

Original Research Article

# Analysis Of Oversea Supply Chain—Oversea Procurement Center

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Abstract: The combined research & analysis of the current model of supply chain management of the XX Oil&Gas Co. and the operational model of the business has concluded with a-few areas that requires improvement to achieve an efficient & effective supply chain that is able to give XX Oil&Gas Co. an edge to compete on the international level. Focus points will include coordinating inter-division supply chains instead of working as separate entities, to strengthen the supplier management, optimizing inventory control and resource management, implementing automation and new technology to enable efficiency. Organization structure and human resource is also important, requiring staff with proper skill sets and training. The implementation of the new world-class supply chain will embody XX Oil&Gas Co.s spirit of low-cost, high-output while maintaining good safety records, quality results for clients leading to customer satisfaction and longer term business dealings ensuring good profit margin and growth. This will guarantee XX Oil&Gas Co. to hold on to the top spot in the ultra-competitive international market. Singapore as XX Oil&Gas Co.s supply chain hub. Objectives of supply chain management, Right Product, Right Time, Right Quantity, Right Quality, Right Status and Right Place.

**Keywords:** This Article Will Focus on Procurement; Logistics, Warehousing; Procurement Network; Logistics Network and Warehouse Network.

# 1. Section1 Procurement Information

Objectives of procurement management: Right Product, Right Time, Right Quantity, Right Quality, Right Status, Right Price combined with constant cost saving. (Effective cost control).

#### 1.1 Supply Resources

Cost saving through sourcing & introduction of new (better) supply source. OEM (Original equipment manufacturer), OEM subsidiary supplier, Local Distributor(agent), Trading House.

Methods to gather supply information: internet, manufacturer website, customers recommendation & oil company recommendation, trade fairs like OSEA, local survey etc.

This section will touch on some material supplier and service vendor which we have been in business with before. Most of the suppliers have their presence in Singapore, USA & Europe etc. Also some OEM, such as NOV, CAT, CUMMINS, SHAFFER, CAMERON, HYDRIL, GE. Scare resources such as competent service engineers and spare parts at local countries in which we are drilling in; the repair of these critical equipment will mostly have to be done in Singapore, and also the OEMs do not stock the material, parts, equipment in many of the operational areas we are working in, however these can be easily bought in Singapore. Although many of our spares originate from Europe, USA; the OEMs have offices in Singapore in which we can readily reach out to and consolidate our purchases for high efficiency and cost effectiveness. E.g. Below are some supplier and vendor information<sup>[1]</sup>.

# 1.2 Singapore (E.g. Major Vendors)

Overview of Singapore resources

Singapore is a regional hub with huge presence of major oil & gas / offshore drilling suppliers / service providers / distributors. 75% of expenses on drilling equipment/well control/power generation.

Discount rates depends on transaction volume.

Consolidation to secure higher cost savings & increase competitive edge of XX Oil&Gas Co.

# 2. Major shipyards specializing in offshore rigs / platforms / O&G projects; Sembcorp Marine & Keppel Group.

Enabling XX Oil&Gas Co. to leverage on their strength for full spectrum refurbishment / Special Periodic Surveys & many other support.

Stable economy, political condition

Low GST, Tax exemption for parts order and re-exported

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Strong legal system
Stable & secure supply chain network
Strong & reputation banking / financial hub
Bilingual / Multilingual workforce

country	name	grouping	descr
Singapore	ABB Industry Pte Ltd	Manufacturer	1-ISO-Approved
Singapore	Cameron (Singapore) Pte Ltd.	Manufacturer	1-ISO-Approved
Singapore	Caterpillar Asia Pte Ltd.	Manufacturer	1-ISO-Approved
Singapore	NOV Rig Solutions Pte Ltd	Manufacturer	1-ISO-Approved
Etc.			

## 2.1 United States (E.g. Major Vendors)

country	name	grouping	descr
United States	Friede & Goldman Ltd	Manufacturer	4-Under Review
United States	NOV Grant Prideco, L.P.	Manufacturer	1-ISO-Approved
United States	Hydril USA Distribution LLC	Manufacturer	3-Good
United States	IADC Publications	Service	3-Good
Etc.			

