



Customs Management & Integrated Logistics

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International Trade Institute of Singapore (ITIS)

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I. Customs Management

26 January 2006

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Customs Mission



Efficient collection and protection of
customs revenue and GST while
facilitating trade and travel



Responsibilities and Functions



Five Divisions:

- Operations Division
- Trade Division
- Controls Division
- Planning Division
- Corporate Development Division



Legislation administered by Customs



- The Customs Act
- The Good And Services Tax Act
- The Free Trade Zones Act
- The Regulation of Imports and Exports Act
- The Strategic Goods (Control) Act
- All subsidiary legislation under the above:-
 - Customs Regulations
 - Regulation of Imports and Exports Regulations
 - Custom Duties Order
 - Custom Duties (Exemption) Order
 - GST Regulations



Registration and Requirement to Furnish Security (Guarantee)



Section 31 and 99(1) of Customs Act require all traders, carriers, warehouse operators and TradeNet users, intending to transact business with Customs, to register their business particulars and signatories to furnish the appropriate security



Registration and Requirement to Furnish Security (Guarantee)



Why the need for security:

- To safeguard the revenue against non-compliance or breaches of conditions
- Basically to cover the potential duty and/or GST

Forms of security:

- Bank guarantees (BGs) or finance companies' guarantees
- Insurance Bond (IB) issued by insurance companies



Registration and Requirement to Furnish Security (Guarantee)



Validity of BG and IB

- Annual guarantee (reviewed annually)
- Ad hoc guarantee (minimum three months)

BG and IB quantum (% of potential duty/GST)

- Generally 50% of duty/GST for liquors and tobacco and 30% for other goods
- For duty/GST payment 100% if amount exceeds \$2000
- In the case of temporary imports for repairs and exhibitions (non-dutiable goods) the guarantee is 30% of GST



Rates of Duties



Specific

Expressed as a value applied to weight/volume/quantity

Cigarettes – 35.2 cents for every gram or part thereof of each stick

Brandy not exceeding 46% volume

- \$30p/litre

Beer

- \$0.80/litre (import)

- \$2.70/litre (excise)



Rates of Duties



Ad Valorem

Expressed as a percentage of a value

Motor cars – 20%



Permit to Remove Goods



S34 – No removal of goods imported or intended for transshipment/transit:

- From customs station along railway station
- From vessel/airport at which they arrived
- Beyond any customs station at Woodlands or Tuas
- From the free trade zone where the goods were deposited/landed

except under and in accordance with conditions contained in a permit issued by the Director-General



Permit to Remove Goods



Exceptions

- Direct discharge of dutiable goods from a vessel into a free trade zone
- Goods (other than liquors and tobacco) the duty on which does not exceed such amount as prescribed by Minister and which are in the possession or in the baggage of persons arriving in Singapore
- Petroleum for use in the propulsion of a motor vehicle or aircraft carried in the fuel supply tank of a vehicle or aircraft or spare container in a vehicle (in such amount as the Minister may prescribe)
- Postal imports unless permits required by customs



Trigger Points for Duty/GST



- Sea imports – Time when vessels enter territorial waters
- Road/Rail imports – Time when goods come into Singapore
- Air exports - Time at which aircraft leaves the airport
- Removal into free trade zone for export – Time when goods are brought into the free trade zone



Free Trade Zones Administration



- First established in Singapore in 1969
- Purpose is to promote Singapore's entrepot or re-export trade
- Five free trade zones comprising of:
 - Keppel Wharves
 - Pasir Panjang Wharves
 - Jurong Wharves
 - Sembawang Wharves
 - Changi Airfreight Centre
- Authority to administer free Trade Zones – PSA, JTC and Civil Aviation Authority of Singapore



Free Trade Zones Administration



Custom Formalities

- Imported goods discharged in a free trade zone are not subject to physical checks or documentary control
- Their re-export from the free trade zone are not subject to any customs formalities unless they comprised duty/GST- unpaid petroleum and motor vehicles
- Only when the goods are brought out from a free trade zone into customs territory will customs physical clearance and documentary apply.



Free Trade Zones Administration



Custom Formalities

- Goods landed in a free trade zone are allowed indefinite storage
- For imported high-duty goods (tobacco and liquors) they are not allowed storage in a free trade zone and must be removed into customs territory within 30 days for storage or local consumption



Free Trade Zones Administration



Goods stored in a free trade zone may be:

- Stored
- Sold
- Exhibited
- Broken up
- Repacked
- Assembled
- Distributed
- Sorted
- Graded
- Cleaned
- Mixed or otherwise manipulated
- Manufactured



Free Trade Zones Administration



In the case of assembling, mixing/manipulation or manufacturing, and where materials used of the resultant finished products are subject to duty, prior approval is required from Customs. For manufacture, the final approving authority is the Ministry of Finance



Types of Customs Declaration and Purpose



- Inward Declaration – Removal of goods from arrival point (sea, air, road or rail) or free trade zone to licensed premises or approved places
- Transshipment Declaration
 - Import by sea from vessel at anchorage to a free trade zone for storage
 - From free trade zone for export to foreign destinations
 - From one free trade zone to another
 - From arrival point (Woodlands) to another point (Changi Airport) for re-export



Types of Customs Declaration and Purpose



- Removal Declaration – Movement of dutiable goods between licensed or approved premises in customs territory
- Payment Declaration – for payment of customs duty or tax for local consumption
- Outward Declaration – Movement of goods from customs territory for export or storage in a free trade zone
- Exemption Certificate – For removal of duty/GST-exempted goods for local consumption w/o payment of duty



Types of Customs Declaration and Purpose



The Import or Export permit as provided under the Regulation of Imports and Exports Act are also required for all imports and exports.



Warehousing Regime



Licensed Warehouses

- Warehouses are licensed to store high duty goods (liquors and tobacco) in customs territory as these are not allowed storage in the free trade areas
- Premises licensed by Customs for the storage of dutiable goods (liquors, tobacco and motor vehicles)
- Duty/GST are suspended while goods are held in storage
- Duty/GST collected only for goods released for local consumption



Warehousing Regime



Licensed Warehouses

- For re-exports, they are to be covered by Outwards Permits
- Goods may be transferred from one licensed warehouse to another
- Licensees are to submit returns at the specified period to show movement of good into and out of the warehouse and balance held in stock
- Goods held in licensed warehouses are subject to periodic stock checks by Customs



Warehousing Regime



Licensed Warehouses

- When the goods are missing, there is a legal presumption that they had been illegally removed unless caused by theft or unavoidable accident
- Where there are multiple in-bond supplies before the duty point duty/GST on them are disregarded. They become payable on the last supply when the goods are to be removed



