Singapore's
Trade Facilitation Journey

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An integrated Trade Facilitation
Strategy for Greece
including Single Window
19-20 July 2012, Athens, Greece

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Director,

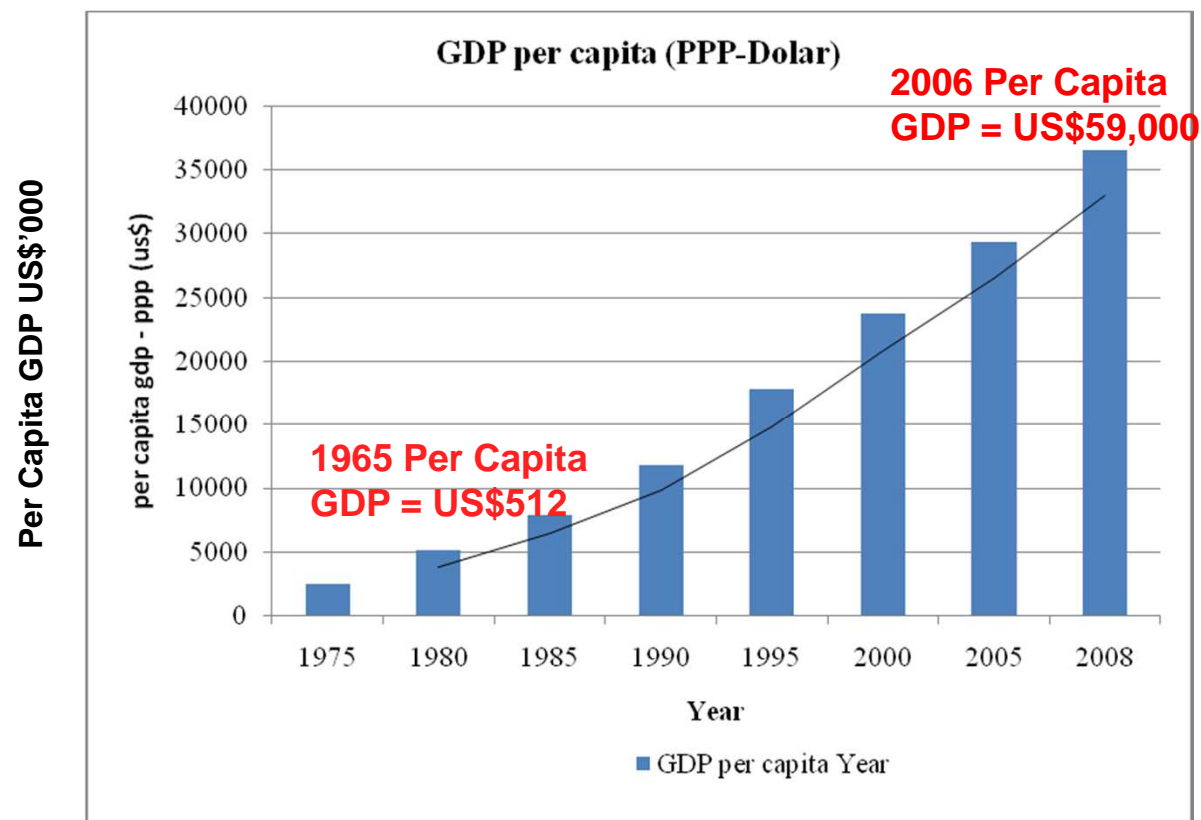**Trade Facilitation Centre of Excellence**

Singapore Story

- Singapore became independent in 1965 but faced many challenges
    - Limited resources (no natural resources, small population, small capital)
    - Limited market (small domestic market)

- Singapore's political leadership and public sector were instrumental in overcoming these challenges

