

# STRATEGIC TRADE SCHEME *Handbook*



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## Preface

If you wish to export, re-export, trans-ship, or bring in transit *strategic goods and their related technology* or engage in intangible transfer of technology (“ITT”), you should read this handbook.

This handbook tells you:

- a. what you need to know about the Strategic Goods Control System (*See Section 1*) and the Strategic Trade Scheme (*See Section 2*);
- b. the individual and bulk permits as well as their qualification requirements and administrative details (*See Section 3 and 4*);
- c. what are your responsibilities as a permit holder (*See Section 5*);
- d. frequently asked questions on the Strategic Goods Control System and definitions of certain terms (*See Section 6*); and
- e. how to implement Internal (Export Control) Compliance Programme (*See Annex A*).

## Disclaimer

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# 1. Overview of the Strategic Goods Control System

## 1.1 What is Strategic Goods Control?

- 1.1.1. Strategic Goods refer to goods relating to the development, production, and use of nuclear, chemical, and biological weapons, or missiles which are capable of delivering these weapons, and also conventional arms and military equipment. They include certain “dual-use” goods which have both commercial and military applications and can be used as precursors or components for Weapons of Mass Destruction (“WMD”).
- 1.1.2. The Strategic Goods Control System aims to regulate the trade in or transfer of strategic goods and related technology to curb the proliferation of WMD.
- 1.1.3. The [Strategic Goods \(Control\) Act, Cap. 300](#) (“SGCA”) and the [Strategic Goods \(Control\) Regulations](#) (“SGCR”) form the basis for administering the trade in strategic goods.
- 1.1.4. Goods which are subject to control are listed in *The Schedule to the Strategic Goods (Control) Order 2023* (“[Strategic Goods Control List](#)”). Other goods and technology which are not listed in the Schedule but are intended or likely to be used for WMD purposes or a “relevant activity”<sup>1</sup> are also controlled under the Act. This is internationally known as a “catch-all” control.
- 1.1.5. A strategic goods permit (hereinafter referred to as “permit”) is required prior to any export, re-export, transshipment, brokering, bringing in transit, intangible transfer, or electronic transmission (via email, fax, or internet) of strategic goods or strategic goods technology in the Strategic Goods Control List and items covered under the “catch-all” provision.

## 1.2 Transshipment and Transit Controls

- 1.2.1 Under the SGCA, a person is required to apply for a permit to tranship:
  - a. Goods listed in the [Fourth Schedule to the SGCR](#);
  - b. Goods listed in the [Strategic Goods Control List](#) that:
    - Are **not** brought into the free trade zone (FTZ) immediately;
    - Do **not** remain in the FTZ at all times while in Singapore; or

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<sup>1</sup> “Relevant activity” as defined under the SGCA refers to (a) the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of any nuclear, chemical or biological weapon; or (b) the development, production, maintenance or storage of missiles which are capable of delivering any such weapon.”



- Stay in FTZ for more than 21 days if brought in by air, or more than 45 days if brought in by sea<sup>2</sup>; or
  - c. Goods under ‘catch-all’ control.
- 1.2.2 Similarly, a person is required to apply for a permit to bring in transit:
- a. Goods listed in the [Fifth Schedule to the SGCR](#);
  - b. Goods listed in the [Strategic Goods Control List](#) that remain in transit for more than 21 days if brought in by air, or more than 45 days if brought in by sea; or
  - c. Goods under ‘catch-all’ control.
- 1.2.3 The authorities have the powers to ask for documents or information even if a permit is not required.

### **1.3. Intangible Transfer of Technology**

- 1.3.1. Under the SGCA, Singapore controls the intangible transfers or electronic transmission of the strategic goods technology listed in the Strategic Goods Control List.
- 1.3.2. Transmission of controlled strategic goods technology, refers to any transmission done in Singapore by electronic means such as email, the internet or fax; or the act of making the controlled technology available in Singapore on a computer, so that it becomes accessible (whether on a request, or subject to a pre-condition, or otherwise) to a person in a foreign country.
- 1.3.3. Companies that wish to engage in Intangible Transfer of Technology (ITT) are required to apply for a Strategic Trade Scheme (STS) ITT Individual Permit or Bulk Permit.
- 1.3.4. Examples of electronic transmissions that constitute ITT include:
- a. Electronically transmit strategic goods technology, such as blueprints, diagrams, models, and formulae, from Singapore to another entity in a foreign country;
  - b. Upload strategic goods technology onto a server, located in Singapore or otherwise, such that the strategic goods technology is accessible to another entity in a foreign country;
  - c. Conduct virtual meetings, via means such as Skype or WebEX, relating to strategic goods technology with people located in a foreign country; and

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<sup>2</sup> The transport mode by which the goods first enter Singapore will determine the applicable period to remain in the FTZ(s). For example, in the case of goods which are transhipped from Changi FTZ to Keppel FTZ, a permit is not required if the cargo leaves the Keppel FTZ within 21 days.

- d. Modify strategic goods technology in Singapore stored on a collaborative software, such as Google Drive, which is accessible to an entity in foreign country.
  - e. Hand-carry strategic goods technology out of Singapore.
- 1.3.5. Electronic transmissions of strategic goods technology will require an ITT permit, except for the following scenarios:
- a. Technology in the public domain;
  - b. Installation, operation, maintenance or repair of goods for which a permit for their physical transfer has already been obtained or is not required;
  - c. Research into technology, the results of which have no practical application; and
  - d. Application for a patent.
- 1.3.6. Please refer to the [guide on Intangible Transfer of Technology](#) for more information.

