

Industry views on documentation in current and future FTAs



April 2013

Major freight forwarder:

“Thanks. It fills me with horrors to think of a Malaysian Customs official say in Kuching examining several Australian exporters' documents for umpteen containers on an arriving vessel. Exporter A and B have obtained the usual non-preference CoO, exporter C & D the AANZFTA CoO, and then E has no Chamber CoO. The question the Customs official has to ask is, did the exporter simply fail to declare the origin or is it under MAFTA? He looks for an exporter DoO, can't find it so next he has to minutely examine the exporter's Commercial Invoice to try and find the pertinent data wherever it might be placed. To add to his confusion, every exporter uses a different layout on their invoices so he is just going to give up and reject clearance. The Malaysian buyer then complains to the Australian exporter who very likely hasn't got much of a clue and by the time his confusion is sorted, the Malaysian buyer decides it is easier to buy from elsewhere. Thank you DFAT for enhancing Australia's exports.”

Major grain exporter:

“Can we please ensure the use of the Certificate of Origin issued by the Chamber is not abolished as all countries in North Asia, South East Asia, Middle East and Europe require this Certificate for clearing purposes. Our customers rely heavily on this document to prove the product is of Australian Origin. The FTA certificates work for us and consistency of process is important with overseas Customs Authorities.

In relation to the new processes for MAFTA we will still use a Chamber Certificate, as this is the recognised form which Customs Department have always recognised.

We have experienced problems in the past where a Chamber issued Certificate of Origin was not raised and delays were caused for clearing, which resulted in detention./demurrage costs and these costs had to be borne by our Company to pacify our buyers not to loose sales.

We look forward to the Chamber's continued support in enabling the speedy processing of import documents to all our countries of trade.

Kind Regards,”

Major Australian bank:

“On the issue of export letters of credit received by [redacted] calling for a certificate of origin that's almost impossible to tell from our current systems. However anecdotally I can confirm that the CoO is one of the most commonly called for documents along with the commercial invoice and we would estimate a CoO would be called for in excess of 90% of export documentary letters of credit negotiated by [redacted].”

Major freight forwarder on negligible cost of CO in total export charges (November 2012):

“Export costs example – ex [redacted Australian] region – these are last weeks exports so current rates:

Indonesia 1 x 20’ container – total export charges excluding CoO costs but including : container haulage, export wharfage and shipping line charges to Surabaya, Indonesia arrival @2698.00
C of O cost would be approx. 1.1% of total cost

Jebel Ali United Arab Emirates 1 x 20 container – total export charges excluding CoO but inclusive of all the above export cost \$4495 – CoO cost is 0.665% of cost to ship

1 x 40’ container to arrival Rotterdam \$4725 – as per above 0.64% of the cost to export to Europe on this job for the C of O

As you can see, the C of O cost is negligible to the overall cost to export. Stevedoring costs are rising, Shipping line fuel surcharges are often more than the base freight rate, haulage charges are increasing.....if government want to have a positive impact on exports...why on earth look at a verification process which has such a minute cost impact on the overall charges?

Looking at port and wharf delivery costs and detention charges that most exporters receive due to lack of time slots, shipping lines increasing their revenues by creating mad charges on a range of services ie. If you want to pay for a bill of lading over their counter to get the original bills of lading, and number of lines have just implemented a ‘cheque surcharge of \$25) (I guarantee the rest will follow once they see an additional revenue stream!!) – but if you pay via EFT, you can’t pick up original documents from the shipping line, you have to pay them a courier fee and sign a waiver if documents go astray in the courier process, that the line is not liable etc. so no win for exporter either way!

There are just so many issues that impact on exporters and make the process very costly at times and most of them have to do with Australian port infrastructure and the fact that neither federal or state governments are interested in some of the shipping line ‘cartels’ and their competitive/non competitive rate parity, increasing costs that are ludicrous such as the cheque surcharge, reducing the free days to exporters for having a shipping container to load....this is a particularly difficult one for non metro exporters and the list goes on.

The risk by removing a verification agency in the C of O process, will have serious consequences when exporters take ‘short cuts’. The reputation of Australian exporters and our processes will be put at reputational risk. That’s why companies pay exceedingly high costs to agencies such as Bureau Veritas and SGS – to confirm that ‘things are the way they are supposed to be ie an authentication of loading/goods etc) the C of O is very similar but a very low cost comparatively.....so let’s ‘pick on shipping line/stevedore ‘ costs and processes before removing one of the safeguards for Free Trade and duty concession verification.”