# 2.2 European Union (E.g. Major Vendors)

country	name	grouping	descr
Scotland, UK	Aberdeen Skills and Enterprise Training	Training School	2-Very Good
Germany	Besi Marine Systems GmbH & Co. KG	Manufacturer	3-Good
Italy	MEP Pellegrini Marine Equipments SRL	Manufacturer	4-Under Review
France	NOV-BLM	Manufacturer	2-Very Good
Etc.			

# 2.3 Norway (E.g. Major Vendors)

country	name	grouping	descr
Norway	DNV Maritime, Approval Centre Norway	Service	1-ISO-Approved
Norway	NOV - National Oilwell Norway AS	Manufacturer	1-ISO-Approved
Norway	Tamrotor Marine Compressors AS	Manufacturer	1-ISO-Approved
Etc.			

And other resources Cameroon/ New Zealand/Malaysia/Thailand/Indonesia/Myanmar etc.

# 2.4 Shipyard and Wharf

Distribution of Shipyard or Port

E.g. Below list is only about some big shipyard which can accommodate out jack up rig stacking or repair in Southeast Asia.

Country	Shipyard	
Singapore	Keppel Fels Shipyard, Jurong Shipyard, PPL Shipyard, etc.	
Indonesia	ASL Marine Holdings Ltd, Paxocean Shipyard, Bintan offshore of Keppel Fels, etc.	
Malaysia	Tanjung Langsat Port, MMHI.etc.	

# 2.5 OEM Special Pricing Agreements

Cost savings through mid-long term agreements.

E.g. OEM:Cameron/GE/NOV/MH annual discounted rates on list price.

Cameron (Singapore) Pte Ltd. 20%

NOV Rig Solutions Pte Ltd. 22%~40% +7% Market Condition Discount

GE DRILLING ASIA Pte Ltd. 17.5% MHWirth (Singapore) Pte Ltd. 2%-5%

Etc

# 3. Section1 Logistics information

# **Logistics Overview**

Objectives of logistics management: To execute & manage worldwide shipments to & from various origins & destinations efficiently, safely and economically. All procurement, logistics transportation and warehousing related work of the project, as well as global supplies equipment resources deployment of work. There are more than 30 regular cross-border freight lines. Global cross-border transport and local collection involves more than 1000 shipments per year. On ground operation management, close monitoring of professional logistics service providers to achieve high efficiency which will derive to more value for money services. Accessing new drilling project which involves new region and country in perspective of Procurement, Logistics management and warehouse base. There are various measure being established to access and evaluate the credibility of information such as obtaining from manufacturer website, recommendation by XX Oil&Gas Co. client & Oil Company and local survey. Type of transportation being engaged: Airfreight, Sea Freight, Land Transportation & Transhipment.

## 3.1 Logistics/Collection Hub



## 3.2 Logistics Procedure

The main operating process:Delivery Note provided by Supplier - Logistics Provider arrange for collection/Delivery - Shipment received by end user. Before preparing the products for delivery, the supplier must contact the Singapore procurement team to verify that the PO is valid. E.g. any special.controlled cargo, DG cargo, at this time, the supplier must provide relevant supporting documents which required by customs for clearance. Give an example. Shipment from USA to DLA/ Sea freight – Air freight: ①Received DO from Vendor.②Prepare XX Oil&Gas Co. CIPL "Match with DO received from vendor against Purchase Order".③Notify appointed forwarder for shipment collection with XX Oil&Gas Co. CIPL. ④Provide End Users Certificate to Vendor/Manufacturer. ⑤Receive Booking Confirmation from Forwarder. ⑥Inform Vendor XX Oil&Gas Co. appointed forwarder information for shipment releasing. ⑦Scheduled for shipment collection from Vendor. ⑧Weighing and launching this shipment to Carrier by forwarder. ⑨Request ECTN, PR and NIF from AMT (Destination Forwarder). ①After received the cargo, shipment to be loaded on Vessel and receive draft BL. ②Draft BL to be vetted by destination forwarder (DLA). ③Upon received of confirmation from AMT DLA, the original BL to be issued. ④Original BL together with the original CIPL to be send over to DLA. ⑤Monitor on the shipment arrival status in DLA when the ETA of the shipment is approaching.⑥Continue monitor and notify destination counterparts should there be any changes on the ETA of the shipment. ⑦Upon shipment arrival in DLA (Cameroon), Destination Forwarder to proceed with customs clearance (Approximately 3-5 Working Days). ⑧Shipment cleared and delivered to XX Oil&Gas Co. warehouse in DLA.