## **1.4. Brokering Controls**

- 1.4.1. Singapore controls the brokering of strategic goods and strategic goods technology listed under the SGCA, and any goods or technology which are known or suspect to be used to develop, produce, operate, stockpile, or acquire weapons of mass destruction, namely nuclear, chemical, or biological weapon.
- 1.4.2. *Brokering* refers to the arranging or negotiating or doing any act to facilitate the arrangement or negotiation of a contract for the acquisition or disposal of any controlled goods or technology if that person knows or has reasons to believe that such a contract will or is likely to result in the removal of those goods and technology from one foreign country to another foreign country.
- 1.4.3. Brokers of arms and explosives listed under the Strategic Goods (Control) (Brokering) Order 2019, must first register with Singapore Customs before they can broker in these items.
- 1.4.4. Registered brokers must abide by the registration conditions specified by Singapore Customs upon approval of the registration, or risk being deregistered. The registration conditions include:
- a. The strategic goods or technology are not destined to a country that is under the United Nations arms embargo;
  - b. The strategic goods or technology transaction does not involve a person or entity that has been embargoed under the resolutions of the United Nations Security Council;
  - c. The strategic goods or technology transaction has been approved by the relevant authorities in the importing or exporting countries (if the import or export/re-export of these goods or technologies is subject to controls by these countries); and



d. The following records (where applicable) shall be kept for at least 5 years from the end of the calendar year in which the strategic goods transaction is carried out:

- Contract documents;
- Details of foreign buyers and sellers involved;
- Relevant correspondence;
- Description, value, quantity and date of brokered transactions;
- Invoice;
- Document from supplying and manufacturing/originating countries;
- Name and address of shipping agents/couriers involved; and
- Value of commission received.

## 1.5. Catch-All Controls

1.5.1. Under the SGCA, a “catch-all” or *relevant activity* provision has been incorporated to cover all goods and technology which are intended or likely to be used for weapons of mass destruction (WMD) purposes. A permit is required to:

- a. export, tranship, or bring in transit any goods;
- b. export any document in which any technology is recorded, stored, or embodied; or
- c. transmit any technology;

if the person:

- has been notified by an authorised officer;
- knows; or
- has reasonable grounds to suspect,

that the goods or technology is intended or likely to be used, wholly or in part, for or in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of any nuclear, chemical or biological weapon; or the development, production, maintenance or storage of missiles which are capable of delivering any such weapon.

Similarly, a brokering permit is required to broker any goods and technology if the broker:

- has been notified by an authorised officer;
- knows; or
- has reasonable grounds to suspect,

that the goods or technology is intended or likely to be used, wholly or in part, for or in connection with a *relevant activity*.

1.5.2 Catch-all controls (a) items based on the end use and end user rather than based on listed types of items, (b) are applicable to all types of items, but are only triggered for those individual transactions where an end use or end user of concern is suspected, (c) can be applied outside the normal licensing process.

1.5.3 Catch-all controls are not bans. For more information on catch-all controls, please refer to [the catch-all guide](#).

## 2. Overview of the Strategic Trade Scheme (STS)

### 2.1. What is the STS?

2.1.1. The Strategic Trade Scheme (“STS”) aims to encourage companies to implement an effective Internal (Export Control) Compliance Programme (“ICP”)<sup>3</sup> and provides legitimate traders with a robust ICP with greater facilitation in declaration procedures involving transactions of strategic goods or strategic goods technology for non-WMD related end-use. The scheme applies to all businesses who wish to export, tranship, or bring in transit strategic goods and their related technology, or to transmit strategic goods technology.

2.1.2. The STS consists of two types of permits, with the scope of approval as indicated below:

Permit Type	Scope of Approval
Bulk Permit	<u>Approval by Countries of Destination</u> Pre-approved multiple products to multiple countries of destination
	<u>Approval by Specific Entities</u> Pre-approved multiple products to multiple consignees/end users
Individual Permit	Approved on a per transaction basis

### 2.2. Who should apply for a permit under the STS?

2.2.1. Exporters, cargo agents, freight forwarders, carriers, feeder operators, logistics or service providers who are:

- a. exporting, transshipping or bringing in transit or involved in the brokering of strategic goods and their related technology; or
- b. engaging in intangible transfer of strategic goods technology; or
- c. engaging in transfers that fall within the catch-all controls under the SGCA;

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<sup>3</sup> An Internal Compliance Programme (ICP) details the processes put in place within a company to ensure compliance to strategic goods controls and its applicable laws. The elements required of an effective ICP are found in Annex A.

must apply for a permit under the STS for the relevant transfer.

## **2.3. What are the qualifying criteria to be eligible for an STS permit?**

2.3.1. You have to meet the following basic criteria in order to qualify for a permit under the STS:

- a. Be a registered trader with Singapore Customs; and/or
- b. In the case of applications for Bulk Permits, you must:
  - maintain a good trade compliance record with Singapore Customs;
  - implement an effective ICP; and
  - achieve at least the “Enhanced” band under TradeFIRST<sup>4</sup>.

## **2.4. What is the difference in the declaration process between an Individual Permit and a Bulk Permit under the STS?**

2.4.1. Companies transacting under Individual Permits will have to seek approval from Singapore Customs prior to every transaction of strategic goods or related technology. The approval must be sought at least 5 working days prior to the transaction. Companies transacting strategic goods or related technology under a Bulk Permit do not have to seek approval from Singapore Customs prior to every transaction provided that the transaction is within the scope of the Bulk Permit. However, they will still need to make a TradeNet<sup>®</sup> declaration prior to the exports/re-exports of strategic goods, in line with requirements under the Advanced Export Declaration.

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<sup>4</sup> [TradeFIRST](#) is a holistic assessment framework used to assess companies which apply for any of the schemes administered by Singapore Customs.

