**Submission: International Chamber of Commerce on the Australia – Australia - UK and Australia – EU FTA**

December 2020

Thanks for the opportunity to listen to the update last night. There was a point towards the end with a focus on small business and making the agreement more useful to SMEs.

We have discussed this before so the following points won’t be a surprise but I want to reinforce them with you.

A chapter on small business doesn’t cut it. The issues for small business are that they NEVER read the text of an FTA and have very little knowledge of what to do, nor how to comply with the terms of an FTA.

The continual negotiation of new sets of rules of origin (and noting these apply as much to services an investment as they do to goods) that arise from the very presence of a preferential agreement between two nations is what makes it so difficult for SMEs.

If you intend to follow the CPTPP rules of origin, these are appalling! In some situations they allow only RVC of 35% originating content and so allow 65% non-complying content (which could come from China, Europe or Africa or the Middle east, etc and still comply with the agreement terms). The rules in PTAs rarely follow supply chains (which post COVID will become even more agile).

Similarly things like self-certification of compliance with rules of origin for goods imports to reduce tariffs place SMEs at a huge position of risk as the compliance is in the nation of import and the risks to importers (mostly SMEs) is vast. Australia has over 300,000 importers (and only about 50,000 exporters) and they are subject to the strict liability provisions of the Customs Act for getting any claims wrong.

In order to address the needs of SMEs, it is the whole of the agreement that needs to be sensitive, not just a single chapter identifying issues. The best thing negotiators can do for SMEs is to rely on global standards (especially Annex K of the Convention on simplification and harmonisation of Customs Procedures)  and approaches and not have unique agreement specific rules and compliance arrangements.

I’d be happy to discuss this more at any time but I wanted to make this point before the negotiations progress much further.

Please take this as a formal submission if you like. These same points also apply to the EU FTA negotiations so I would appreciate you passing then on to that negotiation group as well.

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