



# IFCBAA

INTERNATIONAL FORWARDERS & CUSTOMS  
BROKERS ASSOCIATION OF AUSTRALIA



## IFCBAA Response

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**Southeast Asia Free Trade Agreements (FTAs)  
modernisation review**

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### **International Forwarders and Customs Brokers Association of Australia Response Submission**

#### **Introduction**

The International Forwarders & Customs Brokers Association of Australia (IFCBAA) is Australia's peak national body representing the interests of international freight forwarders, licensed customs brokers, and operators of premises licensed or approved by the Australian Border Force (ABF) and other regulatory agencies.

We are committed to being the unified voice for industry participants engaged in international trade logistics, border compliance, and supply chain management. IFCBAA advocates on behalf of its members across the full spectrum of domestic and international committees, advisory groups, and consultative forums, providing informed contributions to policy and regulatory development.

In fulfilling this role, IFCBAA also represents the broader interests of the customers of its members - importers, exporters and associated service providers and supports safe, efficient and compliant movement of goods across the Australian border.

IFCBAA operates as a not-for-profit organisation for the benefit of members and offers a wide range of services, products and events, including leading edge professional development, training, compliance, industry advocacy, forums, conferences and networking events.

## Southeast Asia Free Trade Agreements (FTAs) modernisation review

### Trade facilitation & border modernisation

Australia has embarked on cargo reporting reform and border modernisation development and is working collaboratively with industry through forums such as the National Committee on Trade Facilitation (NCTF) and its various working groups.

Customs agencies typically have a great desire for large amounts of data to be supplied by industry to support risk profiling, intelligence gathering, forming trade patterns and other macro purposes. What makes such data even more valuable is receiving it early in the shipment process, to fully scrutinise and respond to where necessary. The benefit to customs agencies should be extended to industry partners who provide early data through enhanced trade facilitation. Pre-arrival processing – profiling and assessment, can be achieved by adopting mutual ‘pre-load’ cargo reporting requirements for exporters and transport carriers of shipment particulars. Parties adopting such practices should receive the benefit of reduced intervention at the importing border.

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Piloting green lanes for compliant, low-risk consignments which are backed by high-quality pre-arrival data, speeds legitimate trade. By fast-tracking shipments from verified operators with complete, border agencies can shift effort from routine checks to anomalies. For traders, this delivers predictable release times, thus reducing many penalty charges and creating smoother supply chains. One of the key benefits of the Australian Trusted Trader Program (ATT) are Mutual Recognition Arrangements (MRAs). These are what make AEO programs truly global and of benefit to all Free Trade Agreement parties.

### Digital Trade

Digital trade should centre on MLETR-aligned electronic documents such as eBills of Lading, ePhytosanitary Certificates and Certificate of Origins just to name a few. Shift from PDF documents and email to API-based data exchange using interoperable standards (e.g., UN/CEFACT). The Department of Agriculture, Fisheries and Forestry has released the eCert function to industry, as part of their Simplified Targeting and Enhanced Processing Systems (STEPS) Program. eCert allows importing and exporting government agencies to exchange mutually recognised government certificates electronically and works via a secure and encrypted data exchange. The two-fold benefit of eCerts are that attestations can be verified instantly, driving faster release times and lowering compliance costs.

Article 10.4 of the *World Trade Organization's Trade Facilitation Agreement* states that:

*Members shall endeavour to establish or maintain a single window, enabling traders to submit documentation and/or data requirements for importation, exportation, or transit of goods through a single entry point to the participating authorities or agencies. After the examination by the participating authorities or agencies of the documentation and/or data, the results shall be notified to the applicants through the single window in a timely manner.*

### **Digital Trade - Trusted Digital Identities for Participants and Goods**

Digital identities, supported by agreed standards and mutual recognition between trading partners, would assist governments and industry to more reliably identify and authenticate legitimate participants in international trade. For LCBs and FFs, trusted digital identities would strengthen data integrity and reduce the risk of identity-based fraud, and provide greater confidence when acting on behalf of clients. In the Australian import context, this is particularly relevant given the increase in ABN-related fraud identified by the Australian Border Force, as outlined in the *ABF Goods Compliance Update – May 2025*:

*The ABF is observing a recent trend in attempted ABN Fraud, also referred to as piggybacking. A piggyback is an attempt to 'piggyback' on the existing import history and credentials of an existing business and importer. It is a form of fraud and has serious negative implications for the businesses that are the victim of the fraud.*

*A recent trend involves the practice of registering a domain name similar to that of the company nominated as the importing company.*

Similarly, digital product passports that link goods to verified information on origin, manufacturing processes, treatment, compliance and movement through the supply chain, could significantly enhance transparency and certainty. When embedded within FTA frameworks, these tools would allow customs administrations to rely more confidently on upstream data and facilitate faster clearance for compliant trade. For buyers, digital passports provide greater confidence that goods meet regulatory and commercial requirements, reducing the risk of non-compliance and verify that they are receiving authentic and legitimate goods. For sellers and exporters, they offer a trusted way to demonstrate compliance upfront, minimise repeated requests for documentation, and allow traceability and avoid substitution of their goods.

FTAs provide an ideal platform to implement these technologies, ensuring that digital trade initiatives are inclusive, scalable and aligned across partner economies. On 24 October 2025, ASEAN Member States announced substantial conclusion of the ASEAN Digital Economy Framework Agreement (DEFA) which introduces commitments on cross-border data flows, end-to-end digital trade, and emerging issues such as artificial intelligence, source code protection and cybersecurity. Over time, this would strengthen trust, support trade facilitation objectives and materially reduce opportunities for illicit trade to enter legitimate supply chains.

### **Digital Trade – Disrupting Illicit Trade**

While Free Trade Agreements rightly place strong emphasis on facilitating legitimate trade, modernised FTAs should also do more to make trade harder for illicit activity. Illicit trade undermines revenue, distorts competition, increases compliance risk for legitimate businesses and erodes confidence in trade facilitation frameworks.

FTA partners could work more expeditiously by expanding cooperation on joint risk profiling, intelligence-led interventions and post-clearance cooperation, particularly in relation to misdeclaration, origin fraud, undervaluation and supply chain manipulation.

Modern FTAs should also provide clearer mechanisms for collaboration on high-risk and priority areas such as CITES-regulated goods, modern slavery risks and other ethical or environmental controls, many of which arise from international conventions to which Australia is a signatory.

Importantly, these measures should complement trade facilitation objectives. By embedding these within FTA frameworks, governments can more effectively target illicit activity while allowing legitimate traders to benefit from streamlined, predictable processes. When origin and destination partners work together to identify illicit trade, it significantly increases the difficulty for those engaged in illicit activity.

### **Inclusive Trade**

Recent Free Trade Agreements signed by Australia incorporate specific chapters dedicated to inclusivity. The Australia–UAE CEPA which came into force on 1 October 2025, contains the following chapters that should be included in future agreements and updated agreements.



- First Nations & Indigenous peoples (Ch. 17): Australia's first standalone chapter dedicated to First Nations trade and investment cooperation.
- Women's economic empowerment (Ch. 19): Promotes trade, gender balance and women's economic empowerment.
- SMEs (Ch. 16): Commitments to SME cooperation, information portals and contact points to help small firms capture CEPA benefits.
- Labour rights (Ch. 20): Affirms ILO fundamental principles/rights and establishes cooperation and dialogue.

### Importance of rulings

FTAs offer significant tariff benefits, but those benefits only apply where goods meet strict rules of origin. Origin rulings play a critical role in providing certainty that a product qualifies as "originating" under a specific FTA.

An origin ruling is a formal determination by a customs authority confirming whether goods satisfy the applicable origin rules. These rulings are particularly important where supply chains are complex, inputs are sourced from multiple countries, or manufacturing involves value-added processing. Modern manufacturing often involves inputs from multiple countries with origin rulings helping to clarify how regional value content (RVC), change in tariff classification (CTC), processing and accumulation rules apply to real world production models.

