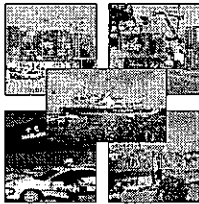


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SUPPLY CHAIN SECURITY & AUTHORIZED ECONOMIC OPERATOR

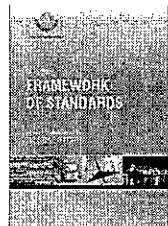
AUSTRALIA'S APPROACH



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Implementation of WCO Framework


- Compliance with three of the four core elements
- Focus is on developing and implementing an AEO program:



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Progress to Date


- Developed AEO strategy and key elements
- Discussion with:
 - Australian industry,
 - Other Australian Government agencies, and
 - Other Custom Administrations
- Commencing with a "Proof of Concept" project



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Industry Reactions

- Strong support for the concept
- Interest and willingness to participate
- Further information required
- Importance of tangible benefits
- Importance of bi-lateral agreements for mutual recognition
- Feeling that major companies would substantially comply already with the criteria.




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Key Elements

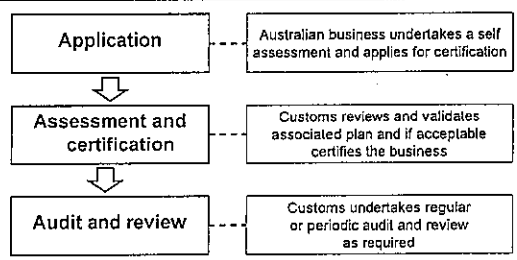
An Australian AEO Program will be:

- Consistent with WCO / AEO standards
- Inclusive of imports, exports, aviation and maritime
- Voluntary and open to all parties in the Australian supply chain
- Subject to regular review and re-certification



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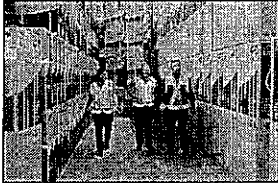
Proposed Model



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Benefits

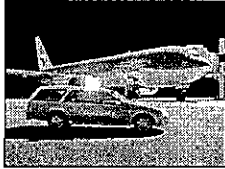
- In the event of a terrorist incident, the trade and economic impacts on a certified business would be reduced.



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Mutual Recognition


A process or framework that permits the status or "authorisation" of an AEO within one jurisdiction to be recognised and accepted by another jurisdiction.



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Why is Mutual Recognition Important

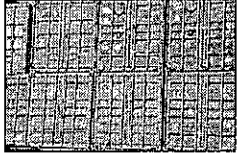
- Mutual recognition will be a pre-requisite for participation by many companies.
- Much of industry will not participate if multiple assessments are involved.
- Increased efficiency of the "authorisation" process for both industry and Customs administrations.



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Challenges to achieve harmonisation of standards and mutual recognition

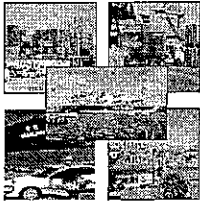
- Establishing AEO programs in each of our countries.
- Agreeing on sufficiently detailed standards so as to ensure consistent outcomes.
- Timing differences
- The way forward - bilateral negotiations



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AUTHORISED ECONOMIC OPERATOR SUPPLY CHAIN SECURITY PROGRAM


PROOF OF CONCEPT



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Objectives


1. Test and fine-tune the application and assessment processes for an Australian program; and
2. Reach agreement on mutual recognition.



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How will it work?

- Engage a small number of Australian companies
- Participating companies develop the necessary security profile
- Security profiles would be lodged for assessment and validation




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Security Requirements

Draft Australian requirements:


- 10 sections
- Recognition of other regulatory or accreditation processes
- Flexibility of operations
- Compliance with WCO & overseas Customs programs



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Outcomes Sought

- Evaluation of the processes and procedures to validate a company as supply chain security compliant
- Assessment of mutual recognition
- Leadership into APEC 2007



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Why

For industry

- opportunity to secure and protect overseas interests
- provide some assurance that international trade will continue

For Customs administrations


- understanding the proposed supply chain accreditation process within Australia
- work through barriers or concerns regarding mutual recognition



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Process

- WCO self-assessment checklist.
- Developed AEO strategy.
- Development of minimum criteria and validation procedures.
- Effective working relationships.



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Questions

