



Ten questions to ask before importing garments

Garments imported from Asia and elsewhere around the world represent a large percentage of clothing sold in Australia. As garment importers may be subject to unforeseen duty expenses and seasonal deadlines, it is crucial to engage a knowledgeable, efficient and effective freight forwarder. When investigating your freight forwarder, be sure they can adequately answer all of these questions.

1. What commercial markings are required by Australian customs?

All goods imported into Australia must have commercial markings required by the *Commerce (Trade Descriptions) Act 1905 (CTDA)* and the *Commerce (Imports) Regulations 1940*. For example, retail goods must be marked with the Country of Manufacture.

For more information on the commercial markings your goods might require, call Magellan Logistics or visit the Australian Border Force website www.abf.gov.au.

2. What duty will be charged?

While import duty applies to most goods imported into Australia, rates vary between products. When importing garments, duty paid also depends on whether or not the garments come with 'assists'. An 'assist' is anything that has been added to the garment for shipment, e.g. hangers, or for in-store use, e.g. swing tickets. Because 'assists' aren't integral to the garments, they attract a duty rate based on the specific commodity; e.g. hangers attract a duty of 5%.

If you are importing bulk quantities of garments into Australia and re-exporting smaller quantities to other markets, e.g. New Zealand, Pacific islands, you can apply to be part of the TRADEX scheme. Under this scheme importers can declare quantity of goods being re-exported. These goods can be declared exempt from Duty and GST. However, goods must be re-exported within 12 months. For more information log onto <https://business.gov.au/grants-and-programs/tradex-scheme>.

Some triangular shipments for the fashion industry can attract more complex duty scenarios. For example, Magellan can arrange a shipment of fabric from one country to a factory in another country; e.g. fabric from Italy shipped to a factory in China. The factory will cut, make and trim (CMT) the fabric into garments for export to Australia. In this situation, the duty is calculated on the fabric and freight component from the country of origin to the factory, as well as the CMT costs of the percentage of fabric actually used in the garments plus any 'assists'.

If you are importing garments from Developing Countries you maybe eligible for a discounted rate of duty.

To ensure you know exactly what duty will apply to your goods, contact Magellan Logistics.

3. What are my supplier's terms of sale?

The terms of purchase you negotiate with your supplier affect the shipping costs you are liable to pay. So understanding the following terms will eliminate any nasty surprises with regard to your obligations and any risks involved.

Free on Board (FOB): Supplier pays all the costs of getting the goods loaded on the vessel/plane. When you buy goods under FOB terms and nominate Magellan Logistics you will:

- have agreed rates from the port through to delivery to your door
- be able to track your shipment
- understand the most cost-effective shipment method
- get honest feedback on shipment dates and cargo availability.

Cost Insurance Freight (CIF): Your supplier pays all costs of insurance and freight. This means that you have no choice as to the service providers used, despite the fact that these costs will be billed to you.

- Your supplier chooses the forwarder.
- Your supplier's forwarder will choose the shipment method – regardless of the cost to you.
- You may be unable to track your goods.
- The forwarder's Australian agent may only notify you once the goods are at the dock, causing delays in planning wharf clearance, delivery and distribution.

Ex-works: You pay all the costs from the supplier's factory to the port plus actual shipping costs.

4. Can I consolidate shipments from different suppliers?

Yes. In fact, a multi-vendor consolidation can save substantial freight and local port costs. If your shipment is Less than a Container (LCL), we can coordinate LCL shipments from your other suppliers to make up a Full Container Load (FCL) that complies with weight restrictions and meets your deadline.

5. Will I meet my seasonal deadlines?

Meeting a seasonal deadline requires an adequate lead time to schedule your goods on a vessel/flight, clear customs and deliver and distribute your goods prior to the season start. Magellan can liaise with your supplier, co-ordinate the transport schedule and confirm ex-factory and shipping dates through our local agents.

6. Can I arrange a "triangle" shipment?

Most triangular shipments for garment importers involve shipping fabric from one country to another for manufacture into garments then exported to Australia. Please refer to the Cut, Make, Trim information in section 2 "What duty will be charged?"

