

Trade Talk: Australian Trusted Trader – MRAs gather pace

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Explore more insights 

In brief

The Australian Trusted Trader (ATT) program now has 136 participants, consisting of small to medium size businesses, service providers and some large multinational businesses.

In addition, Australia has signed a Mutual Recognition Arrangement (MRA) with China and a work plan to help progress a new MRA with the United States (US).

In detail

Followers of our series on the ATT will be familiar with the details of the program. The ATT seeks to provide preferential treatment for international traders who meet supply chain security and trade compliance standards, delivering reduced supply chain costs and improved speed to market, as well as a range of other commercial benefits for participating international businesses.

In this Alert, we provide an update on some exciting news on the MRA front.

Significant progress on key trading partner MRAs, including conclusion of China MRA

On 27 November 2017, Australia signed a MRA with China. Under the MRA, the General Administration of Customs of the People's Republic of China (GACC) and Australia's Department of Home Affairs (DHA) agreed to formally recognise each other's Authorized Economic Operator Programmes. As part of the agreement, accredited ATT members will receive trade facilitation benefits which are provided to Chinese exporters. These benefits include reduced examination and prioritised clearance by the GACC. This arrangement will see a reduction in costs for businesses trading between the two countries and is estimated to provide an AU\$440 million benefit to Australia's economy over the next ten years.

Australia currently has MRA arrangements with New Zealand, South Korea, Canada, Hong Kong and now China. 44.4 per cent of Australia's total exports are to these countries, with China alone accounting for 29.6 per cent.

We expect this recent signing to act as proof of concept for future MRAs, and accelerate negotiations with other key trading partners. Further negotiations are already underway with other major trading partners including Thailand, Singapore and the US. In an exciting move for Australian businesses, the Australian Border Force recently signed a work plan to help progress a new MRA with US Customs and Border Protection. This work plan aims to benefit ATT supply chain security, and eventually streamline access and entry into the US market.

Assuming these three MRAs are signed between Australia and the US, Thailand and Singapore, this would bring the number of Australian total exports covered under MRAs to 54.4 per cent. For Trusted Traders,

this means that over half of Australia's export activity would be eligible for favourable treatment under trade facilitation arrangements, thereby streamlining market entry access to top export trading destinations.

The takeaway

The ATT program is designed to allow the DHA to partner and reward international traders with a wide range of benefits. The recent developments within the ATT program show the willingness of the DHA to expand and incorporate new benefits to help achieve the program's desired goals and also demonstrate the growing maturity of the programme and the growing global opportunities for ATT members. In turn, the ATT program remains a unique opportunity for international traders to reduce supply chain costs, improve speed to market and free up working capital.

Let's talk

For a deeper discussion of how these issues might affect your business, please contact:

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