

## 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

- 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 telephone 3832 4577 (Brisbane callers) or 1800 177 753 (outside Brisbane) or website [www.icnqld.org.au](http://www.icnqld.org.au).
- Are there any prohibitions or restrictions on the product?
- 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.
- 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 – this usually doesn't include transport or insurance costs.
- 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.
- 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.

## 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 provides information and advice on importing products through their Tradelinks and Trade Match programs, individual consultations and international trade library - telephone 3842 2244 or [www.commerceqld.com.au](http://www.commerceqld.com.au).
- Australian Customs Service (ACS) has information on customs duties and import regulations – telephone 1300 363 263 or [www.customs.gov.au](http://www.customs.gov.au). ACS also co-ordinates a Tariff Concession System where you can have tariffs removed on imported products that are not replaceable with Australian products - telephone 08 8447 9211.
- Austrade foreign embassies or consulate offices and overseas business associations may be able to offer you specific economic and cultural advice - telephone 13 28 78 or [www.austrade.gov.au](http://www.austrade.gov.au).
- Quality Assurance Services can guide you on whether your product meets Australian Standards and can assist with product certification (so that your product can carry the five ticks logo) - telephone 3216 1355 or [www.smallbusiness.com.au](http://www.smallbusiness.com.au).



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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.

## Further information

The following fact sheets provide further information on these issues:

- Business planning