

18th June 2015

IMPORTANT NOTICE TO ALL CUSTOMERS

CHINA–AUSTRALIA FREE TRADE AGREEMENT

Dear Valued Client,

On 17 June 2015 the Trade and Investment Minister Andrew Robb, and Chinese Commerce Minister Gao Hucheng signed the China-Australia Free Trade Agreement (ChAFTA) in Canberra.

These events followed an announcement of the conclusion of negotiations on 17 November 2014.

The Agreement is likely to commence in late 2015, when Australia and China have completed their domestic processes and exchange diplomatic notes to certify that they are ready for the Agreement to come into force. Commencement is generally 30 days after the exchange or on a date otherwise agreed.

If the Agreement commences in 2015, it will mean that most products that are not immediately duty free will have a 0 duty rate by January 2017.

IMPORTS:

Almost all Chinese qualifying goods will be duty free on the introduction of the FTA, with the following key exceptions:

Product	Existing rate	Rate on introduction of the FTA	Year duty rate will be zero assuming 2015 implementation
Textiles, clothing and footwear	5%	3.3-8%	Most by 2017
Some plastics	5%	3.3 – 4%	Most by 2017
Certain steel and aluminium	5%	3.3 – 4%	Most by 2017
Vehicle components	5%	3.3 – 4%	Most by 2017
Buses and certain passenger motor vehicles	5%	3.3%	Most by 2017
Canned fruit	5%	3.3%	2017
Ground nuts in shells, pineapples, peaches	5%	3.3%	2017
Herbicides	5%	3.3%	2017
Toilet paper	5%	4%	2019
Nappies	5%	6.7-8%	2017
Carpets	5%	4%	2019

EXPORTS:

- Upon commencement of the FTA, 85% of Australian goods exports will be tariff free, rising to 95% on full implementation.
- Tariffs will be progressively abolished for Australia's dairy industry.
- Australia's beef and sheep farmers will also gain from the phased abolition of tariffs ranging from 12-25%, and all tariffs on Australian horticulture will be eliminated.
- Tariffs will be removed on almost all Australian resources and energy products.
- Tariffs will also be eliminated on a wide range of Australian manufactured goods, including pharmaceutical products and car engines.

The FTA covers a wide range of different rates and reduction timetables for Australian exports, with some of the key exports as follows:

Product	Existing rate	Rate on introduction of the FTA	Year duty rate will be zero assuming 2015 implementation
Wine	14%-30%	11.2-24%	2019
Beef	12%	10.8%	2024
Powdered milk	10%	9.2%	2026
Fresh milk	15%	13.5	2024
Cheese	12%	10.8%	2024
Sheep meat	12% - 23%	9.3 – 20.4%	2023

Origin claims will need to be supported by either a certificate of origin or declaration of origin.

Certificates of origin

This will be documents issued by an official Government body or other approved body. A certificate will be required for each consignment.

Declaration of origin

Manufacturers or exporters will be able to prepare a declaration instead of a certificate of origin, provided that the relevant goods have been the subject of an origin ruling issued by the Customs Department in the importing country. So exports to China will require an origin ruling issued by Chinese Customs and Chinese imports will need to obtain a ruling from Australian Customs.

Please see media release on http://trademinister.gov.au/releases/Pages/2015/ar_mr_150617.aspx

Full text of the agreement on <http://dfat.gov.au/trade/agreements/chafta/Pages/australia-china-fta.aspx>

Should you require any further information, please do not hesitate to contact our Brokerage department.

Yours faithfully,
ADM GLOBAL PTY. LTD.,

Melbourne – Head Office

1-5 Lambeck Drive
Tullamarine, VIC, 3043
P.O. Box 502
Tullamarine, VIC, 3043
Tel: +61 3 8336 0800
Fax: +61 3 9330 4422

Sydney

Level 1, 25-33 Allen Street
Waterloo, NSW, 2017
P.O. Box 1451
Strawberry Hills, NSW, 2012
Tel: +61 2 9690 0089
Fax: +61 2 9690 0087