

Introduction and purpose of this project

The Department of Immigration and Border Protection has commissioned Deloitte Access Economics to produce a report analysing the costs that administrative responsibilities within its control impose on businesses seeking to import and export products to and from Australia. This will include analysing:

- The external context within which Australia's trade facilitation policy sits; and
- Domestic issues involving the current customs and permit processes, and the use of technological solutions and other policy approaches to increase the effectiveness and efficiency of these processes.

Trade facilitation is defined here as the simplification and harmonisation of trade procedures to lower cross-border transaction costs. The focus of this project is accordingly on how customs related processes impact trade. A consideration of how trade can be facilitated through improved transport, storage or ICT infrastructure is beyond the scope of the current project.

The work will involve three key components:

- A detailed literature review analysing the impact of administrative barriers on trade flows, the impact of international agreements and the impact of the growth of global supply chains on trade
- Consultations with industries bodies and large trading businesses to identify the barriers currently facing Australian importing businesses, the effectiveness of the Department's programs and service delivery, and the nature of the costs (both financial and time) that trade facilitation processes impose on business.
- Modelling the benefits to the economy as a whole from improvements in trade facilitation processes.

Consultations are being used to identify the main barriers to trade associated with trade facilitation processes, the extent to which these differ across industries and the size of both financial and time costs associated with different trade facilitation processes.

A range of questions which we would like to explore in the consultation are set out below. Not all of these questions will necessarily be relevant to your organisation or the members it represents and the consultation questions would be tailored accordingly.

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- 1) Can you describe the processes through which imports are brought into the country? Does this vary by the type of product imported?
- 2) Which processes impose the greatest costs on industry?
- 3) What are the different type of costs in this process e.g. compliance time, waiting time to get goods to market, financial costs associated with paying customs or engaging customs brokers?
- 4) Are you able to quantify any aspects of the costs above in relation to the value of imports e.g.
 - i financial payments to customs brokers or customs
 - ii time waiting for goods to be cleared by customs
 - iii time spent ensuring that documentation complies with customs process
- 5) Do these costs vary between different firms? What are some firm characteristics that contribute to differences in the costs?
- 6) Can you identify any processes which could be improved to reduce the financial or time costs associated with trade facilitation?
- 7) Are you able to quantify by how much the financial and time costs for specific processes could potentially be reduced?
- 8) For exporters are there any similar processes or costs that we should be aware of when it comes to exporting?
- 9) Apart from the costs imposed on importing products, are there any aspects of the current system that would impact the composition of the industry's imports or importation decisions (i.e. are there any products you simply do not import due to customs or other barriers)?
- 10) Looking to the future, are there any aspects of the global trading environment that might impact your answers above in the future or that you think the Department should be aware of?