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# **Australia's Experience with Origin Verification in Preferential Trade Agreements**

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# Regulatory Philosophy

- When industry comply with customs-related laws, the need for intervention is minimised.
- Australia therefore takes a range of actions to ensure traders are informed of the relevant requirements to access preferential tariff treatment and act in conformity with them.



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# Ensuring Business Knowledge

- Information sessions
- Publication of information materials
- Development of web pages
- Provision of advice
  - enquiry points
  - advance rulings



# Australia's Free Trade Agreements (FTAs)

- Australia has seven FTAs in force.
- Each FTA has its own rules of origin including procedural provisions relating to how to claim for preferential tariff treatment and origin verification.
- Preference claims must meet the requirements of the relevant FTA.



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# Self Assessment

- ACBPS operates in an environment based on self-assessment, which is dependent on voluntary compliance.
- Importers need to ensure that they can substantiate their claims for preferential tariff treatment when asked by ACBPS.



# Supporting a Claim

- Depending on the FTA (except the AUSFTA), a Certificate of Origin (COO) or Declaration of Origin (DOO) is required to support a claim for preferential tariff treatment.
- COO and DOO are treated the same: both provide *prima facie* evidence that the goods are eligible for preferential tariff treatment.



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# A Risk-based Approach

- Australia adopts an intelligence-led risk-based approach in our intervention strategy to identify non compliance and minimise disruption to legitimate trade.
- FTA goods are inspected and preferential claims are verified in accordance with the risk-based approach.



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# Risk Assessment

- Knowledge of and previous dealings with the importer or exporter.
- Industry intelligence indicating non compliance.
- Outcomes of environmental monitoring.
- Complexity/difficulty of meeting FTA requirements.



# Origin Verification

- ACBPS may verify the eligibility of the good claiming preferential tariff treatment, where there is doubt as to the authenticity or accuracy of the information presented in supporting the claim, including the origin documentation.



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# Verification Mechanisms

- Origin verification procedures are set out in the relevant FTA. Generally include:
  - Desktop audits (i.e. request documentation from importer/exporter/producer)
  - Verification visit
- Verification activities are undertaken on a case-by-case basis.



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- Paperwork such as DDO or COO must be produced when requested.
- Other documentation may include, but not limited to:
  - Illustrative descriptive materials
  - Transport documents
  - Records of production and input materials
  - Cost records for originating and non-originating materials



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# Record Keeping Obligations

- In Australia, importers are required to keep all commercial documentation for five years from date of importation.
- Insufficient information to substantiate the preferential origin claim may lead to denial of preference.



# Ensuring Effective Verification

- Good understanding of:
  - application of rule of origin
  - the risks associated with FTA goods
  - commercial trade practices
- Ability to detect risks and anomalies.
- Be able to ask the relevant questions and request relevant documentation to address specific concerns.



## Result of Verification

- If the goods are found to be non-originating, the preferential origin claim will be denied and the importer must repay the duty and penalties may also apply.
- ACBPS has four years to recover duty, except in the case of fraud or evasion of duty, there is no time limit.



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# Review and Appeal

- Internal review
- Administrative appeal
- Judicial appeal



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**Thank You**