

**SPEECH BY DEPUTY PRIME MINISTER
MR LEE HSIEN LOONG AT THE LAUNCH OF
THE SINGAPORE CUSTOMS
23 MAY 2003, 4PM, REVENUE HOUSE**

Distinguished Guests

Ladies and Gentlemen

1. I am happy to be with you today to launch the new Singapore Customs.

AN OPEN SOCIETY IN A CONNECTED WORLD

2. Before all of us were let into this room, we all had to declare that we are fever-free and had not been to areas affected by the Severe Acute Respiratory Syndrome (SARS). Nobody was spared.
3. Singapore's approach to combating SARS reflects our broader approach to life and its challenges. When faced with a life-threatening virus and a public health crisis, we are taking all necessary precautions to keep the risk to a very low level, and carrying on life as normally as possible.
4. We are an open society in an increasingly connected world. We open our windows to let in fresh air and many other good things, but inevitably some flies come in from time to time. But rather than shutting our windows to keep out the flies, we must learn how to filter them out, or swat them as they come in.
5. This is the basis of survival and prosperity for a small country like Singapore. We must continue to push for greater openness and global integration, but at the same time, counter the undesirable economic, health or social impact of globalisation.

CHANGING MINDSETS, BALANCING OBJECTIVES

6. In this environment, our mindset to border control must change. Around the world, many Customs officers still deem themselves as the

gatekeepers of their countries. They impose stringent checks on imported goods to make sure nothing bad enters their territories. They ensure that taxes, whether tariffs, excise duties or consumption taxes, are duly collected at the borders.

7. In Singapore, our Customs officers should go beyond this traditional conception, to see themselves as the connectors to help link our economy to the outside world, so that we can participate and benefit from the global economy. This means promoting and facilitating free trade, minimising red tape, paperwork and other non-tariff barriers, but at the same time not neglecting the traditional enforcement objectives, which remain very important.

8. For example, we must prevent the slippage of undesirable goods, such as illegal drugs or firearms, into Singapore. Effective intelligence gathering, physical checks and enforcement must therefore continue.

9. Secondly, we need to play a role in the international community, to ensure that Singapore does not become a convenient point for unscrupulous traders to tranship illegal goods, such as endangered species, or worse, Weapons of Mass Destruction (WMD).

10. Thirdly, we must bolster Singapore's reputation and status as a trustworthy and honest Free Trade Agreement (FTA) partner. As a major transshipment hub, we must assure our FTA partners that not all goods transhipped through Singapore gain tariff-free access into their countries, and that only goods of Singapore origin benefit from the FTA.

11. Indeed this was an issue of concern during the negotiations of some of our FTAs. But we have demonstrated the integrity of our system, and shown that Singapore is not out to short change our partners. There are proper documentation and enforcement systems to ensure that exports from Singapore meet relevant 'Rules-of-Origin' before they are granted Singapore nationality, and become eligible for the benefits of our FTAs. Singapore is therefore no Trojan Horse.

12. Finally, we must not forget the traditional role of minimising revenue leakage at the border. As we shift our revenue sources from direct taxes, such as income and corporate taxes, to indirect taxes such as the GST, cigarette and alcohol duties, enforcement against revenue leakage at the border becomes even more important.

WORKING SMARTER

13. Our Customs officers therefore face a challenging task. To facilitate trade, we will need to simplify procedures and minimise cost for traders, including harnessing technology to offer a one-stop solution for all regulatory procedures. Tradenet is such an example, but we can make it even more convenient and cost efficient.

14. To achieve our enforcement objectives without hampering trade, we need to work smarter. This includes putting in place necessary legislation, setting up effective systems and procedures, getting timely and reliable intelligence, and constantly honing our risk management techniques. Our enforcement system will never catch 100% of illegal activities, but focussed enforcement, coupled with high penalties, will deter the crooks while allowing the vast majority of legitimate traders to go about their business smoothly.

CONCLUSION - FORMATION OF SINGAPORE CUSTOMS

15. It is a timely move to bring together the revenue enforcement elements of the former Customs and Excise Department (CED) and the trade facilitation expertise of International Enterprise Singapore, to form the Singapore Customs. This integration will enable the Department to better serve Singapore's long term interest.

16. I am confident that, under the leadership of the Customs management and the support of all Customs officers, Singapore Customs will be able to take on the challenges ahead. It now gives me great pleasure to officially launch the new Singapore Customs.