Warehousing Regime



Application for a License

- Submission of site and layout plans to Customs
- Plans to include security features of the premises to be licensed (windows and entrance grills, fencing, alarm systems, etc)
- Customs will inspect premises to satisfy itself of their security features
- Upon approval from Customs, applicant is required adequate security (B/G) and pay the requisite licence fee (payable annually)
- In the case of a licensed factory warehouse (to manufacture and store dutiable goods, approval from the Ministry of Finance is required after processing by Customs



Warehousing Regime



Bonded Warehouses

- Approved Premises for the storage of imported non-dutiable goods with GST suspended until they are released for local consumption
- Normally licensees are commodity traders or service warehouse operators



Warehousing Regime



Criteria for eligibility

- Goods are substantially for re-export
- They are approved commodities (coffee, pepper, rubber, crude oil, petroleum products and base metals) or goods belonging to re-exporters with no local distributors/agents
- Efficient inventory system which can accurately monitor the stock and movements of goods



Warehousing Regime



Removal of Goods

- Goods removed for local consumption are liable for GST payment
- GST is not payable for removal for re-export or transferred to traders under the Major Exporter Scheme (MES)
- If there is a sale or supply of goods whilst in bond, the taxable value for GST is base on their sale price



Warehousing Regime



Allowable Activities

- Goods Simple processes that do not alter the original characteristics of the goods
 - Mixing
 - Sorting
 - Grading
- Activities that are stated in the licence



Customs and Trade Enforcement



- Customs Act and Regulations
- Regulation of Imports and Exports Act and Regulations
- Goods and Services Tax Act and Regulations
- Strategic Goods (Control) Act and Regulations
- Free Trade Zones Act and Regulations



Customs and Trade Enforcement



Enforcement actions comprised:

Physical checks at entry/exit points or traders' premises

- Audit-based controls
 - Shipments for checks are selected by the system
 - Audit-based controls
 - Post-clearance audits of shipments
 - Audits of textile garments and other goods under FTAs
 - Statistics audits
 - Manifests audits
- Audits are basically verification of imports/exports based on supporting commercial documents and production records for exports to FTA countries

Thank you (Part I)





II. Integrated Logistics (Multi-Modal Transport and Transshipment)

26 January 2006

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Contents



INTRODUCTION

- Supply Chain – A Model
- What is Multi-modal Transport?
- What is Transshipment?
- International Experiences – A brief look at Europe

MULTI-MODAL TRANSPORT AND TRANSSHIPMENT IN SINGAPORE

- Country Profile
- PSA (Port of Singapore Authority)
- ALPS (Airport Logistics Port of Singapore)
- 3PLs in Singapore
- A Local Success Story : Trans-Link Express
- Public Initiatives for Trade Logistics / Facilitation
- Challenges

Introduction

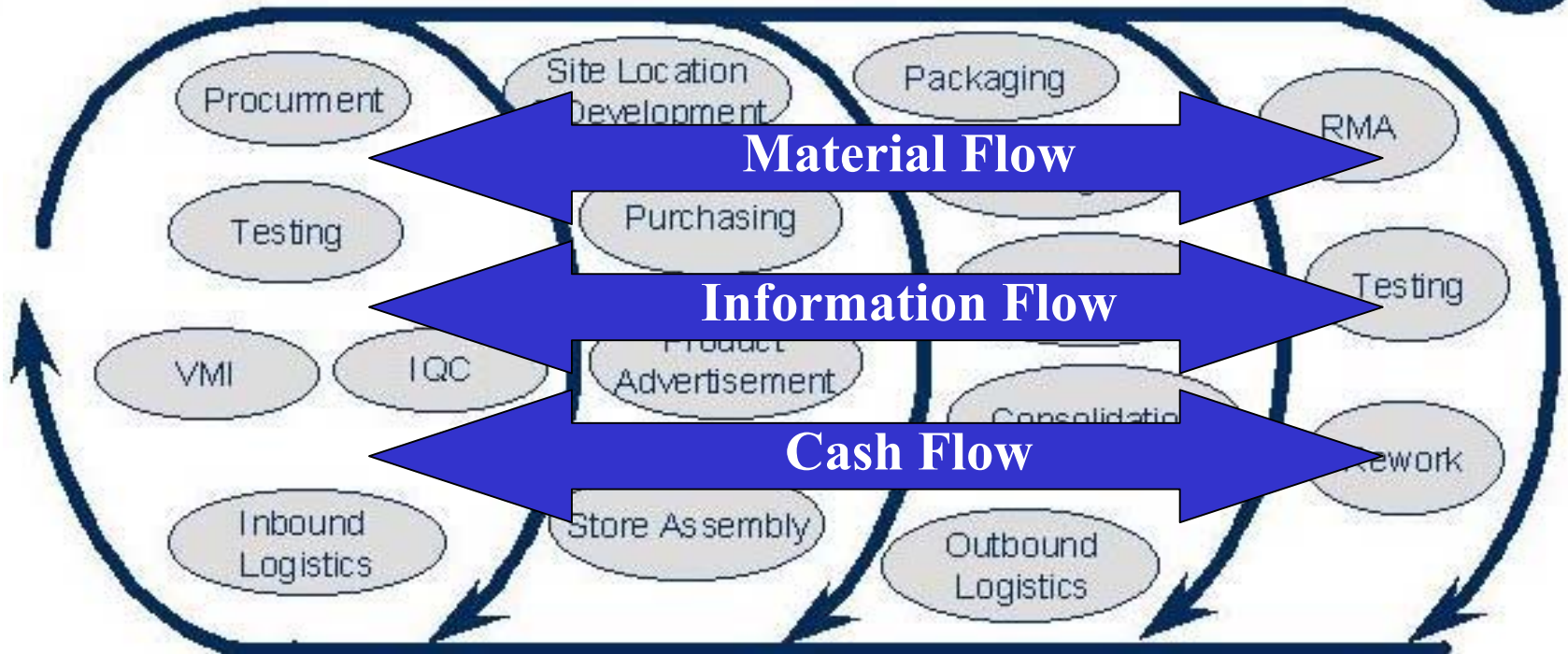




Supply Chain – A Model



A Supply Chain Model





What is Multi-modal Transport?



- The carriage of goods by at least two different modes of transport by a MTO (Multi-Modal Operator).
- The different modes of transport can include:
SEA - seafreight, tanker, barges
AIR - airfreight, courier and express
LAND - road, rail and pipeline





What is Transshipment?



- It is the shipment of goods to an intermediate location (transshipment hub) and then to another destination.

Why?

- To change the mode of transportation (e.g. Goods coming from Johor Bahru to Keppel Terminal and then sent out by sea, in containers).
- To perform deconsolidation and consolidation for imports/exports.

