



China e-commerce markets



August 2018



Chamber of Commerce
and Industry WA



Australian Government
Australian Trade and Investment Commission

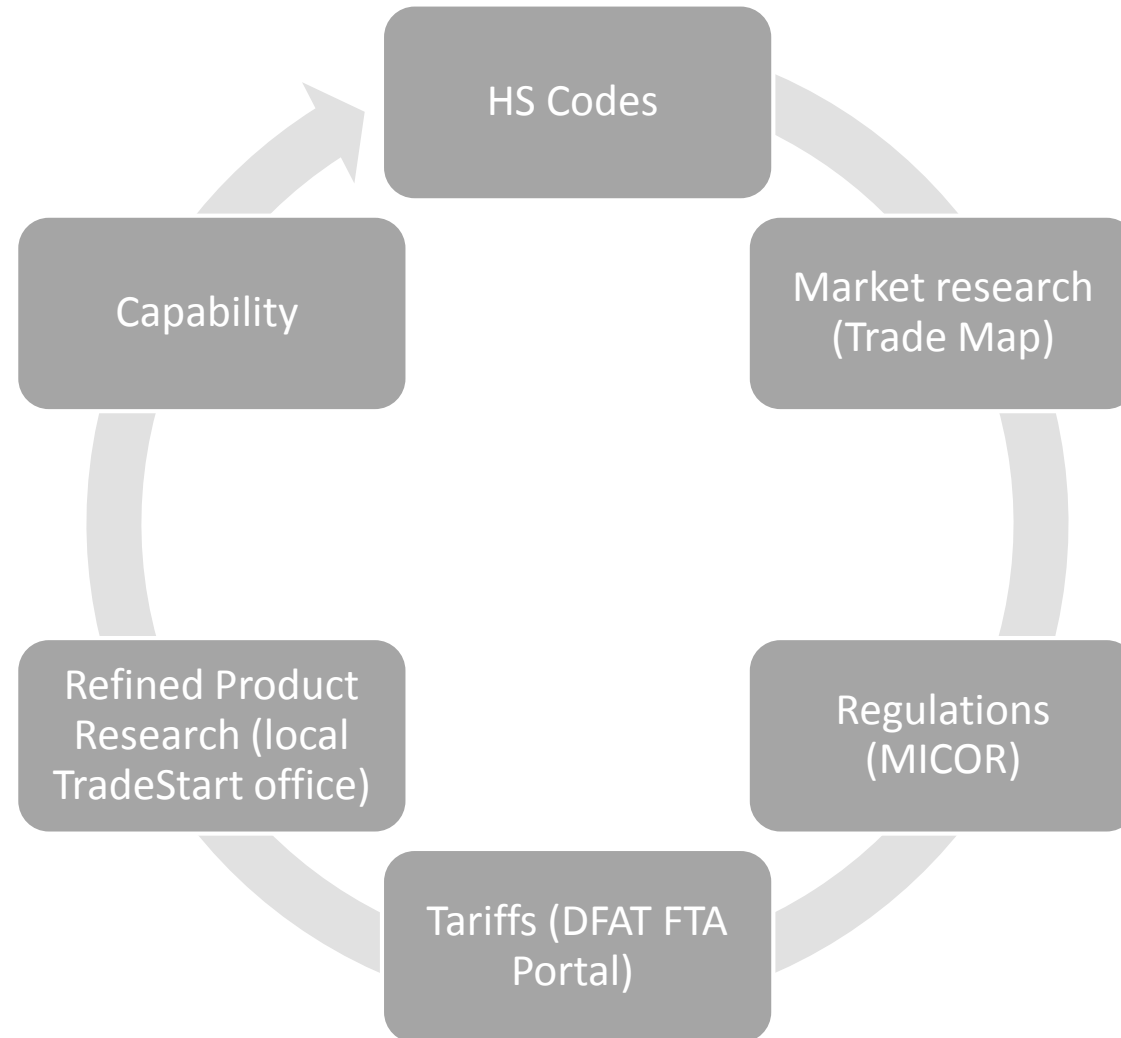




Darren Levy
TradeStart advisor at CCIWA ITIC

Export Research Requirements:
“Pre-Market Due Diligence”

