



**Asia-Pacific
Economic Cooperation**

**Singapore's Report on
the APEC Capacity Building Workshop on
Trade Recovery Programme**

**23-24 July 2008
Singapore**

**APEC Counter Terrorism Task Force
November 2008**

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**SINGAPORE'S REPORT ON
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ON TRADE RECOVERY PROGRAMME**

ORCHARD HOTEL

SINGAPORE

23 – 24 JULY 2008

INTRODUCTION

1. Since 2006, APEC had given greater attention and recognition on the need to enhance the security of the global supply chain against a terrorist attack that would disrupt international trade. In 2007, Singapore led nine other like-minded APEC Economies to develop an APEC Trade Recovery Programme (TRP). The TRP was endorsed by APEC Leaders in September 2007 in Sydney. The APEC Leaders also called for APEC Economies to undertake pilot projects related to the TRP. In July 2008, Singapore organized an APEC Capacity Building Workshop on Trade Recovery Programme as a follow on in the effort to develop the APEC TRP even further.

OBJECTIVES OF WORKSHOP

2. The workshop was organized by the Singapore Ministry of Transport, the Maritime and Port Authority of Singapore and Singapore Customs, in collaboration with the APEC Secretariat. The objectives of the capacity building workshop were to help the APEC public and private sector stakeholders to:

- a. Raise awareness and elaborate on the key thrusts of the APEC TRP;
- b. Explore possible ways to co-operate with each other to adopt the TRP to ensure the continued flow of international trade in the event of a disruption, and
- c. Develop possible approaches for the conduct of a TRP Pilot as endorsed by APEC Leaders in September 2007.

PARTICIPATION

3. More than 20 speakers from 10 APEC economies and international organisations, including the World Trade Organisation, World Customs Organisation, World Shipping Council, and experts from the public and private sectors shared their views on the importance of trade recovery with 240 participants from 17 APEC Economies.

WORKSHOP PROGRAMME

4. The workshop was held over three sessions as follows:

Session 1 - The Importance of Trade Recovery - This session elaborated on the need to facilitate a swift recovery of trade in the aftermath of a terrorist attack on the global supply chain and its economic impact to APEC.

Session 2 - The APEC Trade Recovery Programme - This session provided participants with details of the APEC TRP, covering its principles, the guidelines that were developed and how the APEC TRP works.

Session 3 - The Way Forward - Session 3 looks at how the TRP can be implemented and follows up on APEC Leaders' call for pilot projects by recommending how such pilots can be conducted.

(The workshop programme is at Annex A)

KEY ISSUES DISCUSSED

5. In his welcome remarks, Ambassador Juan Carlos Capuñay, Executive Director of the APEC Secretariat, highlighted that besides the already challenging economic conditions that the world is currently facing, the security of trade and in particular the supply chain, will continue to permeate through all aspects of trade. But security cannot be enforced at the expense of business efficiency. Economies had to find innovative ways to complement security with economic competitiveness. He added that the APEC TRP sets a new layer of actions to help Economies and especially the Small and Medium Enterprises (SMEs), to ensure the continued flow of trade, even in a heightened security environment.

6. BG(NS) Choi Shing Kwok, Permanent Secretary, Ministry of Transport, Singapore commended APEC for being the first organization to recognize the importance of trade recovery. He added that APEC's economic growth must not be disrupted by such events as a terrorist attack on the supply chain and drew on the lessons learnt and the economic impact to the USA in the 2002 lockout at 29 US west coast ports. Given the importance of trade to the APEC Economies, APEC cannot allow trade to be disrupted and that APEC must have our trade recovery plans and processes ready to resume the flow of international trade expeditiously. BG(NS) Choi also emphasized the need to work together and to build confidence and trust, not only between the public and private sectors, but also across borders.

7. Mr Richard Eglin, Director of Trade, Finance and Trade Facilitation Division, World Trade Organisation, noted that the more integrated and inter-dependent the world was on international trade, the more serious a disruption would be. He emphasized that



BG(NS) Choi Shing Kwok, Permanent Secretary, Ministry of Transport, Singapore, delivering the Opening remarks

world trade must be guided by the rule of law and that this will reduce the risk of vulnerability and strengthen resilience. Eglin added that the WTO can help to strengthen the international trading system through its authority to hold member states accountable to their legal obligations. This helps prevent member states from introducing more trade restrictions or distorting policies.



Mr Richard Eglin, Director of Trade, Finance and Trade Facilitation Division, World Trade Organisation, speaking on WTO's role in supporting trade recovery.

Eglin emphasized that the WTO could play a useful role in supporting trade recovery through its ability to lock-in trade liberalization and facilitation through its strict enforcement

of the rulebook. While the WTO could not prevent shocks to international trade, it could, through enforcement of its rules, stop governments from reacting in the heat of the moment and irrationally restrict trade flows.