If you want to ship fabric from one country to a cut, make, trim (CMT) factory in another country, call Magellan. This is one of our specialty areas. We'll not only organise the shipments and deliveries to suit your seasonal requirements, we'll advise on applicable duty.

Triangle shipments require attention-to-detail and diligence and we've co-ordinated fabric shipments from various European ports like Istanbul in Turkey through to Milan in Italy to factories in Asia for Cut Make and Trim orders.

Engage Magellan to negotiate freight rates, liaise with your supplier and track your order from the Port of Loading to the Port of Discharge. You'll be kept updated on the Estimated Time of Departure (ETD) and the Estimated Time of Arrival (ETA), as well as your shipment's progress. You can even track your shipment's progress on our website, www.magellanlogistics.com.au

7. How can I track my shipment?

Using the Magellan website (www.magellanlogistics.com.au), you can easily track your garments by your order number via the MagTrack Portal. You'll clearly see the shipping, arrival and actual delivery dates, and you can export this information in an Excel format for your in-house reports. When you engage Magellan, you'll receive notifications at the time of booking, time of shipment and prior to your garments arriving.

8. Do I have the necessary customs clearance documentation?

To ensure your cargo is released and cleared through customs, you'll require a

1. **Bill of Lading** that details the precise contents of the shipment and is issued by the Freight Forwarder to the shipper at the port of export.
2. **Commercial Invoice** that details the items contained in your shipment.
3. **Packing Declaration** – this is a requirement on all FCL and LCL shipments. Please contact Magellan Logistics for templates.
4. **Fumigation Certificate** – this is required if any packaging that may require fumigation, e.g. wood not treated to international standard IPSM 15, has been used.

For more detail on customs and documentation requirements, please see our guide: How to Avoid Delays with Australian Border Force.

9. How can my shipment be delivered?

To assure safety and expedited deliveries, ensure you stipulate the correct equipment for delivery. Sending the wrong vehicle can result in additional and unexpected charges. Know how your cargo is arriving and what type of vehicle is required.

There are three main ways to get your cargoes delivered:

Standard Delivery: Truck with container on a trailer that waits whilst you unpack.

Drop Trailer: Truck leaves trailer with container on at your premises for unpacking.

Sideloader: Truck with specialised trailer that has its own lifting equipment will drop the container on the ground at your premises.

Certain time and weight restrictions apply to each method of delivery. Please check our guide: How to Avoid Delays with Australian Border Force.

LCL shipments are delivered by van, utility vehicle or truck, depending on the size/cubic metres of the shipment.

10. How can I avoid additional costs?

No one likes unexpected expenses, yet unclear information, insufficient documentation, inappropriate packaging or importation of goods that require permits can result in extra wharf or airline depot charges.

Additional charges may apply in the following circumstances:

FCL Detention – Cartage companies allocate a set amount of time for pick up from the wharf, delivery to the your premises, unpack of the container and offhire of the empty container. If the delivery exceeds the allocated amount of time, detention is charged for additional time the truck is on the job.

LCL Detention – Similar to FCL detention, if the pick up/delivery time exceeds the allocated time allowed by the cartage company, detention is charged.

Via Depot – If the importer is unable to take delivery of the container and it has to be taken back to the Cartage Depot, a charge applies.

Tailgate – A quarantine inspection ordered for cargo travelling outside the metropolitan zone.

Steamclean – If quarantine identifies dirt on a container before it leaves the wharf, they will order it for steam clean prior to delivery.

Fumigation – Wooden products or packing was not fumigated at the port of origin.

Missed Timeslot – The timeslot at the wharf wasn't used due to a customs hold; i.e. missing or incorrect paperwork.

Wharf or Depot Storage – Goods are not customs cleared and picked up within the free time allowed.

Container Demurrage – Empty containers are not returned within the free time allowed for import delivery.

A thorough understanding of the purpose, processes and requirements of the Australian Customs Service is vital to the smooth importation of any goods into Australia. For more information visit their website, www.abf.gov.au or engage Magellan Logistics to co-ordinate seamless transportation of your goods.

More questions?
Contact Magellan Logistics
for answers.

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