

**KEYNOTE ADDRESS AT INTERNATIONAL CUSTOMS DAY  
BY MRS LIM HWEЕ HUA, MINISTER OF STATE FOR FINANCE AND  
TRANSPORT, ON 25 JANUARY 2008, 11.15AM, SUNTEC  
CONVENTION CENTRE**

Distinguished Guests,  
Ladies and Gentlemen,  
Good morning,

**Introduction**

1 I am glad to be here this morning to join Singapore Customs officers in the celebration of International Customs Day 2008.

2 As part of the celebration, I have the privilege of presenting certificates to the second batch of successful partners of the Secure Trade Partnership (STP) Programme and the Strategic Trade Scheme, as well as enforcement awards to the officers for their commendable efforts in enforcing against Customs offences, particularly against cigarette smuggling.

**Supporting Singapore as a Global Trade Hub**

3 In the dynamic world of trade, nothing stands still. Over the years, Singapore has evolved into a global trade hub by leveraging on location, connectivity and a world-class logistics sector. Globalization, technological advances and security threats continue to present the trading community with both new challenges and opportunities. At the same time, Singapore Customs is also transforming itself to actively support the trading community as its valuable partner. Major highlights of

its trade facilitation efforts include the recently launched TradeNet version 4.0 and TradeXchange.

4 The TradeNet system which made its debut in 1989 as the world's first nationwide electronic data interchange system for clearance of trade documentation, was upgraded in October last year. With the upgrade, the trade can expect to save more than \$75 million over the next 10 years from reductions in trade declaration costs. Another major booster to the productivity and competitiveness of the trade and logistics industry was the recent rollout of TradeXchange. While TradeNet is a core application of the TradeXchange platform, TradeXchange offers a comprehensive suite of trade services beyond the filing of permits and declarations to benefit shippers, logistics service providers, freight forwarders, carriers and financial institutions.

5 Together, the new TradeNet, eCustoms and TradeXchange will do much to maintain our status as the trade and logistics hub for the region. Going forward, the trade and logistic community can expect more initiatives by Singapore Customs to facilitate trade.

#### **Upcoming initiative – Launch of Apex Licence in 2008**

6 As you all may know, business models for traders have grown increasingly complex over the years. Many traders are now taking on different functions and providing diverse services. Hence there is a need for Singapore Customs to fine-tune its facilitation and licensing schemes to cater to new business models and practices. I am pleased to announce the introduction of the Apex Licence, slated to be implemented in April 2008.

7 The Apex Licence is a single licence for traders involved in different activities like storage, manufacturing and retail of various duty-suspended products, and at different locations. Currently, separate licences are required for the different product types, depending on whether they are dutiable or not, as well as for the different activities. Moreover, separate licences are also required for each location of operation. Qualifying operators of the Apex Licence can henceforth enjoy lower business costs in terms of a reduction in licence fee as well as greater flexibility in the storage and movement of goods between pre-approved warehouses. To qualify, companies simply need to demonstrate a good track record and a single inventory accounting system that is robust and secure.

### **Making Singapore a Secure and Trusted Trading Hub**

8 Globalization has led to many interlinked economies and businesses sourcing, producing, and distributing goods in many parts of the world; in short, the supply chain has become a lot more complex. This makes trade vulnerable to disruptions arising from security breaches. Any major disruption to international trade will have devastating repercussions for Singapore.

9 Singapore's strategic location and excellent network of connectivity have made us a compelling global logistics hub. To remain as a secured and trusted trading hub, Singapore Customs and the related government agencies have to continue working closely with the private sector.

## **The Role of Private Sector in Securing a Total Supply Chain**

10 Businesses in the private sector should recognize a secure total supply chain as being pivotal to the security of day-to-day operations. Aside from benefiting from reduced theft and losses; better inventory management and increased employee commitment; a secure supply chain system is also a long term investment which can create value.

11 I am happy to know that since the launch of STP in May last year, Singapore Customs has worked on enhancing the STP benefits for trusted partners. For example, Singapore Customs has relaxed the requirement for lodgment of security for STP companies who have good compliance record, which means a reduction in business compliance costs for these companies. The programme also leverages on other security certifications such as the Transported Asset Protection Association, also known as the TAPA scheme. Companies that are already awarded such security certifications will enjoy a smoother STP assessment process.

## **Working with other countries on mutual recognition**

12 Singapore Customs is also working on mutual recognition of programmes with countries such as US, New Zealand and Australia, so as to bring even greater benefits to our businesses. I would like to encourage more companies to come on board the STP and play their part in enhancing global supply chain, and be trusted partners of Singapore Customs.

## **Importance of Export Controls and the Strategic Trade Scheme**

13 While we acknowledge the commitments of our trusted partners in supply chain security, today we are also recognizing partners in

strategic goods control under the Strategic Trade Scheme (STS). Singapore has stepped up its efforts to prevent the proliferation of weapons of mass destruction (WMD). i.e nuclear, chemical and biological weapons.

14 As Asia develops, more developed countries are relocating their operations and transferring technologies to Asia. As a result, the region is now producing and trading in more dual-use items and technologies that could be used in producing weapons of mass destruction.

15 Proliferators look for loopholes and weaknesses of the export control systems. Countries that do not have or have less stringent export control regimes will therefore be vulnerable.

16 Being a major transport hub, Singapore recognizes the need for an effective export control system in order to prevent such proliferation of WMD. As part of this effort, Singapore has expanded the Strategic Goods Control List, from 1 January this year to include dual-use items from the four international regimes – namely the Nuclear Supplier's Group, Wassenaar Arrangement, Missile Technology Control Regime and the Australia Group.

17 Singapore Customs introduced the Strategic Trade Scheme to allay the impact arising from the expansion of the Strategic Goods Control List. The STS is a three-tier permit regime that caters to companies with different levels of readiness in terms of their internal controls. The level of facilitation and flexibility granted will be contingent upon the quality of the company's internal compliance and control practices.

## **Protecting Singapore's Revenue**

18 On the revenue protection front, 2007 was a challenging year for Singapore Customs. Smuggling and fraudulent activities continue to pose challenges to effective revenue protection. Methods employed have become increasingly diverse and complex, and cigarette smuggling remains a key concern.

19 The rising incidence and increasing sophistication of cigarette smuggling methods worldwide is a universal concern. On the home front, more than 87 tonnes of contraband cigarettes were seized last year. This works out to an average of 12,000 packets of cigarettes every day. The number of persons caught for cigarette offences was over 23,000, a whopping jump of 170% from the previous year - the highest in the last decade. I would like to credit the enforcement officers for their hard work and dedication in bringing the offenders to task.

## **Conclusion**

20 In conclusion, I would like to offer my congratulations to the companies who are receiving their STP and STS certification today. Approaching security in a holistic manner with collective responsibility throughout the supply chain will ensure that Singapore continue to be a trusted and secure trade hub. I look forward to further strengthening of the partnership between Singapore Customs and the trading community.

21 For those who will be receiving awards for their commendable efforts in Customs enforcement, congratulations to you. We salute all of you for your dedication and professionalism. You have all made Singapore a more secure and trusted place. Thank you.