Indonesia-Australia Business Partnership Group – Position Paper on Considerations Towards the Indonesia-Australia Comprehensive Economic Partnership Agreement – October 2012

Rules of origin

In order to exclude non-parties from the agreement it is necessary to establish a system of determining the origin of goods in order to apply the correct tariff concessions. The IA-BPG supports the system used within AANZFTA including the use of certificates of origin as a verification system.

As Indonesia and Australia are already partners in AANZFTA, and as one agreement does not supersede the other, there is good reason for government and business to remain consistent with the AANZFTA approach. This is preferable to establishing another system under the IA-CEPA which would potentially create confusion and variation for business and the customs service.

However, IA-BPG is supportive of the application of a risk-based approach to customs' acceptance of certificates of origin. That is, provided both nations have confidence in the system, customs offices need only review a statistically relevant number of the certificates to ensure scheme integrity according to a risk profile of the goods in question.

Such an approach would be beneficial to business as it would decrease the time taken to complete the border crossing and so reduce costs.

Australian exporter attempting to use MAFTA (5 April 2013):

“Our rep Malaysia has asked for the following

. Certificate of Origin - under MAFTA. This for the 0 tax exemption purposes.

Is this something you can help with”

State chamber results of inquiries into costs of delay:

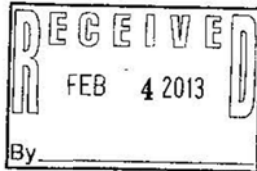
Storage costs: First 3 – 5 days free of charge, extra \$150 charged for every 3 days after (3 days: \$150, 3-6 days: \$300, 6-9days: \$450, etc.)

Freight forwarders have also expressed concern that as self certification would increase the number of rejections the smaller ports who do not have a lot of storage capacity would be forced to send goods back or store externally resulting in a greater cost.

Australia - United States Free Trade Agreement (AUSFTA):

US Customs request Certificate of Origin to prove origin – request passed on to Australian exporters by importer. In 2013 to date, over 49 Certificates of Origin issued to 27 companies for export shipments to the US.

Page 1 of 2



DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

OMB No. 1651-0023; Exp. 5-31-2011

REQUEST FOR INFORMATION
19 CFR 151.11

1. Date of Request 01/28/2013		2. Date of Entry and Importation 7/2012	
3. Manufacturer/Seller/Shipper AU [REDACTED]		4. Carrier MAHIA GRANDE (MSCU)	
5a. Invoice Description of Merchandise WATER BASED WOOD FILLER		5b. Invoice No. 13 [REDACTED]	6. HTSUS Item No. 321410020
7. Country of Origin/Exportation AU AU		8. Customs Broker and Reference or File No. G [REDACTED] c.	
9. TO: [REDACTED] Arcadia, CA 91007-6369 US		10. FROM: [REDACTED] Philadelphia, PA 19106-2912 US	
Production of Documents and/or Information Required by Law: If you have provided the information requested on this form to U.S. Customs and Border Protection at other ports, please indicate the port of entry to which it was supplied, and furnish a copy of your reply to this office, if possible.		11a. Port 1101	11b. Date Information Furnished
General Information and Instructions on Reverse			
12. Please Answer Indicated Question(s)		13. Please Furnish Indicated Item(s)	
<input checked="" type="checkbox"/> A. Are you related (see reverse) in any way to the seller of this merchandise? If you are related, please describe the relationship, and explain how this relationship affects the price paid or payable for the merchandise. <input checked="" type="checkbox"/> B. Identify and give details of any additional costs/expenses incurred in this transaction, such as: <input checked="" type="checkbox"/> (1) packing <input checked="" type="checkbox"/> (2) commissions <input checked="" type="checkbox"/> (3) proceeds that accrue to the seller <input checked="" type="checkbox"/> (4) assists <input checked="" type="checkbox"/> (5) royalties and/or license fees		<input checked="" type="checkbox"/> A. Copy of contract (or purchase order and seller's confirmation thereof) covering this transaction, and any revisions thereto. <input checked="" type="checkbox"/> B. Descriptive or illustrative literature or information explaining what the merchandise is, where and how it is used, and exactly how it operates. <input checked="" type="checkbox"/> C. Breakdown of components, materials, or ingredients by weight and the actual cost of the components at the time of assembly into the finished article. <input type="checkbox"/> D. Submit samples: Article number and description _____ _____ from container number _____ mark(s) and number _____ Samples consumed in analysis, and other samples whose return is not specifically requested, will not normally be returned. <input checked="" type="checkbox"/> E. See item 14 below.	
14. CBP Officer Message See continuation sheet			
15. Reply Message (Use additional sheets if more space is needed.)			
16. CERTIFICATION It is required that an appropriate corporate/company official execute this certificate and/or endorse all correspondence in response to the information requested. (NOTE: NOT REQUIRED IF FOREIGN FIRM COMPLETES THIS FORM.)			
I hereby certify that the information furnished herewith or upon this form in response to this inquiry is true and correct, and that any samples provided were taken from the shipment covered by this entry.		16a. Name and Title/Position of Signer (Owner, Importer, or Corporate/Company Official)	16b. Signature
		16c. Telephone No.	16d. Date
17. CBP Officer HELENE WARREN-CUTLER		18. Team Designation 171	19. Telephone No. 215-717-5896