## 2.5. Overview of transaction types applicable under the STS

Type of Permit	Permit Sub-Type	Types of Trade	Nature of Approval	Qualifying Criteria
Individual Permit	-	Export, Re-export, Transshipment, Transit, Intangible Transfer of Technology	Approval given per transaction	Registered Trader with Singapore Customs
Bulk Permit	Approval by Specific Entities	Export, Re-export, Transshipment, Intangible Transfer of Technology	Pre-approved multiple products to multiple consignees/end-users	Registered Trader with Singapore Customs  Have good compliance records with Singapore Customs
	Approval by Countries of Destination	Export, Re-export, Intangible Transfer of Technology	Pre-approved multiple products to multiple countries of destination	Implement an Effective ICP  Achieve at least an 'Enhanced' Band under TradeFIRST

### **3. STS Individual Permit**

#### **3.1. Whom is this permit for?**

- 3.1.1. The Individual Permit must be applied by exporters, manufacturers, logistics providers who wish to export, re-export, tranship or bring in transit strategic goods and their related technology or transmit strategic goods related technology where the transaction is not already covered by a Bulk Permit. The Individual Permit is approved on a per transaction basis. An approved permit is required prior to the export, re-export or transshipment of the strategic goods or transmission of related technology or before the arrival of the strategic goods/technology to be brought in transit through Singapore.

#### **3.2. How do I qualify for the Individual Permit?**

- 3.2.1. You may apply for an Individual Permit if you are a registered trader with Singapore Customs.

#### **3.3. How do I declare the Individual Permit and what is its Validity?**

- 3.3.1. For [exports, re-exports, transshipment, bringing in transit of strategic goods and related technology](#), you may [apply for an STS Individual Permit](#) via TradeNet®.
- 3.3.2. Before any [intangible transfer of strategic goods technology](#), you should [apply for a Permit to Transmit or Hand-Carry Strategic Goods Related Software and Technology](#).
- 3.3.3. For transfer of goods which are also controlled by other Competent Authorities, the permit application will first be routed to the respective Competent Authorities for processing and subsequently processed by Singapore Customs. Hence, it is important that you ensure that you comply with the relevant Competent Authorities' requirements - such as obtaining a valid licence (if applicable), prior to submitting your permit application.
- 3.3.4. The validity of the Individual Permit is 22 working days (extendable up to 66 working days, subject to conditions if the movement authorised by the permit has **not** taken place).

#### **3.4. What is the processing time for Individual Permit application?**

- 3.4.1 Most applications will be processed, on average, within 5 working days upon receipt of duly completed applications and the complete set of supporting documents. However, the processing time could be longer for permit applications that require additional information or supporting documents, and could vary depending on the nature of the items and the destination/end-user.

#### **3.5. What are my responsibilities?**

- 3.5.1. Please refer to Section 5 of this guide for information on responsibilities of a Permit Holder.

## 4. STS Bulk Permit

### 4.1. Whom is this permit for?

- 4.1.1. The Bulk Permit is suitable for exporters, manufacturers and logistics providers who are able to commit the necessary resources to implement and maintain a sufficiently robust ICP and who export, re-export or tranship multiple strategic goods or transmit the related technology to multiple end users or destination countries regularly and have short order fulfillment times.

### 4.2 What are the benefits of having the Bulk Permit?

- 4.2.1. The Bulk Permit is a single approval for the export, re-export, transshipment or transmission of strategic goods or related technology. Bulk Permit holders do not have to apply for an Individual Permit at least 5 working days prior to every transfer of strategic goods/technology as long as the products/technology they are transferring and the end users are covered within the scope of the approved Bulk Permit. They only have to declare the appropriate TradeNet® permit before the cargo is lodged with the sea port operators or air cargo ground handling agents, or brought into Singapore for transshipment. As such, Bulk Permit holders enjoy greater certainty and efficiency in their operations. The Bulk Permit has a validity of up to three years.

### 4.3 What is the scope of the Bulk Permit?

- 4.3.1. The scope of the Bulk Permit is as follows:

Bulk Permit Type	Scope of Approval
Approval by Specific Entities	Multiple pre-approved product codes to multiple pre-approved consignees/end users
Approval by Countries of Destination	Multiple pre-approved product codes to multiple pre-approved countries of destination

- 4.3.2. If there are changes to the pre-approved list of controlled products, consignees/end users, countries of destination and/or transactional relationship stipulated in Annex A of the latest Singapore Customs Letter of Approval, the Bulk Permit holder must seek Customs' approval before proceeding with the transaction.

- 4.3.3. The following transactions are **not** covered under a Bulk Permit:

- a. Strategic Goods and/or technology intended or likely to be used for nuclear, chemical or biological weapons purposes or missiles capable of delivering these weapons; or



- b. Strategic Goods and/or technology to United Nations Security Council (“UNSC”)-sanctioned countries or entities

4.3.4. Such transactions will require the application of an Individual Permit prior to every transaction. Transactions that contravene the decisions of the UNSC in resolutions made under Chapter VII of the UN Charter are prohibited.

#### **4.4. How do I apply for a Bulk Permit?**

4.4.1. You may apply for a Bulk Permit by submitting the completed [application form](#) and other supporting documents via email to the Schemes & Engagement Branch at [customs\\_schemes@customs.gov.sg](mailto:customs_schemes@customs.gov.sg).

4.4.2. Upon receipt of the Bulk Permit application, an officer will be assigned to assist the company with the application. Singapore Customs will conduct a TradeFIRST assessment on the company during the site validation. This includes assessment on the effectiveness of the company’s ICP as part of the processing for the application. After assessment, the officer would inform the company on the application outcome, the TradeFIRST band which the company is placed in and provide the TradeFIRST assessment report to the company.

4.4.3. Bulk Permits are valid for up to three years from the date of approval, depending on the nature of the transactions and the band that the company achieves under TradeFIRST.

