Supply Chain Security and Authorised Economic Operator – Australia’s Approach

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AUSTRALIA'S APPROACH

THE TRADE ENVIRONMENT - 2005

- World trade approx US$25.9 trillion
- APEC Region 46% of world trade
- 84% of APEC trade is in goods
- Australian merchandise AU$300B
- The APEC region 72% of AU exports

BACKGROUND

- Compliance with the WCO Framework
- Complementary goals – Security vs. Facilitation
- Cooperative arrangements with all stakeholders

TRADE FACILITATION

"Effective border management that supports legitimate trade"

DESIRED QUALITIES FOR INDUSTRY

- Certainty of cargo availability
- Timeliness of cargo clearance
- Easy and low-cost interaction with trade-related government agencies
- Insurance in case of disruption to the flow of trade

DESIRED QUALITIES FOR CUSTOMS

- Accurate and timely information to enable risk assessment of cargo
- Ability to manage high-risk cargo
- Accurate information with whom to provide trade statistics and inform policy

THE AUSTRALIAN PILOT PROGRAM

- Explore development of an Australian AEO program:
  - Identify future opportunities for trade facilitation
  - Consider joint management of international trade
- Inclusive of imports, exports, aviation and maritime
- Open to parties in the Australian supply chain

OUTCOMES / LESSONS LEARNT

- Co-design of security profile
- Importance of whole of Government recognition in security accreditation and regulation
- Challenges in providing increased predictability, service and reliability
- Joint approach to security in Customs and industry processes
- Flexibility and adaptability crucial
BENEFITS

SHORT TERM

• Reduced intervention and examination
• Priority service for trusted partner cargo
• Access to a dedicated point of contact

MEDIUM/LONG TERM

• Mutual Recognition and Business Resumption
• Opportunities to reduce reporting requirements
• Customs to Customs data sharing

MUTUAL RECOGNITION

Mutual recognition is a process or framework that permits the status or “authorisation” that has been achieved within one jurisdiction to be recognised and accepted by another jurisdiction.

Two critical requirements
1) Common outcome;
2) Uniform interpretation of standards

What benefits does Mutual Recognition Offer

• Increased efficiency of the “authorisation” process
• Avoids duplication of controls
• Improved ability to risk assess cargo
• Improved visibility and reputation
• Level of assurance of trade continuance

WHERE TO FROM HERE?

• Complete pilot and evaluation by December 2007
• Progress discussion on mutual recognition
• Continue to explore opportunities for trade facilitation benefits

THANK YOU

For further information email supplychainsecurity@customs.gov.au