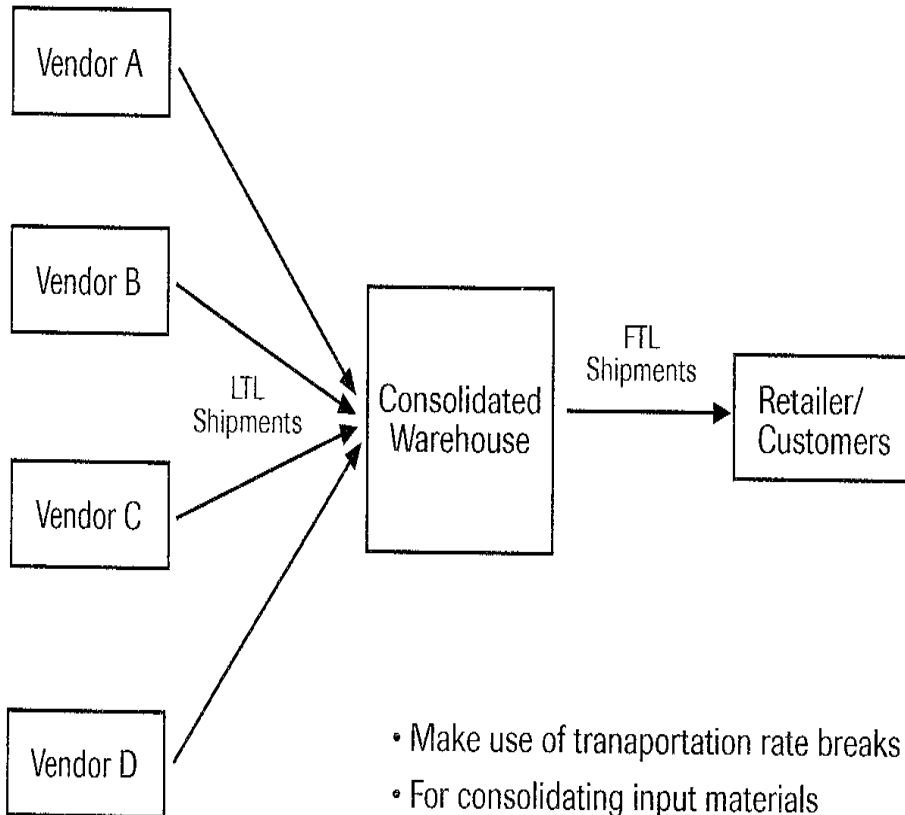


Transshipment

– Consolidation and Deconsolidation

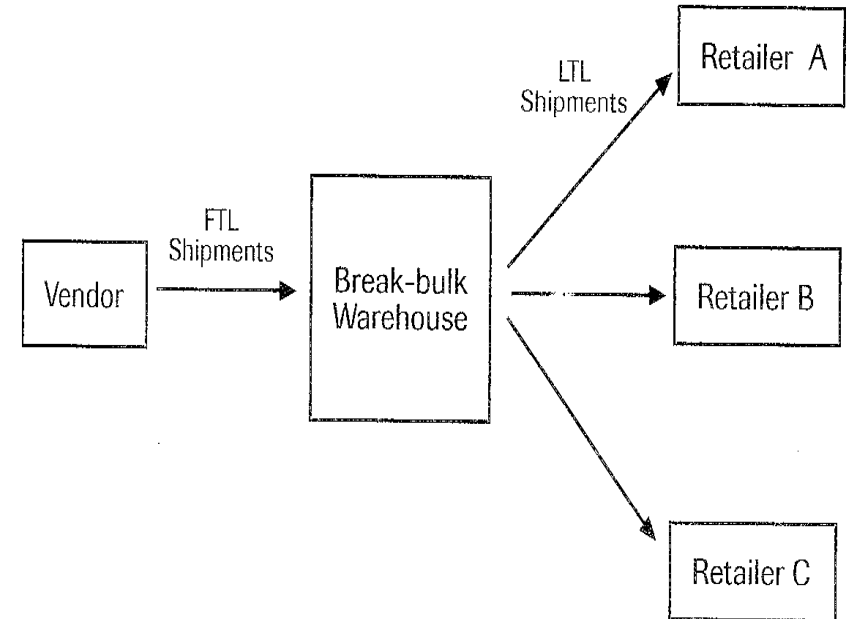


Cross Docking – Consolidations



- Make use of transportation rate breaks
- For consolidating input materials
- LTL – Less than truckload
- FTL – Full truckload