Session 1 - The Importance of Trade Recovery

8. Addressing the impact to international trade, Mr Ronald Widdows, Group President and CEO Neptune Orient Lines and member Board of Directors, World Shipping Council highlighted that a port closure will not only affect the port, but has significant ramifications on the shipping and transport industries, warehouses, manufacturers, importers and exporters. Also citing the 2002 port labour dispute in the US, studies showed that about US\$15.6 billion was lost over the 10-day shutdown, of which importers and exporters were estimated to have borne 93% of this loss. Widdows also addressed the issue of the fear and uncertainty that a terrorist attack would have and its impact on the financial markets. Acknowledging that there was a need for enhanced security measures, he called for regulators to work with the private sector to reduce uncertainty. Citing concerns from many quarters on the US legislation mandating 100% scanning of containers starting in 2012, Widdows explained that this was an example where sound-bites took precedence over sound security. In contrast, programmes such as the Customs-Trade Partnership Against Terrorism (C-TPAT), the International Ship and Port Facility Security (ISPS) Code and the 24-hour Advance Manifest Rule, were useful and effective initiatives that were created with consideration and cooperation with the private sectors.

9. Speaking on how the Port of Long Beach responded in the immediate aftermath of the 9/11 attacks and how the port has evolved since, Mr Richard Steinke, Executive Director, Port of Long Beach, shared that as



Mr Ronald Widdows, Group President and CEO Neptune Orient Lines and member Board of Directors, sharing his views on the impact on international trade disruption due to a terrorist attack on the global supply chain.

various agencies tried to make sense of what had happened and what needed to be done, the Port of Long Beach and other ports on the US West Coast were never shut down. What the seaports did were to conduct immediate risk and vulnerability assessments and any threats identified were mitigated. As the ports were not the target of the terrorist attacks, business continued to move on schedule. Steinke also shared that after 9/11, the paradigm for port security has shifted from law enforcement to homeland security and preparedness and business continuity. At the Port of Long Beach, the security system went beyond responsiveness and preparedness and included domain awareness, risk assessments, prevention and mitigation measures. It employed dynamic assessment tools and conducted its own risk assessment in addition to the risk assessments from national agencies. In the area of business continuity, the port has developed plans which includes ensuring effective communication and evaluation plans for the staff. However Steinke highlighted that the challenge in business continuity is that other ports in Southern California were not likely to be able to handle the 40% of US containerized goods that pass through the Port of Long Beach,

if Long Beach was crippled and that this is an area that is being looked into.

10. Following on, Mr Steve R Okun, Chairman of the Board, American Chamber of Commerce (Singapore), spoke on the economic impact to American consumers arising from a trade disruption. He highlighted that studies revealed that the 9/11 attacks in the US had a direct cost of US\$27.2 billion and resulted in a general decline in productivity and consumer confidence. On the whole, US GDP fell to 1.7% in 2001 – 2002. Given that the US imports nearly 16 million containers a year, a disruption in the global supply chain will undermine US\$423 billion from imports arising from containerized shipping. A disruption in trade would cause US consumers to suffer higher input cost, higher export cost, loss of jobs, increased domestic pricing and reduced consumption and an estimated inflation rate of 2% greater than normal may set-in for 2 years. He noted that the current “just-in-time” business model creates vulnerabilities which results in very time-sensitive container shipments and a rush on port security measures. While the cost of additional security measures will increase, he noted that a backup in the clearance and handling of container shipments would be even costlier. He called on APEC Economies to explore ways for industry to contribute to support contingency preparations at all levels of planning. He noted that the key to a quick recovery of trade would require the economy to be agile, have clear rehearsed plans, measured reactions and a free flow of reliable information. The APEC TRP provided a good international framework to mitigate the negative consequences of a disruption through a set of clear and balanced processes to both enhance security and trade facilitation.

11. Speaking on behalf of Dr Sun Jia Kang, Managing Director, COSCO Container Lines, Mr Lu Cheng Gang, Vice-President of



(In order from left to right): Mr Ronald Widdows, Mr Richard Steinke, Ambassador Mary Seet-Cheng, Mr Steve Okun and Mr Lu Cheng Gang, exchanging views on the importance of trade recovery.

COSCO Holdings (Singapore), spoke on the impact to the Chinese economy in the face of a disruption to the global supply chain. From a macro perspective, with China’s GDP in 2007 reaching 24.7 trillion RMB, a 1% GDP disruption caused by a terrorist attack on the global supply chain would result in an estimated loss of 271.7 billion RMB for China. In terms of China’s foreign trade, a 1% loss of foreign trade would translate into US\$25 billion loss for China. From a container trade perspective, mainland China export containers account for 30 million containers bound from the Far East to Europe and USA, a 1% reduction of China’s exports on these two trade routes will see a loss of 200,000 TEUs. Lu also stressed that a terrorist attack on the global supply chain will also increase operational cost across the spectrum of stakeholders from traders to carriers to terminal operators. In response, China’s contribution to enhancing the security of the supply chain was to strengthen the domestic supply chain through strict compliance of security measures and standards of international organizations such as WCO and IMO, capitalizing on technology such as the tracking of COSCO ships using the GPRS, and enhancing communications. China has also standardized electronic labeling of

containers for better tracking and identification.

