

# Strategic Trade Control in Singapore



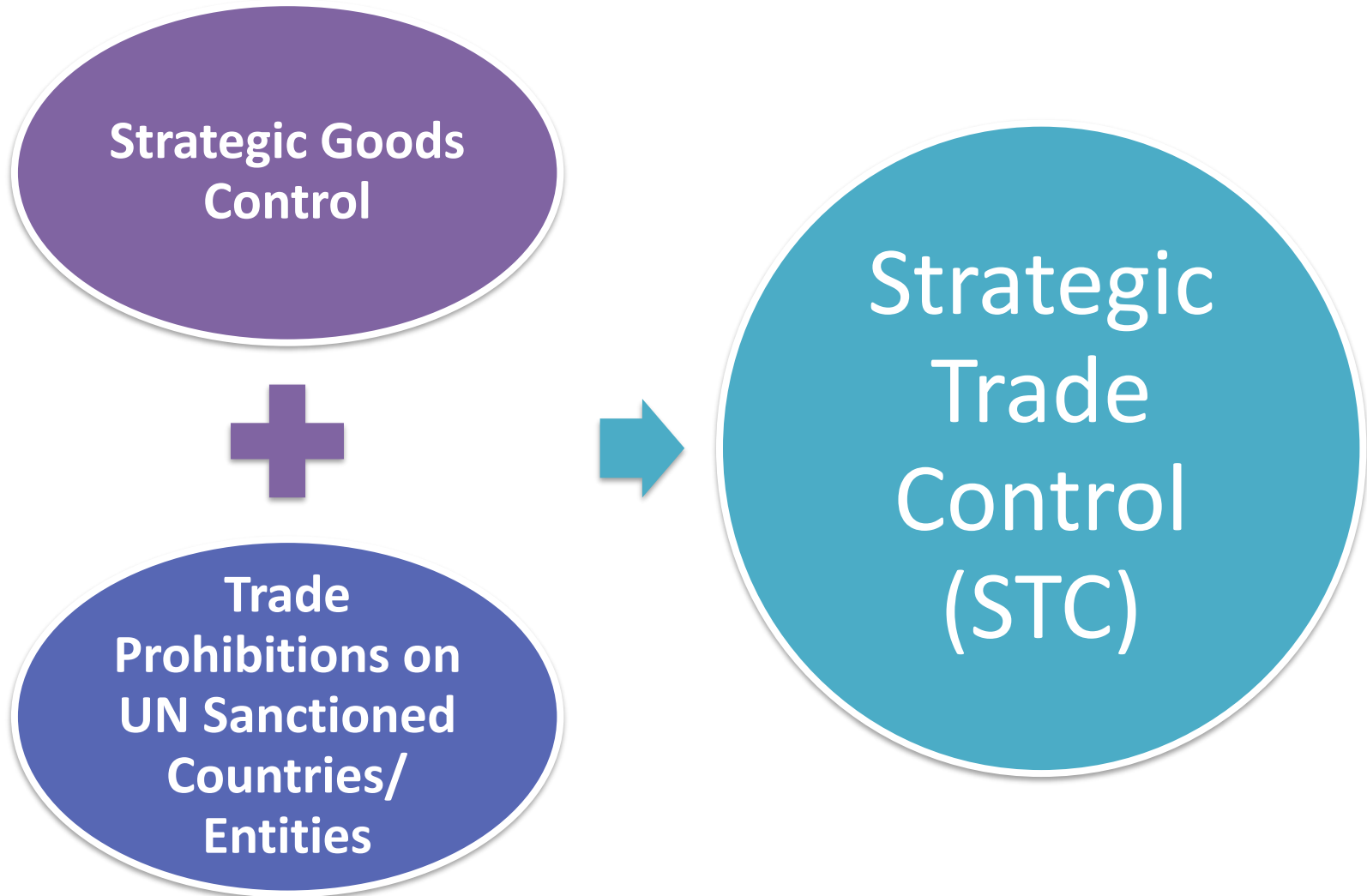
**Joint Industry Outreach Seminar  
on Strategic Trade Management  
20 Jul 2017**