- Singapore is now well-regarded as a successful developing nation in the world, and has learnt much from >40 years of experience
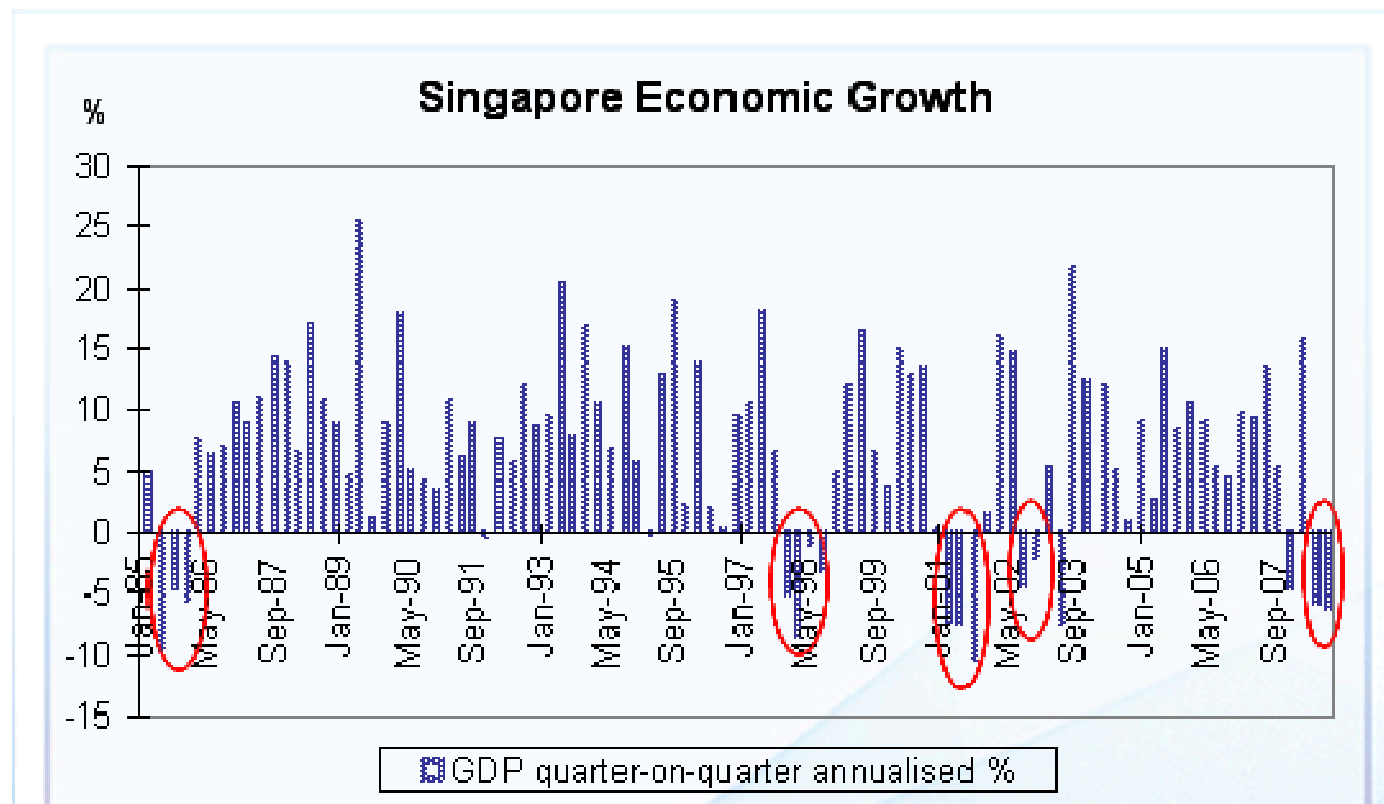
Singapore has come a long way since independence

- Economy has grown substantially since independence

- GDP per capita jumped by almost 100 times from US$512 in 1965 to US$59,000 in 2011

- Singapore was ranked by the World Economic Forum among the top competitive economies in the world.

GDP per capita (PPP-Dolar)

2006 Per Capita GDP = US$59,000

1965 Per Capita GDP = US$512

Per Capita GDP US$'000

per capita gdp - ppp (us$)

Year
1975 1980 1985 1990 1995 2000 2005 2008

■ GDP per capita Year

Singapore's Economy in Recession

Along the way, Singapore's Economy Suffered Severe Recessions, e.g. 1985. An Economic Committee established to set new directions for the Singapore economy reviewed the reasons for the recession and recommended measures to cut costs, build up Singapore's international competitiveness, alongside longer-term issues like wage flexibility. The economic recovery came in 1986.

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"**Opportunities arise in times of crisis**.
Singapore's experience in establishing our single window initiative is a testimony to this statement. In **1985**, **Singapore was hit by a recession**. A high-level Economic Committee convened at that time identified **improvement in external trade as a major goal** and highlighted that use of IT could make a significant contribution to Singapore's long term competitive position. This report was an important mobilizing factor to the realisation of Singapore's single window, which was implemented in 1989 under the name of TradeNet. This was the world's first nationwide electronic single window.

After twenty years and many rounds of relentless upgrades, TradeNet remains the key enabler of Singapore's external trade, which totals nearly 4 times our gross domestic product."

- Extract fro Speech by Mrs Lim Hwee Hua, Minister, Prime Minister's Office, Second Minister For Finance And Transport
APEC Customs – Business Dialogue, 2009

Then ... mid 80s

- involved multiple parties

- required multiple agencies' endorsement

- About 10,000 declarations daily in 1987

- 4-20 documents for each import/export

- all handled MANUALLY

Singapore Trade Facilitation Journey

- In 1985 – Severe recession hits Singapore

- Establishment of a high-powered Economic Committee - chart new strategies to improve its economic competitiveness.

- Recommends - expedite the use of IT to improve trade competitiveness.

- In 1986, Hong Kong revealed that it was creating a trade oriented EDI system called HotLine (now TradeLink), which further strengthened Singapore's resolve to implement our own TradeNet.

- The Trade Development Board (TDB),now International Enterprise Singapore, was given the task of mobilizing the trade community and became the coordinating point among various agencies such as Customs and Excise, Port of Singapore Authority, and Civil Aviation Authority of Singapore.