Presentation Format

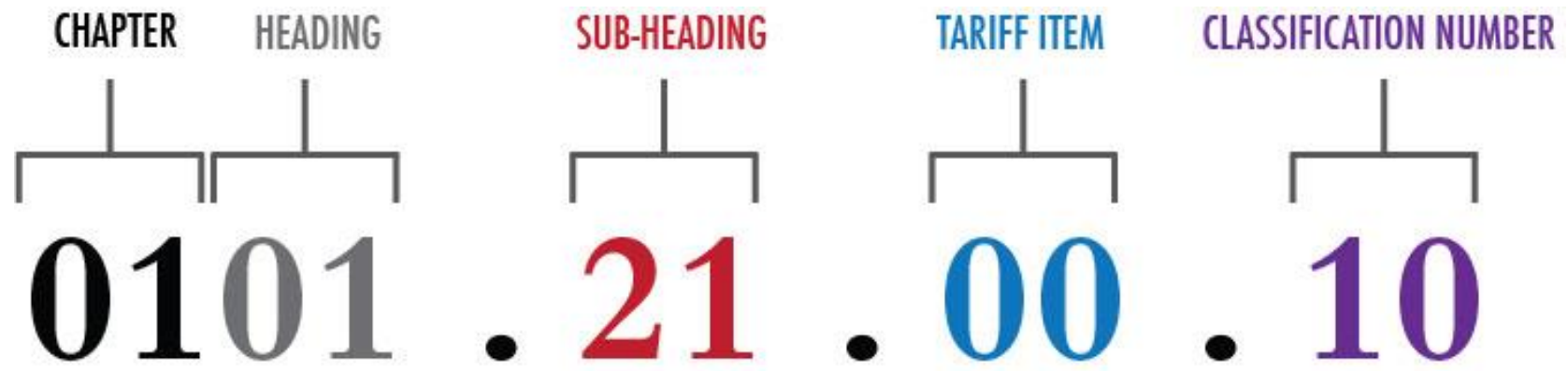


HS Codes and Tariff Classifications

The Harmonized Commodity Description and Coding System ('HS')

There are 5200 six-digit product categories used to identify products for tariff treatment

- ChAFTA: Australia and China use 8 digit tariff codes for customs duties
- JAEPA: Japan uses 9



HS Codes and Tariff Classifications

Section / Chapter Label

Section 1 – Agricultural Products
Chapter 04 - Dairy produce; birds'
eggs; natural honey; edible
products of animal origin