## 3.3 Logistics Service Provider Resources

XX Oil&Gas Co. Appointed International Freight/ Logistics Provider.

Jobs/ Shipment will be awarded to forwarder based on their strong lane of shipment. By doing so, XX Oil&Gas Co. will achieve greater efficiency and cost effectiveness. Selecting the right freight provider based on the commodity and destination of the shipment will significantly reduce the amount of risk involved (Shipment Discrepancy/Lost/Theft) and smoothen customs procedure over at destination country.

## 3.4 Mode of Transport/ Logistics Arrangement

#### 3.4.1 Mid-long Term Agreements

To increase the efficiency and economically sensible, we have proceed to adopt mid-long term agreement so that we would be able to shortlist and engage the right forwarder based on individual forwarder strong line. In this agreement, XX Oil&Gas Co. have Include cross-border & local transportation (Singapore). In addition, there are more than 20 regular cross-border shipment to support XX Oil&Gas Co. operation at different country.

#### 3.4.2 RFQ/IFB (Request for Quotation)

When a special shipment which doesnt fall under the coverage of XX Oil&Gas Co. agreement with appointed forwarder, RFQ will be activated to secure the best deal for XX Oil&Gas Co.

In precise, this apply to Non-agreement (Shipment not listed in agreement), special (Project Shipment/ ODD SIZE cargo), New project (New country & area) for every shipment.

# 3.5 Customs Rules and Regulations

Below information provides a quick guidance & references on the import & export procedures for those who wish to import & export goods into respective country Singapore/ UAE/ Malaysia/ Indonesia/ Thailand/ Papua New Guinea/ Cameroon/ New Zealand & Myanmar.

Singapore (E.g. Main Hub)

#### 3.5.1 Activate Customs Account

Declaring Entities that intend to engage in import and/or export activities in Singapore, or appoint a Declaring Agent to apply for customs import, export and transhipment permits or certificates through TradeNet have to:

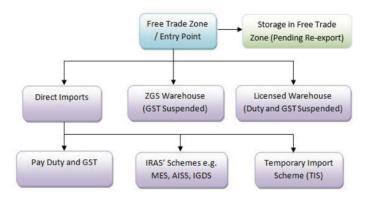
Register with the Accounting and Corporate Regulatory Authority (ACRA), or the relevant Unique Entity Number (UEN) Issuance Agency to obtain a UEN; and Activate their entity's Customs Account Declaring Entity refers to any importer, exporter, shipping agent, air cargo agent, freight forwarder, common carrier or other person who desires to obtain a customs permit, licence, certificate or any other document or form of approval from Singapore Customs. Only the Key Personnel (e.g. owner, partner or director) of an entity whose record is registered with ACRA or the relevant UEN Issuance Agency can activate the entity's Customs Account. The activation of Customs Account does not require the payment of any fees to Singapore Customs

#### 3.5.2 Ouick Guide for Importation

An import refers to goods brought into customs territory from an entry point or a free trade zone (FTZ), or overseas goods brought into a free trade zone for storage and pending re-export. To import goods into Singapore, you are required to make a declaration to Singapore Customs. Goods and Services Tax (GST) is payable on non-dutiable goods. Both GST and duty are payable for dutiable goods if these goods are imported for local consumption.

How to Import Your Goods?

