## GUIDE to usING CHAFTA to export and import goods

The China-Australia Free Trade Agreement (ChAFTA) improves Australia’s access to our largest trading partner. Australia is one of only a handful of developed countries to conclude a Free Trade Agreement (FTA) with China, giving our businesses a competitive advantage.

ChAFTA will increase opportunities by eliminating or reducing tariffs on the vast majority of trade in goods between Australia and China. This benefits Australian businesses that export Australian goods to China or import Chinese goods for sale in Australia.

A key impediment to importing and exporting goods is tariffs (customs duties) – taxes imposed by governments on goods arriving from overseas. ChAFTA sets China’s tariffs at zero for more than 86 per cent (by 2014 value) of Australian exports on 20 December 2015, rising to nearly 94 per cent coverage by 1 January 2019, and 96 per cent once ChAFTA is fully implemented. ChAFTA also sets Australian import tariffs at zero on 82 per cent of China’s exports to Australia from day one, rising to 100 per cent by 1 January 2019.

This step-by-step guide seeks to assist Australian exporters and importers in taking advantage of preferential tariff treatment under ChAFTA. It will help you answer:

* **What goods am I exporting/importing?**

**Four steps to using ChAFTA:**

**Step 1**: What goods am I exporting or importing?
*(tariff classification)*

**Step 2:** How are these goods treated under ChAFTA?
*(tariff treatment)*

**Step 3:** WHERE are my goods produced?
*(rules of origin)*

**Step 4:** certify the origin of your goods.

* + Identifying the customs tariff code for your goods is a critical first step.
* **How are these goods treated under ChAFTA?**
	+ Identifying the lower (preferential) duty rate for your goods.
* **Where are my goods produced and will they qualify for lower tariffs under ChAFTA?**
	+ Only goods that ‘originate’ in Australia or China are eligible for preferential tariff treatment under ChAFTA. There are specific rules to determine eligibility.
	+ This prevents parties from other countries gaining the benefit of ChAFTA by simply transhipping their goods through Australia or China.
* **Certify the origin of your goods to ensure you get the lower tariff rate.**
	+ Goods seeking preferential treatment under ChAFTA must be accompanied by appropriate documentation, either a ‘certificate of origin’ or a ‘declaration of origin’.

## Disclaimer

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## 1 What

## Step 1: identify the tariff classification of your goods

Determining how ChAFTA treats a particular good depends on correct identification of that good.

In ChAFTA, goods are identified by reference to an internationally-recognised system known as the *Harmonized Commodity Description and Coding System*, commonly referred to as the **Harmonized System (HS)**. The HS is a classification system of more than 5200 six-digit product categories (see table on page 4 for examples). Typically, countries further sub-divide the six-digit HS product categories into eight-digit or more tariff lines for greater specificity (Australia and China both use eight-digit tariff codes for customs duties). Tariff codes beyond the HS six-digit level are not comparable between countries.

### Classification

There are multiple ways to find out the HS code applicable to your product:

1. For imports to Australia, use the working tariff provided by the *Department of Immigration and Border Protection* (DIBP) which lists all tariff classifications under [Schedule 3 of the Customs Tariff Act 1995](http://www.customs.gov.au/tariff/tariff2012.asp).
2. For exports to China, refer to the Schedule of Chinese tariff commitments – available at the Department of Foreign Affairs and Trade (DFAT) [China FTA page](http://dfat.gov.au/trade/agreements/chafta/official-documents/Pages/official-documents.aspx) to search for your product by name.

### Advance Rulings

Australia and China are required to provide written advance rulings on tariff classification and origin in response to requests by importers, exporters or any person with a justifiable reason. This gives greater certainty to businesses.

‘Advance rulings’ can cover the HS classification applicable to your goods and/or whether your goods are considered ‘originating’ for the purposes of ChAFTA (see Step 3).

#### Exporters

Australian exporters may seek formal advice from the China Customs Service on the tariff classification of the goods intended for export to China, as well as a ruling on origin. This is called an ‘advance ruling’ – an official ruling for your goods which is binding on the importing Customs administration. Further details on seeking advance rulings will be provided by China shortly before the FTA enters into force. DFAT will update this guide when this information becomes available.

Your importer into China or your customs broker may be able to assist you with this process.