CBP Form 28 (08/08)

DEPARTMENT OF HOMELAND SECURITY
U.S. Customs and Border Protection

OMB No. 1651-0023; Exp. 5-31-2011

REQUEST FOR INFORMATION
Continuation Page

1. Date of Request 01/28/2013
2. Date of Entry and Importation [REDACTED] 2012

19 CFR 151.11

3. Manufacturer/Seller/Shipper AU [REDACTED]	4. Carrier MAHIA GRANDE (MSCU)	5. Entry No. GP [REDACTED]
5a. Invoice Description of Merchandise [REDACTED] WATER BASED WOOD FILLER	5b. Invoice No. 1 [REDACTED]	6. HTSUS Item No. 3214100020
7. Country of Origin/Exportation AU	8. Customs Broker and Reference or File No. C [REDACTED]	

14. CBP Officer Message

REQUEST FOR INFORMATION

The following good(s), [REDACTED] water based wood filler was/were imported into the U.S. and preferential tariff treatment was claimed under the Australia Free Trade Agreement (AFTA). This is notification that U.S. Customs and Border Protection is verifying the originating status of the good(s) pursuant to 19 USC 3805. The purpose of the verification is to determine whether the good is originating per the rules of origin set forth in General Note 28 of the Harmonized Tariff Schedule of the U.S.

You are hereby required to produce supporting documentation to substantiate your claim for AFTA preferential treatment, such as, but not limited to, a certification of origin, bill of materials, cost data, as well as well as production and manufacturing records.

17. CBP Officer HELENE WARREN-CUTLER	18. Team Designation 171	19. Telephone No. 215-717-5896
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CBP Form 28 (08/08)

APPENDIX

Countries requiring CO, that have been issued with CO by Australian chambers (2012):	
Afghanistan	Macedonia
Albania	Maldives
Algeria	Mauritius
Argentina	Mexico
Armenia	Middle East - United Arab Emirates, Qatar, Kuwait, Lebanon, Jordan, Egypt, Bahrain, Saudi Arabia
Austria	Moldova
Azerbaijan	Mongolia
Bangladesh	Morocco
Belarus	Mozambique
Belgium	Nepal
Bolivia	Netherlands
Brazil	New Zealand
Cambodia	Nigeria
Canada	Norway
Chile	Oman
China	Pakistan
Columbia	Panama
Costa Rica	Papua New Guinea
Croatia	Peru
Czech Republic	Poland
Denmark	Portugal
Dominican Republic	Romania
El Salvador	Russian Federation
Ethiopia	Singapore
Fiji	Slovenia
Finland	South Africa
France	Spain
Gabon	Sri Lanka
Germany	Sudan
Ghana	Swaziland
Greece	Sweden
Guatemala	Switzerland
Hong Kong	Syria
India	Taiwan
Iran	Tunisia
Iraq	Turkey
Ireland	United Kingdom
Israel	Ukraine
Italy	United States of America
Ivory Coast	Yemen
Jamaica	
Japan	
Kazakhstan	
Kenya	+all ASEAN nations – for exporters who export duty free products and do not need TAFTA or AANZFTA certs. but need them for banking and Customs requirements.
Korea, North	
Korea, South	
Libya	
Lithuania	