### 3.5.3 General Import Flow Chart



As an importer, you will need to first determine if duty and/or GST payment should be made when your goods enter Singapore: Duty and/or GST are suspended when goods remain inside a FTZ

Duty and/or GST are payable if goods are released directly for local circulation

When goods are moved from a FTZ or entry point into a Customs licensed premises (such as zero-GST warehouses or licensed warehouses), duty and/or GST will be suspended as long as the goods are stored in the licensed premises

Duty and/or GST are not payable for goods granted duty exemption or GST relief or those imported under the Temporary Import Scheme under Singapore Customs or the relevant Inland Revenue Authority of Singapore (IRAS) schemes: ①Major Exporter Scheme. ②(MES) Approved Import GST Suspension Scheme (AISS). ③Import GST Deferment Scheme (IGDS)

#### 3.5.4 Controlled & Prohibited Goods for Import

Controlled goods require proper authorisation (advance notification, licence or certificate approval) from Competent Authorities (CAs) before they may be imported into Singapore. The list of prohibited goods shows the goods not allowed for import into Singapore.

List of Controlled Goods for Import

#### Continuation table

ITEMS	COMPETENT AUTHORITY
Amusement machines, coin or disc-operated, including pin-tables, shooting galleries & cinematograph machines	Police Licensing & Regulatory Department (Public Entertainment & Liquor), Singapore Police Force
Animals, birds and products thereof	Agri-Food and Veterinary Authority of Singapore
Arms & explosives	Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Articles of asbestos	Pollution Control Department, National Environment Agency

### Continuation table

ITEMS	COMPETENT AUTHORITY
Articles of clothing intended as protection against attack, including bullet- proof vests	Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Batteries (primary), alkaline, zinc-carbon and mercury oxide	Pollution Control Department, National Environment Agency
Cartridges/cassettes/audio compact diskettes - pre-recorded	Info-communications Media Development Authority of Singapore
Chemicals:	
Poisons and hazardous	Pollution Control Department, National Environment Agency
Toxic chemicals and precursors	National Authority, Chemical Weapons Convention (NA, CWC), Singapore Customs
Pesticides	Pollution Control Department, National Environment Agency
Chlorofluorocarbons (CFCs)	Pollution Control Department, National Environment Agency
Diesel oil/fuel	Singapore Civil Defence Force
Rough diamonds	Singapore Customs
Films, cinema/video/laser discs	Info-Communications Media Development Authority of Singapore
Fishes and fishery products (including fin fish, crustaceans and molluscs)	Agri-Food and Veterinary Authority of Singapore
Flammable materials	Singapore Civil Defence Force
Food items (excluding fresh/chilled vegetables and fruits)	Agri-Food and Veterinary Authority of Singapore
Fruits (fresh/chilled)	Agri-Food and Veterinary Authority of Singapore
Fruit/jackpot machines	Police Licensing & Regulatory Department, Singapore Police Force
Ginseng roots	Agri-Food and Veterinary Authority of Singapore
Gramophone records	Info-communications Media Development Authority of Singapore
Handcuffs	Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Halons	Pollution Control Department , National Environment Agency
Helmets (Steel)	Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Human pathogens	Biosafety Branch, Ministry of Health
Irradiating apparatus  X-ray equipment, charged particle accelerators, electron beam welding equipment, CT scanners, bone densitometer, alloy analyser, lithotripters, scanning electron microscope, ion implanter  Sun-tanning equipment  Microwave oven  Magnetic Resonance Imaging (MRI) equipment  Ultrasound equipment  Laser equipment (Class 3B or Class 4 laser)	Radiation Protection and Nuclear Science Department, National Environment Agency