Cross Docking – Break-bulk



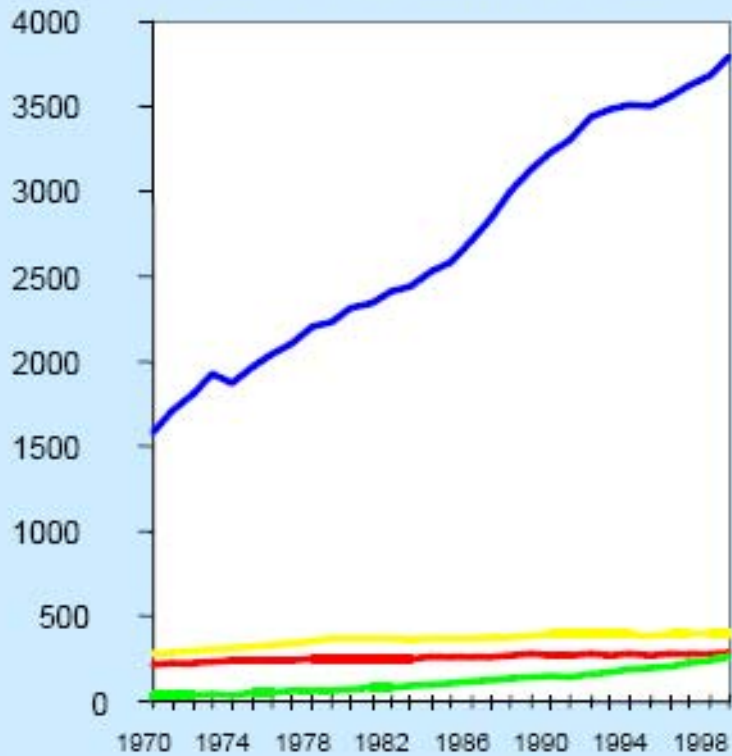
- Opposite of consolidations



Europe Multi-modal Transport – Some Statistics

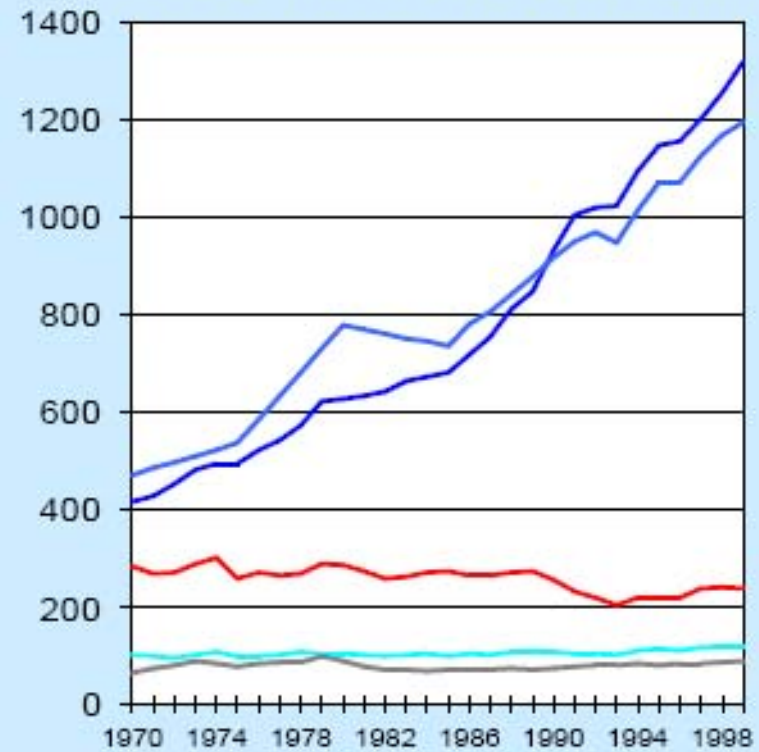


Passengers (p) in billion pkm



- Cars and lorries
- Bus
- Air
- Rail

Goods in billion tonnes/km



- Inland waterways
- Short-sea shipping
- Oil pipelines



European Strategies to improve Multi-modal Transport



- Shifting the balance of modes of transport (roads – 44%, congestion)
- Regulate the road transport industry
- Harmonization of Controls and Penalties
- Open freight markets to cabotage
- Project Marco Polo
 - Emphasis on short-sea shipping
 - Set up aid for new and innovative logistics services
 - Improvement of the intermodal chain



Multi-modal transport and Transshipment in Singapore





Singapore – A Country Profile



Why is Singapore a good Transshipment Hub?

- Lower Warehousing Rental Costs
- Lower Labour Costs
- Strong Manufacturing Base
- Established Chemical eco-systems
- Huge Shipping and Maritime Industry
- Free trade Agreements (FTA) with different and various markets
- IT Linkages
- Access to local labour resource pool
- Pro-Business Environment
- Stable Society

物流如同我的血脉

Land Size : 693 sq km

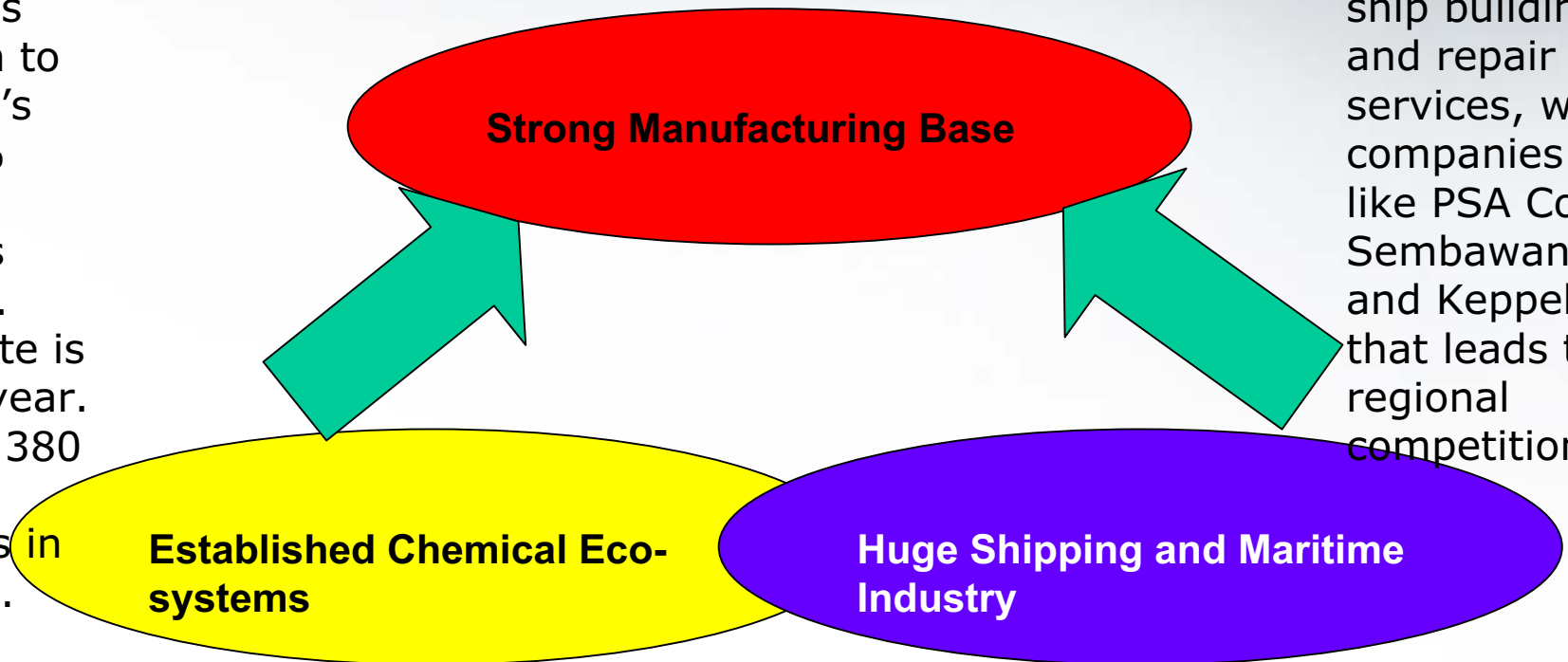
Population : 4.42 million



Strong Industry Base

Chemical industry contributes \$50 billion to Singapore's GDP, 11% from specialties chemicals. Growth rate is 30% per year. There are 380 chemical companies in Singapore.

Singapore also leads in ship building and repair services, with companies like PSA Corp, Sembawang and Keppel that leads the regional competition.





