Secure Trade Partnership: Singapore’s Authorized Economic Operator Programme

Submitted by: Singapore
Singapore’s Authorized Economic Operator Programme

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Agenda

- Threats to the Global Supply Chain
- Efforts to Secure the Supply Chain
- Singapore’s implementation of the AEO programme
  - Objectives, Benefits, Implementation Challenges
- AEO-related developments in APEC
- Securing the Global Supply Chain through Mutual Recognition
- Conclusion
Threats to Global Supply Chain

- Terrorism threat is constantly evolving
  - largely aimed to instill fear
  - seek to destabilize governments.

- The Supply Chain is a potential target

- Maritime Containerised Cargo
  - 90% of global trade is carried by sea
  - Millions of containers move between ports
  - Ease of concealment – many weak links

Efforts to Secure the Supply Chain

- Efforts to secure supply chain
  - Global programmes
  - Domestic programmes

- Existing AEO programmes
  - C-TPAT (US)
  - EU "Authorised Economic Operator" (AEO)
  - Secure Exports Scheme (NZ)
  - Secure Trade Partnership (Singapore)

- AEO programmes -> Customs’ effort to secure and facilitate global trade
World Customs Organisation SAFE Framework of Standards

- Mutual Recognition
- Authorized Economic Operators
  - Outbound Inspections
  - Joint Targeting
  - Advance Information
  - Risk Management
- Security and Facilitation
- WCO SAFE FRAMEWORK

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Singapore – A Global Trade Hub

- Strategic Location
- Excellent Connectivity

- Complex Supply Chain
- Increased Vulnerability

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**Total Supply Chain Security**

- Every player takes responsibility
- Integrated approach to achieve consistency
- Spread benefits across the entire supply chain

**Programme Development**

- Signed the letter of intent to implement WCO SAFE Framework of Standards in Sep 05
- Singapore's supply chain security programme - Secure Trade Partnership (STP)
- Need to be plugged into the global supply chain
Programme Development

Key Responsibilities

- Validating and certifying companies under the STP
- Serving as the focal point for all local and foreign enquiries and mutual recognition discussions
- Conducting industry outreach and public awareness programmes on supply chain security

Programme Development

- Consultation with businesses through surveys, dialogues and focus groups
- Understand business models, supply chain activities & security practices
- Work closely with other Government Agencies and foreign Customs administrations
- Studies best practices and other supply chain security initiatives
- Pilot project with 8 companies
- To test & fine tune proposed requirements
- Feedback received assisted on the review & fine tuning of proposed processes and guidelines

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What is the STP

- **Consistent** with the World Customs Organisation (WCO) Framework of Standards to secure & facilitate global trade
- A **voluntary** certification programme
- Open to **all players** based in Singapore that are involved in supply chain activities

Objectives of the STP

- Profile Singapore as a secure trading hub
- Help Singapore companies gain a source of competitive advantage
- Enhance capabilities of companies in supply chain security management
- Partner businesses to help raise the overall level of supply chain security standards in Singapore
STP Guidelines and STP Criteria

- Security management system
- Risk assessment
- Security elements/measures

STP’s Benefits to Businesses

- Trusted Partners
  - Designated account managers
  - Trade Facilitation benefits
  - Enhanced Branding
  - Access to assistance & funding schemes
  - Cargo less likely to be inspected
  - Status recognised under other security regimes
Implementation Challenges and Lessons Learnt

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<th>Challenges</th>
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<td>New standards have to be relevant</td>
<td>Flexibility and adaptability is crucial</td>
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<td>Know the market</td>
<td>Leverage on existing standards – not to reinvent the wheel</td>
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<td>Deliver benefits to businesses</td>
<td>Partnership approach between Customs and Industry</td>
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<td>Existing Government standards</td>
<td>Important to work with other government agencies</td>
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Key AEO Developments in Global Fora

World Customs Organisation

- WCO SAFE Package:
  - AEO Compendium
  - AEO Implementation Guidelines

APEC SCCP AEO Working Group

- Canada, China, Japan, Korea, Malaysia, New Zealand, Singapore, Chinese Taipei and the United States
- Establishment of AEO programs within each of the APEC economies
- Encourage mutual recognition arrangements of AEO programs amongst interested economies
Securing the Global Supply Chain Through Mutual Recognition

- Growing acceptance of mutual recognition of AEO programmes and controls between customs administrations
- Offer a more holistic approach in strengthening trade security across the global supply chain
- Secure and facilitate cross-border movement of goods

Concluded Mutual Recognition Arrangements Globally

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Benefits Through Mutual Recognition

For Customs
• True “end-to-end” supply chain security
• Better allocation of resources
• Ability to detect and deal with high-risk consignments early

For Businesses
• Reduce the need for multiple assessments by other Customs administrations
• Lesser chance of Customs intervention at the importing port

Conclusion
• AEO programmes are integral to achieve total supply chain security
• Promising work on AEO programme development in global fora
• Realise global benefits through mutual recognition
• Facilitate and Secure Global Trade