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## Customs commissions an independent review of ICS

Chief Executive Officer Michael Carmody has announced Customs has initiated an independent review of the Integrated Cargo System (ICS), the primary purpose of which is to identify opportunities to maximise the benefits of ICS to both industry and Customs. Industry would have an opportunity to contribute to the review process which would be conducted by Booz Allen Hamilton. "This review is about looking to the future. We will share the outcomes with industry and work with it to agree on a way forward," Mr Carmody said. The exports component of the ICS was introduced successfully in October 2004. When the much larger imports component was switched on in October

2005, many areas of industry experienced difficulties in clearing containers. "Customs and industry worked very closely to address those delays - a lot of people on both sides deserve recognition for that cooperation," Mr Carmody said. The Australian [to maximise the benefits of ICS to both industry and Customs](#)

National Audit Office (ANAO) has initiated an audit of the development and implementation of the Cargo Management Re-engineering project of which the ICS was a major component. "Customs will cooperate fully with the ANAO and expects

lessons will be learnt as a result of the audit," Mr Carmody said. Customs continues to work with the Industry Action Group (IAG) established by the Minister for Justice and Customs, Senator Chris Ellison. The IAG is working through a number of issues related to the ease of operation of the system. Details of the scope of the Booz Allen Hamilton review are available. The review is expected to be completed by the end of April. In answer to a question in the Senate from shadow Customs Minister Joe Ludwig, Senator Ellison said that the Cargo Management Re-engineering project had cost almost \$200 million as at the end of October 2005. The figure is mounting as more work is done to overcome the original shortcomings of the ICS.

## \$15 Mil. Penalty for Liquor Fraud

One of the longest running and most complex Customs prosecutions ever mounted has come to an end with the sentencing of a Brisbane-based company, Labrador Liquor Wholesale Pty Ltd, and the two principals of the company over a million dollar duty and excise fraud. Labrador Liquor Wholesale, Jeffrey Andrew Bryce, 58, and Lawrence

Eric Wright, 59, had each been earlier found guilty of 45 offences against the Customs Act and the [Excise Act](#).

[Million Dollar Duty and Excise fraud.](#) The company and the two men were ordered in the Supreme Court to pay

\$1.01 million in duty evaded and pay fines of \$5.06 million for each of the three defendants (a total of \$15.18 million). In the event that Mr Bryce and Mr Wright did not pay the penalties immediately, the Court determined that they each be imprisoned for a total of four years and 345 days. (to Page 4)

## Treatment requirements for Wood Packaging

Australia is currently phasing in mandatory treatment requirements for all imported solid wood packaging and dunnage in containerised, non containerised (break bulk) and air cargo. Prior to 1 January 2006, importers had a number of options for addressing quarantine risks associated with imported solid wood packaging. One of the most common options, applicable to containerised cargo, was to use wood packaging that had been treated in accordance with ISPM 15 - a new international standard that regulates the movement of wood packaging and dunnage. Another option available for containerised goods was to use wood packaging that had undergone some other type of AQIS-approved treatment and was accompanied by a treatment certificate. Alternatively, importers could use untreated wood, but this was subject to mandatory inspection by AQIS on arrival in Australia. If the inspection indi-

cated that material was free from quarantine risk material such as live insects or bark, it was released. **From 1 May 2006, the "inspection on arrival" option will no longer be available.** Therefore, to avoid



AQIS intervention, importers must provide evidence of an AQIS approved quarantine treatment for all solid wood packaging and dunnage. If there is no evidence of treatment prior to arrival in Australia, the timber will be subject to mandatory on-

shore treatment, re-export or destruction at the importer's expense. In relation to timber packaging for air and break-bulk cargo, which is not part of the Broker Accreditation Scheme at present, consideration is currently being given to extend the Scheme to include air and break-bulk cargo. During the phase in period (1 January 2006 until 1 May 2006), quarantine clearance arrangements for packaging timber inside shipping containers will continue unchanged. Also during the phase in period, all air cargo and break bulk cargo consignments will be monitored to verify they are free from quarantine risk material or alternatively, for onshore treatment. But if no ISPM 15 marks are present, then AQIS will apply stickers alerting the importer to the fact these marks will be mandatory from 1 May 2006 to avoid further AQIS intervention.