The big plunges
Singapore's recession record

YEAR	GDP CHANGE (%) BEFORE REBASING	AFTER REBASING
1964	-3.8	-3.7
1985	-1.4	-0.7
1998	-1.4	-2.1
2001	-24	-1.2
2009	-2.0	-1.3

Source: Department of Statistics, Singapore

Justification :

- Savings of S$1 billion (IBM survey)
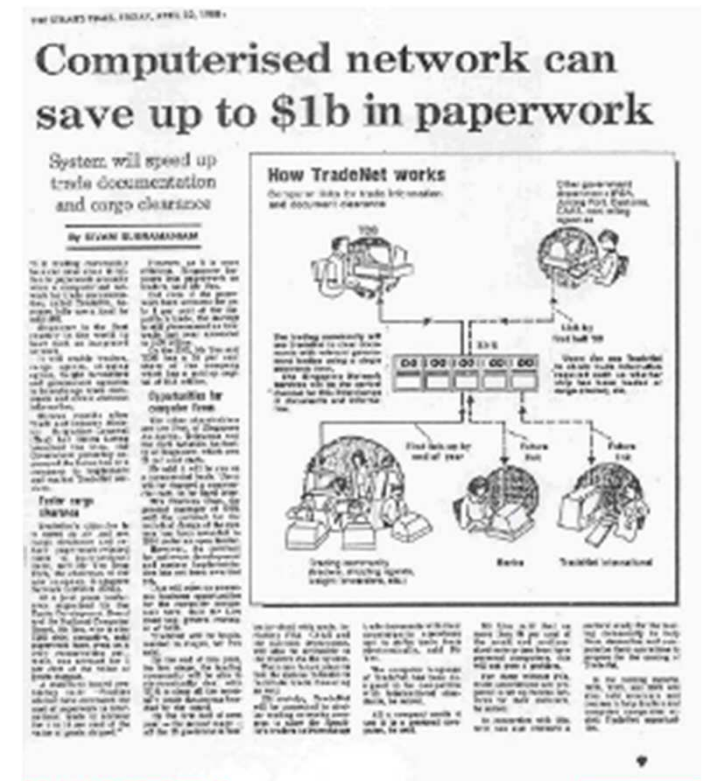
Organisation Structure :

- A TradeNet Steering Committee was created to oversee the process in 1986

Political Will / Sponsor :

- Dec 1986, then Minister of Trade & Industry – Mr Lee Hsien Loong (now PM) publicly announced the TradeNet project, to be completed in two years.

Actions

- Jun 1987 – RFP Issued.
- Mar 1988 - Singapore Network Services (now CrimsonLogic) was created to own and operate the TradeNet system
- Jan 1989 – TradeNet was launched
- TradeNet Initial Investments / Development was funded by the Government – in excess of US$10M

Computerised network can save up to $1b in paperwork

System will speed up trade documentation and cargo clearance

Dec 1986

- Formed Executive Committee led by Trade Development Board (TDB)
- Formed Project Committee led by National Computerisation Board (NCB)

