

13 September 2011

Submission from ATTIA Ltd

Australia-India Comprehensive Economic Cooperation Agreement negotiations

The Australian Tea Tree Industry Association (ATTIA Ltd) is the national association representing participants in the tea tree oil industry. Our members include growers, processors, exporters and product manufacturers. We have an international associate membership of importers and manufacturers. Since 1982 ATTIA has promoted the production of tea tree oil (TTO) as a long-term sustainable crop using an Australian native plant. We are active in maintaining an Australian and International Standard for tea tree oil, and promote an industry-wide **Code of Practice**. Our membership accounts for approximately 95% of the Australian TTO crop.

A recent survey of exporters of Australian TTO has revealed that only a very small percentage of their exports are consigned to India despite its large population and the enormous potential as a market for this natural and proven therapeutic oil. Some of the reasons given for the lack of export are:

- *"...difficult to deal with as they want banks to settle for them and only original BOLs (Bills of Lading) are accepted."*
- India has not to date recognised AHECC code 3301.29.90 for Oil of Melaleuca despite its introduction by the Australian Bureau of Statistics (ABS) and Australian Customs in January 2011.
- India imposes a total Customs Duty of 38.664% on all essential oils imported from Australia including Australian TTO.
- *"We only send tea tree oil to the Nhava Sheva Port (located 6 nautical miles east of the port of Mumbai) so the importer does not have to pay a custom tax. Most importers warehouse the tea tree oil at the port and dispatch as required in smaller quantities to avoid any tax. Discussions with Indian importers indicate that they find this impractical and uneconomical."*

Some specific incidences that have damaged trade:

- Samples sent via track post were lost on arrival in India for about 4 months.
- Shipment of pallets of TTO in 25 litre cubes were received with a large number of seal caps removed.
- A palletised shipment of 205 litre drums was delayed at clearing allegedly because customs could not handle drums of that size.
- Indian importers can import Australian TTO from England and also EU nations duty free.

Of particular concern to ATTIA Ltd is the allegation that Indian importers can import Australian TTO duty free from the EU. There are consistent allegations that Australian TTO is imported into EU countries, adulterated and forwarded to India (and other destinations) where it may be further adulterated before being offered into commercial or cosmetic markets. This process of adulteration or dilution of pure, natural cosmetic and therapeutic tea tree oil with unknown diluents has the potential to severely impact on the hard-won reputation of our Australian TTO by flooding the market with inferior or possibly dangerous substances that are being passed off as pure Australian TTO.

ATTIA Ltd proposes that:

1. India formally accept and recognise AHECC code 3301.29.60 and
2. India removes all tariffs, taxes and other financial impediments to the importation of Australian tea tree oil from Australia to India.