

Annex A: MOF's responses to key feedback on the draft Free Trade Zones (Amendment) Bill 2023

1. Proposed amendment: Introduce a licensing regime for FTZ operators and cargo handlers.

- a. Feedback: To clearly delineate the specific roles, responsibilities, and rights between the FTZ operator and the FTZ cargo handler licensees; and to account for existing industry practices in which FTZ cargo handlers might hire third-party companies to assist with cargo handling.

Response: **Accepted**. FTZ cargo handlers will no longer need to be licensed, in view of considerations around operational efficiency and industry structure. Instead, the definitions and general responsibilities of the FTZ cargo handler will be retained, but Customs will only issue directions to specific FTZ cargo handlers to collect and transmit data.

- b. Feedback: To align the duration of licence validity period to other licences issued by other agencies such as from CAAS or MPA, whose validity periods are longer in duration.

Response: **Not accepted**. The shorter duration of the validity period of the FTZ operator licence, and the need for licence renewals, are necessary to ensure ongoing compliance among our licensees.

- c. Feedback: To avoid placing additional security requirements on existing FTZ authorities through the licensing conditions for FTZ operators, especially for FTZs that are designated as protected places and are already subject to the security standards required under the Infrastructure Protection Act (IPA).

Response: **Noted feedback**. The existing security measures that apply to protected places will largely be sufficient. FTZs that are designated as protected places are unlikely to experience additional security burden.

- d. Feedback: To waive reporting requirements for certain retail trades operating within the FTZs.

Response: **Not accepted**. These reporting requirements are necessary to ensure Customs' oversight over retail trade within the FTZs. FTZ operators are not required to seek approval from Customs to authorise retail trade, and will only need to submit key information to Customs in respect of the authorisation.

2. Requirements for FTZ operators, cargo handlers and shipping agents to collect and transmit relevant information to improve cargo visibility within the FTZ.

- a. Feedback: To align data transmission timings for vessels with current industry practices, and to account for the possibility that shipping agents may be unable to submit the required Bill of Lading data if the vessel under their charge has diplomatic clearances.

Response: **Noted feedback**. Customs will work with the FTZ operators on operational aspects of the data transmission requirements.

- b. Feedback: To engage the air cargo community and relevant stakeholders on the planned implementation of the data transmission regime for air cargo.

Response: **Noted feedback**. Customs has notified the primary stakeholders of the impending changes and will engage them as part of the pre-implementation phase of the air cargo data transmission regime.