Feb 1987

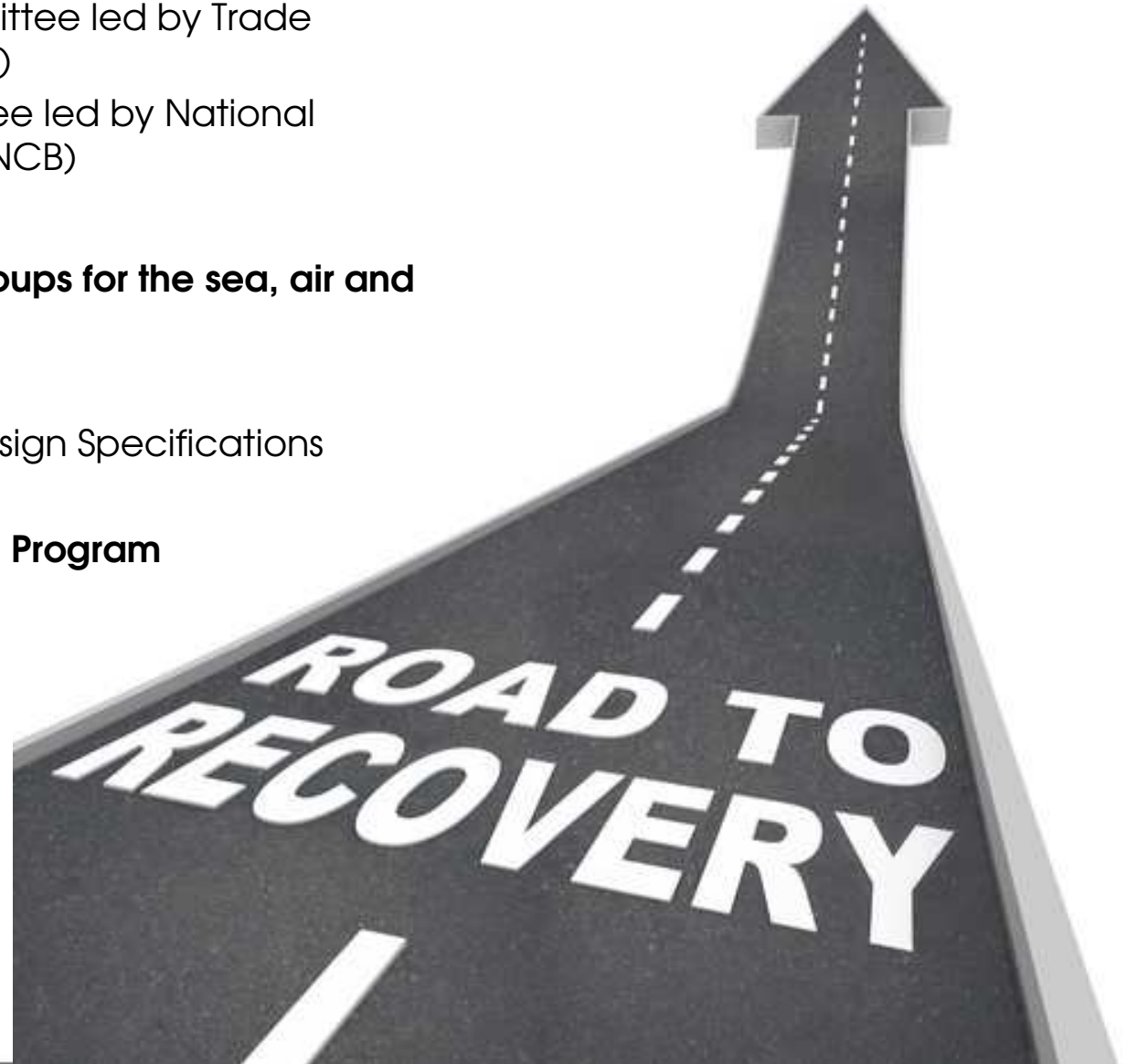- **Established 3 Working Groups for the sea, air and government sectors**

Mar 1988

- Completed Technical Design Specifications
- Incorporated SNS
- **Initiated Public Education Program**

Oct 1988

- **Pilot/test run of TradeNet**

Jan 1989

- TradeNet went "Live"