04

Heading Label

Butter and other fats and oils
derived from milk; dairy spreads

0405

Subheading Label

Butter

0405.10

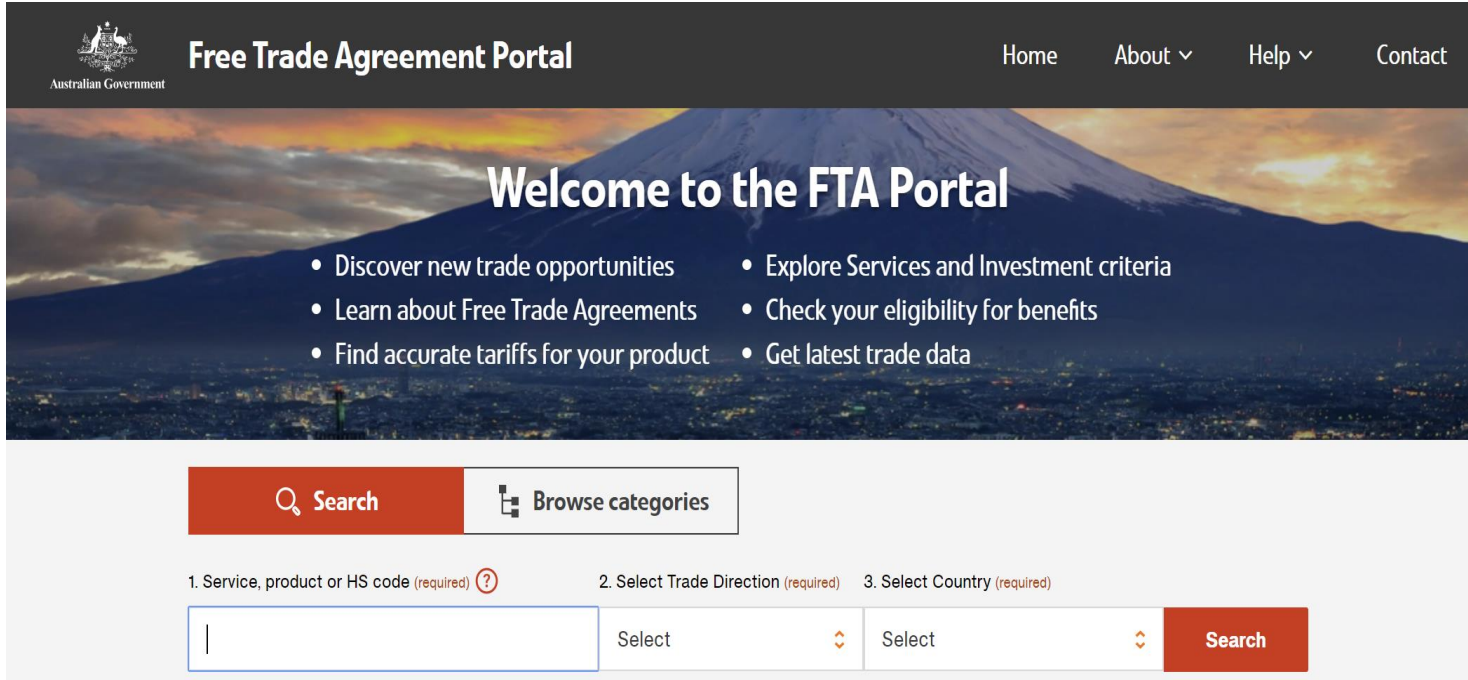


Subheading Label

Dairy spread

0405.20

How can I research the correct HS Code?



The screenshot shows the 'Free Trade Agreement Portal' with a navigation menu (Home, About, Help, Contact) and a main heading 'Welcome to the FTA Portal'. Below the heading are six bullet points: 'Discover new trade opportunities', 'Learn about Free Trade Agreements', 'Find accurate tariffs for your product', 'Explore Services and Investment criteria', 'Check your eligibility for benefits', and 'Get latest trade data'. At the bottom, there is a search interface with a 'Search' button, a 'Browse categories' button, and three required fields: '1. Service, product or HS code', '2. Select Trade Direction', and '3. Select Country', followed by a 'Search' button.

- **Always check with a licensed customs broker for confirmation.**
- **When unsure – apply for a customs ruling.**
- **What can go wrong using an incorrect HS code?**
 - Overtaxing and under-taxing
 - Technical Fraud – Penalties
 - You are responsible
 - Delayed clearance time

Market Research

Case Studies: Honey/Yoghurt

Australian Exports of Natural Honey- 040900 (2017)

- \$31M USD
 - 20% (\$6M) to **China**
 - 11.4% (\$3M) to Canada (*Queen Bees*)
 - 10.6% (\$3M) to **Singapore**

Followed by **Hong Kong and Malaysia**

Global Market Trends?

- \$2B USD global industry
- Australian honey **imports** outweigh export quantities
- **New Zealand** dominates natural honey export markets in China, Singapore etc.
- **Australia** leads New Zealand only in Malaysia

Australian Exports of Yoghurt- 040310 (2017)

- \$23M USD
 - 60% (\$14M) to **Singapore**
 - 12.3% (\$2.8M) to **Hong Kong**
 - 10% (\$2.3M) to **Malaysia**

Followed by **Thailand and China**

Global Market Trends?

- \$2B USD global industry
- **Australia**, followed by Switzerland exports **most expensive** (on average) yoghurt USD/unit
- Australia dominates Singapore, Malaysian, and Thai Yoghurt import markets.

Market Research How-To:



TRADE MAP

Trade statistics for international business development
Monthly, quarterly and yearly trade data. Import & export values, volumes, growth rates, market shares, etc.

Imports Exports

Service Product

Single
 Group

040900 - Natural honey ✕ i [Advanced search](#)