#### **4.5. How do I qualify for the Bulk Permit?**

4.5.1. To qualify for the Bulk Permit, companies need to ensure that they meet the minimum ‘Enhanced’ Band under the TradeFIRST framework, fulfil all the 7 ICP elements and have good compliance records with Singapore Customs. You may refer to *Annex A* for details on the ICP elements and the corresponding criteria under TradeFIRST.

#### **4.6. How do I declare a TradeNet® Permit for transactions covered by a Bulk Permit?**

4.6.1. For shipments covered by a Bulk Permit, companies are to declare a TradeNet® permit prior to every export, re-export or transshipment. For procedures on declaring TradeNet® Permits for such transfers, please refer to the section on “*TradeNet® Permit Declaration Procedures for the Controlled Transfer of Strategic Goods*”.

4.6.2. No TradeNet® permit is required for pre-approved transmissions of ITT. However, companies are required to submit a monthly ITT report to Singapore Customs so as to account for their ITT transactions. The ITT report should cover every transaction made under their STS Bulk Permit and should include the following details:

- a. Product name and description;
- b. Approved product code;
- c. Purchase order/tax invoice/permit number/other approved shipment reference; and

- d. Name and address of the end-user.
- 4.6.3. The company should keep records of all such transmissions for at least 5 years from the end of the calendar year in which the strategic goods transaction is carried out and to produce such records to Singapore Customs upon request.
- 4.6.4. Please refer to Section 1.3 (Intangible Transfer of Technology) for more information on ITT.

#### **4.7. What is the processing Time for Bulk Permit applications?**

- 4.7.1. Processing of bulk permit applications takes, on average, at least 1 month **after** completion of the site validation for the TradeFIRST assessment on the company **and** upon complete submission of supporting documents. The processing time may vary depending on the nature of transactions involved and if additional information is required.

#### **4.8. Renewal of Bulk Permits**

- 4.8.1. To renew your Bulk Permit, you are to submit the same application form as the application for STS Bulk Permit, together with the TradeFIRST Self-Assessment Checklist and other supporting documents via email to the Schemes & Engagement Branch.
- 4.8.2. Your renewal application should be submitted at least 4 months before the expiry of the validity of your permit. In granting the renewal, Singapore Customs will review your company's application, which includes:
  - a. An assessment of your company's compliance to ICP requirements; and
  - b. An audit of your SGCA transaction records (See Section 5.1 for the record keeping requirements).
- 4.8.3. Failure to submit the renewal of your Bulk Permit application before the expiry date can result in the suspension of your Bulk Permit. You will then be required to declare Individual Permits for each transaction.
- 4.8.4. You may face severe penalties if you use your Bulk Permits beyond the expiry date.

#### **4.9. Responsibilities of a Bulk Permit holder**

- 4.9.1. As a bulk permit holder, you are to comply with the following:
  - a. Notify Singapore Customs of any changes made to your ICP, company structure, internal process or trade compliance team/SGCO within 14 days of the change;
  - b. Ensure that all transactions made under the Bulk Permit are within the scope of approval of the permit;
  - c. Make reasonable enquiries to ensure that the goods, technology or documents to be exported, re-exported, transhipped or transmitted under the Bulk Permit are **not**

intended or likely to be used, wholly or in part, for or in connection with a relevant activity;

- d. Ensure that any goods/technology transfer made under the Bulk Permit is **not** transferred to UNSC-sanctioned countries or entities other than those specified in the permit;
- e. Ensure that your company shall not knowingly export, re-export, tranship, bring in transit or transmit strategic goods and/or technology destined for use in weapons of mass destruction related activities;
- f. Ensure that your company does not divert strategic goods and technology to countries/end-users not approved by the supplying country;
- g. Comply with the terms and conditions issued to STS bulk permit and prescribed by the SGCA, SGCR or the Director-General of Customs as an approved applicant;
- h. Keep records of all strategic goods transactions carried out and these records must be made available for audits by Singapore Customs when required. The record-keeping requirements are mandatory under the SGCA/SGCR; and
- i. Submit monthly report of transactions involving Strategic Goods if requested by Singapore Customs.

## 5. Other Responsibilities of a Permit Holder under the STS

### 5.1. Record Keeping

- 5.1.1. Your company must keep records of all strategic goods transactions carried out and these records must be made available for audits by Singapore Customs when requested. The record-keeping requirements are mandatory under the SGCA/SGCR.
- 5.1.2. The SGCR requires that your company maintains records of strategic goods transactions. These records are to be kept for a period of **at least 5 years**, from the end of the calendar year in which the act authorised by the permit is carried out, for export/re-export, transshipment or transit, and for any electronic transmission of technology or brokering of strategic goods and related technology.
- 5.1.3. The documentation to be kept, where applicable, includes:
  - a. Export, transshipment, transit or transmission of technology permits;
  - b. STS Permits granted;
  - c. End-user statement/certificate or Letter of Assurance/Certificate of Compliance;
  - d. Export licence, and their corresponding translation in English, from the supplying or exporting country;
  - e. Import authorisation from the importing country;
  - f. Business transaction documents such as order forms, contracts, invoices, bills of lading, air waybills, transaction-related communications, etc.; and
  - g. Other supporting documentation.
- 5.1.4. In addition to the above records, the following records of your ICP where applicable, should be maintained:
  - a. Internal documents recording the assessment of a consignee or end-user and the classification of new products;
  - b. Internal audit checklist and reports;
  - c. Internal training records;
  - d. Records of instructions to subsidiaries/affiliates;
  - e. Records of instructions to third-party logistics/freight forwarder/declaring agent for preparation of shipments; and
  - f. Reports and details of non-compliance incidents (if any).
- 5.1.5. These records must be made available upon request for audits and inspection by Singapore Customs.

