

**KEYNOTE ADDRESS BY MRS LIM HWEE HUA, MINISTER, PRIME MINISTER'S OFFICE, SECOND MINISTER FOR FINANCE AND TRANSPORT, AT THE APEC CUSTOMS – BUSINESS DIALOGUE 2009, 1 AUGUST 2009, GRAND COPTHORNE WATERFRONT HOTEL**

Mr Fong Yong Kian,  
Director-General, Singapore Customs,

Mr Teng Theng Dar,  
Chair, APEC Business Advisory Council,

Distinguished guests,

Ladies and gentlemen,

1. A very good morning and a very warm welcome to Singapore for our guests from overseas. I am very happy to be here today to address you at the APEC Customs – Business Dialogue.

Customs as a Trade Facilitator

2. According to the *World Economic Outlook Update* published by the International Monetary Fund recently, the global economy is beginning to pull out of the recession, but stabilisation is uneven and the recovery is expected to be sluggish. The World Trade Organisation has predicted a 10 percent fall in global trade this year. For us here in Singapore, we have recently revised upwards our GDP forecast for the year to a smaller contraction of between 4 and 6 per cent, than the earlier forecast of a 6 to 9 per cent shrinkage.

3. It is against such an economic backdrop that the theme for Singapore's chairmanship of APEC in 2009 was centred on "Sustaining Growth, Connecting the Region". The APEC region accounts for just under half of the world's trade. Singapore therefore firmly believes that accelerating regional economic integration is one key way in which APEC can make an impact in dealing with the current economic crisis and to be ready for growth in the post-crisis era.

4. APEC 2009 is taking a holistic approach towards regional economic integration by focusing on integration not just “at the border”, but also “behind the border” and “across the border”. Having said that, “at the border” has been the traditional mainstay of APEC’s work on trade facilitation, and it remains as relevant today. The importance of “at the border” issues, of which Customs is a key component, is evident in major international surveys on economic competitiveness. “Trading Across Borders”, which measures the documents, time and cost required to import and export goods, is one of the ten sets of indicators in the World Bank’s *Doing Business* report. In the World Economic Forum’s *Global Enabling Trade Report*, “border administration” is one of the four sub-indexes and it contains 3 pillars, namely, “efficiency of customs administration”, “efficiency of import-export procedures” and “transparency of border administration”.

5. To facilitate trade, our borders should enable legitimate trade to flow seamlessly, and yet be impermeable to undesirable elements. To achieve a balance between these two seemingly incompatible objectives, Customs Administrations and their business communities must work closely together. Customs need to be pro-enterprise and understand the concerns of Business, while Business needs to know the concerns and requirements of Customs.

6. I would like to share with you two areas where significant benefits can be achieved through better Customs to Business collaboration, namely the single window and supply chain security.

#### Single Window

7. In most economies, businesses have to regularly prepare and submit large volumes of information and documents to multiple government authorities so as to comply with import, export and transit-related regulatory requirements. How can governments reduce the regulatory burden of businesses in this regard? I believe **single window**, a facility which allows traders to lodge all required information and documents through a single point, is the answer.

8. Opportunities arise in times of crisis. Singapore’s experience in establishing our single window initiative is a testimony to this statement. In 1985, Singapore was

hit by a recession. A high-level Economic Committee convened at that time identified improvement in external trade as a major goal and highlighted that use of IT could make a significant contribution to Singapore's long term competitive position. This report was an important mobilizing factor to the realisation of Singapore's single window, which was implemented in 1989 under the name of TradeNet. This was the world's first nationwide electronic single window. After twenty years and many rounds of relentless upgrades, TradeNet remains the key enabler of Singapore's external trade, which totals nearly 4 times our gross domestic product.

9. Not only that, the private sector can also partner with governments in the implementation of single windows. Singapore adopted a Public-Private Partnership (PPP) model for the latest round of upgrading of TradeNet which was rolled out in 2007. Through open tender, a private company was selected to develop, operate and maintain TradeNet. The operator recovers its capital investments and operating expenses through collecting processing fees from the users. The Government did not have to incur a single cent in implementing the new system. In fact, the open tender enabled Singapore Customs to help the business community save almost S\$4 million per year through lower processing charges.

10. I understand the APEC Sub-Committee on Customs Procedures, or SCCP in short, has conducted extensive capacity building on the single window concept. Economies which have not established their single window should consider doing so sooner rather than later.