TradeNet Steering Committee Structure

TradeNet Steering Committee

Sea Community Sub-Committee

Air Community Sub-Committee

Government Sub-committee

Implementation Team

Integrated Procedures & Business Processes Proposal

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✓ **Single form**

✓ **Single submission**

✓ **Single interface**

✓ **Single process**
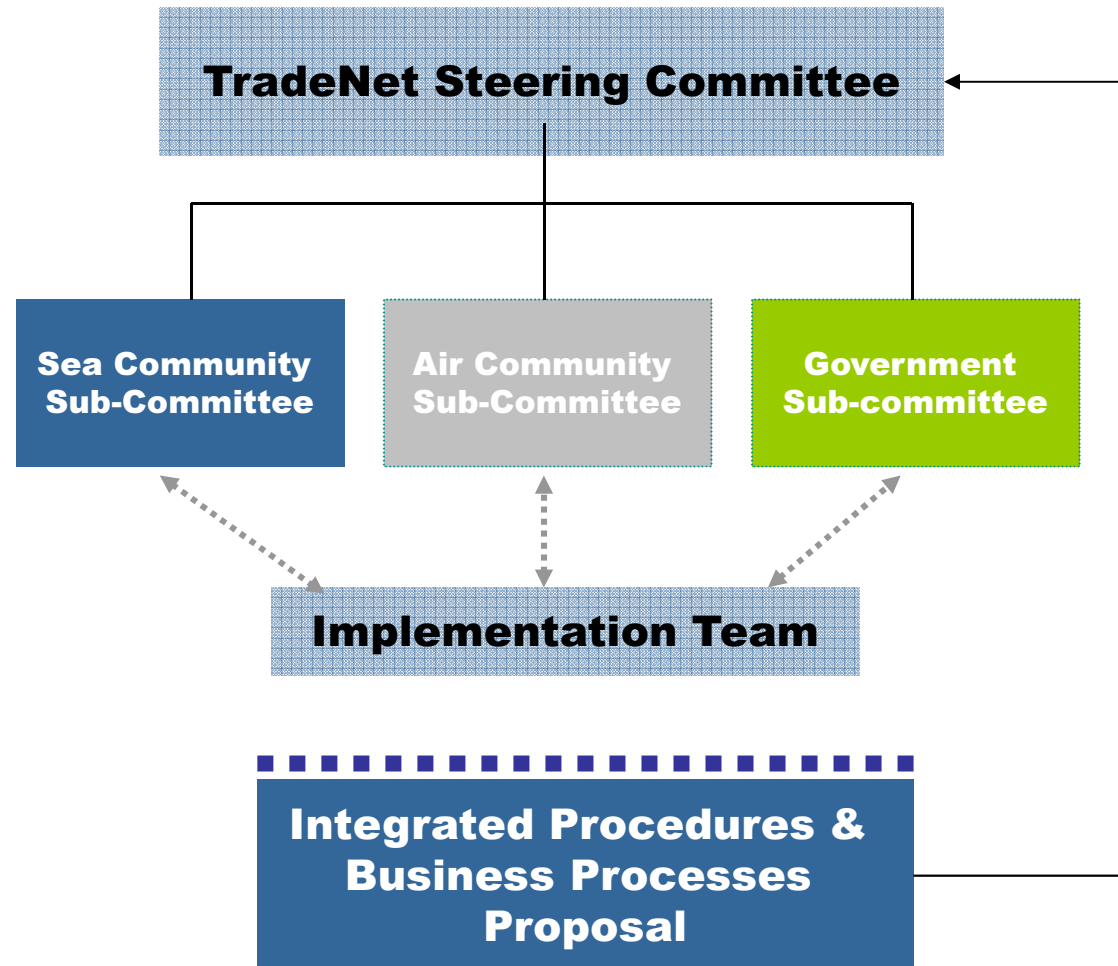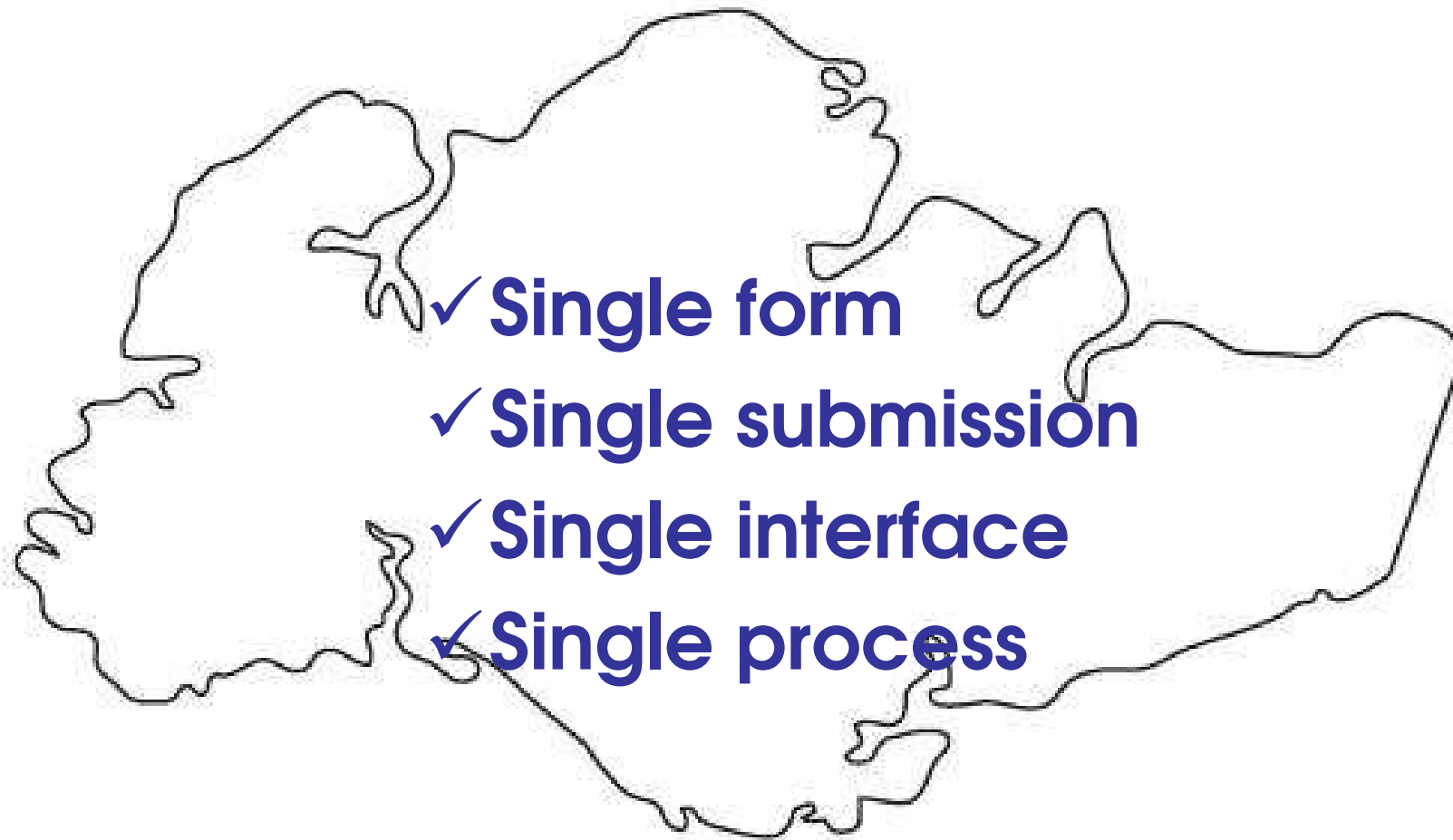
Since 1989 – One of world's first nationwide trade clearance system
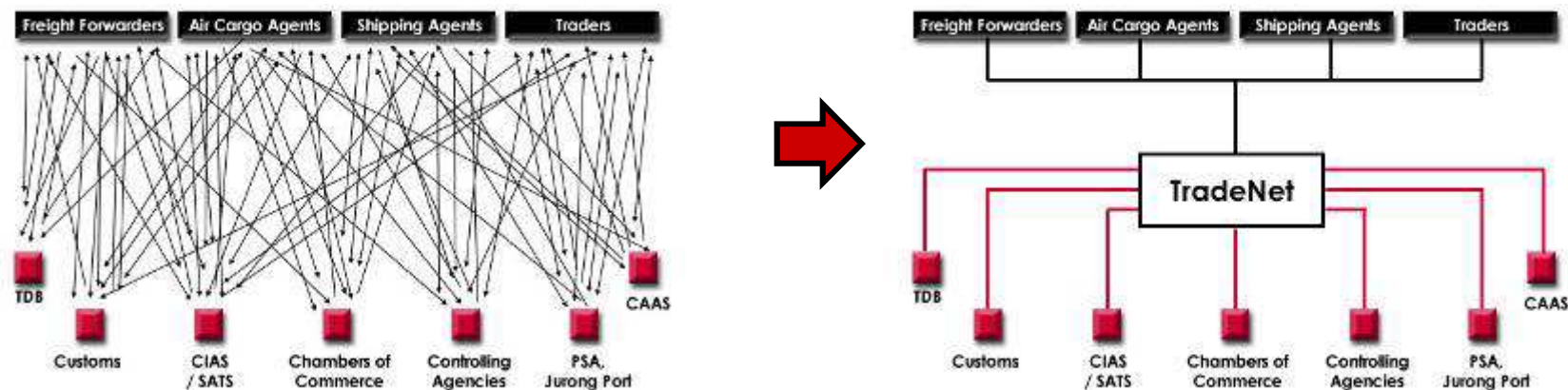