## AFAS to launch in Thailand & India

The Australian Fumigation Accreditation Scheme is once again expanding, with the inclusion of Thailand and India on the AFAS list. These two countries join Indonesia and Malaysia, which have been AFAS accredited since June 2004 and December 2005, respectively. A phase-in period is currently in place, which means AQIS will continue to accept fumigation treatment certificates from all treatment providers in Thailand or India, as long as the treatment provider is not listed on AQIS's Offshore Treatment Providers List.

Once the phase-in period ends, AQIS will only accept fumigation certificates is-



sued by AFAS-accredited treatment providers.

The commencement dates are 1 March 2006 for Thai-

land and 1 May 2006 for India. The AFAS system concentrates on capacity building and training through AQIS working in partnership with overseas government agencies. AQIS is currently working in collaboration with other countries to facilitate the accreditation of their fumigation treatment providers under AFAS. This includes the potential implementation of AFAS in China and the Philippines by the end of 2006.

*Once the phase-in period ends, AQIS will only accept fumigation certificates issued by AFAS-accredited treatment providers.*

## Free Trade Agreements: Customs Requirements

Australia has entered into a number of Free Trade Agreements (FTAs) with trading partners and introduced a range of trade initiatives. To ensure that Customs clients have adequate information relating to the Customs aspects of these FTAs and initiatives, the Rules of Origin web page on the Customs Internet site contains information regarding Customs requirements.

The site can be located from the Customs home page <http://www.customs.gov.au>

by selecting the Import/Export button from the menu on the left, then selecting the Preferential - rules of origin button on the drop-down menu.

This page contains a list of countries with which Australia has instituted FTAs or trade initiatives. From this page, select the country agreement for which your query relates.

The above Customs website address for information that includes preferential rules of origin, certificates of origin or compliance in

relation to preferential rules of origin.

Each agreement's web page contains information including but not limited to:

- Australian Customs Notices
- Australian Customs Service Manuals
- Legislation
- Claiming preference under the Integrated Cargo System (ICS)
- Origin rulings
- Claim of Origin

You can also follow the links from our webpage; <http://www.twcf.com.au>

*The Rules of Origin web page on the Customs Internet site contains information regarding Customs requirements.*

## Unlocking China's Service Sector

Australia will be seeking a very strong outcome on services in its negotiations on a possible free trade agreement with China, the Deputy Prime Minister and Minister for Trade, Mark Vaile, said recently.

The Deputy Prime Minister was launching a new report from the Department of Foreign Affairs and Trade, Unlocking China's Services Sector.

"Australian companies have made significant gains in China's services sector since it joined the World Trade Organization in 2001. The latest statistics show that our services exports to China increased by 23 per cent in 2004-05 to more than \$2.3 billion. China is now our sixth largest market for services exports," Mr Vaile said. The report warns that further reforms to

China's services sector are still needed. There are still burdensome licensing and operating requirements in many areas; China's regulatory and legal processes are often opaque. The enforcement of intellectual property



rights is also a well-known problem. For example, the report concludes that 92 per cent of the software used in China is pirated.

"Our FTA negotiations with China are an important chance for us to deal with these barriers and make it easier for Australian firms to

work in China. It would create jobs, boost our exports and introduce new ideas and skills into China's economy. We will be looking for strong outcomes in areas such as legal services, where Australian firms are unable to enter into joint venture arrangements with Chinese firms; tourism, where Australian operators face excessively high business turnover requirements; and telecommunications, where China has restrictively interpreted its WTO commitments. There are many other areas as well," Mr Vaile said.

Australia's services exports to China include education, banking, insurance, telecommunications, tourism and travel, and professional services such as legal, architecture and accounting services.