## Continuation table

ITEMS	COMPETENT AUTHORITY
Mastering equipment and replication equipment for any of the following:  CD (compact disc)  CD-ROM (compact disc-read only memory)  VCD (video compact disc)  DVD (digital video disc)  DVD-ROM (digital video disc-read only memory)	Singapore Customs
Meat and meat products of animals and birds	Agri-Food and Veterinary Authority of Singapore
Medicaments, veterinary	Agri-Food and Veterinary Authority of Singapore
Milk powder - skimmed (coloured for animal feed)  Fresh milk/skimmed/pasteurised from Peninsular Malaysia/Sabah/Sarawak	Agri-Food and Veterinary Authority of Singapore
Nitro-cellulose	Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Organic fertilizer	Agri-Food and Veterinary Authority of Singapore
Petroleum	Singapore Civil Defence Force
Plants with/without soil, flowers and seeds	Agri-Food and Veterinary Authority of Singapore
Poppy seeds (kaskas)	Central Narcotics Bureau
Precursor chemicals	Central Narcotics Bureau
Publications	Info-communications Media Development Authority of Singapore
Radioactive materials	Radiation Protection and Nuclear Science Department, National Environment Agency
Rice (excluding rice bran)	Enterprise Singapore
Sand & granite (essential construction materials)	Building and Construction Authority
Surface-active agents, anionic	Pollution Control Department, National Environment Agency
Tableware and kitchenware of: Porcelain or china Lead crystal	Agri-Food and Veterinary Authority of Singapore
Tapes, pre-recorded	Info-communications Media Development Authority of Singapore
Timber and wood (CITES listed)	Agri-Food and Veterinary Authority of Singapore
Toy guns/pistols/revolvers	Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Toy walkie-talkie	Info-communications Media Development Authority of Singapore
Vegetables (fresh/chilled)	Agri-Food and Veterinary Authority of Singapore
Waste lead-acid batteries and waste batteries made with lead, cadmium or mercury	Pollution Control Department, National Environment Agency
Therapeutic products Medical devices Chinese Proprietary Medicines Controlled drugs and psychotropic substances Oral dental gums Raw materials, laboratory reagents, reference standards and veterinary medicines containing controlled drugs, psychotropic substances and poisons	Health Sciences Authority

#### List of Prohibited Goods for Import

COMPETENT AUTHORITY
Singapore Customs
Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Police Licensing & Regulatory Department (Arms & Explosives), Singapore Police Force
Agri-Food and Veterinary Authority of Singapore
Info-communications Media Development Authority of Singapore
Tobacco Regulation Branch, Health Sciences Authority

# 3.5.5 Quick Guide on Transhipping Goods (Main Mode of Transport)

Below information provides a quick guide on transhipment procedures for those who wish to tranship goods via Singapore. The transhipment of all goods is not subject to duty or Goods and Services Tax (GST).

Step1: Register for UEN and Activate Customs Account. An entity that intends to tranship goods will need to: Register with the Accounting and Corporate Regulatory Authority (ACRA) or the relevant Unique Entity Number (UEN) Issuance Agency to obtain a UEN; and Activate its Customs Account.

Step2: Check if Your Goods Are Controlled. Do check if the goods you intend to tranship are strategic goods or controlled goods subject to restrictions by Competent Authorities in Singapore.

Step3: Furnish Security. For the transhipment of dutiable goods such as tobacco, liquor or motor vehicles under 'through' or 'non-through' Bill of Lading or Airway Bill through Customs Territory, you are required to furnish security in the form of a Bankers Guarantee or an Insurance Bond<sup>[2]</sup>.

Step4: Apply for Customs Transhipment Permit. You may: Appoint a declaring agent to apply for Customs permits on your behalf; or Apply for Customs permits on your own or on behalf of your clients. All permit applications must be submitted via TradeNet, accessible through; TradeNet front-end solution from an approved solution provider, or Government Front-End module For permit applications involving strategic goods, please indicate "Strategic Trade Scheme (STS)" under the Customs Procedure Code (CPC) field. Each permit application typically costs S\$2.88 (Singapore Customs). Declaring agents may charge service fees for applying permits on your behalf. You may check with your appointed agent on the charges involved.

Step 5: Prepare Documentation for Cargo Clearance. Please present the goods with the printed copy of the customs permit, and supporting documents such as invoice, packing list, Bill of Lading or Air Waybill to the checkpoint officers at the entry and exit checkpoints for clearance.

