



## Singapore Customs Media Release

# SINGAPORE CUSTOMS SIGNS FIRST MUTUAL RECOGNITION ARRANGEMENTS ON SUPPLY CHAIN SECURITY WITH CANADIAN AND KOREAN CUSTOMS AUTHORITIES

Singapore Customs has signed its first two Mutual Recognition Arrangements (MRA) on supply chain security with the customs authorities of Canada and Korea at the World Customs Organisation (WCO) Council Sessions in Brussels, Belgium today.

### Mutual Recognition of Certified Companies by Trading Partners

2 Singapore Customs signed the MRAs with the Canada Border Services Agency (CBSA) and the Korea Customs Service (KCS) respectively on the second day of the 115<sup>th</sup>/116<sup>th</sup> WCO Council Sessions held from 24 to 26 June 2010. The MRAs will facilitate and secure Singapore's trade flows with the two countries. Korea is Singapore's sixth largest trading partner in Asia with trade volume exceeding SGD\$38.5 billion in 2009, while Canada's trade with Singapore stood at about SGD\$5 billion last year.

3 Singapore Customs' Director-General Mr Fong Yong Kian signed the MRAs with Canada Border Services Agency's President Mr Stephen Rigby and Korea Customs Service's Commissioner Mr Young sun Yoon respectively.

4 Singapore Customs' discussions with CBSA and KCS were initiated in 2009 and have progressed smoothly. The inking of the two MRAs today signifies the mutual recognition of supply chain security programmes, namely: Singapore's Secure Trade Partnership (STP), Canada's Partners in Protection (PIP) programmes and Korea's Authorised Economic Operator (AEO). Such mutual recognitions are important to fostering closer cooperation between Singapore Customs and its counterparts in Canada and Korea to facilitate the smooth and efficient flow of bilateral trade with the two countries respectively while keeping the supply chains safe and secure.

[ Please see [Appendix 1](#) for the photographs of the MRA signing events in Brussels. ]

### Protecting Global Trade through MRAs

5 Director-General of Singapore Customs, Mr Fong Yong Kian (方永健) said, "The security of the global supply chain is essential to facilitate international trade flows. The establishment of MRAs with the customs authorities of Canada and Korea would strengthen Singapore's position as a major international trade hub."

6 On Singapore's first MRAs with its two strategic trading partners – Canada and Korea, Mr Fong explained, "The signing of Singapore Customs' first two MRAs is an important milestone to secure and facilitate trade. This should help to give a boost to Singapore's exporters which have been certified as secured trade partners, as their exports will be less liable to customs inspection at the export markets, namely Canada and Korea."

7 The concept of AEO was developed by the World Customs Organisation (WCO) under the Framework of Standards to Secure and Facilitate Global Trade ("SAFE Framework of Standards") in 2005. The WCO SAFE Framework of Standards highlights the need for all stakeholders to take measures to ensure the security of the supply chain and to establish AEOs which are companies certified by a national customs authority as having robust security practices.

8 Increasingly, customs authorities are engaging in mutual recognition of AEOs to enhance global supply chains. Singapore now joins the ranks of customs authorities such as Canada, the European Union (EU), Japan, Korea New Zealand, and the United States, which have signed mutual recognition instruments. Singapore Customs is also currently engaged in MR discussions with the customs administrations of China, Japan, New Zealand and the United States, with a view to establishing MRAs with them.

### **What Do the MRAs Mean to Singapore Businesses?**

9 For Singapore businesses, the MRAs mean that local companies certified under the STP programme administered by Singapore Customs would be recognised by Canada and Korea to be of a lower risk and would thus lead to a quicker release of goods at importation. These companies could therefore better predict the movement of their goods, particularly for time-sensitive exports, and also enjoy savings in costs which would otherwise be incurred due to delays at the port. For companies which are not STP-certified, they can enjoy benefits arising from the MRAs once they are successfully certified by Singapore Customs.

10 Similarly, exports from companies certified under Canada's PIP and Korea's AEO programmes will be less liable for inspection when they arrive in Singapore. The MRAs could also help to facilitate continuous secure trade flows in a situation of high alert or when international trade is disrupted.

11 As a pioneer secure trade partner of Singapore Customs since 2007, Infineon Technologies Asia Pacific Pte Ltd has certainly benefited from being a certified company. Mr Hans-Martin Stech, the company's Chief Financial Officer said, "The certification recognises Infineon for our high standard of supply chain security management. It also helps us to build a robust chain of logistic partners that ultimately offers assurances to our customers. When the MRAs with key trading countries are in place, Infineon's customers for example in Korea will benefit from faster as well as more reliable deliveries."

12 "The MRAs that Singapore Customs has established with Canada and Korea represent a significant step towards enhanced supply chain security and increased facilitation of trade for companies. Some of the key benefits we believe may be derived from these MRAs include faster shipment processing and streamlined security criteria and requirements, making it easier for companies to move goods and recover more quickly from major crises," said Mr Theo Fletcher, IBM's Vice President, Import Compliance & Supply Chain Security. "IBM looks forward to its continued relationship with Singapore Customs in the Secure Trade Partnership programme to help further enhance the global supply chain."

### **About Mutual Recognition Discussions**

13 Mutual recognition (MR) discussions typically consist of four phases –

- Phase 1: To determine compatibility, AEO programmes are first compared to verify that requirements are largely similar.
- Phase 2: This is followed by joint validation visits where the customs administrations not only observe but also participate in their MR partner's security audits of companies seeking AEO certification.
- Phase 3: If both sides agree that the execution of each others' programmes is compatible, they move on to the third phase where the MRA is inked and signed.
- Phase 4: The fourth and final phase involves the development of operational procedures to effect the MRA.

**ISSUED BY: SINGAPORE CUSTOMS  
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## **APPENDIX 1 : Photographs of the MRA signings in Brussels, Belgium**

### **A. Group photograph of various customs administrations**



The various heads of the customs administrations took a group photograph following the signing of the mutual recognition arrangements (MRA).

*From Left to Right:*

- *Kunio Mikuriya, Secretary-General, WCO*
- *Alan Bersin, Commissioner, U.S. Customs and Border Protection*
- *Ohto Toshiyoki, Director-General, Japan Customs and Tariff Bureau*
- *Stephen Rigby, President, Canada Border Services Agency*
- *Young sun Yoon, Commissioner, Korea Customs Service*
- *Fong Yong Kian, Director-General, Singapore Customs*
- *Martyn Dunne, Chief Executive New Zealand Customs Service (Chairman of the WCO Council)*

**B. Photograph of the two MRAs signed by Singapore Customs**



**Singapore Customs' Director-General Mr Fong Yong Kian and Canada Border Services Agency's President Mr Stephen Rigby signing the MRA between Singapore and Canada.**



**Singapore Customs' Director-General Mr Fong Yong Kian shaking hands with Korea Customs Service's Commissioner Mr Young sun Yoon after signing the MRA between Singapore and Korea.**