**SINGAPORE  
CUSTOMS**

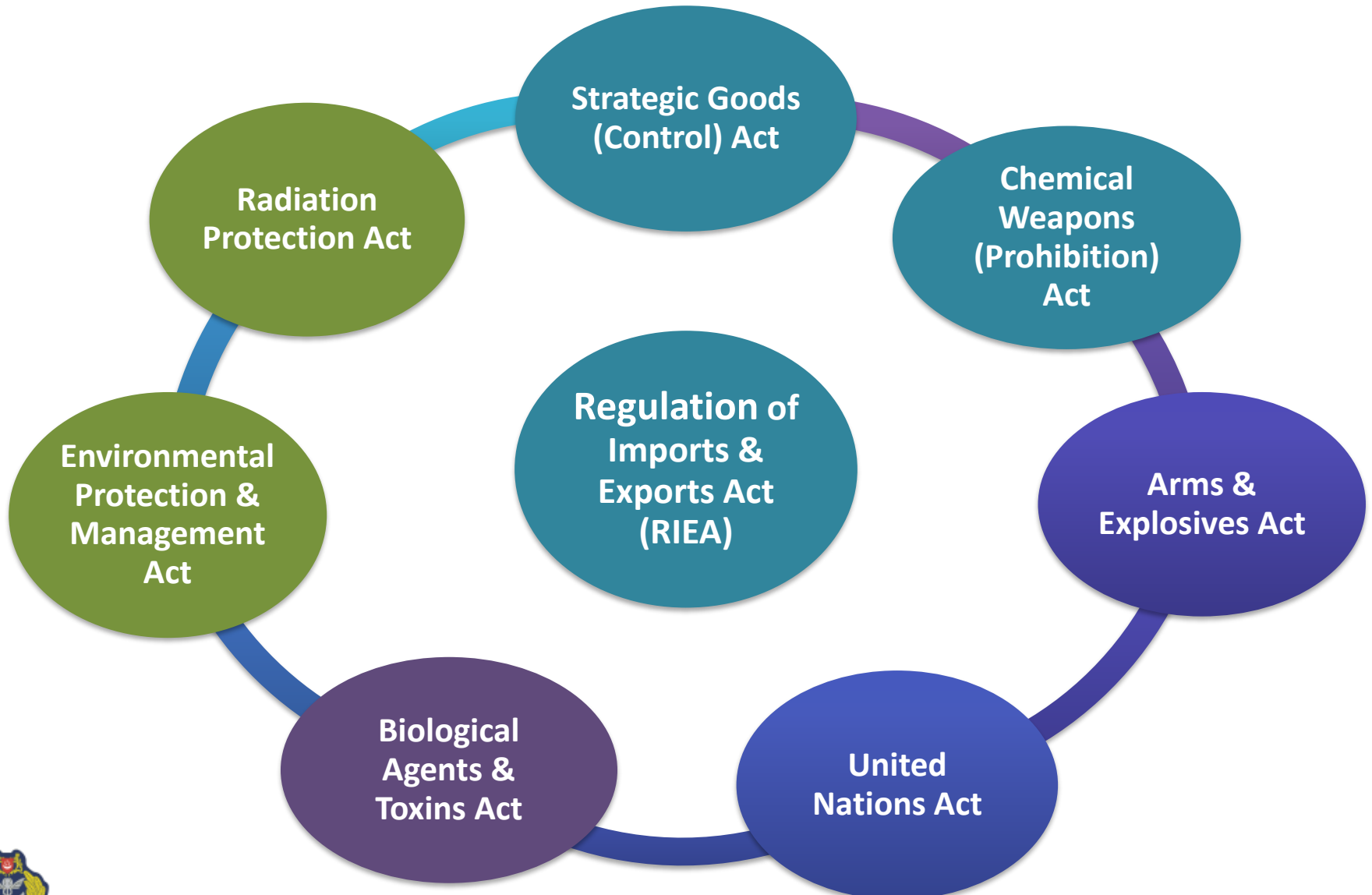
*We Make Trade Easy, Fair & Secure*



# Strategic Trade Control



# Legislative Framework



# OVERVIEW OF SINGAPORE'S STRATEGIC GOODS CONTROL



# What is Strategic Goods Control?

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



strategic **goods**



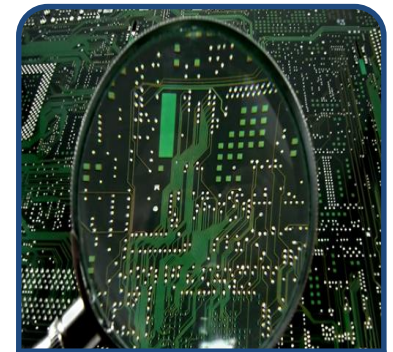
strategic goods **technology**



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



**Military**



**Dual-Use**



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



# Strategic Goods Control Legislations

## Strategic Goods (Control) Act

Strategic Goods  
(Control)  
Regulations



**Fourth Schedule – transshipment List**  
**Fifth Schedule – Transit List**

Strategic Goods  
(Control)  
Order



**ML & DL List**

Strategic Goods  
(Control)  
(Brokering)  
Order



**ML 1 - 4 & 8**



# Controlled Modes of Transactions

## Export\*

- Foreign consignee
- **Local consignor**
- Export BL/AWB
- Goods are **loaded in SG**

## Tranship\*

- Foreign consignee
- **Foreign consignor**
- Through BL/AWB
- Goods are **loaded in SG**

## Bring in Transit\*

- Foreign consignee
- **Foreign consignor**
- Through BL/AWB
- Goods are **loaded overseas (freight on board)**



# Controlled Modes of Transactions

## Intangible Transfer of Technology\*

**Electronic transmission** of controlled technology **by a person in Singapore** such that the technology becomes **accessible** to a **person in a foreign country**

## Brokering\*

**Arranging or negotiating a contract** for the transfer of controlled goods/technology **from one foreign country to another foreign country**

\*Refer to the SGCA for the full definition of the terms.





# Controlled Goods & Technology

Strategic goods &  
strategic goods  
technology prescribed by  
the Min (T&I)

Strategic Goods  
(Control) Order

Goods and technology not prescribed, but you know/suspect/ have been notified, are intended or likely to be used for WMD purposes