A1	The goods and this permit with invoices, BL/AWB, etc must be produced for Customs clearance/ endorsement at a Free Trade Zone "In"  Gate.
A2	The goods and this permit with invoices, BL/AWB, etc must be produced for Customs clearance / endorsement at a Free Trade Zone 'Out' Gate unless it is directed to the Green Lane at the time of clearance.

H1	The goods and this permit with invoices, BL/AWB, etc must be produced for Customs clearance / endorsement at Woodlands Checkpoint / Tuas Checkpoint.
A3	The goods must be produced with this permit, invoices, BL/AWB, etc for Customs endorsement at an Airport Customs checkpoint or designated Customs office or station as required.

An example of conditions in the permit indicating this requirement:

For a consignment which requires partial clearance, the same permit should be presented each time for customs endorsement until the whole consignment is completely cleared.

Please note partial clearance is not allowed for goods coming into Singapore via Woodlands and Tuas checkpoints.

Step 6: Retain your Trade Documents. Generally, you are required to retain the relevant supporting documents relating to the goods for a period of 5 years from the date of the customs permit approval.

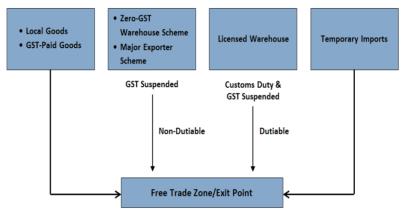
These documents can be retained as physical hardcopies or as images. You may be required to produce these supporting documents to Singapore Customs upon request<sup>[3]</sup>.

#### 3.5.6 Quick Guide for Exporters

Below information provides a quick guide on export procedures for those who wish to export goods from Singapore.

Exports In General: Goods exported from Singapore are regulated under the Customs Act, the Regulation of Imports and Exports Act, the Strategic Goods (Control) Act, and other legislation by the relevant Competent Authorities (CAs): To export goods from Singapore, you are required to declare the goods to Singapore Customs, Goods and Services Tax (GST) and duty are not levied on goods exported from Singapore.

How to Export Your Goods?



General Export Flowchart

To account for the export of your goods (for example, from customs territory, zero-GST warehouse, licensed warehouse or goods imported under the Major Exporter Scheme to a free trade zone (FTZ) or exit checkpoint), please follow the steps below to obtain the relevant export permits and authorisation (if the goods are subject to control) from the relevant CAs.

Step1: Register for UEN and Activate Customs Account, An entity that intends to: Engage in import or export activities in Singapore, or Apply for import, export and transhipment permits or certificates

Will need to:Register with the Accounting and Corporate Regulatory Authority (ACRA) or the relevant Unique Entity Number (UEN) issuance agency to obtain a UEN; and Activate its Customs Account

Step2: Check if Your Goods are Controlled:Do check if the goods you intend to export are controlled goods subject to restrictions by Competent Authorities (CAs) in Singapore. You may search using the description of the goods, Harmonized System (HS) code or CA product code. If the item is subject to control, you may check directly with the respective CAs on their licensing requirements. If you require advice on the full 8-digit HS code of the product, you may apply for an official classification ruling at a fee of S\$75 per product. Please note our classification rulings are only applicable for use within Singapore.

Step 3: Apply for Customs Export Permit, You may: Appoint a declaring agent to apply for Customs export permits on your behalf; or Apply for Customs permits on your own or on behalf of your clients. To do so, you will need to register as a declaring agent and apply for a TradeNet user ID All permit applications must be submitted electronically via TradeNet, which is accessible through: TradeNet front-end solution from any approved solution provider, or Government Front-End module Each permit application typically costs S\$2.88 (Singapore Customs). If you are engaging a declaring agent, you may wish to check with your appointed agent on the charges involved in obtaining a permit.

Step 4: Prepare Documentation for Cargo Clearance

Approved permits are issued with a validity period. You should ensure the validity of the permit presented for goods clearance.

## References:

[1] Fazey, D. M., & Fazey, J. A. (2001). The potential for autonomy in learning: Perceptions of competence, motivation and locus of control in first-year undergraduate students. Studies in Higher Education, 26(3), 345-361.

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