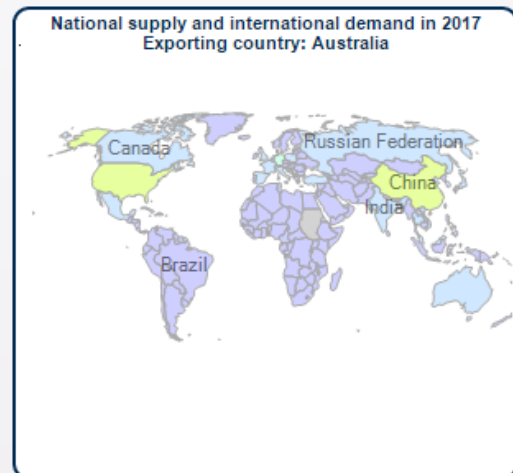
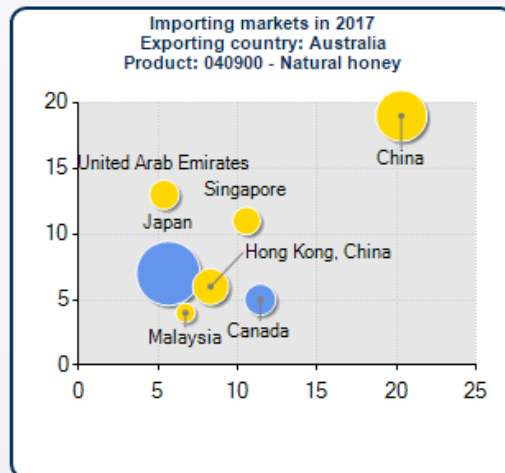
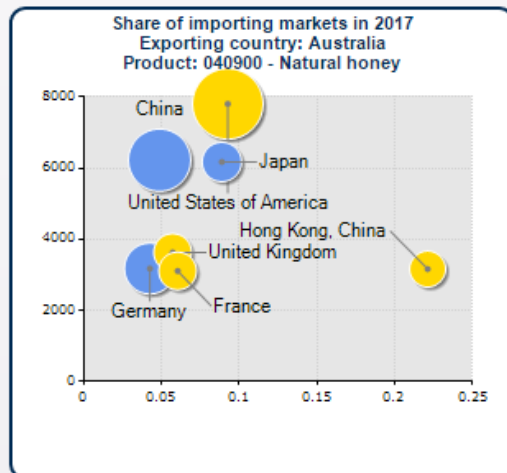
Country
 Region

Australia ✕ i

Partner
 Region

Please enter a country/territory or region name (optional) ✕ i

Trade Indicators
 Yearly Time Series
 Quarterly Time Series
 Monthly Time Series
 Companies



Where do I begin my market research?

1. [Trade Map](#)
2. Create log-in (free)
3. Choose your product indicators
4. Explore

Australian Honey Exports to China



TRADE MAP

Trade statistics for international business development
Monthly, quarterly and yearly trade data. Import & export values, volumes, growth rates, market shares,
etc.

List of importing markets for the product exported by Australia in 2017 ⁱ

Product: 040900 Natural honey

Australia's exports represent 1.3% of world exports for this product, its ranking in world exports is 19

Importers	Value	Trade	Share in	Quantity	Quantity	Unit value	Growth in	Growth in
	exported in 2017 (USD thousand) ▼	balance 2017 (USD thousand) i	Australia's exports (%) i	exported in 2017	unit	(USD/unit) i	exported value between 2013- 2017 (%. p.a.) i	exported quantity between 2013- 2017 (%. p.a.) i
World	31,012	-14,013	100	3,836	Tons	8,084	4	-5
China	6,294	-5,227	20.3	514	Tons	12,245	19	14
Canada	3,539	3,539	11.4	353	Tons	10,025	8	1
Singapore	3,272	3,269	10.6	468	Tons	6,991	11	2
Hong Kong, China	2,573	2,573	8.3	262	Tons	9,821	-2	-5
Malaysia	2,081	2,072	6.7	357	Tons	5,829	0	-5

Image: ITC Trade Map

Market Competition



TRADE MAP

Trade statistics for international business development
Monthly, quarterly and yearly trade data. Import & export values, volumes, growth rates, market shares, etc.

List of supplying markets for the product imported by China in 2017 ⁱ Product: 040900 Natural honey

China's imports represent **3.9%** of world imports for this product, its ranking in world imports is **6**

Exporters	Value imported in 2017 (USD thousand) ^v	Trade balance 2017 (USD thousand) ⁱ	Share in China's imports (%) ⁱ	Quantity imported in 2017	Quantity unit	Unit value (USD/unit) ⁱ	Growth in imported value between 2013-2017 (% p.a.) ⁱ	Growth in imported quantity between 2013-2017 (% p.a.) ⁱ
World	91,235	179,470	100	5,669	Tons	16,094	19	4
New Zealand	66,833	-66,833	73.3	2,202	Tons	30,351	24	4
Australia	7,339	5,659	8	521	Tons	14,086	19	13
Germany	2,354	8,380	2.6	274	Tons	8,591	-4	0
France	1,917	-1,916	2.1	305	Tons	6,285	5	12
Thailand	1,791	672	2	347	Tons	5,161	6	-5

Image: ITC Trade Map

[Trade Map](#)

Regulation Compliance

Visit: [Manual of Imported Country Requirements \(MICoR\)](#)

Import and export country-specific food safety requirements on:

- Dairy
- Meat
- Seafood
- Plants
- Live Animals
- Non-Prescribed Foods

*E.g.: “It has been brought to the attention of the Department of Agriculture and Water Resources, that **Chinese border inspection** officials are routinely **testing Australian honey** for the presence of American Foulbrood, European Foulbrood, Small hive beetle and Varroa destructor. **Positive detections within the consignments will result in the rejection of the entire consignment.** (MICoR)*

E.g. Search “Your product + export destination”

Result? Knowing if you have the capability/resources to meet the regulations of desired export destination in the first place.