“Catch-All”



# Determination of Strategic Goods

## Strategic Goods Control Order

Compare product's description and specification against control list

## Determination Database

List of products and determination compiled from past applications

## Application for Determination

Submit an application to Customs for advice

[https://www.customs.gov.sg/~/\\_media/cus/files/business/strategic%20goods%20control/guidebook%20on%20the%20determination%20of%20strategic%20goods.pdf?la=en](https://www.customs.gov.sg/~/_media/cus/files/business/strategic%20goods%20control/guidebook%20on%20the%20determination%20of%20strategic%20goods.pdf?la=en)



# Permit/Registration Requirements

## Transfers of Strategic Goods

- ❑ A strategic goods permit is required for the following:
  - ✓ Export of strategic goods and related technology listed in the Strategic Goods (Control) Order
  - ✓ Transshipment and transit of strategic goods and related technology listed in the 4<sup>th</sup> and 5<sup>th</sup> schedules of the Strategic Goods (Control) Regulations
  - ✓ Transshipment and transit of strategic goods and related technology (listed and catch-all) if they remain in the free trade zone for more than 21 days (by air) and 45 days (by sea)
  - ✓ Export, transshipment and transit of goods and technology known or suspected to be used for WMD purposes (Catch-all)



# Permit/Registration Requirements

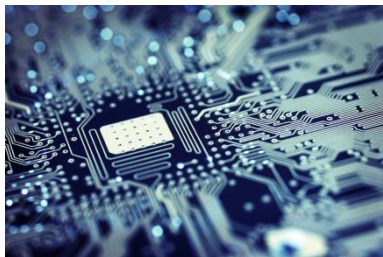
## Brokering of Strategic Goods



Brokering

- Apply for a brokering **registration at least 14 days before** the brokering of items **listed in the Strategic Goods (Control) (Brokering) Order**
- Apply for a **brokering permit for “catch-all” transactions**

## Electronic Transmission of Controlled Technology



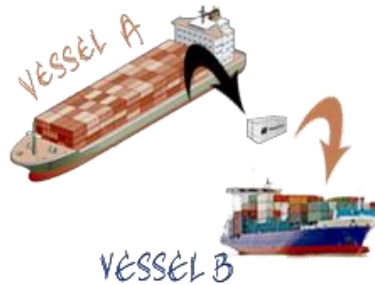
Intangible Transfer of Technology

- Apply for ITT permit together with supporting documents **at least 7 working days before** the transmission of strategic goods software or technology