## **5.2. Suspension/Revocation of Permits**

- 5.2.1. Failure to abide by the terms and conditions of permits set by Singapore Customs or stipulated in the SGCA or its subsidiary legislations may result in the suspension or revocation of the issued Permit.

## **6. FAQs and Definitions**

### **6.1. What is the Strategic Goods Control List?**

The Strategic Goods Control List refers to *The Schedule to the Strategic Goods (Control) Order 2023*. It specifies the goods and technology which are subject to controls under the SGCA.

### **6.2. Does the STS cover brokering?**

No, the STS does not cover the brokering of strategic goods. Brokers of arms and explosives listed under the Strategic Goods (Control) (Brokering) Order 2019 must first register with Singapore Customs before they can engage in any brokering activities for these items.

A permit is required if a broker:

- (a) knows,
- (b) has reasonable grounds to suspect, or
- (c) has been notified by an authorised officer

that the goods or technology he is brokering, is intended or likely to be used, wholly or in part, for or in connection with the development, production, handling, operation, maintenance, storage, detection, identification or dissemination of any nuclear, chemical or biological weapon; or the development, production, maintenance or storage of missiles which are capable of delivering any such weapon.

Applicants may apply to be registered as a broker by completing the form—[Registration to Broker Goods under the Strategic Goods \(Control\) \(Brokering\) Order 2019](#).

### **6.3. Do I need to submit the End-user statement or certificate together with my application for a Bulk Permit?**

No, you only need to keep the End-user statement or certificate and submit them upon request by the Singapore Customs. These statements should be made available to the Singapore Customs when requested or during our audits at the company's premises. *(Please refer to Section 5.1 for Record Keeping requirements.)*

For more FAQs pertaining to Strategic Goods Control matters, please visit this [website](#).

#### **6.4. Which entity should provide the End-user statement?**

The End-user Statement (“EUS”) should be completed and signed by the foreign consignee.

If the foreign consignee is not the end-user of the items and the end-user is known at the time of the items’ transfer from Singapore, the foreign consignee must also fill up the details of the end-user.

In general, entities stated in the EUS, such as the exporter, consignee and end-user, should match that in the sales and shipping documents. Where the entities in the EUS and the sales and shipping documents do not match the details declared in the permits, Customs may require additional documents or further details on the nature of transaction and the parties involved.

With reference to Circular No: 17/2019, new end users will have to use the revised EUS format for shipments made under a STS Bulk Permit with effect from 1 Nov 2019. Existing end-users will have to use the revised EUS format for STS Bulk Permit whenever there are changes to the details in the EUS (for example, change in address) or when the STS Bulk Permit holders renew their STS Bulk Permits, whichever is earlier.

For the revised EUS format, please visit our [website](#).



# Annex A: Internal (Export Control) Compliance Programme (ICP) Guidelines

## A.1. Introduction

- A.1.1. An Internal (Export Control) Compliance Programme in the context of this handbook is a programme put in place within your company to ensure compliance to local export control regulations. It consists of 7 elements and involves everyone in an organization, down from the highest office.
- A.1.2. While the 7 elements are mandatory for a company applying for STS Bulk Permits to meet, do note that the manner in which the elements may be implemented depends on the size of the company, nature of its operations, the nature of the strategic goods or technology that the company deals in, the potential end use of the strategic goods or technology as well as the consignee(s)/end-user(s) involved in the transaction.
- A.1.3. The table below shows the correlation of the ICP elements and the criteria reflected in the Self-Assessment Checklist.

Essential Criteria		TradeFIRST Self-Assessment Checklist	
Element 1	Company Commitment	1.B	Trade Compliance Policy Statement
Element 2	Nomination of Strategic Goods Control Officer(s)	13.E	Nomination of strategic goods control officer(s)
Element 3	Product Screening and Classification	13.B/13.D	Product Classification/Order Screening and Processing
Element 4	End-user(s) Screening	13.C	End-user Screening
Element 5	Record Keeping	5.A	Data integrity/accuracy
Element 6	Awareness and Training	4.B	Training on Strategic Goods Control
Element 7	Audits	13.A	Internal audits of strategic goods export compliance system

## A.2. Developing an ICP – The Process

This section provides an overview of how an ICP can be developed and implemented within a company.

Step	Explanation
Understand the requirements and purpose of export control	<ul style="list-style-type: none"><li>a. Understand that an export control program aims to prevent the transfer of strategic goods and/or technology to parties of concern</li><li>b. Understand the company's obligations under SGCA and SGCR</li><li>c. Understand the intended outcomes of the stated ICP elements</li></ul>
Understand company's operations	<ul style="list-style-type: none"><li>a. Understand the nature of the products and technology they are dealing with and their potential end use</li><li>b. Understand the company's end-user/consignee(s)</li><li>c. Understand the company's business operations, size, complexity, number of departments</li></ul>
Identify Threats	Identify the possible threats to achieving the end outcome of export control
Conduct Risk Assessment	Carry out a Risk Assessment of the identified threats
Risk Response Measures	<ul style="list-style-type: none"><li>a. Develop the processes via which the export control objectives and ICP elements can be achieved.</li><li>b. Adopt a risk based approach to put in place control measures to address risks identified above.</li><li>c. Put in place checks and balances</li><li>d. Document processes. Specify the personnel involved in each process.</li></ul>
Communicate these processes and procedures	<ul style="list-style-type: none"><li>a. Ensure that all employees are aware of the company's obligation to export control</li><li>b. Ensure that staff given export control related tasks are familiar with their roles and responsibilities</li><li>c. Regular retraining to ensure consistency and updating of knowledge.</li></ul>

Audit and Monitor	<ul style="list-style-type: none"> <li>a. Consistently monitor to ensure that desired outcomes are met</li> <li>b. Conduct regular audits to ensure that the programme remains relevant and robust and that all measures are being followed</li> <li>c. Inform Singapore Customs of any lapses in the ICP within 7 days of discovery</li> </ul>
Feedback Channels	Put in place proper channels where people are able to report any suspected violation of the ICP or export control laws.
Review	Put in place measures to conduct investigations and review measures in place in case of any non-compliance or suspected non-compliance to the company's ICP or Singapore's export control laws.