Meat
Includes fresh meat, processed meat, and animal byproducts such as skins, hides, petfood, rendered products, and technical products.



Dairy
Includes milk, milk powder products, butter, cream, cheese and other processed dairy products.



Plants
Includes fruit, vegetables, nursery stock, cut flowers & foliage, seeds, grains, stockfeed and timber.



Fish
Includes finfish, other seafood such as bivalves, crustaceans, echinoderms, gastropods, cephalopods, tunicates, and crocodile meat.



Live Animals
Includes livestock, companion animals, horses, zoo animals, birds & hatching eggs, fish, bees & other invertebrates, and reproductive material.



Eggs and non-prescribed goods
Includes shell eggs and egg products, honey and bee by products, and processed foods.

Image: MICoR

Regulation Compliance

Visit: [Department of Agriculture and Water Resources](#)

Provides additional export information, including:

- Approved audit providers
- Export certificate assistance and links
- Assistance for small exporters
- Exporter registration requirements
- Export quota information
- As well as similar MICoR information (specific dairy, meats seafood, etc)

Exporting

Exporting from Australia

Manual of Importing country requirements (MICoR)

Export Documentation System (EXDOC)

Fees and charges

Payments

Export forms

Assisting small exporters

Live animals

Exporter Supply Chain Assurance System (ESCAS)

European Union Cattle Accreditation Scheme (EUCAS)

Meat and meat products

Export quotas

Image: Department of Agriculture and Water Resources

Using Free Trade Agreements (FTAs) and Comparing Tariffs

Visit: [Department of Foreign Affairs and Trade \(DFAT\) FTA Portal](#)

Australia has **7 FTAs in Asia:**

ChAFTA (China)

JAPEA (Japan)

AANZFTA (ASEAN + New Zealand)

KAFTA (South Korea)

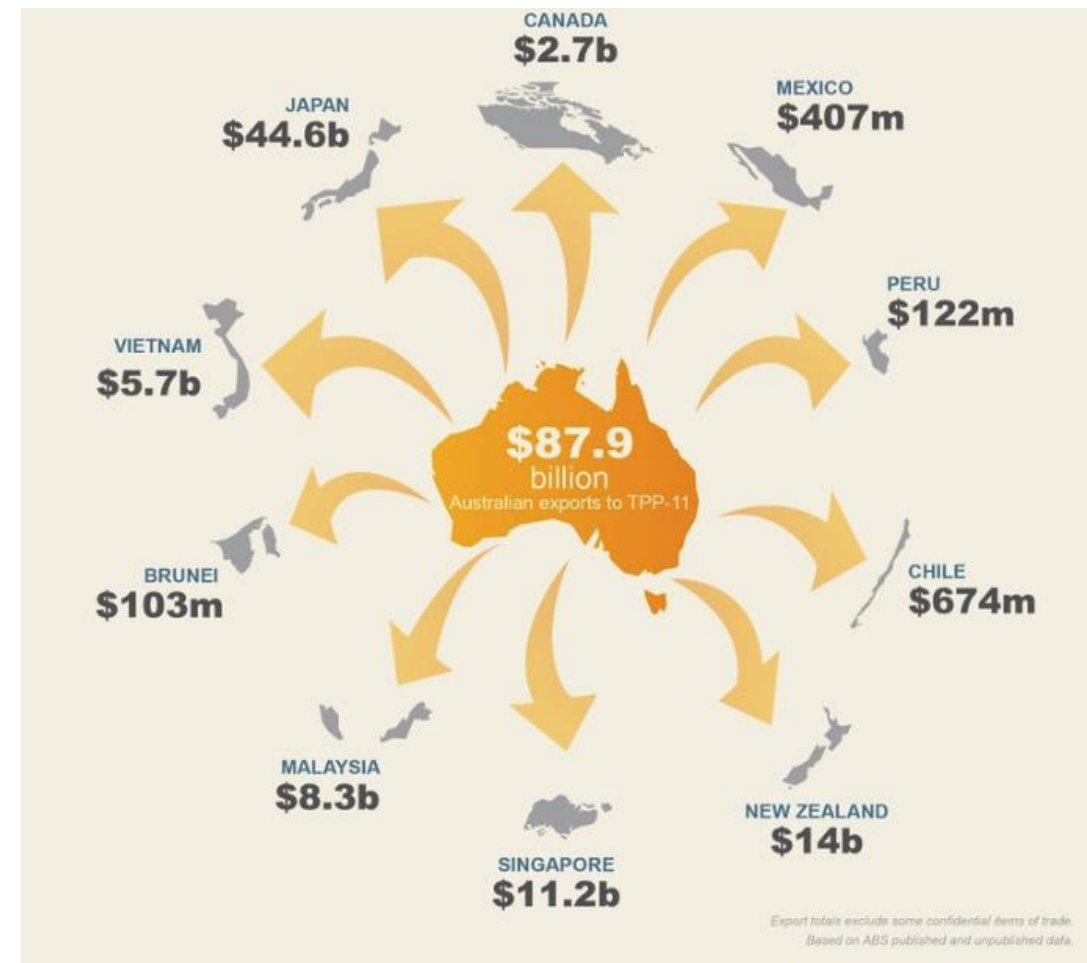
SAFTA (Singapore)