# Permit/Registration Requirements

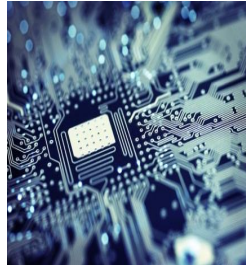
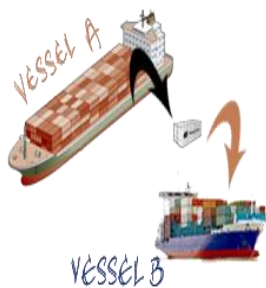
## Individual Permit



- ❑ Apply for an individual permit **at least 5 days before** the exportation, transshipment and transition of strategic goods

**Export/Transshipment/Bring in Transit**

## Bulk Permit



- ❑ Declare a TradeNet permit **before lodging the cargo with the sea port operators or air cargo ground handling agents** for exportation and transshipment of strategic goods

**Export/Transshipment/ITT**



# Permit/Registration Requirements

## Strategic Trade Scheme (STS)

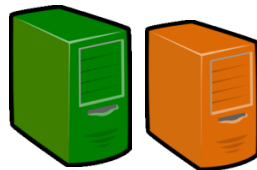
### Individual Permit



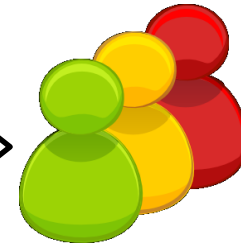
1 permit per shipment



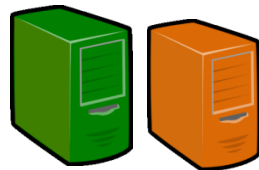
### Bulk Permits



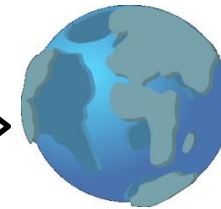
Pre-approval of multiple products to pre-approved consignees/ end-users



Export/Re-Export/ Tranship/ITT:  
Approval by Specific Entities



Pre-approval of multiple products to pre-approved destinations



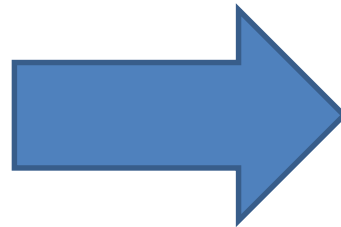
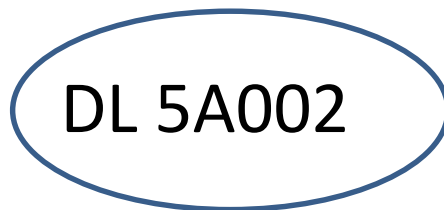
Export/Re-Export/ITT:  
Approval by Countries of Destination



# Permit/Registration Requirements

## Strategic Trade Scheme (STS) Individual Permits

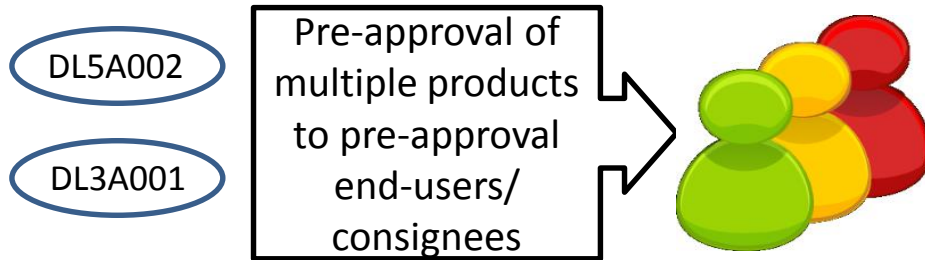
- Register with Singapore Customs
- Apply for a strategic goods permit together with supporting documents **at least 5 working days before** the transfer
- Should be taken up for transactions that fall under 'catch-all'



