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SINGAPORE CUSTOMS

WELCOME SPEECH BY MR TEO ENG CHEONG, DIRECTOR-GENERAL OF CUSTOMS, SINGAPORE CUSTOMS, AT THE LAUNCH OF SECURE TRADE PARTNERSHIP ON FRIDAY 25 MAY 2007, 10.30 AM, AT THE MERITUS MANDARIN HOTEL SINGAPORE

Mrs Lim Hwee Hua,
Minister of State for Finance and Transport

Ladies and Gentlemen

1) Good morning and welcome to the launch of Singapore Customs' Secure Trade Partnership or STP in short. Your presence today is testimony that the global supply chain security is a priority for you. We have with us today, the pilot batch of successful applicants of STP. These companies have demonstrated their dedication to improving supply chain security and will be awarded the STP certificates today.

I) BACKGROUND ON STP & WCO

A) Twin Goals of WCO FoS and Signing the Letter of Intent

2) The STP is a new certification programme which recognizes companies that offer a high degree of security in the supply chain. It was developed in line with the World Customs Organization, or in short, WCO, SAFE Framework of Standards to Secure and Facilitate Global Trade which was adopted by Customs administrations in June 2005.

3) The WCO Framework provides a new and consolidated platform to enhance world trade, ensure better security against terrorist attacks and contribute to the economic and social well-being of nations.

4) Singapore Customs signed the Letter of Intent to implement the WCO Framework of Standards in September 2005 as we share the same belief with the WCO in its twin goal of facilitating and securing the global supply chain. In other words, we believe that only when trade is secure can it flow smoothly without hindrance. And signing on to the WCO Framework signals Singapore's commitment to play our part in enhancing global supply chain security.

B) Twin Pillars of WCO SAFE Framework

5) The WCO Framework is based upon the 2 pillars of Customs-to-Customs network arrangements and Customs-to-Business partnerships.

- i) The Customs-to-Customs Pillar entails Customs administrations working together, using common and accepted standards to maximize the security and facilitation of the international supply chain; while
- ii) The Customs-to-Business Pillar calls for Customs to establish a partnership with businesses to create an international system for identifying businesses that offer a high degree of security for their role in the supply chain.

C) Singapore's Existing Security Standards

6) Singapore has already implemented many elements under the first Pillar. We have risk-management system to identify and focus enforcement actions on high-risk cargoes while ensuring that legitimate trade continues to be facilitated. Even before goods arrive in Singapore, advance electronic information on cargo and container shipments is submitted through our TradeNet system to allow risk assessment to take place. Modern and non-intrusive detection technology is also deployed at our border checkpoints so as to maintain cargo and container integrity while not hampering trade movements.

II) PARTNERSHIP APPROACH

A) Moving a Step Closer with the STP

7) But while Singapore has many of the recommended security measures in place, we realize the need to further strengthen our partnership with the private sector to secure the supply chain. Hence, our very own national supply chain security programme, known as Secure Trade Partnership was announced in July last year.

B) Owners of supply chain & Partnership

8) The launch of the STP today is a milestone for us. Through a partnership approach, it takes us a step forward in ensuring total supply chain security in Singapore. In the international scene, countries such as the US, European Union, Australia and New Zealand have also started to launch their supply chain security certification programmes. Customs Administrations and other government authorities all over the world have realized that they do not control the supply chain and do not have the means to supervise all activities in the supply chain. Working with the private sector is absolutely necessary.

9) Only when we have governments and businesses working hand-in-hand, each within their domain of strength, can we have total supply chain security.

C) Flexibility and Risk-Based Approach in Partnership

10) Supply chains are complex and the business model for each company is different. Multiple players are involved in the global supply chain and each of them plays a significant role in securing the movement of goods from origin to destination.

11) Singapore Customs believes that a flexible and risk-based approach is important and necessary under the STP. The STP Guidelines are not meant to be prescriptive but instead allow companies to customize their security plans according to their business models and risks. Existing security certifications that companies already have, while not direct substitutes for STP, will be taken into account during

our certification process. Through this, we hope to build upon industry best practices and standards to strengthen supply chain security.

III) **CONSULTATION WITH INDUSTRY & PILOT WITH COMPANIES**

12) Since Singapore Customs was designated as the National Authority for the STP last July, we held extensive consultations with the trade and conducted a series of outreach seminars to create awareness of the STP.

13) We have also embarked on pilot projects with various companies from January this year to test and fine-tune the concept and operations of the STP. These companies are major, reputable players and represent a good mix of manufacturers, transporters, third-party logistics providers and terminal operators. The pilot projects provide a good opportunity for Singapore Customs to better understand the industry's supply chain security practices and also for the companies to provide feedback on the STP concept and Guidelines.

14) I would like to thank the companies for giving their full cooperation to Singapore Customs during the pilot phase to help fine-tune the STP. The pilot experience and feedback received were very valuable to Singapore Customs.

15) This morning, a few of them will be sharing with you their companies' perspectives and experiences on securing the supply chain.

IV) **CONCLUSION**

16) Ladies and Gentlemen, the Secure Trade Partnership is a new programme in Singapore. But similar programmes are fast gaining ground around the world as economies recognize the importance of a resilient global supply chain. Singapore is one of the first few countries to implement such a supply chain security programme. We would like to invite all of you to be our STP trusted partners. With your support, I believe that we will be on track to usher in a safer world trade regime.

17) Thank you.