

# Importing Products

People usually import products from overseas because they are not produced here or because they are cheaper or of a better quality. Some importers achieve fast, spectacular results. But most successful importers, like other kinds of business operators, build their businesses slowly and carefully.

Your decision to import should also be considered carefully because, while a product may seem cheap at first, there are extra costs and risks to consider – like transport, duties, insurances and other unforeseen costs.

## Importing Checklist

Before importing products from overseas, ask yourself:

- Is the product that you have in mind already available in Australia?  
If it isn't, why not? (Is there not enough demand for it?)  
If it is, are there any Australian-made products that will satisfy your requirements or your customer needs?
- If you would like to find Australian products that meet your needs, contact the Industrial Supplies Office (ISO) on (07) 3832 4577 (Brisbane callers) or 1800 177 753 (outside Brisbane) or visit their website [www.isoqld.com.au](http://www.isoqld.com.au).
- Is there an opportunity for local manufacturers to consider tooling up/investing to manufacture product? (Consult ISO or State Development Centre)
- Are there any prohibitions or restrictions on the product?
- Is the product safe?
- How will you specify the product?
- How will you verify the quality and compliance with specification?
- Are there any Australian Standards applicable to the product?
- Is the product likely to infringe any intellectual property/copyright/trade mark law?
- Is the product subject to customs duties or GST?
- What is the best method of payment to use when paying overseas suppliers?
- How are you going to distribute the product in the Australian market?
- Which costs will you incur to import the product?  
Try to identify all likely costs including transport, duties, insurances and other unforeseen costs.

- Who else imports the product?
- Will you have exclusive rights to import the product in Queensland/ Australia?
- What is the duration of that agreement?
- In the event of litigation will it be subject to Australian or the exporter's legal system?
- How much profit are you likely to make? Is there going to be enough demand for the product?

## What are the costs involved?

There is a range of costs you need to take into account before you can assess whether your product is going to be viable in Australian markets. These include:

- exporter's selling price ex works – this usually doesn't include transport or insurance costs; or freight on board
- inland transport to the point of loading – usually determined from either the exporter or importer's freight forwarder;
- port charges at the point of loading – you can find out these charges from the exporter, freight forwarder, shipping company or airline;
- freight from loading to discharge – ask the freight forwarder, shipping company or airline;
- port charges at the point of discharge – ask the freight forwarder, shipping company, airline or customs broker;
- clearing charges, customs duty and GST- ask a licensed customs broker to quote a price for clearing your product from customs control. Your customs broker can also tell you the rate of duty you are likely to pay and if you are required to pay GST and, if so, how much;
- fumigation charges – available from customs agents;
- inland transport to your premises – ask a cartage company, freight forwarder or customs broker; and,
- insurance – insurance against loss or damage can be arranged by freight forwarders, insurance agents or insurance brokers.



## Methods of payment

You should consult your business banking manager or accountant to work out the best method of payment.

The most common methods of payment are:

- cash in advance (before shipment);
- letter of credit (a deal set up between you, the exporter and the banks);
- sight draft (a different kind of deal between your respective banks whereby you receive the product's documents from your bank after payment);
- tenor draft (similar to a sight draft but set at a future date);
- open account (the exporter sends you the documents and you then pay for the product by bank draft or telegraphic transfer).

## What about exchange rates and transport?

To minimise the risks involved in exchange rates, ask for quotations and invoices in Australian dollars rather than in local currencies. Otherwise, ask your bank manager if you can take out a forward exchange contract to cover the exchange risk.

Consider sea and air freight as methods of transport for your imported products. While sea freight may have lower base rates, they may also have a much higher minimum charge. Costs will also depend on whether containers are full, the kind of vessel used and the shipment route. To make sure you get the best deal, ask for quotes from airlines, shipping agencies and shipping and forwarding agencies.

## Product Safety

For many products in Australia there is a Safety Standard in place which is an important benchmark used by industry when manufacturing or importing products. Where there is a Safety Standard in place products that do not comply may be more difficult to sell.

Some product standards are mandatory which of course means those products are totally prohibited from sale unless they comply with the relevant standard.

It would be prudent for anyone considering importing a product into Australia to first check with Standards Australia on 1300 654 646 to see if there is a voluntary Safety Standard in place for the product and then the

Office of Fair Trading - Product Safety Branch on (07) 3239 0180 or (07) 3239 0119 to see if the standard is mandatory. If applicable a copy of a product standard may then be purchased from Standards Australia.

Different states in Australia also have prohibition orders in place on certain products which means a product may be banned in some states and not others. The Office of Fair Trading - Product Safety Branch can provide advice in many cases on products prohibited from sale.

## Who can help?

If you are considering importing products into Australia, there are a range of government and industry bodies that can provide you with information and advice.

These include:

- Commerce Queensland (Queensland's Chamber of Commerce and Industry) provides members (as well as fee-paying non-members) with information and advice on importing products through their Tradelinks and Trade Match programs, individual consultations and international trade library – call (07) 3842 2244 or [www.qcci.com.au](http://www.qcci.com.au)
- the Australian Customs Service (ACS) has information on customs duties and import regulations – telephone 1300 363 263 or visit their web-site at [www.customs.gov.au](http://www.customs.gov.au) ACS also coordinates a Tariff Concession System (where you can have tariffs removed on imported products that are not replaceable with Australian products) – call (08) 8447 9211
- The Industrial Supplies Office (ISO) can provide on a fee basis the search and written advice on whether substitutable goods are produced in Australia in accordance with the Tariff Concession Application requirements of the Australian Customs Service – call (07) 3832 4577
- Austrade (telephone 13 28 78), foreign embassies or consulate offices and overseas business associations may be able to offer you specific economic and cultural advice; and at [www.austrade.gov.au](http://www.austrade.gov.au)
- Quality Assurance Services (on a fee for service basis) provide an assessment service to show compliance of products to related Australian Standards. For more information on product certification and the use of the 'five ticks' Standards Mark – call 1800 242 661.

Once you begin to import products, you can also use the services of trading banks, confirming houses (who can act as your agent) and customs agents to do much of your paper work. This leaves you free to concentrate on the more important tasks of selling and distributing your imported product.

Your local State Development Centre can provide you with confidential and free information or refer you to the most appropriate source of specialist advice.