



INSIDE THIS ISSUE:

| | |
|--|---|
| New Labelling requirements for Chinaware | 2 |
| Refund Applications for Goods originally entered using COMPILE | 2 |
| Customs drops demands for recovery of Duty/GST | 3 |
| AQIS requirements for Air & Break Bulk Cargo | 3 |
| Perth Company boosts aviation Security | 4 |
| Customs Dogs a success in China | 4 |
| Duty Free Smokes Fraud convicted | 4 |
| ACCC not to oppose the proposed acquisition of P&O Ports Ltd | 5 |
| ACCI New Year review for Federal Govt. | 5 |
| Foot notes | 6 |

COMPILE Closure

In December 2005, Australian Customs published an advice outlining an agreed aim by Customs and industry to cease the existing COMPILE extension arrangements by 3 February 2006. This followed meetings held by a sub-committee from the Industry Action Group, formed to examine the issues related to the decommissioning of COMPILE. This group has met several times since its inception to discuss a number of items identified as potential obstacles to the

cessation of the COMPILE extension.

The one concern remaining was from users of Nature 20 and Nature 30 import declarations, particu-

COMPILE Closed down 3rd February 2006

larly those companies involved in the importation of motor vehicles. Agreement has now been reached on a way forward in relation to this issue. In addition, a program of contacting all remaining

COMPILE users to identify issues preventing transition to ICS was undertaken in late 2005, and follow-up calls were placed with COMPILE users again during the first week of January 2006. These contacts did not reveal any further obstacles to ceasing these arrangements. As a result of the efforts undertaken to date, the group now considers that there are no further obstacles to ceasing the COMPILE extension arrangements and this activity will, therefore, proceed as planned on 3 February 2006.

CMR Compensation

Further to the item in our last edition, to date no response has been received from the Minister for Justice and Customs on requests for details of the proposed compensation arrangements for losses caused by the introduction of the Customs Integrated Cargo System. While the various parties continue to address this issue with the Minister and through other legal options it is appropriate for importers and their brokers to lodge compensation claims at the undermentioned Australian Customs Service first level contact:

Email: customsclaims@customs.gov.au
Fax: 02 6275 6720

It should be noted that no contact name has been provided, nor any guidance on the manner and form for any claim. Customs advise that this is all about "*claims for compensation being registered*".

claims address not only storage, but any other costs incurred as a result of the ICS issues.

It is suggested that appropriate claims address not only storage, but any other costs incurred as a result of the ICS issues. A need will exist for substantiation of any claim as the result of deficiencies

of the ICS against those which may be occasioned from other issues which may not directly relate to the ICS failure. In addition to emailing the claims to the nominated e-mail address, it may also be appropriate to copy in the Minister for Justice and Customs, Hon Senator Ellison, Parliament House, Canberra ACT 2600. In addition, any claims submitted (when the appropriate details are provided to Customs) should be by way of registered mail.

Labelling Requirements for Chinaware

A new Australian Customs Notice clarifies requirements for labelling of imported chinaware as prescribed by the *Commerce (Trade Descriptions) Act 1905* (the Act) and *Commerce (Imports) Regulations 1940*, (the regulations) and supersedes the requirements for labelling set out for chinaware in Australian Customs Notice 2002/44. The regulations require that a trade description be placed on imported china, porcelain, earthenware and enamelled hollowware of the following kinds:

- (i) articles of a description commonly used in connexion with the serving of food or drink for man; and
- (ii) kitchenware and kitchen utensils.

The regulations set out that the trade description must be in the

form of a principal label or brand affixed in a prominent position and in as permanent a manner as practicable to the goods. (This means that the trade description on chinaware must be permanent, that is, indelible print, etching or under the glaze, and the trade description is to be applied on each individual item.) It must include the name of the country in which the goods were made or produced. If the trade description on the goods includes a weight or quantity, it must also say if that weight or quantity is net or gross and must be in English. Where items are imported in the packaging in which they are to be sold, the trade description must be applied to the individual items in the package. Previously, where items were imported in this way Customs took the view that the

regulations permitted the trade description to be applied to the packages in which they were offered for sale. Customs has consulted with several importers of chinaware concerning the requirements set out in this ACN. To allow time for importers, if necessary, to accommodate the change, Customs, until 30 April will not seize as forfeited, goods in relation to which the trade description has been applied to the packages in which the goods are to be offered for sale (providing that all other requirements have been met). After that date, however, all relevant imported goods must have applied to the individual items the prescribed trade description regardless of how the items are offered for sale.