Free Trade Agreements



Concluded

- ASEAN
- Australia
- Brunei
- European FTA
- Hashemite Kingdom of Jordan
- India
- Japan
- Korea
- New Zealand
- United States of America

Ongoing

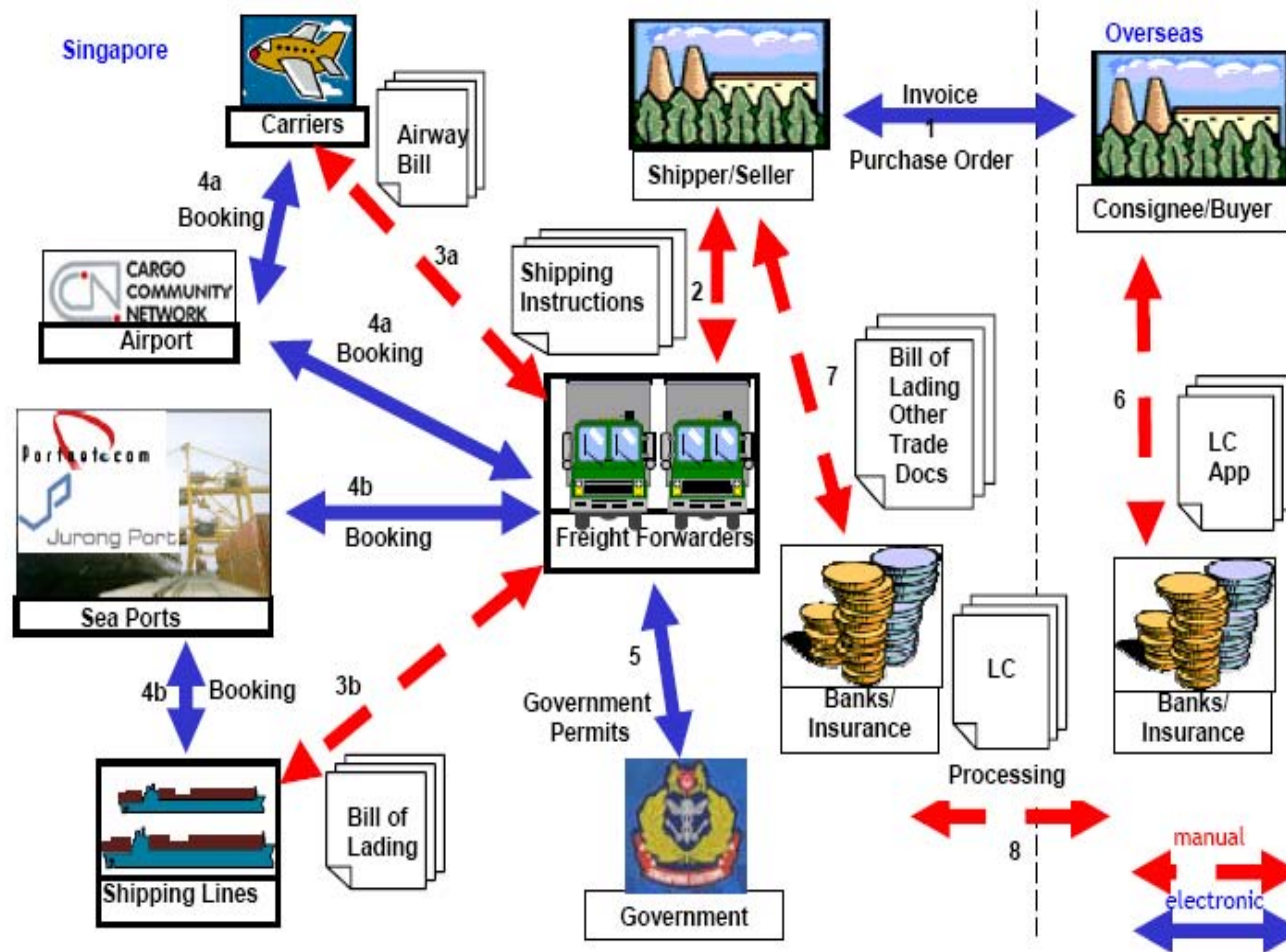
- ASEAN and PRC
- ASEAN and Australia/New Zealand FTA
- ASEAN and India
- ASEAN and Korea FTA
- Bahrain
- Canada
- Egypt
- Mexico
- Pakistan
- Panama
- Peru
- Sri Lanka
- State of Kuwait
- Qatar
- Arab Emirates



Application of I.T. to Logistics...



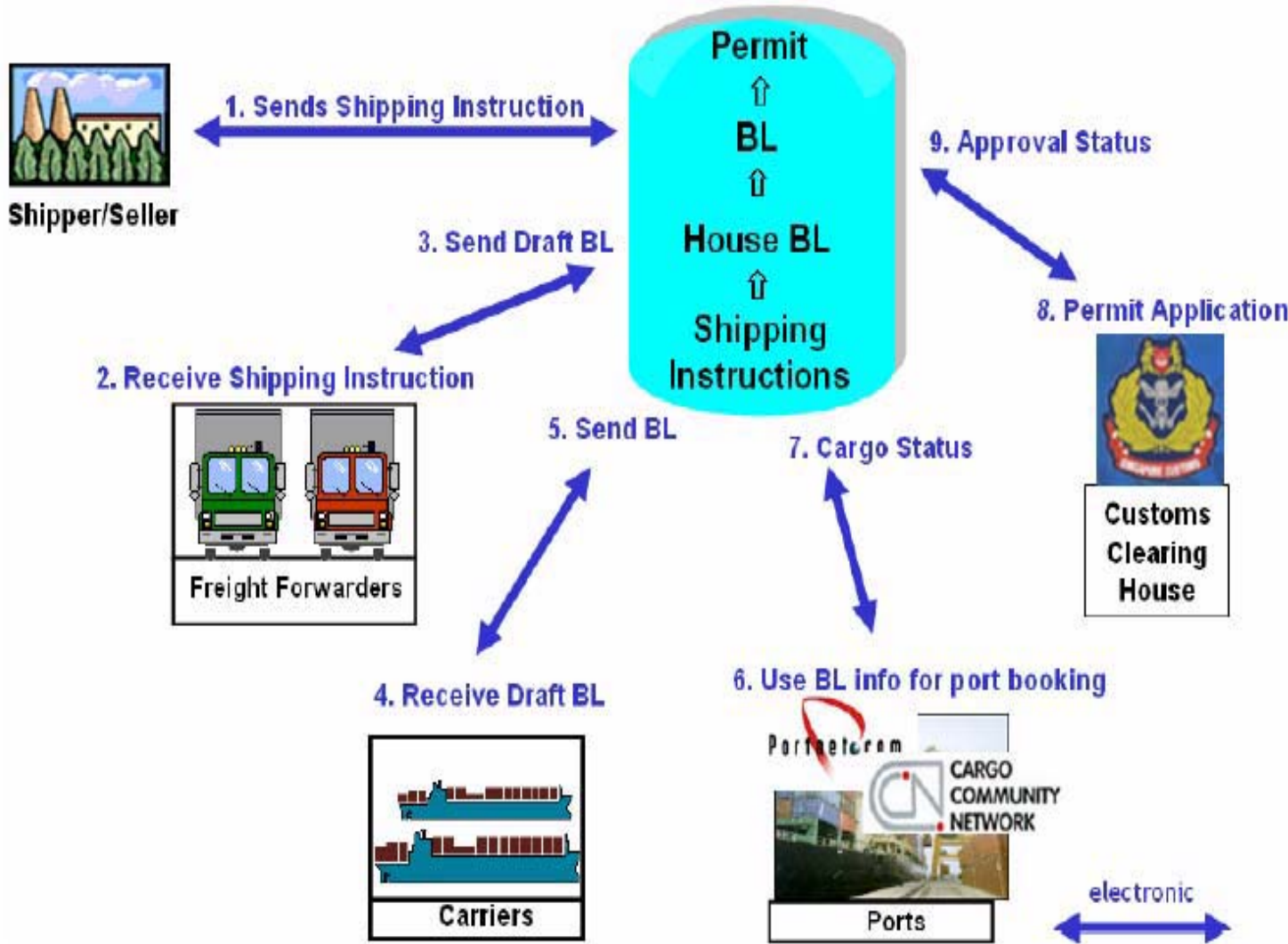
An Illustration of a Typical Trade Transaction



To ship something across borders, the modern day of one transaction involves multiple parties and double data entry.

