



27 September 2018

(18-5974)

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Committee on Trade Facilitation

Original: English

**AUSTRALIA'S AUTHORIZED ECONOMIC OPERATOR PROGRAM (AEO):
AUSTRALIAN TRUSTED TRADER**

COMMUNICATION FROM AUSTRALIA

The following communication, dated 26 September 2018, is being circulated at the request of the delegation from Australia, for Members' information.

1 INTRODUCTION

Australia's Authorized Economic Operator (AEO) program is known as Australian Trusted Trader (ATT). Australian Trusted Trader is open to all Australian businesses that import, export or provide services that support traders in the international supply chain, and demonstrate both a secure supply chain and compliant trade practices.

Australian Trusted Trader is consistent with the World Customs Organization SAFE Framework of Standards to Secure and Facilitate Global Trade, which promotes:

- supply chain security and trade facilitation at a global level to allow certainty and predictability of trade moving across international borders; and
- standards that enable a harmonised and integrated approach to supply chain management for all participants in the international supply chain.

The program introduces a differentiated trust-based framework at the border for entities that meet or exceed international supply chain security and trade compliance standards. Entities that meet these standards and qualify for participation in the program are deemed low risk and benefit from reduced regulatory burden and streamlined customs processes.

Trusted Traders are assessed and accredited based on their trade compliance, operating systems, communication and information quality, and international supply chain security. Accreditation is enacted through a Trusted Trader Agreements between the Australian Border Force (ABF) and qualifying entities which sets out further detail of the benefits and expectations.

Participation in the program is voluntary and provides Trusted Traders with benefits that facilitate trade, such as an Account Manager and priority treatment at the border. The efficiencies gained by the program have reduced impediments to trade. The development of new benefits for Trusted Traders is an ongoing priority for Australia.

It is estimated the total benefit of Australian Trusted Trader is \$3.5 billion¹ in nominal terms over a ten-year period (2015-2025). Mutual Recognition Arrangements (MRAs), which allow recognition of Trusted Trader status, are estimated to account for \$2.8 billion of this.

Australian Trusted Trader has been co-designed with industry through the Trusted Trader Industry Advisory Group (IAG). The IAG provides a structured way for Trusted Trader representatives to interact with Government. It meets three times a year and informs the agenda for change and

¹ All dollar figures in this paper are in Australian dollars. As at 21 September 2018, AUD1=USD0.7296.

enhancement of the program. The IAG includes a cross-section of representatives Australian business (including small to medium size enterprises), and Government agencies.

Australia has more than 220 accredited Trusted Traders (and another 100 applications being progressed) with a goal for this to rise to 1000 by 2020, covering 30% of trade by volume and 50% by value. Membership has increased 269% over 2016-2017, with a steady increase in both the volume and value of two-way trade conducted by Trusted Traders.

2 BENEFITS

Australian Trusted Traders receive a range of benefits including:

Account Manager

An ABF Officer acts as the Account Manager, being a single point of contact on border matters and to assist with improvements in compliance and resolving any border clearance issues.

Mutual Recognition Arrangements

A number of AEOs recognise Australian Trusted Trader status under Mutual Recognition Arrangements. Trusted Trader exporters will receive trade facilitation benefits at the border of our MRA partners, providing faster access to international markets. As noted above, these MRAs are estimated to be worth \$2.8 billion over 2015-2025. The Australian Government continues to pursue MRAs with other trading partners.

Australia has MRAs with:

- Canada
- China
- Hong Kong, China
- Republic of Korea
- New Zealand
- Singapore
- Chinese Taipei

A 'seat at the table'

Trusted Traders participate in a range of exclusive forums with Government decision makers and influence the future design of the program.

Use of logo

Trusted Traders can use the internationally recognised Australian Trusted Trader logo. The logo builds confidence in Australian traders, and the security of their supply chain.

Priority processing

Priority processing – including for advance rulings on tariffs, valuation and origin, reviews, duty drawback claims, and refund and remission applications for customs import duty.