- ◆ **Integrates 35 controlling units' requirements**
- ◆ **> 8000+ business rules**
- ◆ **>12,000 users**
- ◆ **9,000,000 trade declarations**
- ◆ **over 90% processed in < 10 minutes**

Singapore TradeNet

- TradeNet® implemented in 1989

- Integrates <u>ALL</u> 35 government authorities involved in border clearance; One submission to multiple agencies

- Integrated import, export and transshipment documentation processing procedures.

- Available 24/7 ; Facilitate electronic payments

- Handles approx. 35,000 ~ 40,000 declarations per day, ~ 12 million per year; >12,000 users

- Processes 90% of declarations in <10 mins

- > 8000+ business rules

- Contributes to Singapore being ranked no. 1 by the World Bank for "Trading Across Borders" and World Bank's "Logistics Performance Index"

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	Before TradeNet	**After TradeNet**
Processing time/permit	2 – 7 days	1 min or less
Fees charged	US$6 – US$13	approx. US$2.10
Number of documents	4 – 20 docs	1 eForm/eDoc

Singapore's TradeNet - The most studied national trade facilitation system !

Harvard Business School – "TradeNet is the World's First Nationwide Electronic Data Interchange System"

IBM's Robert M Howe - "It is estimated that TradeNet saves Singapore traders around US$1 billion per year."

McKinsey Quarterly - "…Fill in one online form and receive the import or export license 15 seconds later …"

