Australian Customs Notice 1996 31

**AMENDMENTS TO THE ADMINISTRATIVE ARRANGEMENTS TO THE YEAR 2000 FOR THE AUTOMOTIVE INDUSTRY - EXPORT FACILITATION SCHEME**

The Export Facilitation Scheme (EFS) forms part of the 'Administrative Arrangements to the Year 2000 for The Automotive Industry'. The Scheme is designed to encourage the manufacture and export of value-added products in Australia. It applies to specified passenger motor vehicles (PMVs), automotive components, automotive machine tools and tooling and automotive design, development and production services.

As a result of a recent government decision, eligibility for the EFS has been extended to facilitate the eligibility for products of emerging technologies.

The Export Facilitation Scheme Arrangements to the 'Administrative Arrangements to the Year 2000 for the Automotive Industry' are amended by:

1. the inclusion of a new part (d) to C1.2.1 to read as follows:

"(d) Products and services of emerging technology designed initially for use as OE in vehicles falling to Chapter 87 of Schedule 3 to the Customs Tariff Act 1995 and which are demonstrated to have strong potential for later application as OE in vehicles which, if produced in Australia, would be considered to be specified PMVs

(See Part C:1.2.3 b.)"

1. the existing C:1.2.3 shall now be read as:

"C:1.2.3 a. The eligibility to earn export credits for the products and services identified in Part C:1.2.1 c. will be determined by the Australian Customs Service in the following manner:

*Automotive Machine Tools and Automotive Tooling*

When determining whether machine tools or tooling qualify as automotive machine tools (see Glossary) or automotive tooling (see Glossary) eligible to earn export credits, the Australian Customs Service, will give consideration to the product or products which will ultimately be produced by the machine tool or tooling. Eligible export status will only be granted where the principal use of the machine tool or the tooling is the manufacture of PMVs and automotive components of a type specified in Parts C:1.2.1 a. and

b.. Machine tools or tooling used for the production of raw materials, goods in bulk or goods that require cutting to length or shape (see Part A:1.4.4) will not be eligible.

*Australian Automotive Design, Development and Production Services*

When determining the eligibility of Australian automotive design, development and production services (see Glossary) the Australian Customs Service will require:

that the service must be based in Australia;

that the service must be for a specific defined outcome; and

evidence of a bona fide contract for the provision of the service activity.

Only automotive design, development and production service activity undertaken on or after 1 January 1991 will be eligible to earn export credits.

b. Eligibility under Part C:1.2.1(d) will require explicit articulation by applicants of the link between the use of the product as OE in vehicles other than PMVs and their later use as OE in PMVs, the rationale for using a non-PMV vehicle falling to Chapter 87 of Schedule 3 to the Customs Tariff Act 1995 for the initial market for the product, and the intended time frame in which the product will be incorporated as OE in PMVs. The intent of this provision is to encourage the development and advancement of PMV oriented technology in Australia and its rapid incorporation as OE in vehicles which, if produced in Australia, would be considered to be

specified PMVs.

**NOTE:** Under Part C:1.2.3 royalty or other such payments are not eligible to earn export credits. Where an EFS participant is in doubt as to the eligibility of exports to earn export credits under C:1.2.3, the Manager Automotive &amp; Transport, Australian Customs Service, should be consulted before arrangements are finalised.

Any inquiries concerning the operation of the amendments can be directed to : **Australian Customs Service Dept. Industry, Science &amp; Tourism** Manager Garry Compton

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