### *Importers*

If you are importing goods into Australia and would like an advance ruling on a classification or origin of a good, please contact the DIBP. More information can be found at: [www.border.gov.au/Busi/Free/China](http://www.border.gov.au/Busi/Free/China) ([Form B659](http://www.border.gov.au/Forms/Documents/b659.pdf) will allow you to apply for an advance ruling).

2 HOW

## Step 2: understand HOW YOUR goodS WILL BE treated under ChAFTA

Once you have the tariff code, you can determine how your goods will be treated under ChAFTA. Both China and Australia have set out their commitments to reduce duty rates on goods in lists, called tariff schedules (based on the HS).

The schedules contain thousands of rows of tariff lines that show in a column the base duty rate on which reductions occur. In a separate column a code is used to indicate the tariff staging category followed by columns indicating the preferential duty rate each year from entry into force until full implementation.

### What year has ChAFTA reached now?

When reading the tariff schedules, it is important to understand the relevant ‘year’ of ChAFTA’s operation. Year one under ChAFTA is the date of entery into force in 20 December 2015. The remainder of the agreement is therefore dated as follows:

|  |  |
| --- | --- |
| **Date commencing** | **Year of ChAFTA’s operation** |
| *20 Dec 2015* | 1 |
| *1 Jan 2016* | 2 |
| *1 Jan 2017* | 3 |
| *1 Jan 2018* | 4 |
| *1 Jan 2019* | 5 |
| *1 Jan 2020* | 6 |
| *1 Jan 2021* | 7 |
| *1 Jan 2022* | 8 |
| *1 Jan 2023* | 9 |
| *1 Jan 2024* | 10 |
| *1 Jan 2029* | 15 |

Both countries tariff schedules can be found in ChAFTA Chapter Two, *Trade in Goods: Annex I – Schedule in Relation to Article 2.4 (Elimination of Customs Duties)*, available at [www.dfat.gov.au/trade/agreements/chafta/official-documents/Pages/official-documents.aspx](http://www.dfat.gov.au/trade/agreements/chafta/official-documents/Pages/official-documents.aspx).

### Exporters

If you are exporting to China, you will need to check China’s tariff schedule (found [here](http://dfat.gov.au/trade/agreements/chafta/official-documents/Pages/official-documents.aspx)). China’s staging categories range from A-0, indicating elimination on 20 December 2015, to B-15, indicating gradual elimination of the tariff over 15 equal annual stages, beginning on the date of ChAFTA’s entry into force (20 December 2015).

There are also two special categories relating to tariffs which will be eliminated over 10 or 12 years respectively but where a special agricultural safeguard may apply.

Category D relates to tariffs which will not be subject to any changes under ChAFTA. On these products, the general most-favoured nation (MFN) tariff rate will continue to apply (i.e. there is no preferential access under ChAFTA).

For wool exports to China, ChAFTA also allows a certain volume of Australian exports, which would otherwise be subject to a tariff, to be imported duty free (referred to as a country specific tariff-rate quota). This allows Australian businesses to export duty free (the ‘in-quota’ rate) up to a combined total of 30,000 tonnes annually from 20 December 2015 and growing over nine years to 44,324 tonnes. Details of the wool tariff quota are found in [ChAFTA Annex 2-A](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-2-trade-in-goods.docx). Australia also continues to be able to access China’s WTO Tariff Quota for wool at in-quota rates of 1-3 per cent up to a volume of 287,000 tonnes per annum.

All of these categories and conditions are explained in [Chapter Two of ChAFTA](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-2-trade-in-goods.docx) and related annexures.

### Importers

If you are importing from China, you will need to check Australia’s tariff schedule (found [here](http://dfat.gov.au/trade/agreements/chafta/official-documents/Pages/official-documents.aspx)). Australian staging categories range from 0, indicating immediate elimination on entry into force (20 December 2015), to 5, indicating gradual elimination of the base duty rate over 5 equal annual stages, beginning on entry into force of ChAFTA.

### Reading the Tariff Schedule – examples

Each tariff line contains the following details:

* a ‘base rate’ column showing the base duty rate or tariff that applied in 2013. This is the starting point on which tariff treatment occurs; and
* the tariff that will be applied according to the year of ChAFTA implementation.