**Awards - Received the Top eAsia award under the Trade Facilitation Category"

Other Benefits of TradeNet®

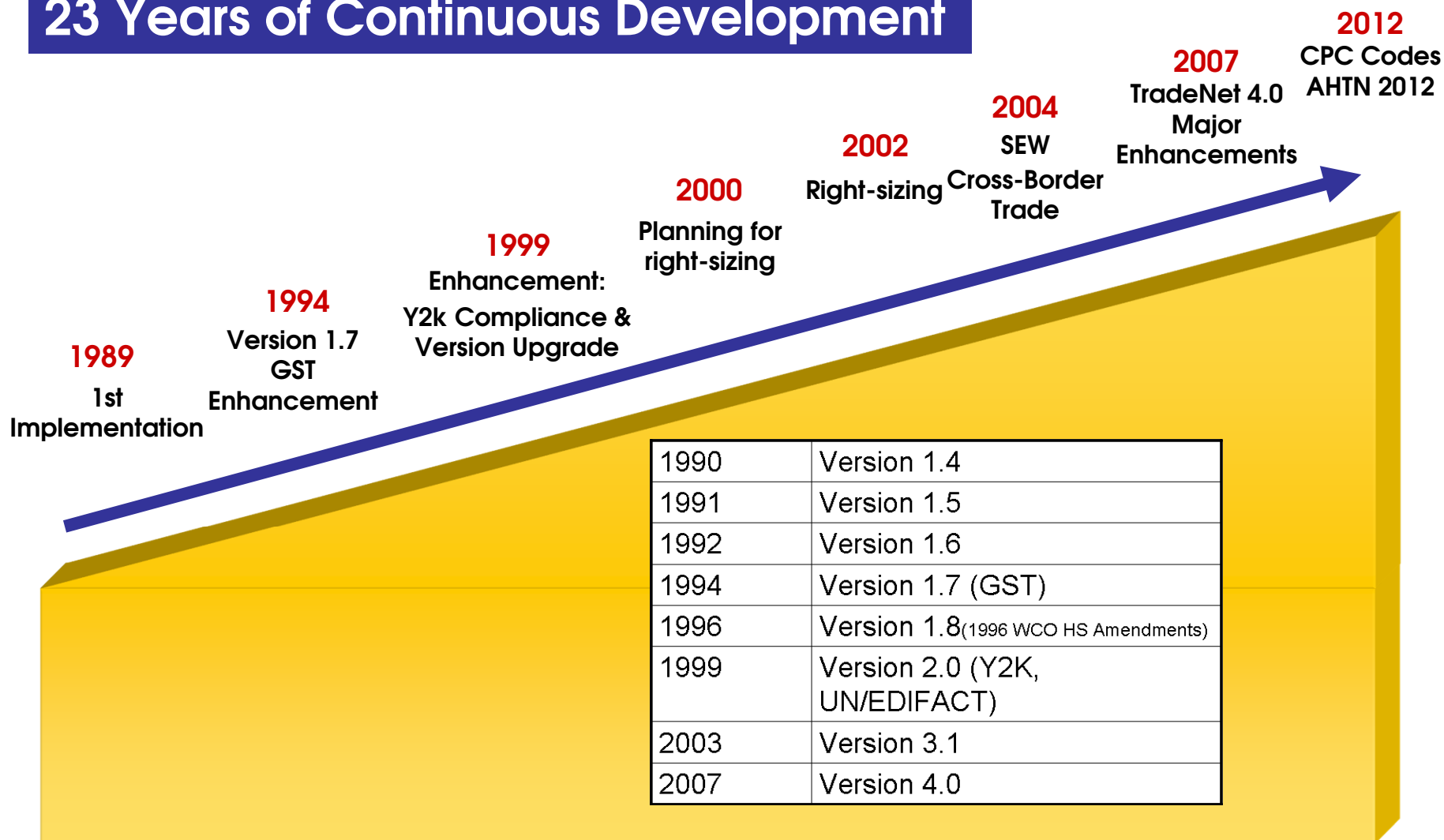| Characteristics	Previous Manual process	TradeNet® Benefit
1. Submission of document	Via expensive dispatch clerks/ couriers	Electronically from comforts of office (or home)
2. Time of submission	Within office hours	Available 24 hrs
3. Trips per controlling agency per document	At least 2 trips or more	NO trips required
4. Copies of document	Multiple copies	Single copy
5. Turnaround time for approval	From 4 hours to 2-7 days	Within 10 mins
6. Dutiable goods handling	Separate documents for customs processing	Same electronic document routed to customs for processing
7. Controlled goods handling	Separate documents sent to different controlling agencies for processing	Same electronic document routed to controlling agencies for processing
8. Customs duties collection	By cheque and cash	Automatic bank account deduction
9. Trade Documentation Fee	S$10 per document	S$2.88 per application

Development, Evolution and Operation of TradeNet®

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23 Years of Continuous Development

1989
1st Implementation

1994
Version 1.7 GST Enhancement

1999
Enhancement: Y2k Compliance & Version Upgrade

2000
Planning for right-sizing

2002
Right-sizing

2004
SEW Cross-Border Trade

2007
TradeNet 4.0 Major Enhancements

2012
CPC Codes AHTN 2012

1990	Version 1.4
1991	Version 1.5
1992	Version 1.6
1994	Version 1.7 (GST)
1996	Version 1.8 (1996 WCO HS Amendments)
1999	Version 2.0 (Y2K, UN/EDIFACT)
2003	Version 3.1
2007	Version 4.0

- Singapore Network Services (now CrimsonLogic) was set up as a "Special Purpose Vehicle"

- Ownership –
    - 55% - Trade Development Board (now IE Singapore)
    - 45% - Statutory Boards related to info-comms
        - Port of Singapore Authority
        - Civil Aviation Authority
        - Singapore Telecoms

- Operate as a "Valued Added Network" (VAN) operator

- Allowed to charge a transaction fee to cover operating costs under a concession from Government

- SNS went to develop further nationwide community EDI networks – MediNet, LawNet, BizNet, etc

