

Submission Letter
to
Simplified Trade System Implementation Taskforce

Subject: Request to Make Advance Rulings on Tariff Classification Publicly Available

Dear Simplified Trade System Implementation Taskforce,

I hope this letter finds you well.

I am writing to express my strong support for the initiative to remove nuisance tariffs. With this significant upcoming change in mind, I take this opportunity and ask you to also consider making advance rulings on tariff classification publicly available in Australia. Since more goods become non-dutiable in their own right, is it more important than ever to give importers all possible help we can regarding the tariff classification.

As per Paragraph 8, Article 3 of the WTO Trade Facilitation Agreement, Each Member shall endeavor to make publicly available any information on advance rulings which it considers to be of significant interest to other interested parties, taking into account the need to protect commercially confidential information¹. Among all developed countries, Australia the only one who does not publish advance rulings on tariff classification.

The majority of developed countries publish all advance rulings where applicant provided a consent to do it. Some developed countries publish all advanced rulings on tariff classification. Australia is the only country which publish advance rulings at the Customs' discretion. As an industry active participant and advocate for transparency, I believe that making these rulings accessible to the public would bring significant benefits to our country. I believe that the publication of these rulings would have a positive impact on our country's financial landscape. Therefore, I kindly request you to consider this submission, highlighting the financial advantages of making advance rulings on tariff classification accessible to the public.

1. **Cost Reduction and Efficiency:** Providing advance rulings on tariff classification to the public can significantly reduce costs and enhance operational efficiency for businesses. When importers have access to clear and publicly available rulings, they can accurately determine the applicable tariffs and plan their finances accordingly. This enables businesses to allocate resources more efficiently, reducing the risk of unexpected costs or delays associated with misclassification. It matters even more for SME, who not always have resources to apply for Advance Ruling. By avoiding unnecessary expenses and streamlining operations, businesses can optimize their financial performance and improve their competitiveness in both domestic and international markets.
2. **Increased Trade Facilitation:** Making advance rulings on tariff classification publicly available enhances trade facilitation by reducing trade barriers and administrative burdens. It will reduce the need for time-consuming and costly consultations with customs authorities, enabling businesses to expedite customs clearance processes and accelerate the movement of goods across borders. The resulting efficiency gains can lead to cost savings and improved cash flow for companies engaged in international trade. In 2021 ABF provided almost 2000 tariff classification advices to importers and a further 212 valuation and rules of origin advices². However, only 7 of them were made publicly available via publishing tariff precedents³. None of the advance rulings were published in 2023, despite of the fact that 1253 tariff advices were finalized (according to ABF annual report for 2022-23).

¹ https://www.wto.org/english/docs_e/legal_e/tfa-nov14_e.htm#art3

² <https://www.pc.gov.au/research/completed/nuisance-tariffs>

³ <https://www.abf.gov.au/tariff-classification-subsite/files/list-current-precedents.pdf>

3. **Investment Attraction and Retention:** Transparent and accessible advance rulings on tariff classification can attract foreign investment and retain domestic investment. International businesses seeking to establish operations in Australia often consider factors such as regulatory transparency and predictability. By providing public access to advance rulings, Australia demonstrates its commitment to a business-friendly environment, which can positively influence investment decisions. Increased investment can lead to job creation, economic growth, and the generation of tax revenue, thereby bolstering the financial health of the nation.
4. **Enhanced Customs Compliance:** Publicly available advance rulings on tariff classification promote customs compliance among importers. When businesses have access to clear and consistent rulings, they are better equipped to ensure accurate tariff declarations, reducing the risk of non-compliance and associated penalties. Improved compliance rates result in increased revenue for customs authorities and the government. These additional financial resources can be allocated toward public infrastructure development, social welfare programs, and other initiatives that benefit the overall economy and society.
5. **Harmonization with International Standards:** Many countries, such as the United States, Canada, and members of the European Union, already make their advance rulings on tariff classification publicly available. By adopting a similar approach, Australia can align itself with international best practices and foster harmonization in trade procedures. This alignment can facilitate smoother cross-border trade, attract foreign investment, and promote economic cooperation with trading partners. As a result, Australia can tap into new markets and diversify its trade portfolio, leading to increased economic activity and financial benefits.

In conclusion, the financial benefits of making advance rulings on tariff classification publicly available in Australia are significant. It would reduce costs, improve operational efficiency, enhance trade facilitation, attract and retain investment, promote customs compliance, and align Australia with international standards.

I also want to address a valid concern regarding the potential exposure of a company's confidential information if advance rulings on tariff classification are made publicly available. While recognizing the importance of protecting sensitive information, I would like to provide reassurance that appropriate measures can be implemented to safeguard such data while still achieving the desired transparency and benefits for businesses and the economy.

1. **Redacting Sensitive Information:** To protect a company's confidential information, advance rulings can be redacted to exclude any proprietary or commercially sensitive details. Only information directly related to the tariff classification decision and its interpretation would be made public. This approach balances the need for transparency with the protection of valuable trade secrets.
2. **Stakeholder Consultations and Feedback Mechanisms:** Before implementing the public availability of advance rulings, consultations with importers, industry associations, and other stakeholders can be conducted. These consultations would allow for the identification of specific concerns related to the disclosure of confidential information and enable the development of tailored solutions.

In conclusion, while it is crucial to protect a company's confidential information, there are measures that can be implemented to mitigate any potential risks associated with making advance rulings on tariff classification publicly available. The potential financial benefits derived from publicly available advance rulings on tariff classification outweigh the concerns related to protecting confidential information, as transparency promotes trade compliance, attracts investment, reduces costs, and enhances economic growth.

Thank you for your consideration. I trust that you will carefully evaluate the financial benefits highlighted in this submission.

Regards,

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