# Permit/Registration Requirements

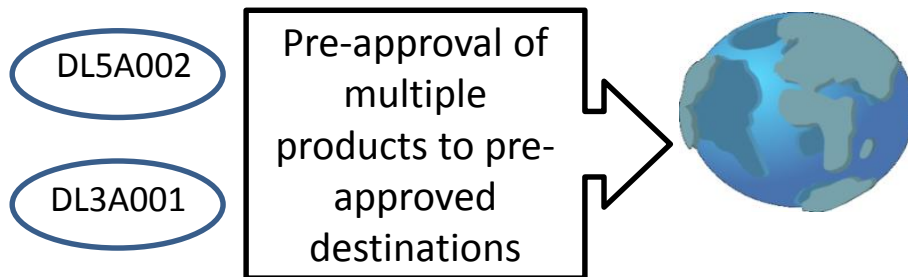
## Strategic Trade Scheme (STS) Bulk Permit

### Export/Re-Export/Tranship/ITT



#### Approval by Specific Entities

### Export/Re-Export/ITT



#### Approval by Countries of Destination

- Register with Singapore Customs
- Have good compliance records with Customs
- Implement an effective ICP (7 elements)
- Have minimum **'Enhanced'** Band under TradeFIRST
- With pre-approval granted, apply for permit **just prior** to every transfer





# INTERNAL COMPLIANCE PROGRAM



# Internal Compliance Programme (ICP)

- A management system put in place within a company to ensure compliance to export control laws
- Allows a company to determine if a transaction is a proliferation risk and respond accordingly

## 7 ICP Elements

End-User  
Screening

Product  
Classification

Record  
Keeping

Company's  
Commitment


Internal Audit

Nomination  
of SGCO

Awareness &  
Training




# Internal Compliance Programme (ICP)

Element	Requirement	Recommendation
<p><b>Company's Commitment</b></p> 	<p>Convey clear commitment of strict compliance with strategic goods controls</p>	<ul style="list-style-type: none"><li>• Provide sufficient resources to ensure effective compliance programme</li><li>• Incorporate into annual web-based training for staff</li><li>• Include in contracts</li><li>• Show processes for early detection and reporting of any violations</li></ul>




# Internal Compliance Programme (ICP)

Element	Requirement	Recommendation
<p><b>Appoint a strategic goods control officer</b></p> 	<p>Responsible for the development, implementation &amp; maintenance of the ICP</p>	<ul style="list-style-type: none"><li>• Possess the authority to stop shipment, if necessary</li><li>• Familiar with ICP and applicable laws</li><li>• Not from marketing/sales role</li><li>• Sign up for Customs mailing list</li><li>• Contact to be made known to all staff and Customs</li></ul>




# Internal Compliance Programme (ICP)

## 7 Mandatory Elements

Element	Requirement	Recommendation
<p data-bbox="73 505 316 629"><b>Product screening</b></p> 	<p data-bbox="432 505 774 629">Ability to classify goods</p>	<ul data-bbox="863 505 1850 1215" style="list-style-type: none"><li data-bbox="863 505 1750 629">• Determine product code of each controlled item</li><li data-bbox="863 651 1850 915">• Maintain an updated database of technical specifications and classification decisions based on the latest SGCO</li><li data-bbox="863 936 1850 1215">• Classification results are made known to relevant personnel involved in export control within the company</li></ul>




# Internal Compliance Programme (ICP)

Element	Requirement	Recommendation
<p data-bbox="73 368 336 502"><b>End-users screening</b></p> 	<p data-bbox="432 368 838 802">Process(es) to ensure that the company is not transacting with parties of concern</p>	<ul data-bbox="877 368 1843 1188" style="list-style-type: none"><li data-bbox="877 368 1669 496">• Assessment of WMD risk of customer and end-user</li><li data-bbox="877 525 1765 725">• Conduct background checks on customers against a red-flag checklist</li><li data-bbox="877 753 1843 882">• Use 3<sup>rd</sup> party software/ website to perform denied party screening</li><li data-bbox="877 911 1630 1039">• Orders can only be system released by the SGCO</li><li data-bbox="877 1068 1688 1188">• Escalation procedure for any concerns/uncertainties</li></ul>




# Internal Compliance Programme (ICP)

Element	Requirement	Recommendation
<p data-bbox="67 421 367 628"><b>Awareness and training</b></p> 	<p data-bbox="426 421 763 856">Be updated on the changes and put in place regular trainings</p>	<ul data-bbox="846 421 1864 1085" style="list-style-type: none"><li>• Conduct general awareness training for all staff</li><li>• Conduct functional based training for staff involved in export control (e.g. logistics, customer service)</li><li>• Training revised and delivered regularly in accordance to regulatory changes and developments</li></ul>



