

# STRATEGIC GOODS CONTROL: Traders as Our Partners

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# AGENDA

## Presentation

1. Importance of Strategic Goods Control
2. Partnering the Industry
3. Offences encountered by Singapore Customs

## Questions and Answers Session

1. General Q & A open to the floor
2. Company-specific consultation with SC Officers by the sideline



**1**

# **Importance of Strategic Goods Control**



# WHAT IS STRATEGIC GOODS CONTROL?

A **system** to regulate the transfer of:



strategic **goods**



strategic goods **technology**



any **document** in which any strategic goods technology is recorded, stored or embodied

To curb the proliferation of **Weapons of Mass Destruction (WMD)**



# STRATEGIC GOODS (CONTROL) ACT (SGCA)

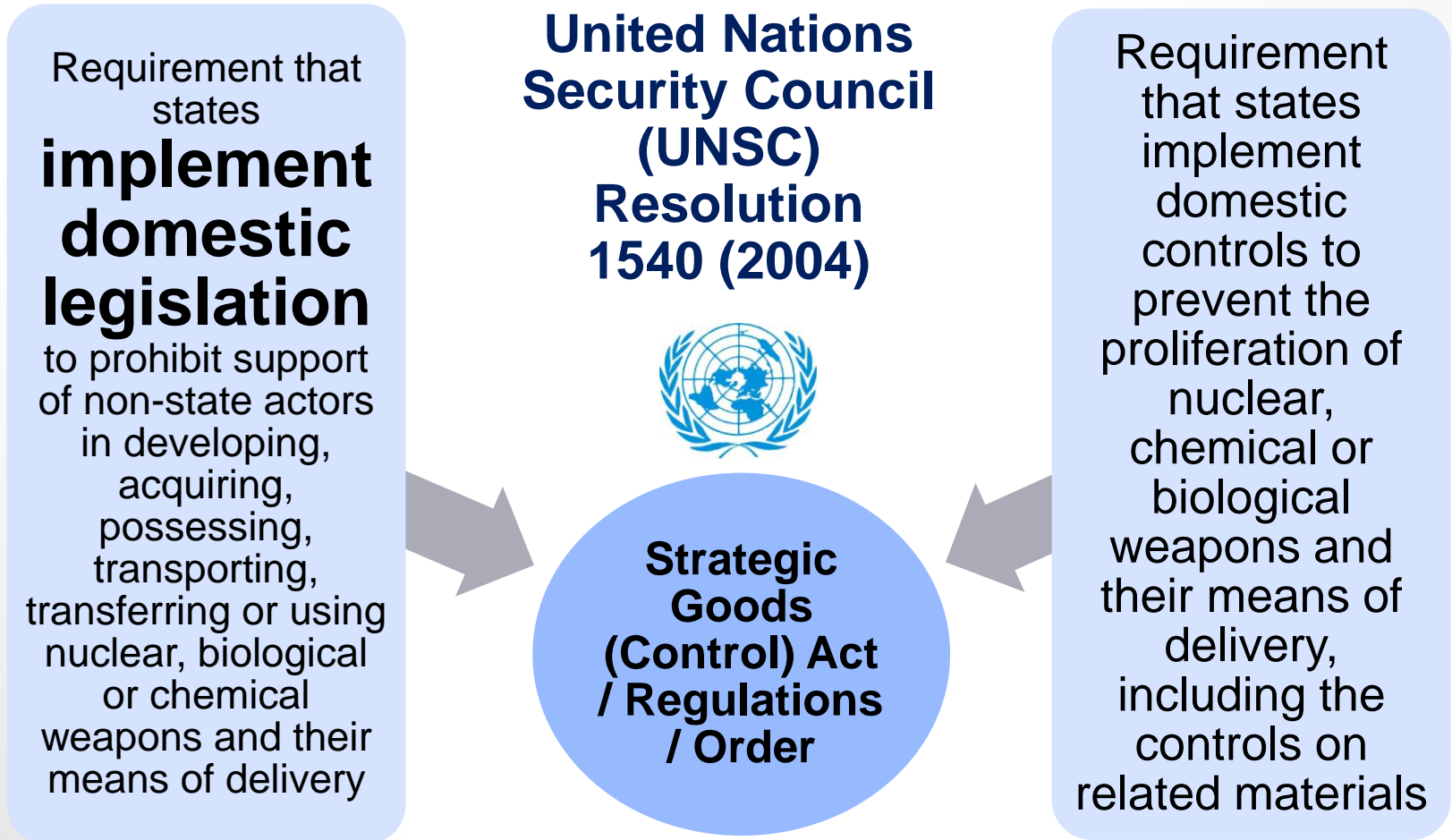
- Implemented on 1 January 2003
- 2 main reasons