For example, using China’s schedule:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  **HS Code** | **Description** | **Base Rate** | **Staging Category** | **Year 1****20 Dec 2015** | **Year 2****1 Jan 2016**  | **Year 3** **1 Jan 2017** | **Year 4** **1 Jan 2018** | **Year 5****1 Jan 2019** | **Year 6****1 Jan 2020** | **Year 7** **1 Jan 2021** | **Year 8****1 Jan 2022** | **Year 9** **1 Jan 2023** | **Year 10** **1 Jan 2024** |
| 07131090 | Other dried peas, shelled | 5 | A-0 | 0% |  |  |  |  |  |  |  |  |  |
| 04051000 | Butter  | 10  | B-10 | 9% | 8% | 7% | 6% | 5% | 4% | 3% | 2% | 1% | 0% |

For dried peas, China’s base tariff is five per cent; this will be eliminated on the day of entry into force (year 1) of ChAFTA, and remain zero from there on.

In the case of butter, China’s base tariff is 10 per cent; this tariff will be reduced to and bound at zero for products of Australian origin, over ten (10) equal annual stages beginning from entry into force (year 1) of the agreement. These goods shall be free of customs duty ten years after entry into force.

3 WHERE?

## Step 3: Determine whether your goods meet Rules of origin requirements

ChAFTA preferential rules of origin (ROO) are agreed criteria used to ensure that only goods originating in either China or Australia enjoy duty preferences under the agreement. Preferential ROO are required to prevent transhipment, whereby goods from a third party are redirected through either China or Australia to take advantage of the FTA to avoid the payment of import tariffs. Any imports into China or Australia that do not comply with the ROO set out in [Chapter 3](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx) and [Annex II](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-annex-ii-product-specific-rules-of-origin.docx) (*Product Specific Rules of Origin*) will be subject to the general rate of duty instead of the preferential rates available under ChAFTA.

In general, a good will qualify as ‘originating’ under ChAFTA if it is:

* ‘wholly obtained’ or produced entirely in China or Australia (or both);
* produced entirely in China or Australia (or both), from materials classified as ‘originating’ under the ROO; or
* manufactured in China or Australia (or both) using inputs from other countries, while meeting the Product Specific Rule (PSR) applicable to that good.

### Wholly Obtained Goods

Wholly obtained goods are goods which are exclusively derived from one country. Typically these are agricultural goods and natural resources. The table on page 10 sets out the categories of goods which ChAFTA treats as wholly obtained.

ChAFTA also treats goods that are made exclusively from wholly obtained goods as being wholly obtained ([Article. 3.3 (j)](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx)).

### Goods produced entirely in Australia or China

Goods produced entirely in China or Australia (or both), from materials classified as ‘wholly obtained’ or ‘originating’ under the Rules of Origin (ROO), will qualify as ‘originating’ under ChAFTA and qualify for preferential tariff treatment.

### Goods containing inputs from outside China or Australia

Goods made from inputs sourced from outside China or Australia may still qualify as originating, as long as they have undergone a ‘substantial transformation’ in China or Australia (or both).

Product Specific Rules (PSRs) set out in ChAFTA Chapter Two- [Annex II: Product Specific Rules of Origin](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-annex-ii-product-specific-rules-of-origin.docx), provide rules by which China and Australian customs authorities will determine whether a good has undergone a substantial transformation. If your good contains inputs from outside Australia or China, you will need to check the applicable PSR to determine whether your good qualifies as originating.

### Understanding PSRs

#### Change in tariff classification

Most PSRs in ChAFTA apply a change in tariff classification (CTC) approach. A CTC rule requires that any non-originating inputs/materials that are incorporated into the final good undergo a specified change in tariff classification (HS code) in Australia or China.

For example, pure gold (HS 7108.13) has a different classification to gold jewellery (HS 7113.19). In the process of being incorporated into jewellery, the tariff classification of gold changes. The ChAFTA PSRs mean that jewellery manufactured in Australia or China from imported gold would count as ‘originating’, regardless of where the original gold came from.

Different products may be subject to different CTC rules. There are three levels of CTC rule which could apply:

* **Change in Chapter** (CC) – change in any of the first two digits (or ‘chapter’) of the HS code of non-originating materials once part of the finished product. E.g. importing steel (from HS Chapter **72**) and making hand-operated spanners or wrenches (HS code **82**04).
* **Change in tariff heading** (CTH) – change in any of the first four digits of the HS code of non-originating materials once part of the finished product. E.g. changing pure gold (HS **7108**.13) to gold jewellery (HS **7113**.19).
* **Change in tariff subheading** (CTSH) – change in any of the six digits of the HS code of non-originating materials once part of the finished product. E.g. importing an antisera or immunological product (HS **3002.10**) and using it to produce a vaccine for human medicine (HS **3002.20**).

