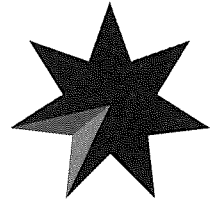


16 January 2018



**Victorian
Chamber of Commerce
and Industry**

Ms Trudy Witbreuk
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Dear Ms Witbreuk

Re: General Review of ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA)

The Victorian Chamber of Commerce and Industry welcomes the opportunity to provide a submission to the General Review of AANZFTA.

The Victorian Chamber has been a consistent advocate for policies and programs that support the ability of Victorian businesses to grow their presence in export markets. As part of our commitment to support our members grow their international footprint, we deliver a number of export development programs and services, including the issuing of Certificates of Origin on behalf of the Australian Government.

The Victorian Chamber works closely with over 5,000 Exporters (over 3500 of which are registered under Australia's various free trade agreements).

The Victorian Chamber fully supports the positions put forward in the Australian Chamber of Commerce and Industry submission made to the General Review in May 2017. In particular, that the Certificates of Origin systems, and rules chapter generally, within AANZFTA are well adopted and successful and so should be the model with which to seek harmonisation.

The comments below respond to calls for the General Review to investigate a self-certification process for Certificates of Origin.

Why reliable and credible Certificates of Origin are important for trade

Identifying the origin of a good is important for governments around the world as it ensures the correct border controls and taxes are applied when goods enter a country. As the preferential treatment from claiming a particular country of origin can be profitable, there is a risk of fraud within the rules of origin system. The reasons for fraud can include evading quantitative restrictions imposed by the importing country, evading import prohibitions on goods being imported, or obtaining illicit access to preferential duty rates via a false indication of the country of origin of the imported good.

Therefore, the capacity to scrutinise an exporter's claim of the origin of their good is essential. In Australia, this function is currently undertaken at the highest standard by independent third-party verifiers.

Why self-certifying Certificates of Origin would not be effective

In the Victorian Chamber's view, self-certifying Certificates of Origin would not be effective in ensuring the origin of a good is verified for the purposes of a Free Trade Agreement. A self-certification system would rely on a robust capacity for verification by the customs or revenue authorities of the importing countries. Therefore, if there is no or only a low likelihood that origin certificates will be verified, there is little incentive for businesses to comply with the origin requirements, undermining the original purpose of the rules of origin.

Furthermore, many small businesses are unfamiliar with rules of origin contained within free trade agreements. Complex language within free trade agreements makes it difficult for businesses to understand their obligations, which could lead to non-compliance and false certifications under a self-certification system.

Evidence of this complexity can be found in the volume of calls to the Victorian Chamber's dedicated free trade agreement helpline seeking assistance with rules of origin. The helpline, which receives an average of 130 calls per month, deals with many businesses that would not have the capacity to perform self-certification correctly or confidently without our support.

Independently verified Certificates of Origin also provide an important protection for importers, providing assurance that appropriate record keeping and origin calculations were followed in the country of origin before export of the goods.

The effectiveness of the current Certificates of Origin system

The current Certificates of Origin system streamlines administrative processes, increasing the efficiency of customs officers at borders by ensuring reliable and consistent documentation is provided.

If a self-certified Certificate of Origin is wrongly completed, it may lead to refusal of the requested exemption from customs duties or to the payment of penalties. This could have significant reputational and financial impacts for Australian exporters and their clients.

Having an independent third-party certify the origin of a good and manage compliance provides certainty to business that they are meeting their obligations and also provides a legal defense against claims that a transaction may not be consistent with rules contained in free trade agreements.

The Victorian Chamber recommends that the existing robust system of issuing Certificates of Origin that is accepted and successfully used worldwide continues to operate in its current form.

For further information, please contact Patricia Griffiths, General Manager International Trade on telephone 03 8662 5298.

Yours sincerely



Mark Stone AM
Chief Executive
Victorian Chamber of Commerce and Industry