



Amazon.com’s announcement today to cease shipping from the US website to Australia, highlights the need for a whole of government approach to International Trade strategy in Australia and one that includes an import strategy

The news that Australians will be blocked from shopping on Amazon's international websites and restricted to using its smaller local platform, so the e-commerce giant complies with new GST rules on online purchases, although not welcome, has not come as a surprise.

The GTPA has previously expressed its concern over the impact of the GST Low Value Goods Bill and other attempts recently to impose additional costs on e-commerce imports.

“GTPA has long been concerned that imposing GST on low-value imported goods acts not only as a disincentive for some foreign companies to do business with Australia, it could also be damaging to our SME exporters that rely on imported components. It could also result in retaliatory measures against Australian exporters who rely on eCommerce channels to reach overseas consumers.

The GTPA also recognised that this Bill, which places the burden on electronic distribution platforms, has not been designed by Government in conjunction with industry and ecommerce stakeholders. The cost of complying with the Bill will inevitably be passed to consumers.” said Ms Lisa McAuley, former CEO of the Export Council of Australia and now CEO of the Global Trade Professionals Alliance (GTPA).

“One has to ask whether the time is right for Australia to be looking to introduce measures domestically that could be perceived as anti-competitive and non-tariff barriers. The GTPA is concerned about retaliatory measures that would impact on e-commerce opportunities for Australian companies overseas.” said Ms Lisa McAuley

It was as recently as December 2017, at the 11th World Trade Organisation’s (WTO) Ministerial Conference (MC11) in Buenos Aires, that efforts to initiate exploratory work toward future WTO negotiations on trade related aspects of electronic commerce was announced.

This proposed initiative was to put in place a framework to shape the rules of international e-commerce in the years to come and it included 70 of the WTO’s 164 members that collectively account for over 75% of global trade, including Australia, the United States, Japan and the European Union.

E-commerce-focussed small businesses are increasingly important elements of Australia’s trade future and we cannot afford to open the way for other jurisdictions to follow suit, subjecting Australian business to reciprocal domestic taxes in foreign markets. We need to avoid creating an opportunity for our key trading partners to erect NTMs that would ultimately hurt Australian SME exports.

Ms Collins Rex, the GTPA’s Director for Asia and Africa, and the person spearheading the GTPA’s eCommerce agenda said, “Now is the time for the Australian Government to assist MSME exporters and importers to capitalise on the trade opportunities presented



by advances in technology. Australia needs to embrace the world of eCommerce and rise to the challenge of its incumbent competition.”

GTPA is also working with Freight & Trade Alliance (FTA) “Freight & Trade Alliance (FTA) provided expert evidence to the Productivity Commission Inquiry into the collection of GST on low value imported goods. It was clear from that process that the Treasury Laws Amendment is not perfect and would create serious challenges for the e-commerce platforms servicing Australia,” said Travis Brooks-Garrett, Director of Freight & Trade Alliance (FTA) Pty Ltd.

“However, with the legislation already passed, FTA is committed to working with our members and the ATO on industry education and compliance. While Amazon has taken this position, other ecommerce platforms are building the infrastructure to comply.

Fears of retaliatory measures or global standard setting are well-founded, with the Council of the European Union also introducing new rules to comply with value-added tax (VAT) obligations. The new rules extend an existing EU-wide portal for the VAT registration of distance sales. Following the Australian style model, the EU is making the online platforms liable for collecting VAT on the distance sales that they facilitate.

Future policy decisions in this area must be achieved via co-design with industry and in consultation with the e-commerce stakeholders.”

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