



Australia GSP and Rules of Origin

1 Australia was the first country to introduce the GSP in 1966. The schemes which is targeted at specified developing countries has undergone a number of changes, both in terms of scope and coverage. It has a tiered structure with preferences for least developed countries (LDCs), Forum Island countries, a specified list of developing countries and some high income developing countries (Chinese Taipei, Hong Kong, Singapore and South Korea). A unilateral tariff preference scheme for LDCs and Timor Leste was introduced by Australia in 2003.

2 While the GSP preferential duties are product specific, a general principle used for the LDCs and Forum Island countries is that wherever the customs duty (MFN duty) is 5% or higher, the margin of preference is 5 percentage points. This would mean that if the MFN duty is 10%, then the GSP preferential duty would be 10%-5% i.e 5%. However, in case the MFN duty is less than 5%, the GSP duty would be 0%.

3 However, in the case of the specified list of developing countries including India, the GSP preferences are fairly limited. There is a list of 831

products on which preferences are provided. These products include vegetables, almonds, vegetable oils, processed meat, sugar products, processed food, alcoholic beverages, minerals, fatty acids, leather, wood, paper, stone, ceramic, glass, iron and steel, copper, aluminium, auto components, machinery, generators, power safety devices, automotives, parts of ammunition etc.

Rules of Origin

4 The rules of origin for Australia's GSP to developing countries could be subdivided into three categories of products as under:

- i. Goods wholly produced (including unmanufactured raw materials)
- ii. Goods manufactured in the developing country
- iii. Goods partly manufactured in the developing country

5 The goods wholly obtained are claimed to be the produce of a country are the produce of that country if they are its unmanufactured raw products as per Section 153H of the Customs Act 1901. Unmanufactured raw products have been defined as natural or primary products that have not been subjected to an industrial process, other than an ordinary process of primary production, and, without limiting the generality of the foregoing, includes:

- a) animals;
- b) bones, hides, skins and other parts of animals obtained by killing, including such hides and skins that have been sun-dried;
- c) greasy wool;
- d) plants and parts of plants, including raw cotton, bark, fruit, nuts, grain, seeds in their natural state and unwrought logs;
- e) minerals in their natural state and ores; and crude petroleum.

6 The goods manufactured or partly manufactured in a developing country should meet two criteria as per Section 153M of the Customs Act 1901

- a) the last process in their manufacture was performed in that country;
and
- b) their allowable factory cost is at least **50%** of their total factory cost.

7 The documentation for validation of the rules of origin are the following:

- (a) Certificate of Origin in the Form A format
- (b) Statement of origin (no prescribed format) on a commercial invoice validating the criteria of rules of origin.

8 Australia provides preferences to India on around 830 tariff lines covering sectors like dairy, fruits, vegetable oils, ceramics, glass, engineering, auto motives with the summary as of products as under:

Sector	HS	Lines	MFN	GSP
Animal Products	1-5	1	4.0%	0.0%
Agricultural unprocessed	6-14	35	5.0%	2.6%
Agriculture processed	15-24	88	4.9%	3.1%
Ores, minerals, petro	25-27	14	5.0%	3.7%
Chemicals	28-38	13	4.9%	2.0%
Leather	41-43	9	5.0%	4.0%
Wooden products	44-49	141	5.0%	2.1%
Textiles & clothing	50-63	1	5.0%	4.0%
Articles (stone, ceramics, glass)	65-70	80	5.0%	4.0%
Base metals	72-83	248	5.0%	2.6%
Machinery	84-85	160	5.0%	3.9%
Transport equipment (autos)	86-89	23	5.0%	4.0%
Instruments/ appliances	90	4	5.0%	4.0%
Watches/ musical instruments/ arms	91-93	9	5.0%	2.2%
Furniture/ toy/ sports goods/pens etc	94-97	4	5.0%	3.0%
Total		830	5.0%.	3.0%