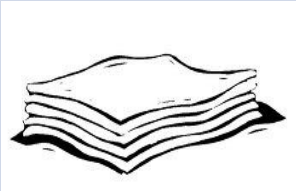
# Internal Compliance Programme (ICP)

Element	Requirement	Recommendation
<p><b>Internal Audits</b></p> 	<p>Internal audit at least once every 18 months to identify any weaknesses</p>	<ul style="list-style-type: none"><li>• Conduct using a trade compliance checklist</li><li>• Perform transaction checks and audit of ICP related process (e.g. lapses are investigated and dealt with immediately; corrective actions)</li><li>• File Internal audit reports</li><li>• Get employees not involved in strategic goods operations to audit</li></ul>





# Internal Compliance Programme (ICP)

Element	Requirement	Recommendation
<p data-bbox="73 405 282 534"><b>Record keeping</b></p> 	<p data-bbox="432 405 819 682">Mandatory retention of all records for <b><u>at least 5 years</u></b></p>	<ul data-bbox="954 405 1831 1062" style="list-style-type: none"><li>• Keep records of all 7 ICP elements</li><li>• Retain transactional records of all strategic goods and technology exported, transshipped, transited or transmitted</li><li>• Have digital storage of documents with backups</li></ul>



# UPDATES ON SINGAPORE'S STRATEGIC GOODS CONTROL



# Updates to Terms & Conditions for STS Bulk Permits, wef 1 Jul 2017

Appoint contact point

Strengthen physical security for goods

Report lapses immediately

Declare all relevant info in TradeNet permit

Approval from Customs for any changes

Monthly reporting

Valid TradeFIRST banding

Regulatory compliance with local and foreign jurisdiction



# Changes to End-User Statement Format

## STS Individual Permit (Sample)

(Company's letterhead)

To:  
Director-General, Singapore Customs  
Attn: Procedures & Systems Branch  
Fax: 6355 2156

### END-USER STATEMENT

#### FOR STRATEGIC TRADE SCHEME INDIVIDUAL PERMIT

I/We, \_\_\_\_\_  
(name, address, tel and fax nos., website and e-mail address of end-user)

\_\_\_\_\_ have requested \_\_\_\_\_  
(name and address of Singapore exporter)

to export:

Product description : \_\_\_\_\_  
Strategic Goods Product Code : \_\_\_\_\_  
HS Code : \_\_\_\_\_  
Brand : \_\_\_\_\_  
Model : \_\_\_\_\_  
Quantity : \_\_\_\_\_

which is intended for \_\_\_\_\_  
(provide specific detailed end-use of the goods/technology identifying the specific operations to be performed by the goods in support of the end-user's business activities)

in \_\_\_\_\_  
(Country of ultimate destination)

I/we confirm that all goods loaned/gifted/purchased/received (directly/indirectly) from [insert name of exporter] will not be used in relation to nuclear, biological or chemical weapons, or missiles capable of delivering these weapons. I/we also confirm that all goods loaned/gifted/purchased/received (directly/indirectly) from [insert name of exporter] will not be re-exported or sold to a third party who is known or suspected to be involved in relation to nuclear, biological or chemical weapons, or missiles capable of delivering these weapons, or to any sanctioned entities. I/We also confirm that any re-export or sale to a third party, is carried out in compliance with the originating/supplying and receiving countries' export control laws, as applicable.

Name (in block letters): \_\_\_\_\_

Designation: \_\_\_\_\_

Date : \_\_\_\_\_

Authorised Signature: \_\_\_\_\_

Company stamp

## STS Bulk Permit (Sample)

(Company's letterhead or stamp)

To: Director-General, Singapore Customs

### END-USER STATEMENT

#### FOR STRATEGIC TRADE SCHEME BULK PERMIT

We,

End-user details	
Company Name:	
Company Address:	
Telephone Number:	
Fax Number:	
Website:	
Email Address:	

have requested

Exporter / Bulk Permit holder details	
Company Name:	
Company Address:	

to export

Product details	
Product description:	