Security  
Interest

Economic  
Interest



# INTERNATIONAL OBLIGATIONS

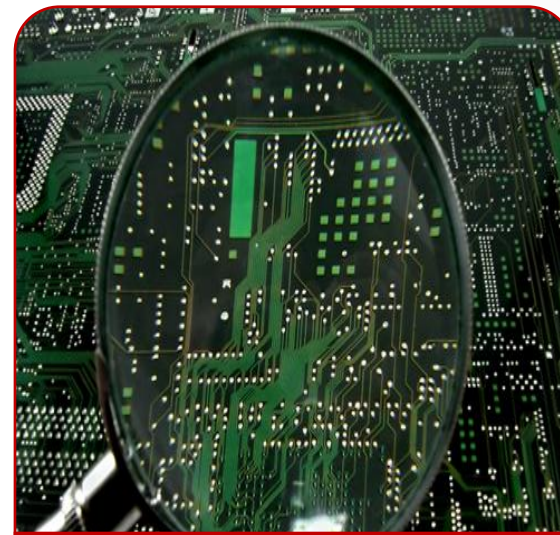




# WHAT ARE STRATEGIC GOODS?



**Military  
Items**



**Dual-Use  
Items**



Strategic Goods (Control) Order 2013



# MULTILATERAL EXPORT CONTROL REGIMES

Missile Technology  
Control Regime  
(MTCR)

Nuclear Suppliers  
Group  
(NSG)

Australia Group  
(AG)

Wassenaar  
Arrangement  
(WA)





# PROLIFERATORS



- Highly interconnected world
- Constant adaptation of methods by Proliferators



# TERRORISM: A REAL THREAT



**SARIN GAS**

**ANTHRAX**





## TERRORISM: A REAL THREAT

“From time to time we hear reports of terrorists in our region wanting to attack Singapore or Singaporean assets in our neighbourhood. We must never let our guard down.”

- PM Lee Hsien Loong speaking at the International Conference on Terrorist Rehabilitation and Community Resilience, 26 March 2013



# INTERNATIONAL CONCERNS

**Al-Qaida & the Taliban**

**Cote D'Ivoire**

**Democratic People's Republic of Korea**

**Democratic Republic of Congo**

**Eritrea**

**Iran**

**Lebanon**

**Liberia**

**Libya**

**Somalia**

**Sudan**

**The Republic of Iraq**

**United Nations  
Security Council  
(UNSC)  
Sanctions**



Please refer to the following link for a list of UNSC Sanctions:  
<http://www.customs.gov.sg/stgc/leftNav/san/United+Nations+Security+Council+%28UNSC%29+Sanctions.htm>



# BALANCING TRADE & SECURITY



## Strategic Goods Control



**2**

## **Partnering the Industry**



# ROLE OF SINGAPORE CUSTOMS

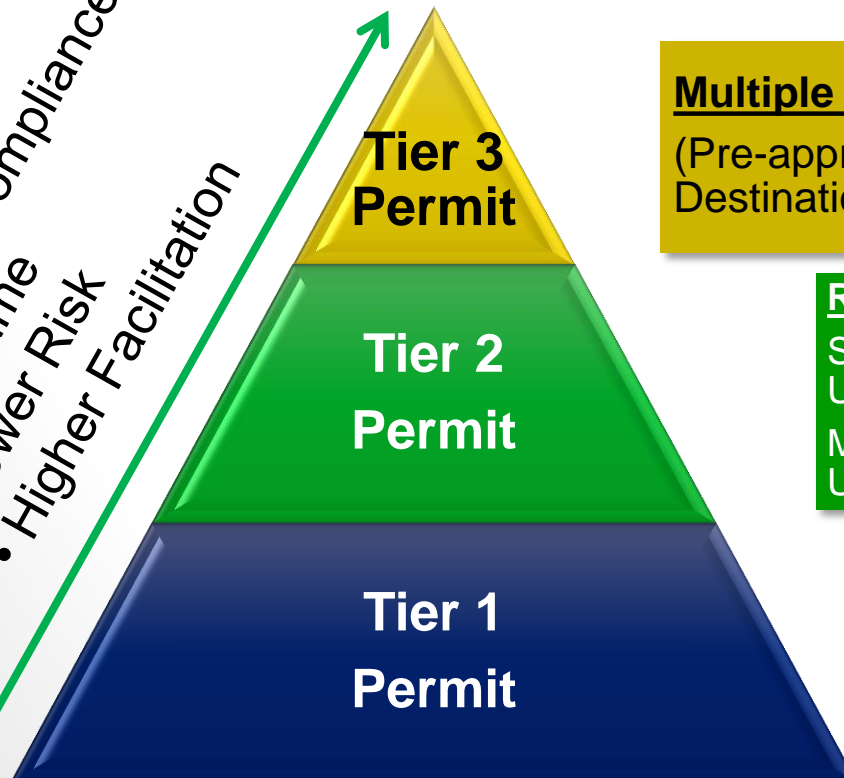
As a regulator of trade, Singapore Customs' greater purpose is not to slow down trade flows but to facilitate smooth-flowing trade traffic for law-abiding traders. As such, facilitation and control are vital to each other.