Refund Applications for Goods originally Entered under COMPILE

Following turn-off of the Customs legacy systems, COMPILE will no longer be available for use, and all refund applications on goods originally entered on a COMPILE entry will have to be made manually. Customs has agreed with industry requests to grant a level of flexibility in the methods by which the owner of the goods (or agent of the owner) may lodge manual refund applications or post entry amendments relating to entries originally lodged in COMPILE. Three methods for lodging manual refund applications and amendments have been provided:

i. Lodgement of a completely manual refund application or amendment;

- ii. Lodgement of a manual refund application or amendment with the original entry attached;
- iii. Lodgement of a manual refund application or



amendment with an attached spreadsheet. Upon lodgement of a refund application or amendment, the regional Customs area

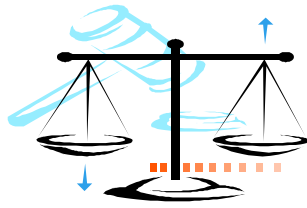
responsible for processing the application will receive and input the detailed changes and verify the refund calculated or revenue owing against the amount stated in the refund application or amendment. Normal approval (or rejection) procedures in relation to a refund application and payment of any revenue outcome will then occur to finalise the refund application or amendment. The owner of the goods (or the agent of the owner) must ensure that all manual forms are signed and are correct. No evidence of identity will be required at time of lodgement as these refund applications and amendments relate to entries that were originally lodged in COMPILE.

Customs has agreed with industry requests to grant a level of flexibility in the methods by which the owner of the goods (or agent of the owner) may lodge manual refund applications

Customs drops Demands for recovery of Duty/GST

In response to a number of representations and following the receipt of further advice, Customs has reviewed its position on letters of demand issued in relation to changes to Item 50A of Schedule 4 of the *Customs Tariff Act 1995*. As a consequence, Customs has decided to cease undertaking recovery action in relation to this matter. Item 50A provided for the concessional entry, at a free rate of Customs duty, of certain goods identified as consumption goods. Item 50A referred to certain United Nations Statistical Papers, which defined

the tariff classifications that were considered to cover consumption goods. These United Nations Statistical Papers were amended in



early 2003, however, the resulting changes to the list of consumption goods were not made to the administrative table attached to Item 50A in the working

tariff. Customs have contacted all affected importers who have been issued with a letter of demand in relation to this matter. For those importers who have not paid their letter of demand, no further action will be required. For those affected importers who have paid all, or part, of the short levied duty and GST, Customs will return any monies paid and will be seeking a signed deed of release and indemnity. Refunds will continue to be paid in accordance with requirements set out in ACN 2005/49.

Customs has reviewed its position on letters of demand issued in relation to changes to Item 50A of the Customs Tariff Act 1995

AQIS changes for Break Bulk & Air Cargo

On 1 January 2006, Australia began to phase in mandatory treatment requirements for all solid wood packaging and dunnage. During the phase in period 1 January 2006 until 1 May 2006, there will be **no changes** to the quarantine clearance arrangements for containerised sea-freight packaging timber. The FCL/FCX and LCL Broker Accreditation Schemes will continue as normal. During this phase, however, AQIS will monitor compliance with the new treatment requirements for wood packaging associated with imported break-bulk and air cargo. Break bulk and air cargo consignments will be subject to surveillance by AQIS and stickers alerting importers to the new treatment requirements will be placed on cargo that does not bear ISPM15 treatment stamps. Consignments found to be infested or contaminated with quarantine risk material

will, as is the case now, be directed for remedial treatment as necessary.