### **A.3. The 7 Elements of an ICP**

This section provides details on the rationale behind each of the ICP elements, how they can be implemented and some important points to note for certain elements.

#### **A.3.1 Company Commitment**

##### **What**

A.3.1.1. The company needs to convey a clear commitment of strict compliance with the SGCA and its Regulations and other related domestic legislations through the senior management to all employees, particularly those involved in the export/re-export, sales or business transactions and shipping/logistics arrangements of the company. An important component of this commitment is for the company to provide sufficient time, money and personnel to make the compliance programme effective.

##### **Why**

A.3.1.2. This is so that all employees will know that the management of the company is committed to ensuring export control and therefore they are more likely to take their export control responsibilities seriously. Also, such commitment is more likely to ensure that adequate resources will be devoted to putting in place the proper processes needed to ensure compliance to export control laws.

##### **How**

A.3.1.3. You may refer to the following steps to meet the requirements under this element:

- a. Prepare a written policy statement that should convey a clear commitment to comply strictly with the SGCA and its Regulations and other related domestic legislations. This formal statement should be included in the ICP Manual or Guidance which should be made available to all staff.
- b. The policy statement on your company's commitment to comply with the SGCA/SGCR may include the following:
  - There should not be any sales or transfers made in violation of the SGCA/SGCR and other related domestic legislations. Special care should be taken to prevent transactions or dealings with countries or entities involved in the proliferation of nuclear, chemical or biological weapons, or missiles delivering these weapons.
  - Any questions concerning the legitimacy of a transaction or potential violations should be referred to the strategic goods control officer(s) or administrator(s) within a specified time period e.g. 3 days.
  - Descriptions of penalties imposed on instances of non-compliance within the company e.g. employment terminated if employee fails to comply with SGCA.
- c. This policy statement should be well communicated to all employees, company's clients and business partners.

- d. Senior management, preferably the president, owner of the company or the chief executive officer, should be the party responsible for the issuance of this statement. Senior management should also be responsible for providing the relevant corporate policies, organisational structure and resources to carry out an effective ICP.
- e. The policy statement can be reinforced through an induction or orientation programme, in-house publications or intranet, training and/or procedures manuals.
- f. The policy statement should be regularly circulated to all staff particularly those dealing with contracts, marketing, international sales, finance and accounting, legal counsel, order entry, shipping, and classification of controlled items.
- g. The policy statement should be prepared on the company's letterhead, dated and signed by a senior management, which includes his name and designation.
- h. For policy statements circulated through email, employees with no email access should be informed through another channel. E.g. notice board or memo/letter.

### **A.3.2 Nomination of Strategic Goods Control Officer(s) (SGCO)**

#### **What**

- A.3.2.1. This element requires that the company appoints a person who shall be responsible for the development, implementation and maintenance of the ICP within the company. This person's responsibility is also to ensure that the company's operations comply to local export control laws and should be given the authority to stop or hold shipment if there are any concerns pertaining to export control.

#### **Why**

- A.3.2.2. Having designated personnel in charge ensures accountability within the company. While it is possible that parts of the ICP may be developed or implemented by various parties within the company, having designated personnel in charge ensures that the system works well as a whole.

#### **How**

- A.3.2.3. You may refer to the following steps to meet the requirements under this element:
- a. The company needs to identify positions and specific individuals to be responsible for the company's compliance with the SGCA and its Regulations and other related domestic legislations. A current list of these persons, their responsibilities and positions in your company should be stated clearly in your office document.
  - b. The strategic goods control officer(s)/administrator(s) should ideally be from the senior management who is not concurrently responsible for the company's sales or marketing functions, to avoid any conflict of interest. If there is more than one strategic goods control officer/administrator, they should be led by a senior management.
  - c. The appointed strategic goods control officer(s)/administrator(s) must be based in Singapore or remain contactable via a Singapore contact. The personnel must

also be familiar with the SGCA and its Regulations and other related domestic legislations.

- d. Staff assigned with strategic goods control functions should be given authority that commensurate with their responsibilities which include:

Formulation, review and implementation of the ICP and its administrative procedures;

Screening and approval of all transactions and enquiries as to product, end-use, and end-user;

Strategic goods control audits;

Training and education of company's employees on strategic goods control;

Providing guidance and assistance to subsidiaries and/or affiliates.

- e. Formal lines of communication between the key personnel and others with export/business related functions should be established.

- f. Once the strategic goods control responsibilities have been assigned, the company may update and document the list of personnel responsible and his/their contact details. This list should be circulated to all staffs and stated clearly in the office document and manual.

### **Things to Note**

A.3.2.4. As the person responsible for export control within a company, the SGCO will have to be well versed on the requirements under the SGCA and its subsidiary legislations and the processes within the company to ensure compliance to the laws. For any change in SGCO, companies must immediately notify Customs. As of 1 Apr 2014, newly appointed SGCO may be interviewed by Singapore Customs.

### **A.3.3 Product Screening and Classification**

#### **What**

A.3.3.1. This element requires that the company be able to determine if the product(s) that they are exporting is subjected to export control when exported from Singapore, and if so, be able to determine the product code as per the Strategic Goods Control List. This is done by comparing the specifications of the product to those listed on the Strategic Goods Control List. If the item is subjected to export control, the company must have the processes in place to ensure that the proper screenings are done and that all regulatory requirements pertaining to the transfer of strategic goods or technology are met, including ensuring that the transfer is accompanied by a proper TradeNet<sup>®</sup> Permit.