Some CTC rules specifically exclude the possibility of applying a CTC rule to certain inputs. This is done by excluding chapters. For example, caustic soda in solution (HS 2815.12) is ‘CTSH except from 2815.11’. Subheading 2815.11 includes caustic soda as a solid. This rule therefore means that if you import non-originating solid caustic soda and simply mix it with water to produce a caustic soda solution, you will not be eligible for a preferential customs duty when it is exported to China.

#### Regional Value Content

A CTC is not the only way to identify substantial transformations. Some PSRs require a product to have undergone a specific amount of value-add in China or Australia, measured by the regional value content (RVC) of the good. Some PSRs provide an RVC rule as an alternative to a CTC rule, others require an RVC in addition to a CTC rule.

An RVC approach stipulates that originating materials and processes must represent a specific proportion of the product’s final value. More information about calculating RVC is provided on page 11.

#### Other Approaches

Some PSRs allow for a process to grant originating status, for example:

* processes that involve various chemical reactions may grant origin on the resulting new chemicals;
* for some agricultural products, smoking of imported fresh produce may grant origin; and
* for some textile products, fully finishing imported raw fabric may grant origin.

#### Note

It is important to remember that ROO requirements do not replace any other import requirements such as import licences and biosecurity approvals.

#### How to find the PSR applicable to your product

Using the tariff classification from step 1, you can check [Annex II: Product Specific Rules of Origin](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-annex-ii-product-specific-rules-of-origin.docx) .

Using your goods tariff code, you can identify the relevant entry in the schedule. Note that PSRs are listed at the chapter (two digit), heading (four digit) or sub-heading (six-digit) level. Once you have found the relevant entry, the third column will identify the PSR for that product. For example:

|  |  |  |
| --- | --- | --- |
| **HS Code** | **Description** | **PSR** |
| Chapter 19 | Preparations of cereals, flour, starch or milk; pastry cooks’ products | CC |
| 2711 | Petroleum gases and other gaseous hydrocarbons | CTH |
| 2818.20 | - Aluminium oxide, other than artificial corundum | CTSH except from heading 26.06 or subheading 2620.40 |

In the above example, non-originating inputs into preparations, such as biscuits, must undergo a change in chapter (change in the first two digits of the HS classification).

Petroleum gases, on the other hand, must have all non-originating materials used in production undergo a change in the tariff classification at the 4-digit level. Aluminium oxide must undergo the change in tariff classification at the 6-digit level and not use non-originating products from 2606 (aluminium ores) or 2620.40 (aluminium slag or residue).

Further information can be found in the headnotes to Annex II or by contacting your customs broker.

### Other Important ROOs

There are other important factors to take into account in understanding whether your good qualifies as originating.

#### De Minimis

Where a good contains a small amount of imported inputs, but those non-originating inputs fail to achieve the necessary CTC once incorporated in the final good, the product may still qualify as originating. If the value of all non-originating materials used in producing the good does not exceed 10 per cent of the value of the good, the product will count as originating under the *de minimis* rule. The goods seeking *de minimis* classification must comply with any other applicable requirements of the ROOs. Further information in ChAFTA Article. 3.7. Box 3 on page 11 provides details on calculating a good’s value.

#### Cumulation

The rule of cumulation provides that goods which are originating in one country are considered originating in the other for the purposes of ChAFTA. Thus, if Australian-originating goods were incorporated into a product made in China, that input would be treated as if it originated in China.

#### Fungible materials

Fungible materials are those which are identical or interchangeable, because they are of the same kind of commercial quality, possess the same technical and physical characteristics, and, once mixed, cannot be readily distinguished. Examples include natural gas, grain, or simple parts (e.g. rivets). Specific accounting rules apply to exporters wishing to demonstrate that fungible goods are originating under ChAFTA. More information is available in [Article. 3.9](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx)

#### Minimal operations or processes

Goods will not qualify as originating if they have only undergone a simple process such as packaging, simple grinding or washing. A full list of processes that will not confer origin is available in [ChAFTA Article 3.12](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx).

#### Neutral elements

Materials which are used in the production of a good, but are not physically part of it, are not counted in determining whether a product is originating. Examples include fuel and energy, tools, moulds, catalysts and solvents. A full list is available in [ChAFTA Article. 3.11](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx).