For containerised sea cargo: Existing compliance and verification arrangements will continue to apply, including customs broker accreditation schemes and AQIS front counter arrangements.



For break bulk and air cargo: Until 1 May 2006, wood packaging and dunnage will only be subject to mandatory treatment, re-export or destruction where insects, bark, or other quarantine risk material is detected. If on inspection, no quarantine risk material is found, the consignment will

be released. However, importers will be notified that untreated wood packaging will be subject to mandatory onshore treatment, re-export or destruction at their expense from 1 May 2006. Between January and May 2006, AQIS will monitor the level of compliance with new treatment requirements. During this period, AQIS will also liaise with industry about the preferred method of identifying untreated wood packaging in break-bulk and air cargo consignments. Importers need to be aware that break bulk and air cargo consignments arriving after 1st May 2006 with untreated timber packaging are subject to mandatory onshore treatment, re-export or destruction at their expense. Please call us if you need more details on the new AQIS requirements to ensure compliance before 1 May 2006.

AQIS will monitor compliance with the new treatment requirements for wood packaging associated with imported break-bulk and air cargo.

Australian Company boosts International Aviation Security

A revolutionary explosives detection system for airports has been developed by West Australian company, QR Sciences, with support of an Australian Government innovation grant of \$2.8 million. The new technology identifies unique chemical signatures of high threat explosive, which until now could easily go unde-

tected by current X-ray and scanning devices. The units can detect a range of explosives not picked up with current technology and are safe, proven, reliable, easy-to-use and compatible with existing procedures. Two of the scanning devices have already been installed in Australia and there's substantial interest through trials in countries in-

cluding Singapore, the United State of America and Italy. The Perth-based company established its research and development base in Australia, and has now been able to establish a strong presence in the USA as part of marketing its equipment internationally.

The new technology identifies unique chemical signatures of high threat explosives

Ozzie Dogs make their first busts in China

Two China Customs detector dogs, bred and trained by Australian Customs, have made their first seizures in China. The first detection was made by Detector Dog *Xenos* on 21 December 2005. Acting on information, a search was conducted of a riverbank on the China-Myanmar border near Luxi City, Dehong, Yunnan Province. *Xenos* detected approximately 3.2kg of opium hidden within a travel bag in bushes. The second seizure was made by Detector Dog *Quip* while assisting in a search of a residential

property close to the Jiegao Checkpoint, Ruili, Yunnan Province on 7 January. Working as part of a team of eight dogs, *Quip* detected 257g of ice (crystal methamphetamine) and 48g of heroin. The heroin was found hidden in boxes, tiny plastic bottles and paper bags. Investigations by China Customs into both seizures are ongoing. In September 2005, a contingent of Australian detector dogs and puppies were handed to the General Administration of China Customs as part of a cooperative arrangement to stem the

flow of illegal drugs world wide. *Xenos* and *Quip* were two of the four adult dogs handed over during the ceremony. To date, Australian Customs has donated 4 dogs to China, with a further 18 puppies to be flown over by June 2006 to be used by the General Administration of China Customs in a breeding and development program. Australian Customs has also provided detector dogs to other countries including the United States, Indonesia, Thailand, Japan, Guam and Saipan.

In September 2005, a contingent of Australian detector dogs and puppies were handed to the General Administration of China Customs

\$17.5 Million Duty Free Scam up in smoke

The sentencing of a man to 36 months imprisonment on charges relating to massive duty fraud marks the final chapter in a case which saw tax payers defrauded of more than \$17 million. He was the final person in a duty evasion scam to be sentenced as a result of a joint operation involving the Australian Federal Police, Australian Customs Service and the former National Crime Authority. The multi-million dollar fraud, which began in 1999, involved the purchase of large quantities

of duty-free packaged cigarettes by a Melbourne duty free store. The elaborate scam involved the participants forging export documents in order for it to appear the cigarettes were being exported. The 85 million cigarettes were in fact being sold to retailers in and around Melbourne, thus avoiding almost \$17.5 million dollars in Customs duties. The fraud was well organised and complex, with the perpetrators involved in creating false records, including computer records at a local freight company in a bra-

zen attempt to make it appear the cigarettes were in fact exported. The scam involved large-scale movement of funds, and the transfer of cash into bank accounts in Central America, the Middle East and Hong Kong. The AFP, Customs and the former NCA, with the assistance of the Australian Taxation Office, executed search warrants in Melbourne and Sydney in September, 2001 resulting in the eventual conviction of eight people.