## **Why**

A.3.3.2. Understanding if a product is subject to control enables the company to ensure that the relevant screening is done and the appropriate permits are in place prior to the transaction. Failure to do so may attract penalties under the SGCA.

## **How**

A.3.3.3. The screening may contain the following procedures:

- a. Self-determine if product/technology is controlled under the SGCA. The classification should be conducted based on the latest version of the Strategic Goods Control List, by qualified personnel (e.g. product designers or engineers) who may not necessarily be based in Singapore. While the local appointed trade compliance team or personnel may not have the technical expertise to classify the product/technology, they should still understand the structure and categorisation of the Strategic Goods Control List. If the product classification is done based on another country's export control regime's control list, they should have the capability to cross reference the foreign control list against Singapore's Strategic Goods Control List, in order to determine the valid product code.
- b. Establish a systematic and efficient process in the classification of products. The appointed trade compliance team or officer should verify if the company's working procedures or guidelines are effectively adhered to by the relevant personnel who are involved in the export control flow process.
- c. Maintain detailed records/information on the controlled items, including information such as the name, brand, model, product number and the strategic goods product code.
- d. Put in place a procedure to ensure that transactions that involve strategic goods or fall within the catch-all controls have a valid strategic goods permit. Maintain a list of the company's products and technology that are controlled under the SGCA. This list should be updated as and when necessary and be made accessible to employees for their reference purposes.
- e. Maintain a database/reporting format of strategic goods/technology controlled under the SGCA that are exported, re-exported or transhipped by the company. This includes the product code of the goods, model, brand product number and technology and their corresponding HS codes, where applicable. Staff should be informed of any new product/technology that is classified as controlled under SGCA.
- f. Put in place measures to check licence requirements and to hold shipment before an approved, valid permit is obtained.
- g. Maintain a list of items determined as "could be controlled" under the SGCA. The strategic goods control officer(s)/administrator(s) may need to review the list, and reassess if they fall under the SGCA.
- h. Forward the controlled and non-controlled list to the sales/marketing/business department of the company, for them to assess any potential transaction or order.



- i. Record the decision on the control status of the company's products together with the relevant paperwork relating to the transaction. You may design a product classification sheet with the following fields:
- Item description;
  - Product code;
  - HS code;
  - Technical specifications;
  - End-use;
  - Classification notes clearly indicating the reasons for classifying products in a particular category;
  - Name of engineer/strategic goods control officer;
  - Date;
  - Opinion;
  - Contacts made (if any) to determine product classification;
  - Any other information used to assist in the classification process.

### **Things to Note**

A.3.3.4. Do note that the HS code cannot be used to determine if the item is a strategic good controlled under the SGCA. The determination of strategic good is based on the technical specifications of the item. The item is a strategic good if its technical specifications meet the specifications listed in the Strategic Goods Control List.

A.3.3.5. Some companies may have a presence in multiple countries, some of whom may have their own export control regime. Do note that the products will have to be classified according to Singapore's Strategic Goods Control List and not according to those of other countries.

### **A.3.4 End User(s) Screening**

#### **What**

A.3.4.1. Processes to determine if the customers that a company is transacting with are parties of concern for export control purposes.

#### **Why**

A.3.4.2. The intent behind export control is to ensure that items that could potentially be used for the WMD or related purposes are not acquired by parties who can use them for such purposes. Therefore, it is necessary to screen the customers that a company is transacting with to determine if the customer could be a party of concern, and if so, to have mechanisms in place within the company to hold shipment till it has been determined that the party is safe to transact with, or to halt the transaction otherwise.

## **How**

A.3.4.3. The company may adopt the following working procedures for the screening of customers and end users to ensure that transactions are made known to legitimate customers or end-users:

- a. Assign the strategic goods control officer(s)/administrator(s) to classify all customers of the company according to their “risk level”.
- b. Circulate this customer classification list to the company’s sales, marketing, shipping or contracts department.
- c. Maintain a prohibited/denied list of customers and end-users. As a reference, companies can visit the strategic goods control [website](#) for the list of controlled or prohibited entities by foreign export control agencies, and the [website](#) on UNSC for the list of prohibited goods to sanctioned countries. Companies can also subscribe to commercially available software that provides updates on these entities or denied parties list.
- d. Upon receipt of a potential order/contract, the sales/marketing/contracts department will screen against the customer classification list, the customer/end-user identified in the potential transaction and record the screening results on the documents.
- e. Wherever possible, check the addresses, contact numbers, business registration and other information of your customers/end-users, to establish if they are genuine companies/entities and not a “front company” for illegal activities.
- f. Have processes in place to resolve situations where a party is identified to potentially be of concern.

A.3.4.4. The company shall exercise due diligence by not:

- a. Exporting/re-exporting, transshipping, transiting, brokering or transmitting strategic goods and technology destined to UNSC prohibited countries and proscribed entities;
- b. Diverting strategic goods and technology to countries/end-users not approved by the supplying or exporting country (where applicable);
- c. Exporting/re-exporting, transshipping, transiting, brokering or transmitting strategic goods and technology destined for use in weapons of mass destruction and/or related activities.

A.3.4.5. You should also establish procedures to adequately screen orders for diversion risk [“red flag” indicators](#) using a checklist. Order screening should be conducted for all transactions and countersigned by another personnel to check and confirm that the screening is done.

A.3.4.6. You should not confirm any orders or deliver any strategic goods or technology if any red flags have been identified and if follow-up enquiries cast doubts. Your company should not proceed with the transaction in question and should contact Singapore Customs for further advice.

