

Import benefits on hold with extra ChAFTA processing requirements

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We have access to websites to check the authenticity of ChAFTA Certificates of Origin (CoO), however we are seeking confirmation and additional advice from the Department of Immigration and Border Protection (DIBP) and the Department of Foreign Affairs and Trade (DFAT) as to the currency of the information they contain.

Once authenticity is identified, other CoO issues exist including the Harmonised System (HS) code of the products being imported and for this to match the tariff classification used on the import declaration.

In practice we are seeing that many suppliers in China and the certificate authorising bodies, are either interpreting the HS code incorrectly and/or are listing one classification to cover a range of imported products.

Under a Product Specific Rule (PSR), if a product contains material from any country other than China or Australia, that material must undergo a significant enough transformation in manufacture to change the classification from the material (e.g. steel) to the finished product (e.g. bolts). Furthermore, imports that should be classified under multiple HS codes are being imported with a CoO that covers one heading only. In many of these circumstances it is clear that the COO covers the PSR requirement for the total consignment however a corrected CoO is still required.

In response to Freight & Trade Alliance (FTA) enquiries, DIBP made reference for the need to comply with the overleaf instructions on the CoO, "Provide a full description of each good. The description should be sufficiently detailed to enable the products to be identified by the Customs Officers examining them and relate it to the invoice description and to the HS description of the good."

Another scenario arises in circumstances where a CoO shows Origin Criterion of Wholly Obtained (WO) or Wholly Produced (WP) negating the need for a classification or HS Code to determine eligibility. There is an argument that the HS Code is irrelevant in these circumstances and that the CoO should be treated as being valid.

The DIBP sees this differently "The HS Code is not irrelevant in this circumstance as the HS Code allows DIBP to identify the good and this allows us to assess what the likelihood is that the good is 'WO'. If the HS Code on the CoO is incorrect, the LCB [licenced customs broker] should request an amended CoO. All items listed on the CoO must be classified to a six digit HS code as a minimum. If this is not complete, the CoO will be deemed invalid."

DIBP continue to assess a high volume of ChAFTA related enquiries on a “case by case” basis, taking into account supporting documentation and the goods themselves in determining the validity of the CoO.

Once DIBP catch up on the backlog of enquiries and, where required, corrected CoO are obtained, we anticipate a significant volume of refund applications will be lodged to eventually deliver the much anticipated ChAFTA benefits to Australian importers.