#### Supply Chain Security

11. Since the September 11 incident, supply chain security has gained the prominent attention of governments and their Customs Administrations. In an inter-dependent world, every node of the supply chain has to play its part to ensure the security of the entire supply chain. As such, it is no longer enough for Customs to just focus on security of imported goods and cargoes. They need to collaborate with the private sector and other Customs Administrations in achieving total supply chain security. The need for collaboration is espoused in the World Customs Organization's "Framework of Standards to Secure and Facilitate Global Trade", in short, the WCO SAFE Framework. The WCO SAFE Framework rests on two pillars:

the customs-to-customs network arrangement and the customs-to-business partnerships. Till date, 156 Customs Administrations have signed letters of intent to implement the WCO SAFE Framework.

12. Many APEC Customs Administrations have implemented or are in the process of implementing authorised economic operator (AEO) programmes. This is a move in the right direction. "Supply chains" are not owned by Customs but by a multitude of private sector parties, such as the manufacturer, exporter, freight forwarder, carrier and importer. Therefore, to the extent that Customs can leverage on AEOs to evaluate and address threats to their supply chains, the risk faced by Customs can be reduced. It is clearly in the interest of business to cooperate with Customs and other government authorities to strengthen the supply chain security, because any weak link could be exploited by terrorist elements to disrupt trade. Should that happen, business activities could be severely affected or even come to a standstill. Businesses need to invest in security measures in order to qualify as AEOs. To encourage participation in AEO programmes, Customs need to offer tangible benefits to AEOs in the form of faster clearance and other facilitation. I understand that the business community has frequently stressed the importance of providing tangible benefits to AEOs. I urge APEC Customs Administrations to look into how further benefits can be accorded to your AEOs.

13. One tangible benefit of AEOs is trade recovery. Besides undertaking measures to secure the supply chain to prevent it from being disrupted by terrorist incidents, we also need to prepare for the possibility that prevention may fail. If disruption to the global supply chain is prolonged, it could have a significant economic impact, with the economic costs of the disruption rising exponentially over time. Therefore, we need to put in place trade recovery mechanisms to facilitate timely and efficient resumption of the international flow of goods in the aftermath of a major security incident. In this regard, Customs Administrations need to build pre-incident relationships of trust and transparency through mutual recognition arrangements to facilitate the trade recovery process.

14. Mutual recognition helps to avoid duplication of AEO validation procedures and security controls, which are concerns frequently, expressed by the business

community with regard to the implementation of supply chain security measures by different economies. Customs Administrations of several APEC economies have concluded or are discussing mutual recognition arrangements. I urge APEC Customs Administrations to intensify their work in this area.

15. We cannot start thinking about trade recovery only after an incident has occurred. We need to prepare for it as early as possible. APEC has done pioneering work on trade recovery. The APEC Trade Recovery Programme was developed in 2007. In April this year, a group of seven APEC economies successfully carried out a Trade Recovery Pilot Exercise. Later in June, the WCO adopted the WCO Trade Recovery Guidelines, which was based largely on the APEC Trade Recovery Programme. Singapore is pleased to have played a leading role in these initiatives. With the conceptual framework in place and learning points from the Pilot Exercise, economies should consider how to translate ideas into practice and develop actual trade recovery mechanisms.

#### Conclusion

16. APEC has come a long way since it was established in 1989 to enhance economic growth and prosperity for the region through liberalisation of trade and investment. The full benefits of trade liberalisation cannot be realised without efficient and effective customs processes. In this regard, I would like to commend the work of the SCCP. Since its establishment in 1994, the SCCP has completed ten Collective Action Plans with another six currently underway, comprehensively covering areas such as tariff classification, customs valuation, express consignments, risk management, integrity, data harmonisation, Customs-Business Partnership. The achievements of the SCCP and the APEC Customs Administrations are reflected in the favourable ratings received in the international surveys which I mentioned earlier. In the *Global Enabling Trade Report 2009*, APEC economies occupied eight of the top twenty rankings in the “efficiency of customs administration” pillar. We should keep up the good work and try to do even better.

17. In conclusion, I would like to offer my views on how to foster better understanding and closer collaboration, and eventually forge a partnership between Customs and Business, which is the very purpose of this Dialogue.

- First, Customs and Business should share a common belief that economic integration, at both the regional and global level, will improve the economic well-being of our people. Customs and Business can work together in trade facilitation, which would complement trade liberalisation in achieving the goals of economic integration;
- Second, consultation and dialogue between Customs and Business should be encouraged at all levels through multiple channels. Customs should be easily accessible to Business for advice on operational matters and should in turn consult Business and take their feedback into consideration prior to implementing any major changes to policies and procedures;
- Third, Customs should abide by the principles of transparency, accountability and consistency in dealing with Business.

18. The APEC Customs – Business Dialogue is an important platform to develop partnership between Customs and Business in our region. I look forward to your active participation to make this Dialogue a fruitful one.

Thank you.