# Control List Updates

## SGCO 2017

*Effective 1 September 2017*

**2016 Wassenaar  
Arrangement Munitions  
List**

**2016 European Union  
Dual-Use List**

- For more information on SGCO 2017, refer to e-module:  
[https://www.customs.gov.sg/~media/cus/files/amendmentstosgco/story\\_html5.html?la=en](https://www.customs.gov.sg/~media/cus/files/amendmentstosgco/story_html5.html?la=en)



# Subsequent Legislative Updates

## Strategic Goods (Control) Regulations

- Expansion of transshipment controls – to include 2 new category codes (1C351.a.57 (SARS-related Coronavirus) and 1C351.a.58 (Reconstructed 1918 Influenza Virus)) in the Fourth Schedule
- No change to the transit goods listed in the Fifth Schedule
- Technical amendment to make reference to the new SGCO 2017

## Strategic Goods (Control) (Brokering) Order

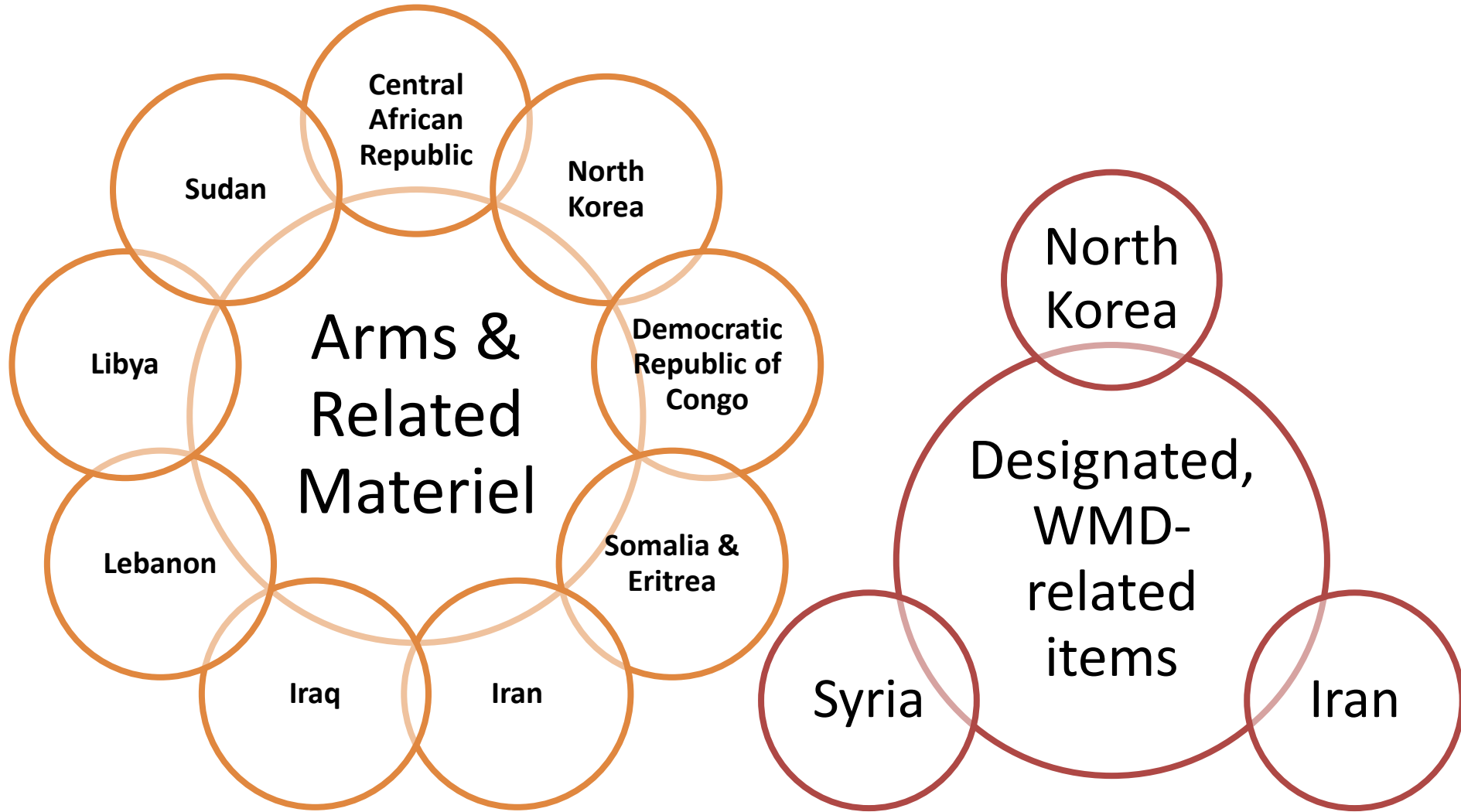
- Technical amendment to make reference to the new SGCO 2017
- No change to the scope of brokering control



