South East Asia e-commerce markets
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Export Research Requirements:
“Pre-Market Due Diligence”
Presentation Format

- HS Codes
- Market research (Trade Map)
- Regulations (MICOR)
- Tariffs (DFAT FTA Portal)
- Refined Product Research (local TradeStart office)
- Capability
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
Section / Chapter Label
Section 1 – Agricultural Products
Chapter 04 - Dairy produce; birds' eggs; natural honey; edible products of animal origin

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

Subheading Label
Butter

04

0405

0405.10

Subheading Label
Dairy spread

0405.20

Australian Harmonized Classification
Export Commodity (AHECC)

Tarrif Harmonising Classification
How can I research the correct HS Code?

- 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
### 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

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### 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.

*Info sourced from ITC Trade Map*
Where do I begin my market research?

1. **Trade Map**
2. Create log-in (free)
3. Choose your product indicators
4. Explore
## Australian Yoghurt Exports to SEA

Product: 040310 Yogurt, whether or not flavoured or containing added sugar or other sweetening matter, fruits, ...  

Australia's exports represent 1% of world exports for this product, its ranking in world exports is 22.

<table>
<thead>
<tr>
<th>Importers</th>
<th>Value exported in 2017 (USD thousand)</th>
<th>Trade balance 2017 (USD thousand)</th>
<th>Share in Australia's exports (%)</th>
<th>Quantity exported in 2017</th>
<th>Quantity unit</th>
<th>Unit value (USD/unit)</th>
<th>Growth in exported value between 2013-2017 (%)</th>
<th>Growth in exported quantity between 2013-2017 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>23,256</td>
<td>17,910</td>
<td>100</td>
<td>6,124</td>
<td>Tons</td>
<td>3,804</td>
<td>5</td>
<td>7</td>
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<tr>
<td>Singapore</td>
<td>14,069</td>
<td>14,069</td>
<td>60.4</td>
<td>3,495</td>
<td>Tons</td>
<td>4,025</td>
<td>14</td>
<td>13</td>
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<tr>
<td>Hong Kong, China</td>
<td>2,657</td>
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<td>12.3</td>
<td>806</td>
<td>Tons</td>
<td>3,545</td>
<td>-8</td>
<td>-1</td>
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<tr>
<td>Malaysia</td>
<td>2,330</td>
<td>2,330</td>
<td>10</td>
<td>717</td>
<td>Tons</td>
<td>3,256</td>
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<td>15</td>
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<tr>
<td>Thailand</td>
<td>1,294</td>
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<td>5.6</td>
<td>441</td>
<td>Tons</td>
<td>2,934</td>
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<td>36</td>
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<tr>
<td>China</td>
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<td>943</td>
<td>4</td>
<td>189</td>
<td>Tons</td>
<td>4,989</td>
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<td>-10</td>
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<tr>
<td>Papua New Guinea</td>
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<td>95</td>
<td>Tons</td>
<td>3,832</td>
<td>-3</td>
<td>0</td>
</tr>
</tbody>
</table>

Image: ITC Trade Map

**Trade Map**
## Market Competition

### Trade Map

List of supplying markets for the product imported by Singapore in 2017:

**Product: 040310 Yogurt, whether or not flavoured or containing added sugar or other sweetening matter, fruits, ...**

Singapore's imports represent **1.4%** of world imports for this product. Its ranking in world imports is **20**.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>World</td>
<td>35,101</td>
<td>-34,549</td>
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<td>11,630</td>
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<td>Australia</td>
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<td>Thailand</td>
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<td>38</td>
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<tr>
<td>Switzerland</td>
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<td>-4,575</td>
<td>13</td>
<td>1,066</td>
<td>Tons</td>
<td>4,296</td>
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<tr>
<td>Malaysia</td>
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<td>Tons</td>
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<td>-1</td>
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<tr>
<td>China</td>
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<td>-1,664</td>
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<td>1,131</td>
<td>Tons</td>
<td>1,471</td>
<td>347</td>
<td>150</td>
</tr>
</tbody>
</table>

Image: ITC Trade Map

**Trade Map**
Regulation Compliance

Import and export country-specific food safety requirements on:

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

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.

Visit: [Manual of Imported Country Requirements (MICoR)](#)
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 MCoR information (specific dairy, meats, seafood, etc)
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)
- JAEPA (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?

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
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

Above: Australian yoghurt selection (Fairprice)
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
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?

Sourced from Austrade – TradeStart 2018
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.

Includes other supporting documents for exports.

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