The elaborate scam involved the participants forging export documents in order for it to appear the cigarettes were being exported.

ACCC not Opposed to DP World's proposed acquisition of P&O Ports

The Australian Competition and Consumer Commission will not oppose the proposed acquisition of P&O Ports by DP World, ACCC Chairman, Mr Graeme Samuel, has announced. P&O Ports is a global container terminal and stevedore services provider with a presence in 19 countries, operating 29 container terminals and logistics operations at more than 100 ports worldwide. P&O Ports' Australian subsidiaries lease, operate and manage terminals in

Brisbane, Sydney, Melbourne and Fremantle. DP World owns, operates and



manages container terminals and other port infrastructure around the world. 'The ACCC believes the

proposed acquisition is not likely to result in a substantial lessening of competition in the relevant markets given the limited overlap of DP World and P&O's operations in Australia. DP World's presence in Australia is limited to Adelaide Port where P&O Ports does not currently operate", Mr Samuel said. DP World also submitted requests for clearance of the proposed acquisition from competition regulators in Germany, Spain, USA, UK and Italy.

'The ACCC believes the proposed acquisition is not likely to result in a substantial lessening of competition in the relevant markets

ACCI'S New Year Business View of the next 12 Months

According to the Australian Chamber of Commerce and Industry (ACCI), over the next 12 months the Howard Government must continue to use its Senate majority to implement significant structural reforms that prioritise economic and productivity growth and therefore industry competitiveness in the global economy. Australia cannot rest on its laurels. Further reform is needed. ACCI's five priority areas for 2006 reflect the major policy decisions that need to be taken to ensure that these objectives are met:

1) Taxation Reform

ACCI proposes initiatives in a wide range of areas including personal income tax; capital gains tax; state taxation; retirement incomes tax; and reducing the compliance burden. Tax cuts alone are not taxation reform.

2) Cutting the Size of Government, Regulatory Reform and Reducing Red Tape

In 2006, ACCI will continue to focus on the need to reduce the size of government as well as the issue of creeping regulation. These reforms are essential for increasing productivity in the Australian economy.

3) Skills and Labour Shortages Development Strategies

Initiatives to improve the skills of the Australian workforce will continue to be a critical element of the 2006 national policy agenda. Australian business is facing major skill and labour shortages across the economy. Post-secondary education and training must be made more business centred and demand driven so that students are better qualified to take their place in the

Australian labour market.

4) Implementation of Workplace Relations Reform

It is critical that the business community assist in implementing the new *WorkChoices* legislation to ensure that it helps kick-start a new round of productivity growth.

5) China Free Trade Agreement and Other Trade Issues

ACCI is a strong supporter of negotiations on potential free trade agreements with China, Malaysia, the ASEAN grouping and India as well as multilateral initiatives through the World Trade Organisation. It is vital that Australia pursues trade liberalisation on a whole range of fronts to boost our export performance .

the Howard Government must continue to use its Senate majority to implement significant structural reforms that prioritise economic and productivity growth

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Foot Notes

This month we welcome our latest recruit Toby Lindley who has joined us to replace Peter Wellington and we welcome Toby to the team.

Pete left us to commence full time studies at University and we wish him well in his endeavours.

In breaking news from past employees, Matthew & Hiroko Morgan welcomed the birth of their first born Sophia Emma late in February and all are doing well apart from sleep deprivation.

Thanks again for your continued support, it means the world to us.

Kind regards
Kingsley Fletcher

Shenzhen Office Move

Please note the new address of our Shenzhen Office, Phone / Fax & email remain the same;

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