## **Things to Note**

A.3.4.7. Screening against available lists verifies if the customer is one who has been detected for export control violations. However, this does not help detect parties who have not yet been detected committing such violations. Therefore, performing a screening against available lists itself does not constitute sufficient due diligence on the part of the company. The company should also have in place a Red Flag indicator checklist to help determine if the requested transaction is one that warrants closer scrutiny.

A.3.4.8. Usually, the first level of screening is done by the customer service or marketing personnel within a company. As these functions have an inherent interest in making sure that sales are made, it is important to ensure that the staff are made aware of the possible impact of not following the necessary procedures. The company should also have a second layer of check in place to ensure that potentially suspicious transactions are detected.

## **A.3.5 Record Keeping**

### **What**

A.3.5.1. The company must also keep record of all strategic goods transactions carried out, and make them available during upon request by Singapore Customs. The record-keeping requirements are mandatory under Regulation 20 of the SGCR.

### **Why**

A.3.5.2. The SGCA requires that your company maintain records of strategic goods transactions. These records are to be kept for a period of **at least 5 years** from the end of the calendar year for export/re-export, transshipment and transit, and for any transmission of technology or brokering of strategic goods and related technology. For example, for transaction made in 24 Aug 2017, records should be kept from end 2017 to end 2022.

### **How**

A.3.5.3. The documentation to be kept, where applicable, includes:

- a. Export, transshipment, transit or transmission of technology or brokering permits;
- b. STS Permit(s) granted;
- c. End-user statement or certificate;
- d. Export licence from the supplying or exporting country;
- e. Import authorisation from the importing country;
- f. Business transaction documents such as order forms, contracts, invoices, bills of lading, air waybills, transaction-related communications etc.;
- g. Other supporting documentation.

A.3.5.4. In addition to the above records, the following records of your ICP where applicable, should be maintained:

- a. Internal documents recording the assessment of a consignee or end-user and the classification of new products;
- b. Internal audit checklist and reports;
- c. Internal training records;
- d. Records of instructions to subsidiaries/affiliates;
- e. Records of instructions to third-party logistics/freight forwarder/declaring agent for preparation of shipments;
- f. Reports and details of non-compliance incidents (if any).

### **A.3.6 Awareness and Training**

#### **What**

A.3.6.1. This element requires that a company put in place regular awareness training for all its employees and functional training for employees who have export control related duties.

#### **Why**

A.3.6.2. While the company may have all the necessary procedures in place, it is essential that employees are aware of the importance of these procedures and are aware of how these procedures are to be carried out.

#### **How**

A.3.6.3. The company should conduct general awareness training for all its employees so as to ensure that they are aware of the company's obligations under the law. The policy statement should also be communicated to all employees to ensure that they are aware of the seriousness of ensuring compliance to export control.

A.3.6.4. It is also necessary to have functional training sessions to ensure that employees who have export control related duties are aware of their responsibilities.

A.3.6.5. The company should conduct regular refresher trainings to ensure that employees are constantly reminded of the company's obligations and those with export control related responsibilities are aware of their roles. It is important to ensure that the training materials are revised such that the information is current and relevant.

A.3.6.6. The company should maintain records of these trainings by noting the date and content outline/speaker, participation level and outcome.

A.3.6.7. The company should regularly update employees on current issues and export regulations. Discussions between employees and the management on ways to improve the ICP or training programs are strongly encouraged. Employees who are involved in strategic goods control matters in the company are strongly encouraged to [subscribe to the mailing list](#) to receive updates on the latest development.

### A.3.7 Audits

#### What

A.3.7.1. An internal audit allows the company to verify if the processes that have been implemented are indeed achieving the intended outcomes. Should there be any lapses discovered, companies are to understand why the lapses occurred and put in place remedial measures to prevent the incident from occurring again.

#### Why

A.3.7.2. This ensures that the company does not engage in acts that contravene applicable export control regulation and also allows early detection and reporting of any violations.

#### How

A.3.7.3. The company needs to conduct regular internal audits, as applicable, to ensure compliance with the company's ICP. Such audits should be conducted at least **once in every 18 months**. Regular external audits are strongly encouraged. The internal audit should consist of both documentary checks and an audit on the ICP related processes within the company. To facilitate the conduct of internal audits, Singapore Customs has published a [checklist](#) that companies may use.

A.3.7.4. A report containing any known violations relating to strategic goods and strategic goods technology should be compiled and submitted to senior management of the company. Details and causes of the breaches, as well as actions taken to correct them are to be included in the report.

A.3.7.5. As part of its internal checks, the company will need to put in place an internal system of notifying Singapore Customs promptly (i.e. within 7 days of detection) if there is any known or suspected non-compliance with the SGCA/SGCR and/or any conditions specified by Singapore Customs.

A.3.7.6. The internal system auditor should review and verify all applicable documents maintained based on an audit checklist to determine if they could verify the company's compliance with the SGCA and its Regulations, such as:

- a. A management policy statement that is adequate and up-to-date.
- b. ICP procedures that are formalised in a written manual, including the review process to evaluate the actual operation of the ICP procedures.
- c. All ICP communications regarding compliance with the SGCA are accessible to all staff.
- d. Employees' attendance at the training programmes is monitored.

### A.4. Preparing the ICP Manual

A.4.1 As part of the assessment, the company will have to submit an ICP manual detailing all the ICP related processes within the company. Documenting these processes decreases

the likelihood of any steps not being followed, thus possibly leading to a violation of our laws.

A.4.2 When documenting the processes, the company may consider covering the following points under each element:

- a. Why is this element important?
- b. What is the process to be followed? (Step-by-step)
- c. What are the external resources to be used?
- d. What forms need to be filled in?
- e. Who is in charge of performing each step?
- f. What are the checks and balances put in place?
- g. Any superior to vet/countersign?
- h. What are the follow up actions to be followed if concerns are raised?
- i. How and where are records made and kept?