# TRADE PROHIBITIONS ON UN SANCTIONED COUNTRIES



# Existing Trade Prohibitions



For more information regarding UNSC sanctions:

[www.customs.gov.sg/businesses/united-nations-security-council-sanctions](http://www.customs.gov.sg/businesses/united-nations-security-council-sanctions)





# Trading with North Korea

For **any** goods arriving from or destined for North Korea (DPRK):

- Apply for a permit **at least 3 working days** before the intended shipment date
- Provide supporting documents to Customs:
  - Invoice
  - Bill of Lading/Air Waybill
  - Packing List
  - End-user Certificate
  - Other relevant supporting documents (e.g. technical specifications of your product)



# Prohibited Items To Or From North Korea

## Seventh Schedule of the Regulation of Imports and Exports Regulations



WMD related-items  
(listed on  
<https://www.un.org/sc/suborg/en/sanctions/1718/prohibited-items>)



All arms and related materiel



Luxury goods, for example:

- a) Cigars;
- b) Wines and spirits;
- c) Fur products;
- d) Leather bags and clothes;
- e) Perfumes and cosmetics;
- f) Personal digital music players;
- g) Luxury cars;
- h) Luxury motorboats and yachts;
- i) Watches of a metal clad with a precious metal;
- j) Carpets;
- k) Works of art, collectors' pieces and antiques;
- l) Precious jewellery; and
- m) Musical instruments



# CUSTOMS COMPLIANCE AUDIT



# Customs Compliance Audit



- **Company will receive an email/ call from Singapore Customs informing about the audit**
  - Reason for the audit
  - Scope of the audit
    - Permits/Shipment(s) to be audited
- **Company should prepare the following**
  - Commodity details such as product code, date of shipment, exporting country, etc.
  - Supporting documents such as permits, invoices, packing lists, air way bill, etc.
  - Arrange date, time and meeting venue
  - Confirm company's main liaison person



# Customs Compliance Audit



- **Customs will meet company representatives at the appointed time**
  - Go through permits/shipment(s) identified in detail
    - Are the good(s) still in Singapore?
    - Transaction flow and movement dates of goods
    - Furnish trade documents of goods (permits, bill of lading/ air way bills, invoices, packing list, export license, etc.)
- **Customs will also outreach to company**
  - Overview of Strategic Goods Control Act and Strategic Goods (Control) Order
  - Permit requirements
  - Supply chain security
  - 7 Elements of Internal Compliance Programme



# Customs Compliance Audit



- Subsequent follow-up with company
  - Technical specifications and end-user statement will be required to be submitted for classification of goods and verification of the end-use
- Company will be notified of audit outcome

For more information and examples of common offences, please refer to our website at – [www.customs.gov.sg](http://www.customs.gov.sg) -> Strategic Goods Control -> Enforcement



# COMMON COMPLIANCE ISSUES



# Export of strategic goods without valid permit

## Reasons:

- Lack of awareness that products were strategic goods
- Miscommunication/poor information flow between related parties
- Misassumption that originating country's license exemptions are also applicable to Singapore's regulatory requirements
- Deliberate intention to flout Singapore's laws

## Case Example:

**Freight Forwarder exported military electronic connectors without valid permit. Company was fined \$22,000 for offence under Sec 5(1)(a) of the SGCA**



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# Other Offences

## Examples:

- Falsely declaring the identity of the item
- Failure to retain documents
- Failure to register as broker or comply with brokering registration requirements

### Case Example:

**Individuals were found to have brokered arms to Syria, and were sentenced to imprisonment for offence under Sec 6(1)(a) of the SGCA**



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# Thank you

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