

KEYNOTE ADDRESS BY MR PETER ONG, PERMANENT SECRETARY FOR FINANCE, AT THE INTERNATIONAL CUSTOMS DAY, 26 JANUARY 2011, 10.30 AM, AT THE ORCHARD HOTEL

Mr Fong Yong Kian
Director-General of Singapore Customs,

Distinguished Guests,

Ladies and Gentlemen,

Introduction

1. Good morning. It is a great pleasure for me to join all of you in celebrating International Customs Day 2011.

2. As part of the celebration, Singapore Customs will be launching a new trade facilitation framework named TradeFIRST. I am pleased that we will also be recognising the first batch of companies under TradeFIRST today.

Importance of Trade Facilitation in International Trade

3. Global trade has recovered faster than expected in 2010, and WTO economists have raised their estimates for world trade growth in 2010 to 13.5 per cent. As a small and open economy, Singapore is highly dependent on trade. Our trade-to-GDP ratio is about 350 per cent, one of the highest in the world. Last year, Singapore's external trade

expanded by 20 per cent from a year ago, with more than \$900 billion worth of goods traded. Singapore's container traffic totalled 28.4 million TEUs, the second highest in the world. One-fifth of the world's container transshipment throughput passes through Singapore, making us the world's busiest transshipment hub. This is testament to Singapore's development as a global trade hub.

4. We must continue in our efforts to maintain Singapore's standing as one of the busiest ports in the world. While Singapore's status as a trading hub has been boosted by the progressive tariff reductions realised through our network of free trade agreements (FTAs), it is also important for us to focus on the other aspects of trade facilitation, such as minimising or reducing customs controls and regulations. The efficiency of Customs administrations is a key component in international surveys on national competitiveness, and companies do look at such rankings when assessing how business friendly a country is. Singapore has done well thus far, being ranked first in the World Economic Forum's Global Enabling Trade Report for "border administration", "efficiency of Customs administration" and "efficiency of import-export procedures".

5. The prudent management of customs controls and regulations is even more important when we consider the growing security concern on

global supply chains. The Yemen parcel bombs incident in October last year reminded the world that security threats to global supply chains are very real. However, such threats should not detract from the long term goal of promoting economic growth through trade facilitation. There can be a symbiotic relationship between trade facilitation and security. The smooth flow of cargo and a secure supply chain must go hand in hand. For this to happen, businesses involved in the supply chain need to work in partnership with the authorities to put in place good security practices. Customs authorities should then facilitate cargo consignments from the lower risk companies, ensuring a virtuous cycle where companies are incentivised to adopt good supply chain security practices.

Singapore Customs' Approach towards Trade Facilitation

6. Like other customs administrations, Singapore Customs faces the demanding task of managing both its trade facilitation and security roles. Given our open economy and the globalisation of the supply chain, our trade facilitation and security efforts have to extend beyond our shores to help our traders in moving their goods to and from our trading partners all over the world. To achieve this, Singapore Customs has adopted a risk-based approach towards supply chain security based on the World Customs Organisation's Framework of Standards to Secure and Facilitate global trade, or in short, the "SAFE Framework".

7. The SAFE framework is based on the twin pillars of Customs-to-Business partnerships and Customs-to-Customs arrangements. For businesses, Customs Authorities will certify companies with robust security systems and practices in supply chain management. Singapore Customs took the first step towards implementing the SAFE Framework by launching the Secure Trade Partnership scheme (STP) in 2007. This exemplifies the mutually beneficial partnership between Customs and businesses to enhance supply chain security. On Customs-to-Customs arrangements, we reached a significant milestone in June 2010, when Singapore Customs signed the first Mutual Recognition Arrangements (MRAs) for supply chain security programmes with Canada and Korea. These arrangements with our trade partners ensure that Singapore is connected to the international network of secured supply chains. Singapore Customs will continue to work towards establishing more of such MRAs with other key trading partners.

8. We are also actively pursuing trade facilitation through various international fora, such as ASEAN and APEC. For example, Singapore Customs is involved in the ASEAN Single Window initiative and the ASEAN Customs Transit System (ACTS), which aims to facilitate goods that transit through ASEAN countries, using one guarantee and customs

document for the entire journey. Singapore is also Chair of the ASEAN Harmonised Tariff Nomenclature (AHTN) Taskforce. In November last year, Singapore Customs also started a pilot project with Malaysia and Brunei on self-certification for preferential certificates of origin, which is expected to result in \$1.08 million and substantial time savings for Singapore exporters annually when it is fully implemented in 2012.

TradeFIRST

9. The launch of TradeFirst is yet another example of Singapore Customs' commitment towards continuous improvements and innovation to achieve better trade facilitation. It integrates facilitation, compliance and risk-management elements into a single assessment framework. Through TradeFIRST, Singapore Customs can proactively engage traders and facilitate their business operations in a systematic, risk-based and consistent manner.

10. TradeFIRST is based on three key principles that are aligned with Singapore Customs' motto of making trade easy, fair and secure.

11. First, a single assessment approach for all Customs schemes. This integrated approach rationalises the requirements of different schemes that are used to assess a company's eligibility across all schemes. A

dedicated account manager will guide the company through the assessment process.

12. Second, a risk-based management approach to facilitate trade. Companies with more robust systems, internal practices and security measures will get to enjoy a higher level of facilitation.

13. Third, the ability to proactively offer schemes or facilitations that suit traders' business needs. With an integrated and holistic assessment in place, TradeFIRST, together with the account manager's knowledge of the companies, will facilitate more effective outreach to companies with suitable schemes. Companies would then be in a better position to seize business opportunities as they arise.

Conclusion

14. Balancing trade facilitation and regulation is not an easy task and I applaud Singapore Customs for managing these two roles well. With TradeFirst, I am confident that Singapore Customs will foster even closer relationships with businesses as a trusted partner and pro-actively develop new innovative schemes to meet industry needs.

15. Finally, let me offer my heartiest congratulations to the first batch of companies to attain the Premium band under TradeFIRST, for which Singapore Customs would accord the highest level of facilitation. May the partnerships forged between Customs and businesses lead to more commercial success and the strengthening of Singapore as a trading hub.

Thank you.