For licenced customs brokers (LCBs) and freight forwarders (FFs), origin rulings help reduce compliance risk by ensuring preferential claims are made correctly and consistently. They also support smoother border clearance and provide protection during post-import audits, as a ruling demonstrates that reasonable care has been taken.

Origin rulings enable businesses to make informed commercial decisions, including pricing, sourcing and supply-chain structuring. Without a ruling, incorrect FTA claims may result in duty recovery, penalties and reputational risk. Once issued, an origin ruling applies consistently to future imports of the same goods (provided facts remain unchanged), reducing uncertainty and administrative burden over time.

Understanding when to seek an origin ruling is an essential professional skill for brokers supporting clients that rely on FTAs.

### **Reduction in paperwork for claims of Origin**

Consideration should be given to the simplification of origin documentation requirements under FTAs, recognising the role that LCBs and FFs play in facilitating compliant and efficient trade.

Overly prescriptive origin documentation requirements increase cost, delay cargo movement, and increase compliance risk for Australian importers and exporters, without necessarily improving regulatory or integrity outcomes. These impacts are often most felt by small and medium-sized enterprises and by service providers operating within increasingly complex global supply chains.

Where possible, FTAs should avoid mandating formal Certificates or Declarations of Origin and instead rely on existing commercial documentation, supply-chain records, and risk-based post-clearance verification. This approach aligns with modern border management practices and supports more effective allocation of regulatory resources.

Where origin documentation is required, IFCBAA supports the use of self-certified Declarations of Origin completed by exporters or producers, rather than government-issued or chamber-endorsed certificates. Self-certification reduces administrative burden and cost, improves timeliness of clearance, and aligns with contemporary trade facilitation principles reflected in recent FTAs.

IFCBAA considers that a compliance framework focused on record-keeping, transparency, and audit, rather than transaction-by-transaction certification, encourages greater diligence and accountability across the supply chain. It also enables regulators to better target higher-risk transactions while supporting legitimate trade.

Simplifying origin documentation requirements will improve FTA utilisation, reduce unnecessary friction at the border, and deliver practical benefits for industry, while maintaining appropriate safeguards against misuse.

### **No requirement for FOB or other values of goods to be on a COO/DOO**

Most FTAs don't require the invoice price to appear on a certificate of origin (COO), because origin is proven by meeting a rather than by the shipment's listed price. Invoice values can be issued under any INCOTERM and don't, by themselves, determine Australian customs value.

In Australia, customs value is calculated under the Customs Act 1901 and customs brokers apply these rules and make the necessary additions or subtractions from the commercial invoice. As COOs circulate widely, omitting prices also protects commercially sensitive information.

Requiring HS codes (at the six-digit level) on COOs can expose discrepancies. Partner-country customs may classify the goods differently from Australia due to differing interpretations or tariff rulings, making it difficult to have the HS code changed or a COO reissued at origin.

### **More engagement by DFAT with LCB/FF industry during the development of an FTA.**

DFAT should actively consult LCBs and FFs while FTAs are being negotiated and drafted, not just after they are finalised. Historically, industry practitioners were more involved or consulted during earlier FTA negotiations. Over time, that practical engagement has reduced or ceased, resulting in agreements that sometimes create avoidable complexity for traders and service providers.

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Industry's day to day involvement in applying rules of origin, managing the documentary requirements, and resolving compliance issues could provide valuable operational insight that can inform the design of more workable and effective agreements.

IFCBAA considers that early consultation with LCBs and FFs during FTA development would improve practical outcomes by identifying implementation risks, documentation challenges, and system impacts before agreements are finalised. This engagement can be conducted in a controlled and confidential manner, including through the use of Non-Disclosure Agreements where required, to protect the integrity of negotiations.

Enhanced industry engagement would support FTAs that are more easily understood, consistently applied, and effectively utilised by Australian businesses, while strengthening compliance and trade facilitation outcomes. For example, ChAFTA delivered substantial tariff benefits but also demonstrated that complex origin rules, limited early consultation and heavy reliance on post-clearance compliance can create long-term operational challenges. Similarly, the recent Australia – UAE Comprehensive Economic Partnership Agreement (A – UAECEPA) launched negotiations 20 May 2024 and entered into force 1 October 2025, with the entry into force commencement date announced 29 September 2025.