TAFTA (Thailand)

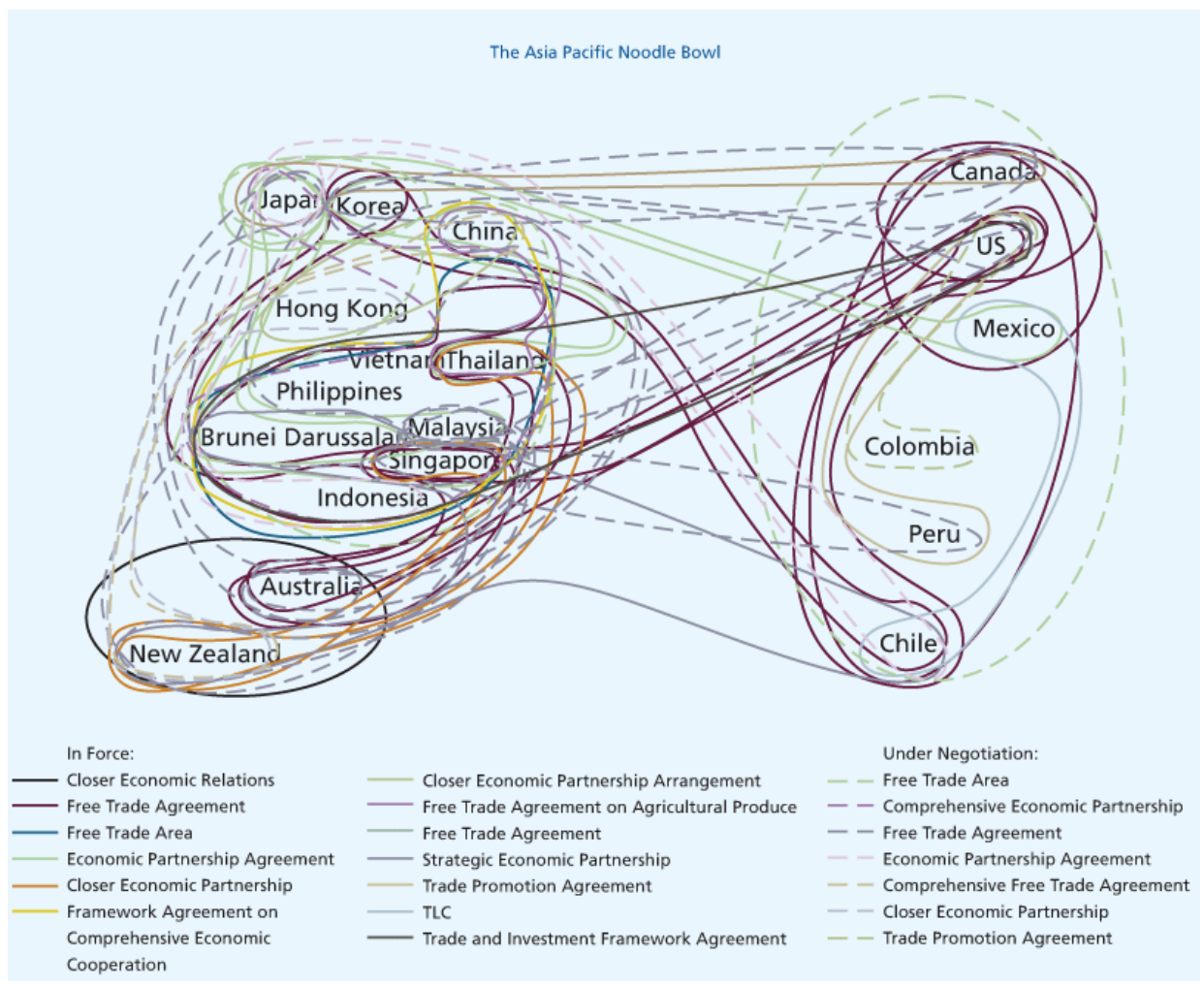
MAFTA (Malaysia)