*Our FTA negotiations with China are an important chance for us to deal with these barriers and make it easier for Australian firms to work in China.*

## Exports Boost as Australia signs WTO Deal with Vietnam

Australian exporters will benefit from better access to the Vietnamese market after Australia successfully completed bilateral market access negotiations with Vietnam. The Deputy Prime Minister and Minister for Trade Mark Vaile said a signing ceremony in Hanoi marked the end of negotiations which are part of Vietnam's application for membership of the World Trade Organisation.

This deal covers key Australian export interests on both goods and services, and it will enhance access for a range of products including dairy items, sugar, wheat flour, confectionery and fruit. On services, there are gains in banking, education, environment and mining services. The outcomes will improve trading conditions for Australian exporters and help provide a secure basis to expand our exports. Mr Vaile noted the

recent growth and development of Australia's trade with Vietnam.

"Vietnam is an important trading partner for Australia. In 2004-05, merchandise trade between Australia and Vietnam grew over 50 per cent to just under \$4 billion, and services trade totalled \$630 million. We also work closely with Vietnam in APEC and a number of other regional forums."

*This deal covers key Australian export interests on both goods and services, and it will enhance access for a range of products*

## Exports Plummet in Post-FTA Trade

Government figures show Australian exports to the US have fallen since the US Free Trade Agreement (FTA) came into force a year ago. In the 12 months to October last year, Australian exports to the United States fell by 4.7 per cent while US imports rose by 5.7 per cent. Dr Patricia Ranald from the Public Interest Advocacy Centre says it has been a bad deal. "We expected there to be poor terms of trade, but we didn't expect them to be as dramatic as this in the first year," she said. She says the deal will not get any better if the Government bows to pres-

sure from US drug companies. The Federal Government has said it is considering removing a Labor amendment to the



FTA, which was aimed at protecting access to cheaper generic drugs. "We're not even getting ordinary economic benefits from this agreement," said Dr Ranald.

The Government says it is not troubled by the trade figures. Trade Minister Mark Vaile helped negotiate the trade agreement with the US and is still a big supporter. "There's been a 60 per cent increase in the number of companies and deals being done between Australian companies in the US as a result," he said. Trade figures tell a different story. Mr Vaile's spokesman says the Government has always maintained it would take at least five years to assess the success of the agreement and it is too soon to judge.

*Australian exports to the United States fell by 4.7 per cent while US imports rose by 5.7 per cent.*

## \$15 Mil. Penalty for Liquor Fraud *continued*

*Continued from page 1.* Labrador Liquor Wholesale operated a licensed Customs warehouse which allows temporary storage of goods that have been imported or manufactured in Australia without having to pay revenue that would otherwise be payable. Between

May 1995 and May 1996, the company exported seven shipping containers, containing goods including alcohol and cigarettes, to Fiji and one container to the Solomon Islands. Documents presented to Customs indicated that certain goods had been exported, when they had, in fact,

been entered for home consumption without revenue being paid.

The case took nine years to be heard before the court, mainly due to a lengthy series of appeals before the Queensland Court of Appeal and the High Court of Australia.

# A.C.C.C. issues third Airport Price Monitoring Report

The prices airlines pay Australia's major airports for aeronautical services such as use of runways and terminal facilities have continued to increase, with changes ranging from 2.6 per cent to 11 per cent, according to a report issued by the Australian Competition and Consumer Commission. The Airports Price Monitoring and Financial Report 2004-05 reviews the prices charged by Adelaide, Brisbane, Canberra, Darwin, Melbourne, Perth and Sydney airports. "This is the third year of the ACCC's role of price monitoring of airport charges", ACCC Chairman, Mr Graeme Samuel, said. "Before this, aero-

nautical charges were subject to price caps and price surveillance. This year's report shows that prices have continued to increase in 2004-05 although to a



lesser extent than those increases experienced over 2000-01 to 2002-03. Since price monitoring was introduced revenue from aeronautical services increased by between 37 per cent and 163 per cent". The removal

of price caps and price surveillance means airports are no longer required to notify the ACCC prior to increasing charges for aeronautical services. "The ACCC report shows that total aeronautical airport costs have increased between 2002-03 and 2004-05 for all airports, with greater security requirements at airports since September 11 2001 adding to airport costs. However, increased passenger numbers have seen airport costs on a per passenger basis generally decrease or slightly increase during this time and, combined with price rises, airport profitability has risen substantially over the period."