#### Accessories, spare parts and tools

The origin of accessories, spare parts or tools presented and classified with a good will not be taken into account to assess whether a good has complied with applicable ROOs, provided that the quantity of accessories is what is customarily supplied with those finished goods and they are not invoiced separately. The value of accessories, spare parts and tools is considered, however, in assessing a good for the purposes of an RVC rule.

#### Packing, packages and containers

Packing materials and containers for shipping and transport (not retail packaging) can be disregarded when determining the origin of a good. [Article 3.10](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx) provides further detail.

Retail packaging materials, provided that they are classified with the good, are not taken into account in determining whether a product is originating. For example, in the case of wine bottled in non-originating bottles for retail sale, the bottles would not be taken into account in assessing whether the wine itself was originating. However, retail packaging materials are considered in assessing the value of non-originating materials in a good for the purposes of an RVC rule, where one applies. Further information can be found in [ChAFTA Article 3.10](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx).

#### Transit through a third-party

ChAFTA is designed to reflect modern trading practices, including the use of transport and distribution hubs for consignments of goods. Provided that goods meet a range of conditions including:

* the goods do not undergo any operation other than unloading, reloading, storing, repacking, re-labelling, splitting up for transport reasons or any operation necessary to preserve the goods in good condition to be transported on to China or Australia; and
* the goods are not stored temporarily in a transport hub for longer than 12 months.

Under the treaty, parties may require specific additional documentation on customs control (and non-manipulation) for trans-shipped goods.

For goods transhipped through a third party into Australia, including Singapore and Hong Kong, Australia will not require any specific additional documentation to grant lower tariff treatment under the FTA; other than the commercial documentation ordinarily required to be kept by importers.

Before entry into force, China will confirm any specific additional documentation requirements for goods transhipped into China (including through Hong Kong and Singapore) that seek preferential treatment. This guide will be updated to outline China’s requirements.

Provided you have complied with all other ROOs, it is likely the product is of Australian or Chinese origin for the purposes of
ChAFTA.

**Can the goods benefit from the *de minimis* rule?**

**Are the goods (including all inputs) wholly obtained or produced?**

**Do the non-originating materials used in producing the good comply with the relevant PSR?**

**Is the good wholly obtained?**

**See Box 1**

**Is the good produced exclusively from originating materials?**

**Have the non-originating materials undergone the required CTC?**

**See Box 2**

**Does the product contain the required RVC?**

**See Box 3**

Is there an additional RVC rule (*‘plus RVC(XX)’*)?

**Do non-originating materials constitute less than 10 per cent of the goods’ value?**

**See Box 4**

NO

YES

NO

YES

NO

YES

NO

YES

NO

It is unlikely the good is originating for the purposes of ChAFTA.

YES

YES

NO

**Does the good meet the relevant PSR?**

*Choose the applicable rule. If there are alternate rules (‘CTC or RVC(XX)), you may select one or the other. Some products may only meet the CTC rule, others only the RVC rule.*