Benefits of FTA Portal:

- Comparing tariff rates between potential export destinations or between available FTAs (e.g. TAFTA vs AANZFTA)
- Waiting for appropriate time to export (gradual tariff reduction, seasonal rates)



The Noodle Bowl and Rules of Origin



Rules of Origin

WO: Wholly Obtained – grown or mined in Australia

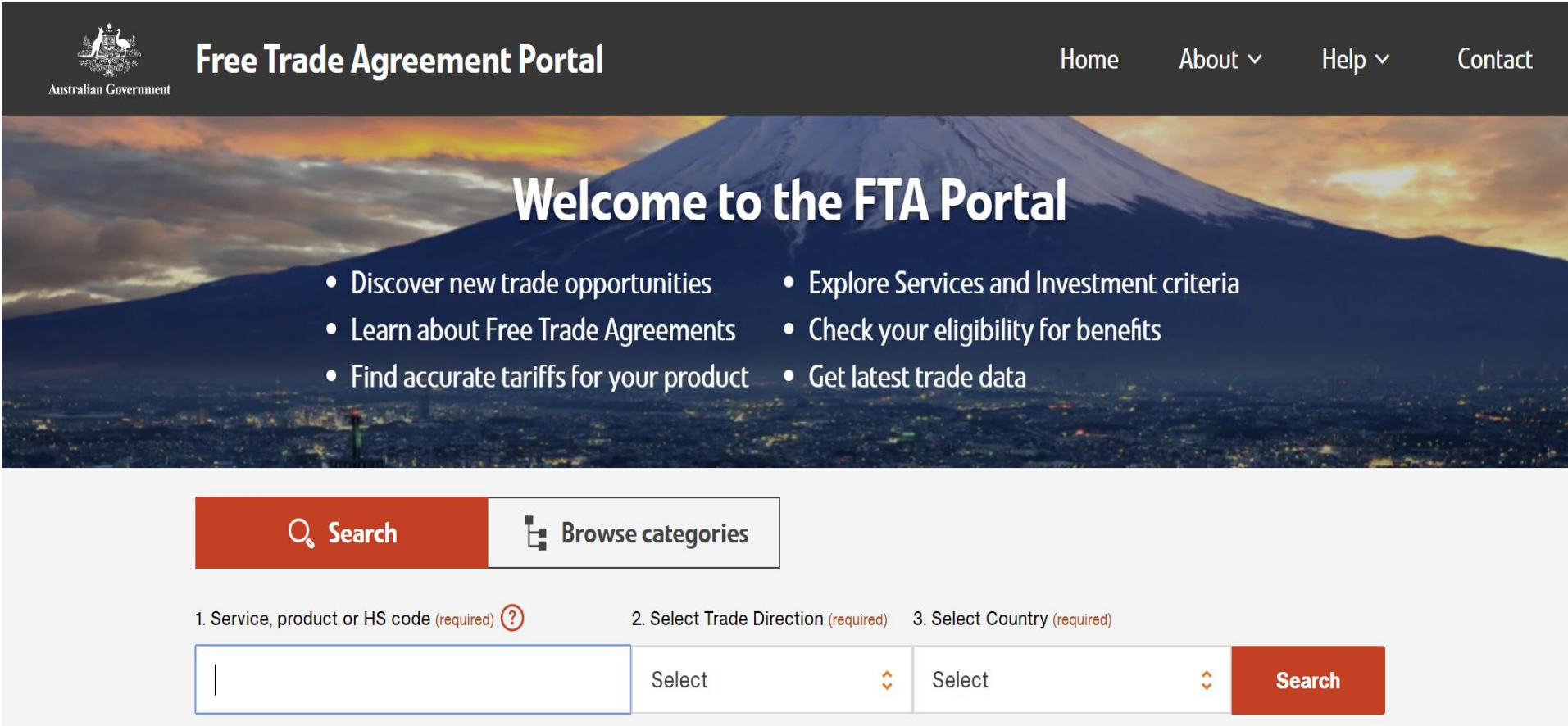
WP: Wholly Produced the good can be wholly produced in Australia or China. WP is not a category in any other FTA.

