financial year rose by 5.2 per cent reaching over 1,000,450 TEUs.

The key drivers of this import growth were:

- miscellaneous manufactures (includes a large variety of smaller consumer products), up by more than 9 per cent;
- chemicals (including plastic materials, resins, cleaning materials and perfumes) up by 7 per cent; and
- machinery and transport equipment (including electrical items such as washing machines, dryers and televisions) up by more than 6 per cent compared to the same period last year.

Enfield ILC update

The NSW Government recently announced that Hutchison Port Holdings (HPH) has been appointed operator of the Enfield Intermodal Logistics centre (ILC), which is located 18 kilometres from Port Botany.

HPH is also the operator of the new third container terminal at Port Botany which will bring a cohesive edge to the logistics and efficiency of the Port and the ILC.

The ILC will be a key element in a network of facilities across Sydney that will provide a more efficient means to transfer containers by train to and from Port Botany, and to allow the efficient repositioning by rail of empty containers for export from regional and rural NSW.

According to Sydney Ports, the NSW Government is focused on increasing the rail modal share to and from Port Botany and a network of intermodal centres, including the ILC is essential to this end. HPH fully supports the government's plan to move more containers via rail, which will become an increasingly important mode of cargo transportation in Sydney.

It is estimated that the Enfield ILC will reduce truck movements to and from Port Botany by up to 300 movements per day, resulting in an easing of road congestion and a reduction in carbon emissions. By co-locating pack/unpack warehouses on the site will also internalise over 30,000 truck movements per annum.

The Enfield ILC will cut carbon dioxide emissions by 1,000 tonnes per annum and reduce the number of kilometres travelled by truck by 6,500,000. The ILC would provide open access facilities close to the catchment of metropolitan import and export businesses and provide much needed empty container storage capacity for Sydney.



BEAR BITS

An 80 year old man was having his annual checkup and the doctor asked him how he was feeling.

"I've never been better!" he boasted.

"I've got an eighteen year old bride who's pregnant and having my child! What do you think about that?"

The doctor considered this for a moment, then said,

"Let me tell you a story. I knew a guy who was an avid hunter. He never missed a season. But one day went out in a bit of a hurry, and he accidentally grabbed his umbrella instead of his gun."

The doctor continued, "So he was in the woods, and suddenly a grizzly bear appeared in front of him! He raised up his umbrella, pointed it at the bear, and squeezed the handle."

"And do you know what happened?" the doctor queried.

Dumbfounded, the old man replied "No."

The doctor continued, "The bear dropped dead in front of him!"

"That's impossible!" exclaimed the old man. "Someone else must have shot that bear."

"That's kind of what I'm getting at..." replied the doctor.



Visit us at Import Export Show 2011

JJLawson will be exhibiting
at the Import Export Show
2011 at Rosehill Gardens
Event Centre in Sydney on
September 15-16 and everyone
is welcome to come along.



The Import Export Show 2011 has something for everyone involved in the international trade sector. Whether you are branching out into international trade or already run an established import/export business, the Import Export Show offers you an excellent opportunity to network, attend learning events and expand your international horizons.

The seminars available at the Show offer employers a great opportunity for educating staff, with keynote speakers offering valuable insight into the intricacies of the industry.

Free entry and discounts on seminars

Entry to the exhibition is **FREE** and seminars are just \$40-\$55 each – **for registration visit www.importexportshow.com.au**.

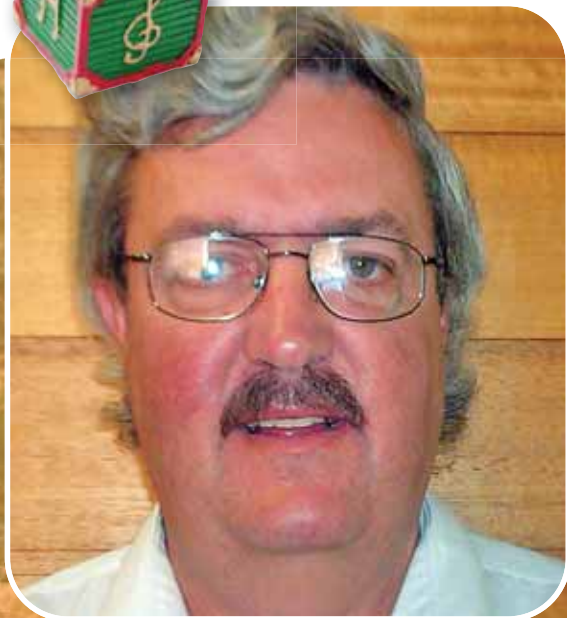
The organisers have agreed that JJL customers can receive a 10% discount off seminars and workshops, simply type IEXEXH11 in the promotional code box at the checkout and 10% will be deducted from your booking fee.

Head to the red and black JJL stand to meet our team – we look forward to seeing you there!

**For further information contact
marty@jjlawson.com.au or call 02 9669 3011**



Meet the Bears!



Terry Morris AKA: not printable!

Has been at JJJ since...

January 26, 1978 - I can never work again on the anniversary of the day I started - it's now a public holiday. I didn't realise I'd made Jan 26th such an important a day!

The best thing about my job is...

the variety, and having been involved in many areas over the years, jobs rarely work exactly the same twice - Murphy's Law!

My biggest work achievement to date is...

still being at JJJ after three-plus decades.

My ideal weekend would be...

Friday night the Dragons win, on Saturday a stress free game of golf (won't happen!) and Sunday lunch with the family.

The most amazing thing I ever saw...

obviously the births of our three wonderful children. (Nathan Blacklock's try in the '96 Grand Final wasn't bad either... we still lost though.)

To me, sport is all about...

the competition, whether against yourself or others, but never losing sight of the fact it's a game and meant to be enjoyed, especially at my level.

I really admire...

sounds corny but, having spent my adult life at JJJ, I'd say Jim Lawson with his remarkable determination and insight. He is also a true gentleman.

When I'm driving around, I'm listening to...

AM radio sport 2KY/2SM

Don't talk to me about...

politically correct 'do-gooders' who treat things that are commonsense to most of us with contempt.

In ten years time...

I'll hopefully be working a little more on the golf swing and enjoying life with my wife as 'empty nesters'. (How to get the kids to leave though... ??)

All I want for Christmas is...

to grow old disgracefully.

What I like most about working for JJJ...

is the professionalism to get things right, the service provided to customers and the JJJ TEAM.



E-Bare Facts

If you would also like to receive Bare Facts as a attachment or HTML, please e-mail marty@jjlawson.com.au stating your preference.



www.jjlawson.com.au



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