# TRADE FACILITATION FOR COMPLIANT TRADERS

## Strategic Trade Scheme (STS)

- Quality of Compliance Programme
- Lower Risk
- Higher Facilitation



### Multiple Shipments

(Pre-approved) Multiple products to Multiple Destinations

### Repeated Shipments

Same Product to Multiple Consignees/End-Users or

Multiple Products to Same consignee/End-User

### Individual Transactions

TradeNet Strategic Goods Export ("XO")/Transshipment /Transit ("XP") Permit





# TRADE FACILITATION FOR COMPLIANT TRADERS

## Benefits for STS Tier 2 & 3

- Secure business deals which require urgent deliveries
- Save valuable time and business costs
- Reduced frequency of audits by Singapore Customs

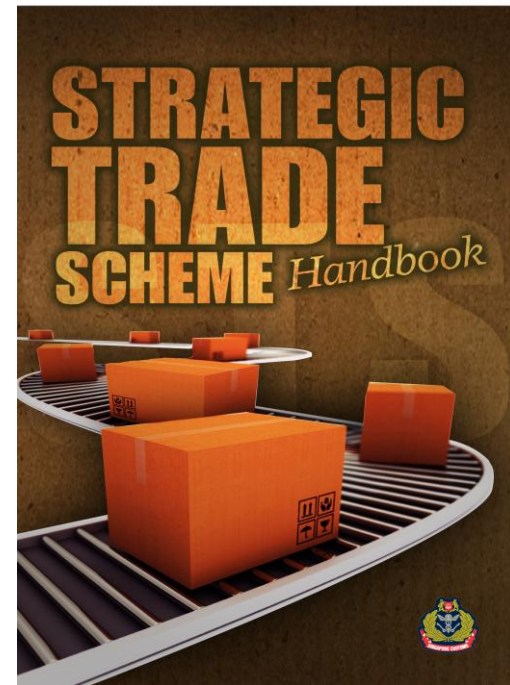




# TRADE FACILITATION FOR COMPLIANT TRADERS

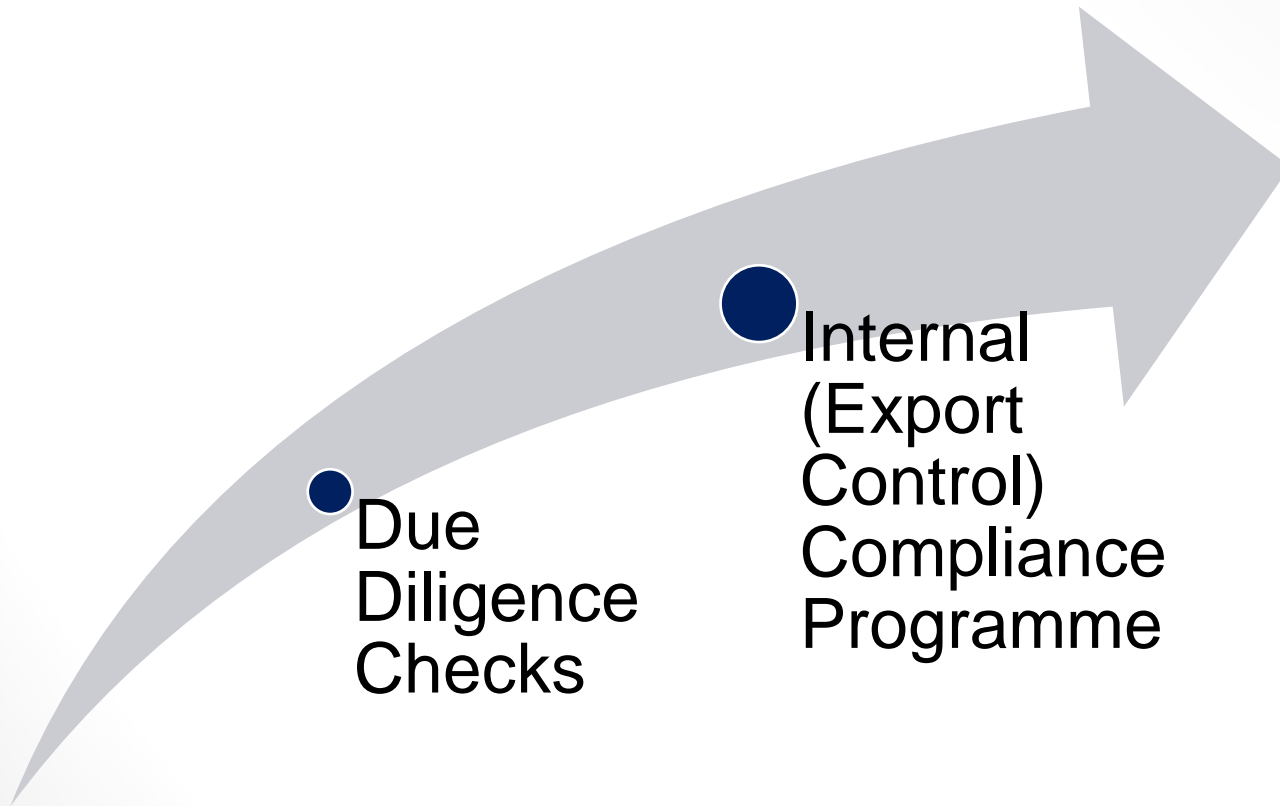
## How to qualify?

- Refer to the STS Handbook (<http://www.customs.gov.sg/stgc/topNav/res/Publications.htm>).
- Consult our Account Managers





# TAKING AN ACTIVE APPROACH TOWARDS COMPLIANCE





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Conduct due diligence checks on your transactions





# TAKING AN ACTIVE APPROACH TOWARDS COMPLIANCE

Conduct due diligence checks on your transactions

Is your product compatible with the technical capability of the country of destination?

