

The Strategic Goods (Control) Bill Second Reading Speech by the Minister of State for Foreign Affairs and Trade & Industry Mr Raymond Lim During Parliament Sitting on 25 Nov 2002

Mr Speaker Sir, I beg to move, "That the Bill be read a Second time."

This Bill puts in place an enhanced system to regulate trade in strategic goods. In broad terms, strategic goods comprise munitions and sensitive dual use items, as well as goods used for the development or production of weapons of mass destruction.

Singapore supports the global efforts to curb the proliferation of weapons of mass destruction and has always maintained high standards in controlling trade in strategic goods. Since the 1970s, we have been state parties to the Biological Weapons Convention (1975) and the Nuclear Non-Proliferation Treaty (1976). In recent years, we have ratified the Chemical Weapons Convention and the Comprehensive Nuclear Test Ban Treaty.

This Bill strengthens existing controls to keep pace with recent international developments.

What is the imperative for the Strategic Goods (Control) Bill? Mr Speaker, Sir, let me elaborate. Rapid globalisation and technological advancements have spurred economic growth, and stimulated much greater cross border flow of goods and people. But these same forces driving global growth have also thrown up new security challenges.

Technological advances have spawned a range of highly advanced products. Properly deployed for civilian use, these can improve productivity and promote new industries. But some of these products and technology can also be deployed for building deadly weapons. There is also the risk of nuclear, biological and chemical weapons falling into the wrong hands. History has provided us with cases on the use of sarin gas and anthrax, and they are a sobering confirmation of the physical and psychological damage that such chemical and biological weapons can cause. Their use makes clear that the threat and risk are real and not just hypothetical.

Global trade is growing, and the conduits which carry these huge global flows of goods have been exploited by rogue traders to smuggle a variety of weapons, including those of mass destruction. The methods used by them to illicitly divert sensitive strategic goods to proscribed entities have also become more sophisticated. There is growing international concern in recent years that such sensitive goods and weapons could fall into the hands of terrorists.

No country alone can tackle this problem. Nor can any country isolate herself from the dangers of the proliferation of such weapons and components. More than ever before, countries need to work in close partnership to build a tight, effective and efficient system of controls.

As a major trading and logistics centre, Singapore may be used as a potential

conduit for such illicit activities. It is in our interest to enhance security of our ports' operations and to step up vigilance. It is also our responsibility, as a member of the international community, to play our part in building an effective global system.

This Bill represents a comprehensive effort by Singapore to plug into international efforts to curb the proliferation of weapons of mass destruction.

Work on the proposed Bill began more than two and a half years ago, as we had assessed that proactive, preventive actions were necessary. This was well before the world was shaken by the September 11 attacks. The September 11 attacks brought to the fore the urgency of dealing with terrorists threats. In recent months, we arrested a total of 36 members of the Jemaah Islamiyah network. These members were plotting to attack strategic locations in Singapore. These recent developments lent greater impetus to our efforts to take proactive measures.

Singapore will be the first country in Southeast Asia to enhance our controls on strategic goods. This is a strong deterrent measure to prevent rogue traders from using Singapore to conduct illicit activities. This is also a pre-emptive measure to tighten our domestic security. It will also contribute to enhanced regional security. A volatile and insecure neighbourhood undermines investor confidence. This will have an adverse impact on our regional stability and will dampen our prospects for growth.

Apart from enhancing our security, our export control system can become a source of competitive advantage for our industries. With a robust and credible system in place, our trading partners will have greater confidence in granting us access to their high-end technology and equipment because they know that any shared technologies will remain in safe hands.

Mr Speaker, Sir, let me now turn to the salient features of the Bill.

First, we will require all traders to apply for a permit before they are allowed to export, tranship or bring into transit strategic goods as listed in the Schedule to the Bill. The list comprises about 600 items by broad categories. It includes munitions, chemical and biological items, as well as nuclear-related materials and equipment. These have been carefully selected mainly for their direct military and nuclear applications, as well as their dual-use nature (i.e. they are items which can be used for both military and civilian purposes). In drawing up the list of goods under control, we have also referred to practices of other reputable export control regimes in the US, EU, Japan and Hong Kong.

Second, beyond the control of physical goods, we will also regulate the electronic transmissions of military, encryption and WMD end-use technology. This feature recognises the realities of the information- communications age where the most sensitive part of a product may lie in its software. The provision deters all irresponsible handling as well as illicit transfers that may potentially undermine our security and defence interests.

Third, we will also regulate all brokering activities directly related to WMD and offensive categories of conventional arms, such as small arms and light weapons. The controls apply to all Singapore entities regardless of whether the goods were

physically transferred through Singapore. We want to send a strong signal that we do not condone the conduct of any such clandestine activity within our territories.

Fourth, to ensure the continued relevance of our enhanced controls to evolving technologies and weapons development programmes, we have incorporated a blanket control, or 'catch-all' on all goods that are likely to be used for WMD purposes. This ensures that even where the item does not fall on the control list, it will still be subject to the controls under this Bill.

Fifth, we have proposed stiff penalties for non-compliance. The penalties of a maximum \$100,000 fine or 3 times the value of the goods, and/or 2 years' jail for first offenders, and a maximum \$200,000 fine or 4 times the value of the goods, and/or 3 years' jail for subsequent offenders, are in line with the Regulation of Imports and Exports Act. On a case by case basis, we will be prepared to compound minor offences.

Mr Speaker, Sir, in drafting the Bill, the Ministry is very conscious that we must minimise the potential impact on businesses. Hence, over the last two years, we have conducted extensive consultations with several hundred companies representing the key industries that may be potentially affected by the proposed controls. Our industry has expressed understanding and support for the need for such enhanced security. But they ask that we implement these measures in a cost-effective and sensible way, and not erode the efficiency of our transportation and logistics infrastructure. Otherwise, our competitiveness will suffer.

Sir, let me assure the House that we have taken, therefore, all necessary steps to address their concerns. Let me elaborate.

First, the permit application procedures will be simple, convenient and business-friendly. We have upgraded the TradeNet system to accept all permit applications. We will process all applications electronically. This will reduce processing time and allow for permits to be granted more expeditiously.

Second, we will not impose any additional charges for these permit applications.

Third, ground enforcement will be largely based on intelligence and risk profiling. This ensures that cargo flows will not be impeded by unnecessary checks. Our risk profiling system will be similar to those adopted by key ports, such as Rotterdam and Hong Kong. As our risk- profiling databases develop over time, the accuracy and speed with which high-risk cargoes are identified will increase. This will allow legitimate traders to enjoy even swifter clearances.

Finally, our outreach programme is currently ongoing. We want to allay any concerns that may be generated by these proposed controls. We also want to engender a greater sense of familiarity and instil confidence so that the affected industries can adjust and ease into the changes as soon as possible. We have launched a website to provide detailed information. Prior to actual implementation, we will also conduct trial runs of the enhanced TradeNet system.

Mr Speaker, Sir, we cannot take peace for granted. The recent attacks in Bali are fresh reminders of how fragile peace and security can be. The proliferation of dangerous weapons threatens all countries. We need greater international cooperation to safeguard our local security. The proposed Bill strengthens Singapore as a strong link in the global chain of anti-terrorism and non-proliferation measures. It will also serve to safeguard the reputation and integrity of Singapore's status as a major international shipping hub. By securing our trading channels, our cargoes can clear our partners' ports faster. We would also generate greater confidence in our system, and secure greater access to high-tech equipment and technology from more advanced economies. The enhanced controls are in our national, economic and security interests. The proposed Bill is both timely and necessary.

Sir, I beg to move.