



SINGAPORE CUSTOMS PRESS RELEASE

SINGAPORE CUSTOMS LEADS IN DEVELOPING WCO TRADE RECOVERY GUIDELINES

Singapore Customs played a leading role in a global customs initiative when it chaired a subgroup of the World Customs Organization (WCO) SAFE Working Group formed in September 2008 to draft a set of guidelines on trade recovery. The WCO Trade Recovery Guidelines were formally approved by the WCO at its 113th/114th Council Sessions held in Brussels, Belgium from 25 to 27 June 2009. Following the approval, the guidelines will be incorporated into the WCO SAFE Framework of Standards.

Singapore Customs Chairs WCO Trade Recovery Subgroup

2 In 2007, Singapore's Ministry of Transport and Singapore Customs (SC) led a group of Asia-Pacific Economic Cooperation (APEC) economies to develop the APEC Trade Recovery Programme (TRP). Recognising Singapore's leading role in the APEC TRP, the WCO requested SC to lead its effort to incorporate trade recovery guidelines into the SAFE Framework. A Trade Recovery Subgroup under the SAFE Working Group of WCO was formed in September 2008. The subgroup was chaired by SC's Assistant Director-General, Mr Lee Tiow Yong (李朝阳). The Australian Customs and Border Protection Service is the vice-chair of the subgroup.

Rationale for Trade Recovery

3 The global supply chain is vulnerable to terrorist threats. In 2006, an impact study was conducted to find out the ripple effects of trade disruption to 12 APEC economies, arising from a major terrorist attack on the global supply chain. The results from the study showed that there would be a global GDP loss of around US\$137 billion and a trade reduction by US\$159 billion. In addition, the study estimated that many economies would suffer a 2% decline in their GDP.

4 International supply chain security guidelines developed thus far focused on implementing measures which strengthen and prevent supply chains from being disrupted by terrorist attacks or other security breaches. There was insufficient attention given to how to quickly and effectively "re-start" the global trade in the event that the preventive measures failed.

5 The WCO Trade Recovery Guidelines address this lacuna by outlining a set of best practices for customs administrations to develop plans and mechanisms which

facilitate the resumption of trade flows efficiently and quickly in the aftermath of incidents that disrupt international movement of goods.

Highlights of the WCO Trade Recovery Guidelines

6 The WCO Trade Recovery Guidelines reinforce the value of total supply chain security, where every player in the entire supply chain - from the point of origin to the final destination - takes responsibility in securing his part of the supply chain.

7 The guidelines also stress the importance of communications – Customs to Customs and between Customs and Businesses. Open and well-established communication mechanisms among stakeholders will serve to build trusted relationships, enhance transparency and enable effective coordination in the aftermath of an incident to facilitate swift recovery of trade.

8 The guidelines leverage on the Authorised Economic Operator (AEO) programmes implemented by customs administrations such as Singapore Customs' Secure Trade Partnership (STP) programme. Pre-incident trusted relationships between customs administrations that are established through appropriate customs instruments or mutual recognition arrangements are seen as a means to prevent duplication of security controls and contribute to the facilitation and control of goods moving in the international supply chain.

Benefits to the Trade

9 Through such arrangements, exports by AEOs are perceived to be of lower risk by the importing country than those of non-AEOs. In the event of a major trade disruption caused by say a security incident, AEOs are likely to be less affected as their cargoes could be facilitated and cleared ahead of others when trade resumes.

10 On the contribution of the WCO Trade Recovery Guidelines to the global supply chain, SC's Director-General, Mr Fong Yong Kian (方永健) said, "The WCO Trade Recovery Guidelines fill a major gap in supply chain security as existing measures are preventive in nature. With the adoption of the guidelines, we now have the foundation to work towards a coordinated international response to effectively and quickly recover trade flows should an incident were to happen."

11 Mr Fong's views were echoed by the WCO Council Chairman, Mr Martyn Dunne, as he highlighted the Trade Recovery Guidelines as one of the achievements of the WCO in his closing remarks for the Council Sessions in June 2009.

12 Local traders generally welcome the new WCO Trade Recovery Guidelines. IBM's Vice President of Import Compliance and Supply Chain Security, Mr Theo Fletcher said, "The approval of the WCO Trade Recovery Guidelines is an important achievement that reinforces the value of collaborative customs-business partnerships. We believe the principles in the new guidelines will help reduce business costs and enhance supply chain resiliency."