Does your product fit the buyer's business?

Is the transaction by cash?

Does the buyer decline routine services essential to the product?



# TAKING AN ACTIVE APPROACH TOWARDS COMPLIANCE

## Implement a Robust Internal (Export Control) Compliance Programme (ICP)

**Classify Products & Screen Orders**

**Screen Customers/End-users**

**Maintain Proper Records**

**Conduct Internal Audits on Company's ICP**

**Establish Corporate Policy Statement Framework**

**Appoint Dedicated Strategic Goods Control Officer(s)**

**Conduct Regular Training for Employees**



# TRADERS AS OUR PARTNERS





# TRADERS AS OUR PARTNERS

## Courses

For traders to learn about the basics of Strategic Goods Control and essentials of Internal (Export Control) Compliance Programme



## Awareness Briefings

For traders to be updated on the latest changes made to the Strategic Goods Control List





# TRADERS AS OUR PARTNERS



## Strategic Trade Scheme (STS) Dialogue

For traders and SC to discuss issues pertinent to bulk permits

## Traders' Clinic

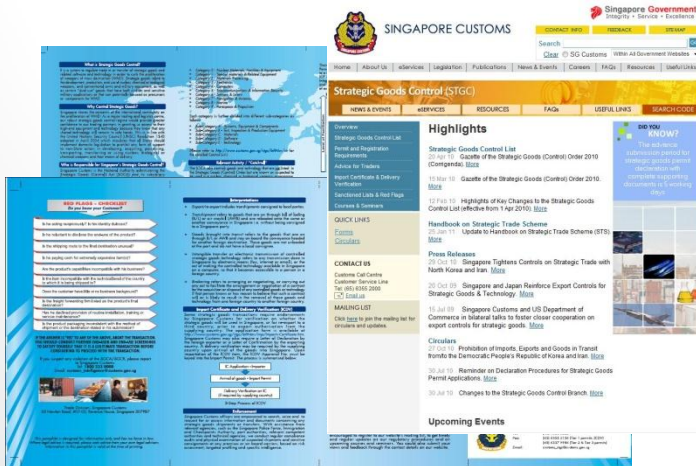
For traders to seek general advice on Customs procedures and services & for SC to gain better insights of the concerns and issues faced by traders