It is tedious and error-prone.

For Trade Facilitation



Started in Jun 2004, the Singapore government has launched an IT initiative to simplify and automate trade transactions. Costing S\$50 million, the prototype will be ready in end 2006. The project will save S\$70 million over long term and generate value added services of S\$ 4 billion over 20 years.



PSA Corporation

The World's Port of Call



**19 PORTS
11 COUNTRIES**

**BELGIUM
BRUNEI
CHINA
INDIA
ITALY
JAPAN
KOREA
NETHERLANDS
PORTUGAL
SINGAPORE
THAILAND**

PSA MARINE
[BACK TO MAIN](#)



PSA is connected to 600 ports in 123 countries over six continents.

The company operates 4 terminals in Singapore with 41 berths.



Port Connectivity



PSA is well connected to the world (200 shipping lines) and the high frequency of sailings is the main attraction of the port.

Operating 4 terminals located in the central and western part of Singapore, PSA handled 22 million TEUs.



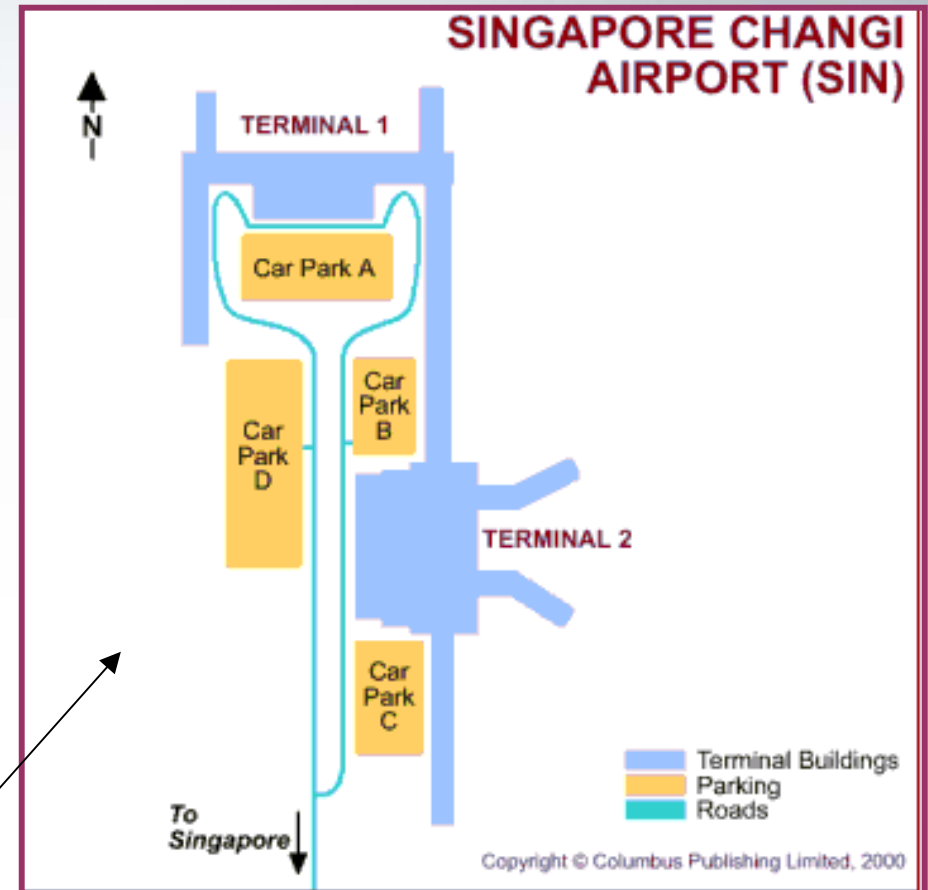
Ranking of Container Ports of the World

Thousand TEUs

Rank	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
1	Hong Kong 12 550	Hong Kong 13 460	Hong Kong 14 567	Singapore 15 100	Hong Kong 16 211	Hong Kong 18 098	Hong Kong 17 826	Hong Kong 19 144	Hong Kong 20 449	Hong Kong 21 984
2	Singapore 11 846	Singapore 12 944	Singapore 14 140	Hong Kong 14 582	Singapore 15 945	Singapore 17 087	Singapore 15 571	Singapore 16 941	Singapore 18 411	Singapore 21 329
3	Kaohsiung 4 900	Kaohsiung 5 063	Kaohsiung 5 693	Kaohsiung 6 271	Kaohsiung 6 985	Busan 7 540	Busan 8 073	Busan 9 453	Shanghai 11 280	Shanghai 14 557
4	Rotterdam 4 787	Rotterdam 5 007	Rotterdam 5 340	Rotterdam 6 011	Busan 6 440	Kaohsiung 7 426	Kaohsiung 7 541	Shanghai 8 610	Shenzhen 10 650	Shenzhen 13 626
5	Busan 4 503	Busan 4 684	Busan 5 234	Busan 5 946	Rotterdam 6 400	Rotterdam 6 275	Shanghai 6 340	Kaohsiung 8 493	Busan 10 408	Busan 11 442
6	Hamburg 2 890	Hamburg 3 054	Long Beach 3 505	Long Beach 4 098	Long Beach 4 408	Shanghai 5 612	Rotterdam 6 096	Shenzhen 7 614	Kaohsiung 8 843	Kaohsiung 9 714
7	Long Beach 2 844	Long Beach 3 007	Hamburg 3 337	Hamburg 3 550	Shanghai 4 210	Los Angeles 4 879	Los Angeles 5 184	Rotterdam 6 506	Los Angeles 7 179	Rotterdam 8 281
8	Yokohama 2 757	Los Angeles 2 683	Antwerp 2 969	Los Angeles 3 378	Los Angeles 3 829	Long Beach 4 601	Shenzhen 5 043	Los Angeles 6 106	Rotterdam 7 107	Los Angeles 7 321
9	Los Angeles 2 555	Antwerp 2 620	Los Angeles 2 960	Antwerp 3 266	Hamburg 3 750	Hamburg 4 248	Hamburg 4 689	Hamburg 5 374	Hamburg 6 138	Hamburg 7 003
10	Antwerp 2 329	Yokohama 2 400	Dubai 2 600	Shanghai 3 066	Antwerp 3 614	Antwerp 4 082	Long Beach 4 463	Antwerp 4 777	Antwerp 5 445	Dubai 6 429



Airport Logistics Port of Singapore (ALPS)



ALPS (Airport Logistics Port of Singapore) is located in Changi Airport, at the northeastern tip of the island. It covers 26 hectares and serves 20 3PLs.