Priority treatment of goods at the border

Trusted Traders are seen as low risk businesses and given priority treatment at the border. This means faster customs processing and fewer interventions. If a cargo examination is required, priority processing is provided. It is estimated that Trusted Traders will save an average of 1,500 inspection hours each year.

Data reports

Each month, the Account Manager can email to Trusted Traders a report on all goods imported and exported under their Australian Business Number (ABN).

Simpler visa process

Trusted Traders can use a streamlined process to become an accredited sponsor under the Temporary Skilled Shortage (subclass 482) visa. Trusted Trader status also makes the process of applying for an APEC Business Travel Card (ABTC) simpler. The ABTC helps facilitate short-term business travel within the APEC region.

Duty Deferral

If a Trusted Trader is entitled to defer payment of Goods and Services Tax (GST) under the Australian Tax Office's Deferred GST Scheme, the Trusted Trader is also entitled to defer the payment of duty on most goods to a consolidated monthly payment. This benefit assists Trusted Traders through increased cash flow and a reduction in administrative processes. By only making one payment for an entire month's imports, Trusted Traders are expected to make savings in excess of \$15 million each year.

Australian Trusted Trader (ATT) Origin Advance Ruling for imports from China

Following a pilot scheme, Trusted Traders now have access to streamlined origin documentation requirements for imports from China. Since August, Trusted Traders who import goods from China under the China Australia Free Trade Agreement (ChAFTA) can apply for a single advance ruling for goods under multiple tariff classifications and consignments. This provides a significant advantage to Trusted Traders over the standard application for an advance origin ruling, which may cover goods under only one tariff classification. Participants in the pilot scheme estimated their business would save \$1.6 million each year from this new approach.

Consolidated cargo clearance

Trusted Traders can lodge a single import declaration for consignments covered by multiple cargo reports for all sea and air cargo types, and pay only a single Import Processing Charge (IPC). This has demonstrably reduced red tape, with between 130 and 150 fewer import declarations from Trusted Traders each month since implementation. It is anticipated this will result in a potential saving of \$154 million over 10 years for Trusted Traders.

3 LESSONS LEARNT

The program commenced in July 2015 with a 12-month pilot scheme to test and refine the program's processes and design. Following completion of the pilot scheme in July 2016, program implementation was phased, with each phase showing growth in membership and a greater complexity in the business models and supply chains accredited and benefiting from a larger range of benefits.

An independent study undertaken after the completion of the first year of the program highlighted the following:

- Trusted Traders saw priority trade services as the most important benefit.
- Account Managers were rated highly by Trusted Traders.
- There is no 'one size fits all' approach to supply chain risk assessment. Rather, there is a need to have regard to each business and its structure individually.

Other insights from the first two years of operation include:

- Refining the application process helped to grow the program significantly. The initial application was difficult for business to complete, taking months, and sometimes more than a year. The refined application is easier to interpret. This has reduced the time cost of application for applicants and improved the quality of responses.
- Service providers are important influencers of decisions of importers and exporters about becoming a Trusted Trader. The ABF now encourages service providers to become Trusted Traders, whereas initially the focus was on importers and exporters.

- Communication – in order to ensure credibility, the Government identified the need to respond consistently to industry feedback and suggestions, including when industry suggestions were not feasible.

In 2017, there were around 30,000 ABF inspections of consignments for Trusted Traders, based on standard risk profiles. Not one of these inspections revealed prohibited or illicit goods. On average, these inspections took around 11 days each. The implementation of a risk management approach for inspection of Trusted Trader cargo has eliminated this delay and enabled the goods to get to market faster.

4 CONCLUSION

Trusted Traders are given premium service by virtue of their accreditation – this underpins the program. Their participation is valued, including any suggestions for change and improvement. We are committed to further improving and growing the program.

This partnership with industry helps to create a better trading system. It facilitates trade and helps to secure our borders as it enables us to focus our efforts in areas of greater risk.

Links with other AEO programs are strengthening with more MRAs being entered into and applied. Australia values these relationships and the expertise it can access through them.