# TRADERS AS OUR PARTNERS

## Field Visits



**Media**  
Access to information for Traders (E.g. Website; Brochures; Circulars; and Notices etc)



# TRADERS AS OUR PARTNERS



**Joint Outreach Seminar  
EU-Japan-Singapore-US**





**3**

## **Offences encountered by Singapore Customs**



# OFFENCES ENCOUNTERED BY SINGAPORE CUSTOMS

Misassumptions

Fraudulently making False Declarations

Failure to comply with conditions of permit



# OFFENCES ENCOUNTERED BY SINGAPORE CUSTOMS

## 1. Misassumptions

- **Assuming** that the item is not controlled under SGCA by virtue of it not requiring an export control licence issued by the authority of the supplying country

### **CASE: Exporting strategic goods without a valid permit**

- Assumed Singapore had an export license exemption programme similar to the US
- High Calibre Electronic Components (DL5A002)
- Penalized \$100,000 in total composition sum



# OFFENCES ENCOUNTERED BY SINGAPORE CUSTOMS

## 2. Fraudulently making False Declarations

### **CASE: Fraudulently making false declarations and exporting without a valid permit**

- Falsely declared controlled military electronics connectors as ordinary connectors
- Export without strategic goods export permit
- Consignment intended for consignee in Iran
- Fined \$22,000 by Court



# OFFENCES ENCOUNTERED BY SINGAPORE CUSTOMS


## 3. Failure to comply with conditions of permit

- Failure to retain documents for a stipulated period of time (usually 5 years) relating to:
  - ❑ Description and quantity of goods/technology
  - ❑ Date of transfer/brokering
  - ❑ Particulars of suppliers and end-users
- Failure to submit half yearly reports for brokering transactions conducted (for registered brokers)





# PENALTIES



Penalties dealt out to companies for committed offences depend on numerous factors. Besides composition sum and prosecution, administrative measures such as the revocation of permits and removal of company from certain schemes may be imposed.



# TAKING AN ACTIVE APPROACH TOWARDS COMPLIANCE

## Keep abreast with the latest changes in SGC controls

- *Understand and comply* with the **Strategic Goods (Control) Act and its Regulations (SGCA/R)**
- *Register and attend* **courses / awareness briefings and seminars** conducted by SC to keep up-to-date on changes to controls and broaden your knowledge about other countries' strategic goods control systems
- *Subscribe* to the **mailing list** at STGC website:  
<http://www.customs.gov.sg/stgc>



# TAKING AN ACTIVE APPROACH TOWARDS COMPLIANCE

**Seek assistance from Singapore Customs if you need to**

## ***Classification Advice***

- Submit an **Application for Determination of Strategic Goods** to seek classification advice from SC
- Completed application and queries relating to the determination of strategic goods should be sent to [customs\\_classification@customs.gov.sg](mailto:customs_classification@customs.gov.sg)
- For more information on this application, you can refer to <http://www.customs.gov.sg/stgc/leftNav/adv/Classification+Advice.htm>



# TAKING AN ACTIVE APPROACH TOWARDS COMPLIANCE

Seek assistance from Singapore Customs if you need to

## *Transactional Advice*

- Seek pre-assessment on whether your intended transfer of strategic goods is likely to be approved when the relevant permit application is made
- Submit an **Application for Preliminary Advice on Strategic Goods Transaction** (with supporting documents)



# TAKING AN ACTIVE APPROACH TOWARDS COMPLIANCE

**Seek assistance from Singapore Customs if you need to**

## ***Other Enquiries***

- For traders under the STS and whom have access to Account Managers, you may also contact them for other Customs matters
- E-mail us at [customs\\_stgc@customs.gov.sg](mailto:customs_stgc@customs.gov.sg)



# Thank you

If you have further enquiries, please do not hesitate to contact us at **[customs\\_stgc@customs.gov.sg](mailto:customs_stgc@customs.gov.sg)**.

Please feel free to approach our officers who will be around to take company-specific questions, feedback or any licensing, ICP-related matters.