A third terminal is currently being built for low cost carriers.



Statistics(ALPS)



Throughput of Passengers and Cargoes in Changi Airport

Traffic	1997	1998	1999	2000	2001	2002	2003
Passenger throughput	25,174,344	23,803,180	26,064,645	28,600,000	28,093,759	28,979,344	24,664,137
Cargo handled (tonnes)	1,336,254	1,283,660	1,500,393	1,682,303	1,507,062	1,637,795	1,611,407
Cargo handled (1000s lbs)	2,945,905	2,829,956	3,307,766	3,708,805	3,322,468	3,610,682	3,552,507
Aircraft movements	172,672	165,242	165,961	174,000	179,359	174,820	154,346



Types of Multi-modal and 3PLs in Singapore



Major Categories:

Forwarders

3rd Party Logistics Provider (3PL)

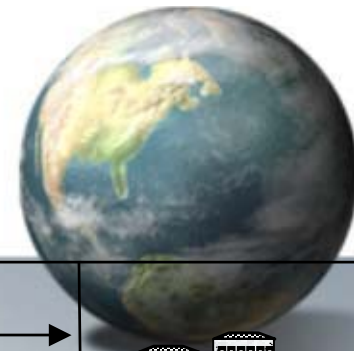
Integrators / Express Operators

4th Party Logistics Providers (4PL)





3PLs Scope of Services



Products from Vendors and other companies	Overseas 3PL Facility (sub-DC)			Customers, Channel Partners and other companies
	REPORTING <ul style="list-style-type: none"> • <i>Inventory Visibility</i> • <i>Customer Service</i> • <i>Order and Item Track & Trace</i> • <i>Performance Reporting</i> 			
Function	Import Goods & Transport to DC	Store Goods & Fulfill Orders	Export goods	
Key activities	<ul style="list-style-type: none"> • Inbound transportation management & contracting • Customs brokerage and clearance • Co-ordinate and planning for shipments from suppliers and other companies 	<ul style="list-style-type: none"> • Receiving and storage • Pick-pack, case-pick and cross-dock processing • Customer order receiving and processing • Product customization • Kitting, labeling, repacking and inspection services • Shipment notifications (ASN) and reconciliation • Distribution management and execution • Returns Management • Managing Channel Partners' inventory 	<ul style="list-style-type: none"> • Export document preparation and processing • Shipment consolidation and container delivery coordination • Freight forwarding and traffic management • Customer receipt processing/shipment reconciliation • Co-ordination and planning for shipments to channel partners and other companies • Track & Trace 	

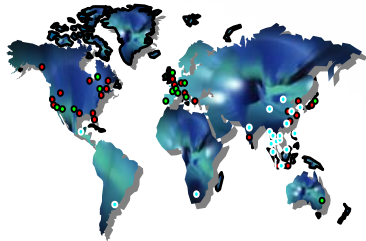


A Local Success Story: Trans-Link Express



Singapore Head Office

- Headquartered in Singapore, Trans-Link was formed in 1982 to meet a regional need for professional logistics services.
- Today, Trans-Link is a leading provider of specialised logistics services in Asia – focusing on providing total logistics solutions for the exhibitions and events industry and integrated logistics services for the food & beverage (F&B) and fast moving consumer goods (FMCG) industry and also regional logistics hub services for commercial and industrial products



- The company began its regional expansion from 1983 and today has significant operations globally in 17 countries in Asia, South Africa and Latin America (see [Global Supply Chain Network](#))
- The group plans to both expand the scale of operations in countries where it already has a presence and also expand geographically where there are opportunities, continuing to focus on customised logistics solutions



- Integrated Logistics and Supply Chain Management

Warehousing, distribution, airfreight and seafreight management, sales and marketing, Customer service, documentation, operations, special projects logistics support and value added services



- Exhibition and Event Logistics

Sales and marketing, project management, Customs clearance and documentation support, freight forwarding and on-site operations



Case-Study : Fuji Xerox Asia Pacific



SUPPLIERS



Handles Equipment, Supplies & Consumables

Australia, Indonesia, Ireland, Malaysia, Korea, Japan, Taiwan, Thailand, U.K., U.S.



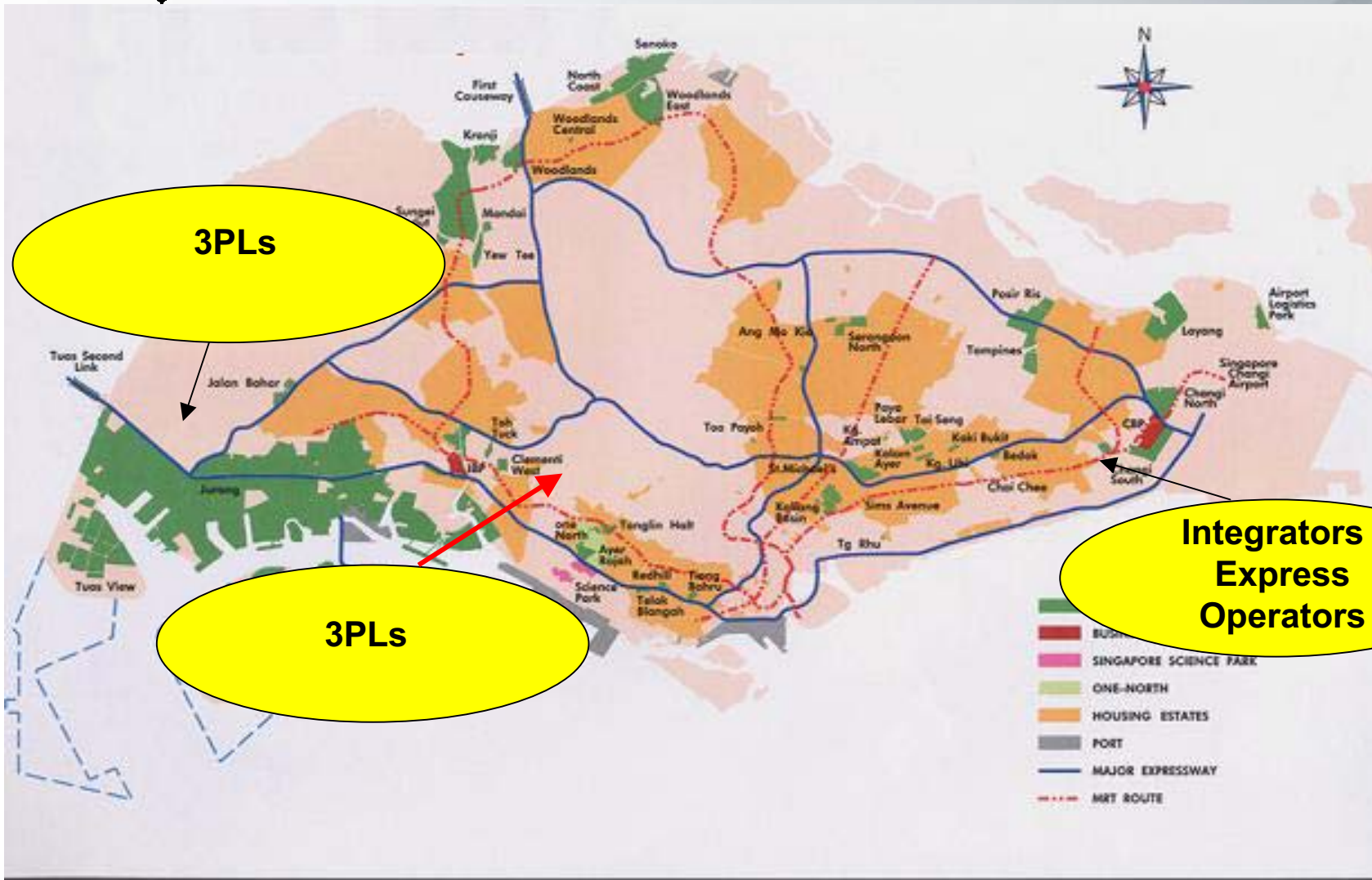
Final Integration & Configuration Centre



