

GLOBAL TRADE CONTROLS - ASIA
Le Meridien Hotel, Singapore, 25 May 2006
Keynote Address by Mr Teo Eng Cheong,
Director-General of Singapore Customs

Mr Terrence Murphy, Organising Chair
Mr Toshio Watanabe, Chairman of the Conference
Ladies and Gentleman,

1 Thank you, Mr Watanabe, for the warm introduction and for inviting me to speak today.

2 I understand that "Global Trade Controls – Asia" is an expansion of the renowned Global Trade Controls conference which takes place in London every November. I am glad that you have decided to also host a conference in Asia this year. This is an indication not only of the increasing importance of trade controls, but also an indication of the rising volume of trade in Asia.

Importance of Asia in the Global Trade

3 The Asian region has seen a steady rise in merchandise trade over the past few years. Currently, Asia accounts for about 1/4 of total trade in the world. The region has also seen the emergence of high-tech and defence industries as well as increased trading in a wide spectrum of goods which are likely to subject to trade controls around the world.

4 It is timely indeed for this event to be held in this region and Singapore is proud to host this inaugural event in Asia. I am sure that the local and regional trading community will benefit tremendously from the comprehensive scope of topics to be covered as well as the discussions with the international experts from Asia, Europe and America, in the field of trade controls.

The Threat of WMD Terrorism

5 Export Controls has evolved significantly from its roots in the COCOM (Coordinating Committee for Multilateral Export Controls) era to its present state. It is now one of the key tools of the international community to combat against the proliferation of Weapons of Mass Destruction or WMD. The international

community has gained significant inroads in mitigating the threat posed by WMD programs through various international non-proliferation and arms control agreements. Export Controls took centre stage with the passage of the UNSC Resolution 1540 which called on UN Member States to enact laws and implement stringent controls to prevent the proliferation of WMD and related materials.

6 However, the nature of proliferation threat has also correspondingly evolved. The rise of terrorism has brought a new dimension in WMD proliferation. The spate of terrorist strikes in Europe, Africa, Middle East and closer to home, in neighbouring Indonesia, is a sobering reminder that this terrorist threat is still very much alive. The terrorist's aim is not just death and destruction, but also to create large scale and prolonged disruption on their targets.

7 While terrorists are still very reliant on conventional explosives, we can be sure that terrorists will not hesitate to use WMD in order to achieve the "mass effect" if they possess the required materials and skills.

8 Globalisation and technological advances have brought about a highly interconnected world. This can be easily exploited by terrorists to acquire and transfer WMD. With seemingly legitimate front companies and a complex web of trans-border transactions, it is now even more difficult for law enforcers to identify and investigate rogue traders who procure items meant for WMD.

9 Export Control is therefore of even greater importance in regulating the legitimate trade in conventional and dual use goods and technologies so as to prevent the procurement of such goods and technologies by terrorists.

Singapore's Interest in Counter-proliferation

10 Singapore is in a unique position in Asia. We are heavily dependent on trade and shipping for our livelihood. Last year alone, our total trade amounted to S\$716 billion dollars (716, 000 million) with 423 million freight tons passing through our sea ports. It is in our interest to keep our waters and sea lanes clear of WMD. Furthermore, as Singapore is a major trading and transport hub in the region, it is also our responsibility to ensure that Singapore is not used as a conduit for illicit trade in WMD.

11 While we work to curb the illicit trade, we remain mindful of the needs of the trading community. It is important for Singapore to strike a balance between

trade facilitation and the need to curb WMD proliferation. This is the challenge for all of us.

Singapore's Strategy

10 So far, Singapore has taken 3 major steps in our counter-proliferation efforts. Firstly, we have signed various international counter proliferation treaties such as the Nuclear Non-Proliferation Treaty, the Chemical Weapons Convention, the Biological Weapons Convention, and the Comprehensive Test Ban Treaty. Together with the collective effort of the international community, in particular, the UNSC Resolution 1540, these measures form the basic arsenal in Singapore's efforts to fight the spread of WMD.

11 Secondly, Singapore is an active participant in several counter-proliferation initiatives. For example, Singapore is a member of the Proliferation Security Initiative (PSI), which aims to curb the flow of WMD goods through air, sea and land interdictions. We are also a participant of the Container Security Initiative (CSI), which aims to prevent the exploitation of containerised cargo by terrorists. More recently, Singapore has been involved in the Radiation Detection Initiative (RDI), which aims to detect the trafficking of radioactive material. Singapore's participation in these initiatives reinforces the measures undertaken by the Singapore Government to boost security at all our passenger and cargo entry points.

12 Thirdly, we have implemented a Strategic Goods (Control) Act in 2003 to strengthen our position on export controls. This Act, which is administered by Singapore Customs, regulates the transfer of strategic goods and related technologies so as to prevent rogue traders from procuring WMD-related items through Singapore. My colleague will be presenting on Singapore's Export Control Regime in this Conference later.

13 Our export control system will not be effective without the understanding and co-operation from the industry. In this regard, it is important that we conduct outreach to educate companies and businesses on our export control measures and encourage companies to develop their internal compliance systems.

Supply Chain Security

14 To be successful in export control, governments and industry players in the supply chain must develop a close partnership and a robust system of controls throughout the supply chain. While Export Controls prevent the goods from landing in the wrong hands, supply chain security closes the loop by ensuring the safe delivery of goods to the intended end-user.

15 Singapore recognises the importance of enhancing the security of the global supply chain to protect and facilitate trade. A serious disruption in the global supply chain would have grievous repercussions not only in terms of infrastructure failures but also on the ability of firms to continue trading. Supply chain security is multi-dimensional. It requires government-to-government cooperation, business-to-business collaboration as well as government-to-business partnership in the development of security and trade initiatives.

16 Supply chain security is only as strong as its weakest link. It is therefore critical that the security of the global supply chain is properly protected at all points involving both businesses and governments. We should look at the entire length of the supply chain for each consignment, from the point of origin to the point of destination. This integrated approach to supply chain security will ensure greater consistency between the various nodes in the supply chain. Consistency will ensure greater security and bring down the compliance costs.

17 The World Customs Organisation or WCO has developed the Framework of Standards to Secure and Facilitate Global Trade. The WCO Framework contains a common set of standards to secure cargo movement in and out of the country. It is the customs administrations' response to prevent terrorist abuse of the global trading system while facilitating the flow of legitimate trade. In line with our commitment to secure the international supply chain, Singapore has signed the Letter of Intent to implement the WCO Framework.

18 Separately under the auspices of APEC, Singapore will be hosting a symposium on Total Supply Chain Security in July this year. The objective of the symposium is to bring together experts from the public and private sector to share their views and best practices on the security of the global supply chain.

Conclusion

19 Looking ahead, Singapore will continue to monitor our implementation of export controls and take steps to enhance the effectiveness where necessary. In

addition, Singapore will also seek to enhance our schemes so as to facilitate the legitimate trade in strategic goods. Conferences such as this are an useful avenue for us to share ideas and best practices and understand the industry's needs. I hope that this Conference will be the first of many to come in this region.

20 I wish you success in your conference, and to our visitors, a pleasant and memorable stay in Singapore. Thank you.