SINGAPORE CUSTOMS PRESS RELEASE

SINGAPORE CUSTOMS INTRODUCED TWO MAJOR TRADE FACILITATIVE INITIATIVES – THE ZERO GST WAREHOUSE SCHEME AND TRADEXCHANGE™

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11 companies will be able to enjoy GST suspension on their imports whilst having greater flexibility in the inventory management of their goods. Mrs Lim Hwee Hua, Minister of State for Finance and Transport, presented the *Zero GST Warehouse Scheme* (ZGS) licences to the pioneer batch of 11 successful applicants during a presentation ceremony held on 17 January 2006.

2.   The ZGS, which has come into operation on 1 January 2006, replaces the previous *Bonded Warehouse Scheme (*BWS*)*. Previously, only imports where at least 80% will be re-exported can be brought into bonded warehouses to enjoy GST suspension. Under the ZGS, the 80%-export requirement will be lifted for qualifying operators. Other benefits for qualifying companies include flexibility in registering multiple warehouses under a single licence and ability to submit consolidated payment permit declarations to Singapore Customs instead of the individual declarations for each consignment of goods released from the warehouse into the local market.

3.   Under the ZGS, there are three licence types, namely Type I, Type II and Type III to cater to companies with varying needs and different levels of internal controls. ZGS Type II and III licensees will be able to enjoy more flexibility and benefits than the other licensees, but they are also expected to have more stringent internal controls.

4.   Mrs Lim Hwee Hua, Minister of State for Finance and Transport, also disclosed details of another major trade facilitation initiative of Singapore Customs, TradeXchange™, in her opening speech at the event.

5. To be launched by October 2007, TradeXchange^{TM} will be a neutral and secure platform that will enable exchange of information between shippers, freight forwarders, carriers and government agencies, to facilitate the flow of goods within, through and out of Singapore. This trade infrastructure will be able to provide seamless inter-connectivity among commercial and regulatory systems for our trade and logistics businesses.

6. Other than linkage with TradeNet$^{®}$, the electronic trade declaration system that companies use today, TradeXchange^{TM} will be linked to four critical systems, namely, Cargo Community Network, Jurong Port Online, MPA's Marinet and PortNet, and other commercial systems. The TradeNet$^{®}$ system will also be further streamlined and simplified in the process, which will result in a significant reduction of trade declaration costs. It is estimated that there will be savings of $75 million for the entire industry over 10 years.

7. Due to the large scale of the project, the development and adoption of TradeXchange^{TM} will be managed by an inter-agency team comprising Singapore Customs, Info-Com Development Authority of Singapore (IDA) and the Economic Development Board (EDB). Owners of the four Critical Systems are also brought on board as partners. Once implemented, TradeXchange^{TM} is expected to "serve as a major booster to the competitiveness of our trade and logistics industry and put Singapore another step ahead as the logistic hub for the region", said Mrs Lim Hwee Hua, Minister of State for Finance and Transport.

8. As a department that has recently taken on a new Vision - "An active and valuable partner to the trading community" - Singapore Customs will continue to look into ways to facilitate the trade and logistics industry in Singapore.

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