Australia, Cambodia, Hong Kong, Indonesia, Malaysia, New Zealand, Philippines, Taiwan, Thailand, Vietnam

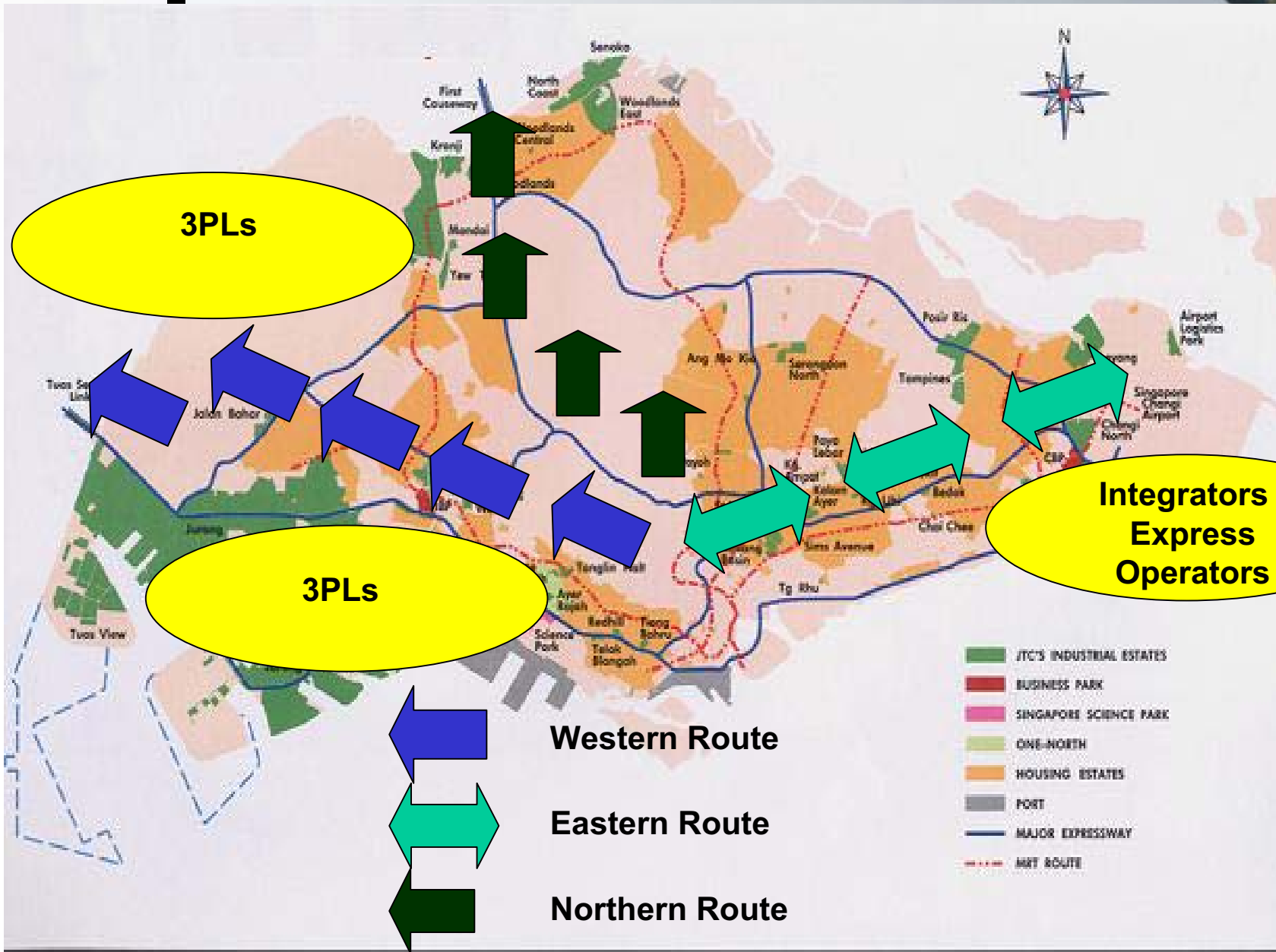


Logistics Eco-Systems in Singapore





Major Trunk Roads





Public Initiatives for Trade Logistics / Facilitation



- **Major Exporter Scheme (MES)**

- Extent of Exports : More than 51% of the importer's sales of goods must be exported
- Accounting Systems : Company financial statements must be audited by a certified public accountant
- Validity : 3 years renewable
- Examples of Companies : BMW, GlaxoSmithKline, HP and Panalpina

- **Zero GST Scheme (ZGST)**

- ZGST is an initiative meant to simplify the work of customs processing and reduce the financial burden for organizations in transshipment or transport trade.
- By using Singapore Customs' approved warehouses (Type I, II, III), these facilities serve as an extension of the designated FTZ in Singapore, allowing companies to move goods in and out of the FTZ and the warehouses, without paying GST.
- GST is only applied to the goods that moved from the ZGST warehouses to the local market for domestic consumption.



Challenges



Global

- Impasse in WTO and World Trade Agreements
- Relocation of Investments in North Asia

Regional

- Political and Economic instability of Southeast Asian Nations
- Regional Competition (esp. Malaysia and Hong Kong)
- Piracy in the Straits of Malacca

National

- Rising Land and Labour Costs
- Demand for logistics talents

Thank you (Part II)

Website : www.itis.com.sg