Use an alternate CTC / RVC rule if possible

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **1. Is the good wholly obtained?** |  | **2. Does the good meet the relevant Change in Tariff Classification Rule?**  |  | **3. Does the good comply with the Regional Value Content rule?**  |  | **4. Can the good benefit from the *de minimis* principle*?*** |
| ***Wholly obtained goods from the territory of one or both of the parties (***[***see Article 3.3***](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx)***):*** |  | Check the CTC rule applicable to the tariff classification for your goods at  [[Annex II: Product Specific Rules of Origin](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-annex-ii-product-specific-rules-of-origin.docx), for example:](http://www.dfat.gov.au/fta/kafta/html/kafta-schedule-product-specific-rules.html) **CC** – do the non-originating inputs that went into the product now come under a different chapter as part of the finished product (change in any of the first two digits of the tariff classification)?**CTH** – do the non-originating inputs that went into the good now come under a different tariff heading as part of the finished product (change in any of the first four digits of the tariff classification)?**CTSH**— do the non-originating inputs that went into the product now come under a different tariff subheading as part of the finished product (change in any of the six digits of the tariff classification)? |  | **Working out the RVC**The RVC percentage of a good can be assessed using the following method. Further information is available in [ChAFTA Article 3.5](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx):RVC = V – VNM x 100V**RVC** is the regional value content, expressed as a percentage;**V** is the value of the good, as determined in accordance with the provisions of the Customs Valuation Agreement;The value of goods is worked out in accordance with the WTO *Customs Valuation Agreement*. Generally speaking, the value is the purchase price of the good plus any transaction costs like brokerage, packaging etc. Consult your customs broker if you think there may be an issue in identifying the value of your goods.**VNM** is the value of non-originating materials, including materials of undetermined origin, used in the production of the good. Further details about determining VNM can be found in [ChAFTA Article 3.5(2).](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx)  |  | *De minimis* allows goods where the inputs have not undergone the requisite CTC to still qualify as originating if the value of non-originating materials does not exceed 10 per cent of the value of the final good.The good still needs to meet all other applicable ROO provisions.See [Article 3.7](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx) for more information. |
| live animals born and raised in the territory;  |  |  |  |
| goods obtained from live animals born and raised in the territory;  |  |  |  |
| goods obtained directly from hunting, trapping, fishing, aquaculture, gathering or capturing conducted in the territory of a Party;  |  |  |  |
| plants and plant products harvested, picked or gathered in the territory of a Party; |  |  |  |
| mineral and other naturally occurring substances extracted or taken in the territory of a Party |  |  |  |
| goods, other than fish, shellfish, plant and other marine life, extracted or taken from the waters, seabed or subsoil beneath the seabed outside the territory of the Party, provided that the Party has the right to exploit such water, seabed or subsoil beneath the seabed in accordance with international law and the domestic law of the Party; |  |  |  |
| goods (fish, shellfish, plant and other marine life) taken from the high seas by a vessel registered with a Party and flying its flag;  |  |  |  |
| goods obtained or produced from the goods referred to above on board factory ships registered with a Party and flying its flag; |  |  |  |
| waste and scrap derived from production in the territory or from used goods collected in the territory of a Party; provided that such goods are fit only for the recovery of raw materials; |  |  |  |
| goods produced entirely in the territory of a Party exclusively from goods referred to above |  |  |  |  |  |  |

4 CERTIFY

## Step 4: PREPARE a certificate of origin FOR YOUR GOODS

Once you have gone through the first three steps and determined that your goods will qualify for preferential tariff treatment under ChAFTA, you will need to complete the appropriate documentation to demonstrate this, should you be asked, to the importing customs authority. This can be done by using a Certificate of Origin (COO).

A COO needs to be issued by an authorised body in the country of origin.

For exporters to China, Australia’s authorised bodies are:

* [The Australian Chamber of Commerce and Industry](https://www.acci.asn.au/) (ACCI)
* [The Australian Industry Group](http://www.aigroup.com.au/) (AIG)
* [The Australian Grape and Wine Authority](https://www.wineaustralia.com/) (AGWA) (for wine and wine-related products)

### **NOTE: Only COOs issued from 20 December 2015 onwards will be accepted by China.** (See *Seeking preferential rates before entry into force* on page 13).

For importers to Australia, China’s authorised bodies are:

* General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)
* The China Council for the Promotion of International Trade

These authorised bodies have COO templates you can use. An example is included at the end of this guide, but exporters should seek the authorised template from the relevant authorising body (page 15). Further contact details are available at the end of this guide (page 14).

A COO applies to a single shipment, it may cover one or more goods but must not exceed 20 items and is valid for one year.

Under ChAFTA, exporters or producers must maintain all records necessary to demonstrate a goods’ origin for three years after signing a COO or longer where a Party’s laws and regulations require.

Exporters or importers into Australia should note that records must be retained for five years.

[ChAFTA Article 3.20](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx) provides details on record keeping requirements.

### Declaration of Origin

Alternatively, an exporter or producer may choose to complete a Declaration of Origin (DOO). A DOO may be accepted in place of a COO for goods covered by an advance ruling on origin. A DOO must be based on a template set out in [Annex 3-B of ChAFTA](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx). Using a DOO is a form of self-certification and does not require the DOO to be issued by an authorised body. More information about advance rulings can be found on page 2 of this guide and in [ChAFTA Article 4.9](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx).

DOOs apply to a single shipment and remain valid for one year. A DOO template is included at the back of this guide (page 16).

### Waiver of Certificate of Origin

A COO or DOO will not always be required. For certain goods, Australia or China have waived the requirement altogether. Neither country will require a COO or DOO for goods where the total customs value is less than 1000 AUD (for Australia) or 6000 RMB (for China). ChAFTA allows both countries to raise this threshold as required. You should check with the relevant importing customs authority for more up-to-date information.

