

ChAFTA China – Australia Free Trade Agreement

10/12/2015

Dear Clients,

Further to the notice we sent out two weeks ago, we can confirm that The China-Australia Free Trade Agreement will enter into force on 20 December 2015, following an exchange of notes by Australia and China on 9 December 2015, certifying that both Parties have completed their domestic processes.

This means that goods entered on or after the 20 December will be eligible for duty free or reduced duty status as long as they are accompanied by an acceptable ChAFTA Certificate of Origin.

Certificate of Origin – A Certificate of Origin is obtained from a government body and must be officially authorized and stamped. It will need to be provided for each shipment to be able to claim the preferential duty rate if applicable. (See attached example template your supplier must provide)

China's authorised bodies are:

- ***AQSIQ (General Administration of Quality Supervision, Inspection and Quarantine) where the actual certificates will be issued by provincial Entry-Exit Inspection and Quarantine Bureaus, which are administered by AQSIQ;***
- ***CCPIT (China Council for the Promotion of International Trade).***

See below for a Media Release and fact sheets

http://trademinister.gov.au/releases/Pages/2015/ar_mr_151209.aspx

<http://dfat.gov.au/trade/agreements/chafta/news/Pages/news.aspx>

<http://dfat.gov.au/trade/agreements/chafta/fact-sheets/Pages/guide-to-using-chafta-to-export-and-import-goods.aspx>

ChAFTA is **NOT** a blanket entitlement to eliminate duties. Qualification for preferential rates under the Free Trade Agreement will apply where;

- ❑ **The tariff classification is entitled to preferential duty rates**
- ❑ **The goods meet the rules of origin**
- ❑ **Supporting documentation is held, either a Certificate of Origin (COO) or Declaration of Origin (DOO).**

Once the agreement comes into force, Australian importers will be entitled to import **most** goods duty free from China from day one. In place will be a four year phasing out of Australian import tariffs on approximately 95% of Chinese originating goods.

Approximately 85% of Australian originating goods enter China tariff-free, expanding to 93% within 4 years and 95% on full implementation.

Certificate of Origin – a Certificate of origin is a document to certify the place of growth, production or manufacture of goods. The certificate of origin identifies goods and contains an express certification by a government authority that the goods in question originate in a specific country. A Certificate of Origin is obtained from a government body and must be officially authorized and stamped. It would need to be provided for each shipment to be able to claim the preferential duty rate if applicable. (See attached example template your supplier must provide)

China's authorised bodies are:

- **AQSIQ (General Administration of Quality Supervision, Inspection and Quarantine) where the actual certificates will be issued by provincial Entry-Exit Inspection and Quarantine Bureaus, which are administered by AQSIQ;**
- **The China Council for the Promotion of International Trade.**

Declaration of origin – the only alternative to obtaining a Certificate of Origin is that an importer may rely upon a Declaration of Origin. This is a less formal document and can be completed and signed by the Chinese exporter or producer, however it must be accompanied by an Advanced Ruling from Australian Customs. Importers can obtain an Advanced Ruling by submitting the attached application and supporting documentation to Australian Customs for assessment.

NOTE - With the Declaration of origin, importers need to organize and submit all of the required information and documentation whereas with a Certificate of origin the supplier needs to do so.

Importers

Australian importers can start preparing by reviewing your past China based imports to determine how much duty you have previously paid on Chinese goods and then approaching your suppliers to see if the goods qualify. You will need to have this conversation with your suppliers now to allow them time to assess origin and arrange the required documentation prior to ChAFTA commencing.

Exporters

Australian exporters are now in a position to evaluate where your goods fall by assessing them against the relevant rules of origin. If the rule relates to local content level and you don't meet the

requirements, you can look at boosting local content. You can also start organising the relevant origin documents.

To understand further what the implications of ChAFTA mean to you and what opportunities may exist for your business please see the below links that we suggest you view. The DFAT (Department of Foreign Affairs and Trade) Link is particularly good as it contains comprehensive information including factsheets, benefits for Australian businesses and guidance for both importers and exporters.

<http://www.border.gov.au/Busi/Free/China>

<http://dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx>

<https://www.austrade.gov.au/Export/Free-Trade-Agreements/chafta>

http://hunthunt.com.au/news-and-publications/cgt/china-fta-release?utm_source=Tikit&utm_medium=EAlert&utm_content=CGT&utm_campaign=CGT-ChinaFTA-release

O.T.S. Australia will endeavour to provide updates once more information is released.

If you have any questions please contact us on 1300 655 294 or via email

customs@ots-australia.com.au

Kind regards

O.T.S. (Overseas Transport Systems) Australia P/L