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SINGAPORE CUSTOMS

**SPEECH BY MRS LIM HWEE HUA, MINISTER OF STATE FOR FINANCE AND
TRANSPORT, AT THE LAUNCH OF SECURE TRADE PARTNERSHIP ON FRIDAY
25 MAY 2007, 10.30 AM, AT THE MERITUS MANDARIN HOTEL SINGAPORE**

Distinguished Guests,
Ladies and Gentlemen,

1 It is my privilege to join you this morning for the launch of Singapore's national supply chain security programme, the Secure Trade Partnership or STP in short. I am glad that the launch is accompanied by the certification of the pilot batch of STP partners, who have readily embraced supply chain security as part of their daily operations.

Singapore – A Global Trade Hub

2 Singapore's strategic location and excellent network of connectivity have made us a compelling global logistics hub and supply chain management nerve centre. About 3000 international and local logistics and supply chain management companies operate in Singapore. We are the world's largest container port and some 200 different shipping lines have daily sailings to every major port of the world. We have one of Asia's largest cargo airports as well with 83 scheduled airlines and more than 4000 flights per week.

17 out of the world's top 25 3PLs also have a substantial presence here. The total value-add of the logistics sector last year reached \$350 million¹.

3 Singapore is one of the world's most globalised nations. We have one of the most conducive business and trading environments. Our total trade expanded by 13% in 2006 as compared to a year ago and stood at \$810 billion. Going into 2007, economic growth is expected to stay generally robust and Singapore's total trade is poised to grow another 8 to 10% this year².

4 There is no doubt that Singapore is a global trade hub and that our economic well-being depends heavily on international trade.

Vulnerabilities

5 Indeed, globalization has brought us many new trading opportunities. But with so many interlinked economies and businesses from sourcing, production, assembly, to distribution of goods whether locally or to other parts of the world, the supply chains have also become more complex, making us vulnerable to security breaches and disruptions. And any major disruption to international trade would cause devastating repercussions on Singapore.

Total Supply Chain Security

6 It is not enough for a single country or a single port or border checkpoint to be vigilant against trade disruptions. The concept of total supply chain security calls for each and every player in the supply chain, right from the country of origin to the point of delivery in another country, to take responsibility in securing their leg of the supply chain.

¹ Source: EDB website- Logistics Industry Sector

² Source: IE Singapore website-Review of 2006 Trade Performance and Outlook for 2007

7 Several countries have already rolled out their supply chain security initiatives. Singapore too has to play our part as a responsible global trade player. We have to ensure that we are not just an efficient and connected port, but also, a safe and secure trading hub.

Importance of a Secure Supply Chain- Collateral Benefits

8 A secure supply chain does not only protect us from the potentially devastating consequences of criminal attacks on the supply chain. A study³ shows that businesses also get to enjoy several collateral benefits such as reduced theft and losses; better inventory management; increased employee commitment; improved communication between business partners; faster throughput; increased customer recognition and loyalty in the process of securing their supply chain.

9 The benefits of a secure supply chain therefore accrue not only to the society at large but also to the company itself. This calls for a reframing of the supply chain management by businesses. Supply chain security measures should not be viewed by businesses as just additional business costs. Instead they should be viewed as investments which could create value for businesses over the long term.

Why STP for Singapore and Singapore companies?

10 Through the STP programme, Singapore Customs aims to partner businesses to help raise the overall level of supply chain security standards in Singapore. The STP will provide companies with a set of supply chain security guidelines on robust security practices which the companies should adopt to be STP-certified. However, in recognition of the differences in business practices and environment, the guidelines are kept suitably flexible and non-prescriptive.

³ Source: Investing in Supply Chain Security- Collateral Benefits, May 05, study sponsored by IBM

Training Assistance Scheme and Development Programme

11 To help businesses enhance their capabilities in securing the supply chain, Singapore Customs is working with the Economic Development Board and SPRING Singapore on training assistance and capabilities-development programmes.

12 The Initiatives in New Technology or INTECH Scheme offered by EDB is a training assistance scheme designed to encourage manpower development in applying new technologies, industrial R&D and professional know-how within businesses. Grants would be awarded to offset costs which are related to the introduction or development of these new capabilities.

13 On the other hand, SPRING Singapore's Logistic Capability Development Programme or Logistics CDP aims to help local Logistics SMEs upgrade. SMEs will receive support in their capability development efforts in the areas of process improvement, development of new services, IT deployment, etc. Their initiatives should ultimately help develop new capabilities that significantly improve productivity and add value to the logistics sector.

14 These assistance schemes may be applicable to companies which decide to adopt new supply chain security measures under the STP. I believe these would encourage even more companies to consider certification under the STP.

Benefits of STP

15 Businesses that are certified under the STP will be recognized as low-risk and trusted partners of Singapore Customs. As trusted partners, their cargoes will less likely to be inspected and hence be facilitated. STP companies may also enjoy the recognition of being low risk companies by their customers and hence enjoy enhanced corporate reputation.

16 Singapore Customs will also have an account manager for the company certified under STP on supply chain security matters. This communication channel is important to keep the partnership strong and trusted.

17 In the event of a security incident resulting in a trade disruption, the trade impact to certified companies may be minimized as their cargo clearance is likely to be facilitated ahead of others when trade resumes.

Working with other countries

18 In future, we hope that companies' STP status may also be recognized by overseas countries. In fact, Singapore Customs is currently engaged in talks with the Customs Administrations of countries such as US and Australia to explore possible mutual recognition of our supply chain security regimes. If STP status is recognised by other countries, it may provide for quick release or reduced inspection of cargo even overseas.

Conclusion

19 I would like to offer my congratulations to the pilot batch of STP-certified partners on their successful certification, and to Singapore Customs on the launch of the Secure Trade Partnership programme. Approaching security in a holistic manner with collective responsibility throughout the supply chain is a major step in ensuring that Singapore continues to be a trusted and secure trade hub. I look forward to seeing a further strengthening of partnership between Singapore Customs and businesses to secure the trade supply chain.

20 Thank you.