

**KEYNOTE ADDRESS BY MRS JOSEPHINE TEO, MINISTER OF
STATE FOR FINANCE AND TRANSPORT, AT THE INTERNATIONAL
CUSTOMS DAY, 9 FEBRUARY 2012, 9.15AM AT THE ORCHARD
HOTEL**

**Singapore Customs sets up Academy to help businesses. SMEs in
particular will benefit through its enhanced training outreach.**

Mr Fong Yong Kian

Director-General, Singapore Customs,

Distinguished Guests, Ladies and Gentlemen,

1 Good morning. It is my pleasure to join all of you at the International Customs Day 2012. As part of the celebrations today, Singapore Customs will be launching its own Customs Academy. I am pleased to witness this important milestone for Singapore Customs.

Singapore Customs' Role in Trade Facilitation

2 Let me begin by sharing a few observations. The first is that international trade was vital to Singapore's economy and remains so. Compared to 10 years ago, total trade flows have more than doubled, reaching \$974 billion last year or about 3.2 times of our GDP. These trade flows generate tremendous volumes of cargo for our airports and seaports, helping them to build connectivity and global leadership. Trade and the consequential need for financing feature strongly in our vibrant financial services sector. Among SMEs, as many as one in three is in a trading-related business. So that goes to show how important trade is in Singapore

3 The second observation is that Singapore Customs has played an important role in facilitating trade. Traditionally, the main function of customs authorities around the world is to collect customs duties. A mindset shift is required for a regulator to take on the role of a facilitator.

4 In balancing its different roles as regulator and trade facilitator, Singapore Customs has done well. Import and export procedures are

simple and clear. Our transparent trade regime is a key reason for businesses to site their regional distribution and service centres here.

5 A third observation is that in recent years, it has become more important to enforce supply chain security. International incidents such as the discovery of two parcel bombs from Yemen en route to the US in late 2010 caused panic and disruptions to the international air freight industry. The need for vigilance in supply chains cannot be understated.

6 The tasks of making trade easier and faster, and keeping trade secure go hand-in-hand. These twin goals are the primary motivation for entering into Mutual Recognition Arrangements, or MRAs, with our trading partners. MRAs allow smooth trade flows with our partners, without compromising on security, as both partners mutually recognise each other's certification processes.

7 In Singapore, companies that have been certified by Singapore Customs to have robust security systems and practices in supply chain management under our Secure Trade Partnership-Plus scheme are recognised by our MRA partners. They are therefore less liable for

Customs inspections. This results in more timely and predictable movement of goods, which is attractive for businesses looking to set up regional distribution centres here.

8 Building on the momentum of two successful MRAs with Canada and Korea in 2010, Singapore Customs signed its third MRA with Japan in June 2011. These MRAs will ensure that Singapore continues to be recognised as a secure and trusted node in the global supply chain.

9 We are pleased that the efforts by Singapore Customs to be effective trade facilitators are internationally recognised. For example, the World Bank's Doing Business Report 2011 ranked Singapore top in the 'Trading Across Borders' category, making this our fourth consecutive time in the top spot since 2008. Singapore has also earned high marks in other trade-related surveys, such as the Global Competitiveness Report, the Enabling Trade Index, and the Logistics Performance Index.

Supporting the productivity drive through TradeXchange

10 To be helpful to businesses, Singapore Customs must continue to push the boundaries and challenge itself to respond to their emerging needs. Two developments in particular, should cause Singapore Customs to re-examine its operations with a view to enhancing its role as a trade facilitator:

- i) the increased interest of businesses in Singapore to internationalise in order to capture opportunities for growth, particularly in emerging markets
- ii) the pressure to contain business costs through higher productivity

11 In this regard, I am glad that besides forming partnerships at the Government-to-Government level to strengthen Singapore's position as a trusted trade hub, Singapore Customs is also working to improve processes at the Business-to-Business level. Building on the success of TradeNet, which offers a single integrated permit processing system between government agencies, Singapore Customs introduced Trade Xchange to bring together various businesses in each supply chain through a single network with harmonised data standards.

12 Being among the first of its kind in the world, TradeXchange has raised the productivity of the logistics sector by automating data extraction. Take, for example, Tri-Line Express, an SME providing freight and logistics solutions. By using the Marine Cargo Insurance Chain application within TradeXchange, Tri-Line Express managed to reduce the time taken to file its insurance applications by 90 per cent. The reduced time required enhances labour productivity and is helping the company to save some \$20,000 annually.

13 Companies using the Trade Permit Chain and Trade Financing services have also reported faster turnaround times and reduced costs. Such results are in line with the Government's call to enhance business productivity through the use of technology for example.

Singapore Customs Academy

14 It is also important to invest in training and human capital. I am therefore glad to be launching the Singapore Customs Academy. The Academy is born out of Singapore Customs belief that the majority of traders here want to comply with customs requirements. The higher their

compliance capacity, the more Singapore Customs can facilitate their business operations, as well as their business growth, by adopting a “light touch” towards regulation. It is a win-win outcome that is very worth the effort of the entire community to work towards.

15 The Singapore Customs Academy is therefore designed to serve as a focal point for enhanced compliance capacity by meeting the customs-related training needs of the trading community, Customs officers, and foreign counterparts. It is Singapore’s first dedicated institution to raise capabilities in Customs administration and Customs matters. And I am glad to note that it has the aspiration of becoming a centre of excellence.

16 I am also pleased to note that the Academy has plans to expand the reach of courses currently run by Singapore Customs, by doubling the number of courses that companies can choose from, and accepting significantly more participants in each class. Courses will be conducted in a modular format, and as is the case for more and more activities in Singapore, the Academy will provide 24/7 access to information, which will be facilitated via an online portal. This will be particularly useful for

SMEs that have fewer employees and therefore less flexibility in sending their employees for training. I encourage traders and companies to tap on this new resource to upgrade their knowledge and expertise, and keep abreast with developments in Customs standards and regulations, so as to smoothen your internationalisation efforts.

Conclusion

17 In conclusion, I am happy to note that Singapore Customs has always put priority on meeting the needs of our businesses in mind when developing new initiatives. In moving forward, Singapore Customs must continue to actively drive productivity in the trade and logistics communities. It must also keep its trade facilitation efforts relevant in the international arena.

18 I am confident that through its pro-business efforts, and with the support of the business community, Singapore Customs will ensure that Singapore maintains our competitive edge as one of the world's most trusted trade and business hubs. Congratulations once again on the launch of the Singapore Customs Academy. Thank you.