CrimsonLogic's International Track Record

	Country		Project	Year	Business Model
1	Singapore		TradeNet® / TradeXchange	1989	PPP
2	Mauritius		Mauritius TradeNet	1994	PPP
3	Ghana		Ghana Community Network	2002	PPP
4	Saudi Arabia		SaudiEDI	2002	PPP
5	Panama		Panama Canal Authority	2004	Self Funded
6			Colon Free Trade Zone	2008	Self-Funded
7			Panama Customs	2009	Self-Funded
8	Madagascar		Madagascar (GASYNET)	2007	PPP
9	India		Port Community System	2007	Self-Funded
10	Ivory Coast		Ivory Coast TradeNet	2008	PPP
11	Qatar		Qatar Customs Clearance Single Window	2008	Self Funded
12	Trinidad & Tobago		Trinidad & Tobago Single Electronic Window	2010	Self Funded
13	Mozambique		Mozambique TradeNet	2010	PPP
14	Chile		Chile Single Window	2012	Funded

1. TradeNet evolved into an idea to **enhance Singapore's global competitiveness.**

2. TradeNet requires the **cooperation of multiple government agencies**

3. **Strong sponsor** like the government was important.

4. Requires **new ideas and ways** of doing business.

5. An **influential person to champion** is a critical factor. TradeNet had two influential champions.

6. **Carefully planned and coordinated publicity and educational effort** was instrumental to prepare the trading community to accept.

7. The adoption is facilitated when the **business community could see its value immediately**.

8. The executive committee and the formation of SNS were important delivery mechanisms in TradeNet's success.

Source: Neo, B. S., "Managing New Information Technologies: Lessons from Singapore's Experience with EDI"

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- **Defined goal and strategies**
  - Reduce the cost of trade documentation
  - Reduce turnaround time for trade documentation
  - Streamline procedures
  - Simplify documentation
 - Standardize data and exploit IT
- **Singular lead agency – TDB**
- **Creation of TradeNet Steering Committee**
- **Detailed understanding of trade process**
- **Negotiated to limit the number of forms from 20 to 1**
- **Singular form was tested**
- **Creation of Special Purpose Vehicle – Singapore Network Services to develop & operate TradeNet**

✓ **Single form**
✓ **Single submission**
✓ **Single interface**
✓ **Single process**
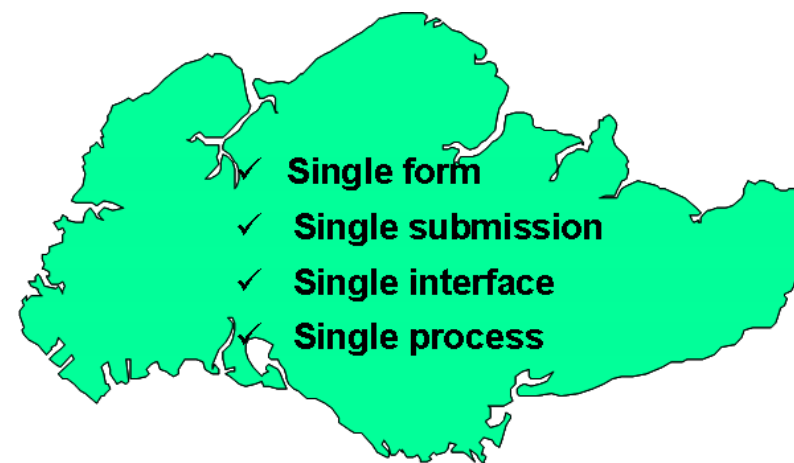
Trade Facilitation Value Drivers

Value drivers

- Clearance speed
- Cost of trade
- Security & compliance
- Productivity

Enabling strategies

Fundamental strategies
1. Disengage payment process from physical transaction
2. Enable and encourage electronic information input and submission
3. Develop public-private partnership models with trading community
4. Integrate internal governance process across relevant departments
5. Enhance collaborative teaming

Leading practices
6. Adopt a risk management-based compliance approach
7. Implement and/or encourage preclearance and pre-certification programs
8. Integrate revenue collection into industry payment reconciliation processes
9. Implement strategic targeting programs
10. Exploit new technologies to streamline port and clearance procedures
11. Integrated service delivery/whole of government

Emerging trends
12. Adopt virtual border clearance activities
13. Adopt standardized international payment methods
14. Consolidate and apply all available data to improve interdiction
15. Develop business partner capabilities with key industries
16. Develop new/expand international partnerships
17. Develop public-private information sharing mechanism

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**Beware of traffic lights !
Focus on your
directions ….Don't
forget the goals !**

Cheaper	• Less cost involved in regulatory processes
Faster	• Less time to obtain regulatory approval
Easier	• Less procedures to deal with

Establishing a SW System Takes Time

- This is <u>much more than an IT project</u>;

- It also involves
  - deep integration of government agencies in terms of policy-coordination, work-processes, IT and data standards
  - Alignment of policies & practices,
  - Building up knowledge & skills of Customs & its staff
  - Mass adoption & support programs to create awareness, skills, and buy-in to use the new service

Thank you

for further information, contact:

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