Change in Tariff Classification – According to the Product Specific Rules


Regional Value Content – calculation according to the product specific rules.

$$RVC = \frac{\text{Value of Goods} - \text{Value of Inputs}}{\text{Value of Goods}} \times 100$$

How can I research tariff discounts?




The screenshot shows the homepage of the Australian Government's Free Trade Agreement Portal. The header includes the Australian Government logo and the text 'Free Trade Agreement Portal'. Navigation links for 'Home', 'About', 'Help', and 'Contact' are present. A large banner image of a mountain at sunset features the text 'Welcome to the FTA Portal' and a list of key features: 'Discover new trade opportunities', 'Learn about Free Trade Agreements', 'Find accurate tariffs for your product', 'Explore Services and Investment criteria', 'Check your eligibility for benefits', and 'Get latest trade data'. Below the banner is a search bar with a 'Search' button and a 'Browse categories' button. The search form includes three required fields: '1. Service, product or HS code', '2. Select Trade Direction', and '3. Select Country', followed by a 'Search' button.



 **Free Trade Agreement Portal** Home About ▾ Help ▾ Contact

Welcome to the FTA Portal

- Discover new trade opportunities
- Learn about Free Trade Agreements
- Find accurate tariffs for your product
- Explore Services and Investment criteria
- Check your eligibility for benefits
- Get latest trade data

Search

1. Service, product or HS code (required)  2. Select Trade Direction (required) 3. Select Country (required)

Select  Select  **Search**

Refined, local market research

So...you know what your HS code is, you've done your preliminary market research to find the best possible export market, you're able to meet food safety and customs regulations, and you know which FTA you'd like to export under.

What's next?

Refined Product Research

1. Online Platform Research
2. Local TradeStart office

Benefits

1. Local marketing trends
2. Comparing pricing points
3. Observing Australian/international/local product competitors
4. "on the ground" knowledge

Visit:

[Yihaodian](#)

[Tmall](#)



¥ 98.00

Self-operated Australia imported osweet bla...

25% off 2 pieces

see details

2400+ 99%

Osweet self-operated flagship store



¥ 108.00

Self-operated Australia imported osweet yell...

25% off 2 pieces

1

add to

1800+ 99%

Osweet self-operated flagship store



¥ 118.00

Hepburn Jura Australia original bottle imported eucalyptus honey 500g

1

add to

9 100%

Hepburn Gala flagship store

Image: Yihaodian

Above: selection of Australian honey

What is capability?



Finance



Language



Product
Redesign



Cultural
Understanding



Non-Tariff
Barriers

Including

- Quotas
- Cost of local and international compliance
- Logistics
- Seasonal access
- International political environment including trade policies and public objection
- Rules of origin

Who are we?

- The Australian Trade and Investment Commission – Austrade – is a Government agency responsible for promoting trade, investment and international education, and tourism policy, programs and research.
- Austrade leverages the deep commercial knowledge and relationships of our international and domestic networks, and the badge of government, to deliver value for our clients and investors.
 - Connect export-ready Australian businesses to overseas opportunities and work with them to achieve commercial outcomes;
 - promote Australian capability internationally;
 - provide authoritative commercial insights and information to help clients to make informed business decisions;
 - inform and influence policy to support positive trade and investment outcomes.



Austrade's Network

Why work with Austrade?



August 2014

Sourced from Austrade – TradeStart 2018

Chamber of Commerce and Industry of Western Australia

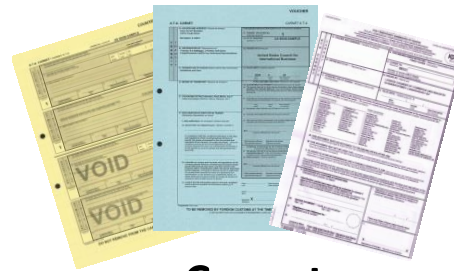
Documentation



Australian Made Logo



A certified trademark with instant brand recognition that will win you more sales for Australian made products locally and overseas.



Carnets



An ATA Carnet is a temporary customs clearance document that removes the need to raise bonds or deposit duty at customs posts. It reduces the clearance time on importation and re-exportation.



Certificates of Origin



Includes other supporting documents for exports

Thank you