13 "We place high emphasis on customs security processes to ensure our products reach customers quickly and efficiently," said Mr. Rob Auslander, vice president of Global Logistics, Trade Compliance and Order Fulfillment, Advanced Micro Devices (NYSE: AMD). "Being recognised as a trusted partner of Singapore Custom's Secure Trade Partnership programme helps enhance the overall efficiency of our supply chain while providing a process for operational continuity if we are faced with times of heightened security risks."

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About the WCO Trade Recovery Guidelines

The WCO Trade Recovery Guidelines consist of a set of best practices that Customs administrations could adopt when developing plans and protocols to facilitate and resume trade flows. These Guidelines are predicated on the WCO SAFE Framework of Standards and reinforce the value of total supply chain security and employing a risk-based approach to enhance security in the international supply chain.

The WCO Trade Recovery Guidelines consist of the following three main components:

- a) **Plan of Action** - The Plan of Action is the sequence of activities that may be taken by countries prior to and following an incident in order to begin the process for re-establishing trade. The Plan of Action comprises six phases, namely Prepare, Respond, Repair, Reconstitute, Resume and Review.
- b) **Actions by Customs** – It is recognized that many stakeholders, in addition to Customs administrations, may be involved in the different phases. The specific actions that may be taken by Customs administrations are covered in the Actions by Customs component. A primary consideration in this component is to enable Customs administrations to have an effective and efficient basis to assess cargo risk. This will enable appropriate risk-based mitigation measures to be applied to facilitate the secure resumption of trade, given limited available resources to deal with the challenges in a post-incident situation.
- c) **Communication** - Communication is the main mechanism in demonstrating transparency and building trust among Customs administrations, between Customs administrations and other government agencies, and between Customs administrations and Businesses. Well-established communications channels among the relevant stakeholders will enable effective coordination in the aftermath of an incident, and facilitate the swift recovery of trade.

About Singapore Customs' Secure Trade Partnership (STP) Programme

Launched on 25 May 2007, the STP is a voluntary certification programme administered by Singapore Customs that encourages companies to adopt robust security measures in their trading operations to improve the security of the global supply chain. The STP programme is consistent with the WCO SAFE Framework.

For further information on the STP programme, please visit Singapore Customs' website: <http://www.customs.gov.sg/leftNav/trad/Supply+Chain+Security.htm>

About the APEC Trade Recovery Programme

To address the issue of quick trade resumption after a terrorist attack, Singapore proposed a Trade Recovery Programme (TRP) at the 2007 APEC Counter Terrorism Task Force (CTTF) Meeting. The TRP focuses on post incident measures to facilitate trade recovery and is designed to establish principles and guidelines to restore trade among participating economies as quickly as possible after a terrorist attack. It also provides actions that will facilitate trust and confidence in the process.

Information on the APEC Trade Recovery Programme can be accessed from below link: http://aimp.apec.org/Documents/2007/CTTF/CTTF3/07_cttf3_003.doc

About the WCO SAFE Framework of Standards

The WCO SAFE Framework of Standards is a WCO endorsed strategy to secure the movement of global trade in a way that does not impede but, on the contrary, facilitates the movement of that trade. To strengthen and go beyond existing programmes and practices, WCO Members have developed a regime that will enhance the security and facilitation of international trade. This is the WCO SAFE Framework of Standards. The WCO Safe Framework sets forth the principles and the standards and presents them for adoption as a minimal threshold of what must be done by WCO Members.

The WCO SAFE Framework aims to:

- Establish standards that provide supply chain security and facilitation at a global level to promote certainty and predictability.
- Enable integrated supply chain management for all modes of transport.
- Enhance the role, functions and capabilities of Customs to meet the challenges and opportunities of the 21st Century.
- Strengthen co-operation between Customs administrations to improve their capability to detect high-risk consignments.
- Strengthen Customs-Business co-operation.
- Promote the seamless movement of goods through secure international trade supply chains.

The WCO SAFE Framework of Standards can be downloaded from this link: http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/SAFE%20Framework_EN_2007_for_publication.pdf



Singapore Customs' Assistant Director-General, Mr Lee Tiow Yong (李朝阳) chairing the first meeting of the WCO Trade Recovery Subgroup held in Brussels, Belgium on 13 and 14 October 2008.