*'Since price monitoring was introduced revenue from aeronautical services increased by between 37 per cent and 163 per cent'.*

## Airlines Under Fire

Air Cargo magazine reports that authorities in Europe launched a series of "surprise inspections" on air cargo offices of the continent's largest airlines recently, brandishing suspicions of illegal "cartel" behavior in a price-fixing probe that spread quickly to the United States and Asia. The list of airlines, some handed subpoenas for full-scale searches of several offices and others admitting only to visits or "inquiries," ran to a Who's Who of the world's freight carriers and a scale apparently unprecedented in its scope. Launched by the European Union on Valen-

tine's Day and backed up by the United States Justice Department and other government bodies in Europe and Asia, the probe struck right at areas of growing concern for



shippers around the world and across all modes - the shopper's list of surcharges that now make up a large portion of freight bills.

With the launch of searches in concert with national authorities in Europe, the European Commission issued a statement saying the commission "has reason to believe that the companies concerned may have violated Article 81 [of the EC treaty], which prohibits practices such as price fixing." No companies were charged at first, and although officials at the U.S. Justice Department and other countries confirmed the investigation of air cargo pricing they refused to identify companies involved or even what they were looking for.

*"Surprise inspections" on air cargo offices of the continent's largest airlines recently, brandishing suspicions of illegal "cartel" behavior in a price-fixing probe*

## Newly Designed RFID Tag

Savi Technology, a leading provider of RFID supply chain solutions, has announced the release of a new low-profile version of its active, data rich RFID tag for military and commercial container shipments in particularly harsh supply chain operating environments. The ISO container door tag comes in a new U-shaped form that clamps tightly onto the left door of the container, enabling the RFID electronics to be protected on the inside of the container while a low-profile

plate on the outside contains an antennae that communicates with fixed or mobile reader networks. The flat external plate also contains a beeper for audio



alerts of the tag's location and status. Additional benefits of the tag include:

The battery and RFID components, which include on-board processor, memory and radio transmit and receive capability, enabling users to recover critical manifest data even if the outside is damaged.

The mounting procedure further secures the tag on the container.

New RFID antennae technology that's embedded in a low-profile flat plate on the outside of the container. The external component also contains a beeper for audio alerts.

*The ISO container door tag comes in a new U-shaped form that clamps tightly onto the left door of the container,*

## AADA Calls for Luxury Car Tax to be Abolished

The Australian Automobile Dealers Association (AADA) has called on the Federal Government to abolish the Luxury Car Tax (LCT). "LCT is an obsolete tax that discriminates against the motor vehicle retail sector and potentially distorts the market" said Mr Michael Delaney, AADA's Executive Director.

Motor vehicles are the only good upon which the Government imposes a 'luxury' tax. Goods such as jewellery and watercraft, regardless of their retail value, do not attract a tax further to the GST. AADA therefore considers that LCT is discriminatory and unfair.

"The LCT is an inefficient tax which distorts the market for higher value vehicles and unjustifiably penalises small business people, dealers, manufacturers and distribu-



tors, as well as consumers of such vehicles." LCT was introduced, with the GST, on 1 July 2000 to replace the 45 per cent wholesale sales tax. The 25 per cent tax is applied to vehi-

cles that have a GST-inclusive retail value exceeding \$57 009. In 2004-2005, a year that saw record motor vehicle sales that far exceeded expectation, the ATO collected \$298 million in LCT, \$32 million below the budget forecast amount of \$330 million. AADA considers the fact that LCT collections did not meet the ATO's forecast amount is indicative that the luxury car market is not performing to expectations and that the tax is distorting the market and should be removed.

*"LCT is an obsolete tax that discriminates against the motor vehicle retail sector and potentially distorts the market"*

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## Foot Notes

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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