### Verification

Customs authorities may need to verify the information contained in a COO or DOO. The approach they follow for such processes is outlined in [ChAFTA Article 3.21](http://dfat.gov.au/trade/agreements/chafta/official-documents/Documents/chafta-chapter-3-rules-of-origin-and-implementation-procedures.docx). Verification activities may involve:

* requests for information from the authorised body, the importer, the exporter, or the producer;
* requests for information from the exporting customs authority; or
* a request to undertake a verification visit to the premises or factory of the exporter or producer.

### Seeking preferential rates before entry into force

#### Shipments en route to China before entry into force

Only COOs issued from 20 December 2015 onwards will be accepted by China. In the circumstance where goods are en-route to China before 20 December 2015 but arrive in China from 20 December 2015 onwards, preferential treatment can be sought retrospectively. In such a case, importers must note their intention to seek retrospective preferential treatment at the time of importation by selecting the appropriate option on China’s importation documentation.

#### Shipments en route to Australia before entry into force

Australia will accept a COO issued before entry into force for goods en route (traders should contact China’s authorised bodies for details on when they will begin issuing COO) and, if required, such goods may claim a refund of duty paid if a COO was not available at the time of importation.

#### Goods stored in bonded warehouses at the time of entry into force

Under domestic regulations, China considers goods in bonded warehouses in China at the time of entry into force as having entered China. These goods **will not** be eligible for preferential tariff treatment under ChAFTA.

In Australia, goods stored in bonded warehouses as of the date of entry into force will be eligible for preferential tariff treatment under ChAFTA, as long as they meet the other requirements of the FTA.

## Contacts for further information

**Australia**

For general inquiries concerning ChAFTA

* **Department of Foreign Affairs and Trade**
Ph: (02) 6261 1888
Email: chinafta@dfat.gov.au
Web: [dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx](http://dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx)

For all Australian customs matters, including import requirements and procedures, advance rulings, enquiries about tariff classifications and ROOs

* **Department of Immigration and Border Protection**Ph: 131 881
* Email chafta@border.gov.au
Web: [www.border.gov.au/Busi/Free/China](http://www.border.gov.au/Busi/Free/China) (this site includes sample COOs and DOOs)

For queries regarding COOs for export to China

* **Australian Chamber of Commerce and Industry**

Ph: (02) 6273 2311

Email: info@acci.asn.au

Web: [www.acci.asn.au/certificates-origin](http://www.acci.asn.au/certificates-origin)

* **Australian Industry Group**

Web: [www.aigroup.com.au/trade/certificateoforigin](http://www.aigroup.com.au/trade/certificateoforigin)

Phone: (03) 9867 0132 or email tradedocs@aigroup.com.au

* **Australian Grape and Wine Authority**

Web: [www.wineaustralia.com/](http://www.wineaustralia.com/)

Phone: 08 8228 2000

**China**

* **China Customs Service**Web: [english.customs.gov.cn/](http://english.customs.gov.cn/)
* **China Ministry of Commerce FTA Network**

Web: [fta.mofcom.gov.cn/topic/enaustralia.shtml](http://fta.mofcom.gov.cn/topic/enaustralia.shtml)

For queries regarding COOs for import to Australia

* General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ)
* The [China Council for the Promotion of International Trade](http://www.ccpit.org.cn/contact.asp?action=lxwm)

**CERTIFICATE OF ORIGIN**

**(SAMPLE ONLY- EXPORTERS SHOULD SEEK ORIGINALS FROM RELEVANT AUTHORISED BODIES)**



**DECLARATION OF ORIGIN**

China-Australia Free Trade Agreement

On behalf of

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, being the

(print exporter’s or producer’s name and address)

EXPORTER / PRODUCER / EXPORTER AND PRODUCER,

(strike out those which do not apply)

I hereby declare that the goods described below are originating goods from

AUSTRALIA / CHINA

(strike out that which does not apply)

in accordance with the rules of origin requirements of the China-Australia Free Trade Agreement.

I am legally responsible for the truthfulness and authenticity of what is declared in this document.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Item No. | Description of goods | Harmonised system code six (6) digits | Number and date of invoice | Reference number of advance ruling | Origin-conferring criteria |
|  |  |  |  |  |  |

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Position: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Note: This declaration must be printed and presented as a separate document accompanying the commercial invoice. The maximum number of items covered by this declaration should not exceed 20.