

SINGAPORE'S SUPPLY CHAIN SECURITY PROGRAM

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Abstract

Singapore Customs is one of the first countries in the world to implement a national supply chain security program, Secure Trade Partnership (STP). The goal is to raise the level of supply chain security by creating awareness of the importance of adopting a total supply chain approach to cargo security, with companies encouraged to play their part in securing their own processes within supply chains. It is envisaged that this would enhance the security of global supply chains and prevent disruptions to the smooth flow of goods, and in turn, raise Singapore's profile as a secure trading hub. Certification of companies under the STP program is voluntary, however, eight companies have achieved certification and others are working with Singapore Customs to enhance their existing security practices. Closer cooperation with and between countries to achieve robust supply chain security programs will facilitate the movement of goods of certified companies across international borders, and ensure the smooth and efficient flow of trade even during times of greater security risk.

Introduction

Located at one of the major crossroads of the world, Singapore's strategic location and excellent network of connectivity have made us a compelling global logistics hub and supply chain management nerve centre. About 3,000 international and local logistics and supply chain management companies operate in Singapore. We are the world's largest container port. Some 200 different shipping lines have daily sailings to every major port of the world. We are also one of Asia's largest cargo airports. Eighty-three scheduled airlines are operating out of our Changi Airport with more than 4,000 flights per week. Seventeen out of the world's top 25 third-party logistics (3PLs) have a substantial presence here. Singapore, therefore, is heavily dependent on international trade for our economic survival and growth.

Total Supply Chain Security

In today's globalised world, countries and businesses are increasingly interconnected and interdependent. The traditional production process of many goods has been totally transformed. Raw materials originating from multiple locations are brought to manufacturing facilities in other locations to be processed. The products are further assembled and repackaged in yet other locations, and the finished goods are then distributed all over the world. The entire process typically involves multiple border crossings, spanning many countries. As a result, the robustness of the global supply chain has become critical for international trade.

Along with globalisation, supply chains are also becoming increasingly complex, rendering them vulnerable to security breaches and disruptions. Any major disruption in the global supply chain would have serious consequences on international trade, shaking the economic confidence of many countries.

It is not enough for a single country or a single port or border checkpoint to be secured. The supply chain is only as strong as its weakest link. Given that cargo supply chains are highly interconnected and complex, and involve multiple players, we believe that each and every player along the supply chain – from the point of origin to the point of final destination – should take responsibility for securing their part of the supply chain to achieve total supply chain security. These players include both the public and private sectors.

It is heartening to note that many countries around the world have taken up the challenge to implement or are implementing their own national supply chain security initiatives. Through such supply chain security programs, all players along the supply chain would be able to enjoy greater confidence and assurance of the predictability of supply. With every player taking responsibility for their part, trade can continue to flow even in times of a security alert.

As a key player in the global supply chain, Singapore is one of first few countries in the world to have implemented a national supply chain security program, called the **Secure Trade Partnership (STP)** and designed to raise the overall level of supply chain security standards in Singapore. The STP will ensure that we are not just an efficient and connected port, but also a safe and secure trading hub.

The Secure Trade Partnership (STP) Program

Singapore Customs launched our STP program on 25 May 2007. It is a voluntary certification program that encourages companies to adopt robust security measures in their trading operations. This program has been developed in line with the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE Framework). It recognises companies that offer a high degree of security in the supply chain.

Through the program, Singapore Customs seeks to:

- create awareness of the importance of adopting a total supply chain approach to cargo security
- encourage companies to play their part in securing their own processes within supply chains
- enhance the security of global supply chains and prevent disruptions to the smooth flow of goods
- profile Singapore as a secure trading hub.

The STP program is open to companies in Singapore that are involved in supply chain activities. It spells out a set of security guidelines which the players in each node of the supply chain should seek to achieve to enhance the security of their operations. The guidelines are meant to help the various players to identify and focus on any security gaps in their overall operations so that they can undertake the necessary measures to plug the gaps. This would raise the level of security for their operations and provide their customers with the assurance that their operations are safe and reliable. The STP also seeks to leverage other security programs and industry best practices, and build partnerships to strengthen the global supply chains.

Singapore Customs administers a validation and certification process to certify companies that wish to participate in the STP. Certified companies under the STP would be viewed as trusted partners of Singapore Customs and enjoy trade facilitation benefits.

A pioneering group of eight companies has been certified at the launch of the STP and Singapore Customs is currently working with other companies to enhance their existing security practices.

Trade recovery

In the event of a security breach or disruption to the supply chain despite the preventive measures, actions need to be taken to address the resumption of trade and infrastructure repair.

Singapore has been instrumental in promoting the concept of developing a program within the Asia Pacific region to facilitate recovery of trade in the event of a terrorist attack. This trade recovery program advocates adopting a risk management approach in responding to an attack, taking into consideration the need to balance security requirements and the need to keep trade flowing. It also recognises that unilateral piecemeal efforts, such as placing the onus of security checks on only one or two nodes in the supply chain (for instance, at the ports or border checkpoints), could be counter-productive. The program will help prepare economies to respond to disruptions by providing a framework for coordination to facilitate the resumption of the flow of trade. Economies that are ready to participate have been encouraged to explore pilot projects as early adopters.

Mutual recognition arrangement

Besides implementing supply chain security programs at the national level, close collaboration between countries will be necessary to ensure the security of the entire supply chain. Singapore Customs has been talking with other customs administrations to explore possible mutual recognition of our supply chain security programs. This mutual recognition of each other's programs will further facilitate movement of goods of certified companies across international borders. We believe that it is only through such collaboration on mutual recognition, as well as participation in the trade recovery program, that the likelihood of trade disruptions would be minimised.

Conclusions

Given Singapore's heavy reliance on international trade, we are committed to play our part in securing the global supply chain. However, for the entire chain to be secured, every node along the supply chain must play its part. Businesses and governments must also work together to achieve the common goal of securing the supply chain. It is only through such collaboration that trade can continue to flow smoothly and efficiently even during times of greater security risk.