### **Regular engagement on implementation issues for LCB/FF including with webinars to industry members. Re – instate the “Rules of Origin Working Group”**

Like the issue above about engaging LCBs and FFs while FTAs are being negotiated and drafted, there is a need for ongoing, structured communication and problem-solving between government and industry after an FTA has entered into force. This engagement would focus on real-world implementation issues that arise at the border and in day-to-day operations and identify some unintended negative consequences and misalignment/misunderstanding of requirements among the parties. An example of this is upon the commencement of the Australia-India Economic Cooperation and Trade Agreement (ECTA), a primary documentation issue was discrepancies in COOs issued by Indian authorities, which did not always align with the specific requirements of the agreement.

One practical way to deliver this engagement is through regular webinars that explain how new or amended rules are being applied, clarify common problem areas such as with documentation and allow industry to raise questions and share issues early. This not only ensures correct application of the agreement but encourage full utilisation and protects users, especially LCBs against non-compliance activity. Webinars provide scalable, timely and consistent guidance across the industry and is a communication method that IFCBAA can assist DFAT with.

DFAT could consider re-instating the Rules of Origin Working Group which existed as a forum where government and industry could discuss interpretation issues and resolve inconsistencies and share lessons learned to improve guidance and policy settings.

### **Exclusion of strict liability penalties against LCB/FFs**

IFCBAA does not support the application of strict liability penalties to Licensed Customs Brokers (LCBs) and Freight Forwarders (FFs) in relation to origin claims made under Free Trade Agreements.

In practice, LCBs and FFs rely heavily on information provided by importers, exporters and overseas producers when making FTA claims, including declarations of origin, production processes, supplier statements and costing information. This information is generated offshore and is outside the direct control, visibility and verification capability of Australian service providers.

Imposing strict liability on LCBs and FFs for incorrect origin claims is therefore unreasonable, as it assumes a level of control and verification capability that does not exist in real-world trade operations. Brokers and forwarders do not have the ability to independently audit foreign manufacturers, validate production records, or confirm supply-chain inputs in overseas jurisdictions.

IFCBAA has advocated for the same approach in other areas such as information communicated by LCBs in customs declarations to the ABF. IFCBAA supports a liability framework that is proportionate and where penalties apply only in circumstances involving negligence (failure to exercise reasonable care), recklessness, or deliberate or fraudulent conduct.

This approach appropriately balances compliance outcomes with practical realities and aligns liability with actual influence and control. Maintaining strict liability settings discourages FTA utilisation, drives overly conservative behaviour, and increases costs for Australian businesses, without improving compliance outcomes. A negligence-based framework, supported by clear guidance and audit mechanisms, better encourages due diligence, record-keeping and cooperation across the supply chain.

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IFCBAA considers that liability for origin claims under FTAs should rest primarily with parties that control production and origin information, while service providers should be held accountable only where they fail to meet professional standards or knowingly facilitate incorrect claims.

### **Provision for working collaboration between LCBs/FFs in FTAs. Create “Service Providers Working Groups”**

FTAs should explicitly recognise LCBs and FFs as key trade facilitation service providers and provide a mechanism for them to collaborate with government and regulators on implementation and operational issues. Rather than treating LCBs and FFs as solely intermediaries, they should be seen as active partners in ensuring FTAs work effectively at the border.

LCBs and FFs play a critical role in this environment, operating at the transaction level and providing practical insight into emerging risks and implementation challenges. Further reinforcing risk-based approaches, modernised FTAs should support the expansion of

Authorised Economic Operator (AEO) programs encourage greater participation by service providers within these schemes. Currently, service providers represent only a relatively small proportion of participants in the Australian Trusted Trader program.

Improved collaboration between LCBs and FFs under FTA frameworks would also support better data and knowledge sharing between industry and government, leading to stronger compliance outcomes while maintaining efficient trade flows.

Increasing service provider participation would help create more secure, “closed loop” international trade transactions.



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