Session 2 – The APEC Trade Recovery Programme

12. Speaking on the need for the APEC Trade Recovery Programme (TRP), Mr Gordon Holder, Vice President, Booz Allen Hamilton Inc, highlighted that in a 2006 Booz Allen study on the economic impact to APEC Economies, it was assessed that the economic impact of a 30-day port closure arising from a terrorist attack at a gateway port on 12 APEC Economies was expected to be a loss in exports of US\$98.8 billion in the first year and US\$154 billion over three years. In GDP terms, this translates to a loss of GDP of US\$136.5 billion over three years. Holder noted that the 3-year duration was used as the impact is likely to be felt over this period. More significant in the study was the revelation that the longer a port stayed closed, the impact would increase dramatically. Therefore, there was an urgent need for a trade recovery programme to (1) reduce the potential for disruption and (2) reduce the time period of disruption. Listing the principles of a trade recovery programme, Holder highlighted that it was imperative for the TRP to facilitate trust, transparency and connectivity. On trade resilience, Holder highlighted that this will require new business and operating models and a unified leadership. New security measures must not impair the global supply chain. Security should be embedded in the economic activities in a layered end-to-end approach through public-private sector partnership. With such resilience, the TRP will enhance continuity, timeliness and security of the global supply chain.

13. Explaining what the APEC TRP was about and how it works, Mr William Healy, Senior Associate, Booz Allen Hamilton Inc explained that the APEC TRP is supported by

a set of guidelines comprised of pre-established, documented and demonstrable actions to help Economies quickly recover trade in an open and transparent relationship. Healy elaborated that the APEC TRP comprised 3 pillars; (1) Plan of Action – to provide predictability of actions from responding to an incident to recovery; (2) Guidelines – this provides a common framework of actions to enhance security management of the supply chain to establish trust and transparency; and (3) Communications – to establish the network and links for the implementation of the TRP. Healy emphasized that the APEC TRP adopted a risk-based, total supply chain security approach. It was non-prescriptive and was consistent with existing international programmes such as the WCO Framework of Standards to Secure and Facilitate Global Trade (SAFE), ISO and the International Maritime Organization (IMO)'s ISPS Codes and was easy to implement.

14. Speaking on Japan's Authorised Economic Operator (AEO) Programme, Mr Hiroshi Kishimoto, Director, Customs Clearance Division, Customs and Tariff Bureau, Japan, explained that the Japanese AEO programme was based on 4 pillars, viz. (1) good compliance records, (2) use of NACCS (Nippon Automated Customs Clearance System), (3) good in-house compliance programme with security as a key feature, and (4) evidence of financial integrity. He highlighted that the Japanese AEO programme ensured harmonization of procedures with the different regulators such as Ministry of Land, Infrastructure, Transport and Tourism (MLIT) for air cargo security, Ministry of Finance (MOF) for security and facilitation of trade and Ministry of Economy, Trade and Industry (METI) for security export controls. Kishimoto also noted the need for the AEO programme to have transparency of the authorization process and consistency across the country

to be effective and relevant. In terms of benefits, the Japanese AEO programme contributed to overall trade security as well as provided traders with expedited cargo clearance, reducing their transit time which translates into lower storage cost. Kishimoto further added that through bilateral mutual recognition arrangements, there will be facilitated flow of cargo for AEOs at the port of import. In the future, Japan would consider looking into the possibility of multi-lateral AEO recognition where there can be wider harmonization of requirements and authorization processes between Economies.



Mr Martyn Dunne, Comptroller of Customs and Chief Executive, New Zealand Customs Service, sharing on New Zealand's experience in their supply chain security programme, the Secure Export Scheme (SES).

15. Elaborating on New Zealand's AEO programme, the Secure Export Scheme (SES), Mr Martyn Dunne, Comptroller of Customs and Chief Executive, New Zealand Customs Service, explained that AEO programmes provide the ways and means to re-energise and re-open ports in a high threat situation. The SES provided predictability not only for traders to know what they must do, but also why their containers would be checked. In addition, New Zealand's experience with SES was that there was better coordination and collaboration amongst its border agencies. These agencies formed a secretariat to oversee and implement the SES in a

harmonized way. Dunne explained that New Zealand, being an island state and dependent on exports, realized the vulnerability should its supply chain be cut off. Given the necessary political mandate, the SES programme links, through mutual recognition arrangements (MRA), domestic supply chain security programmes of partner economies to provide continuity of the supply chain, even in times of heightened security. For this reason, New Zealand and the United States were the first to sign a bilateral MRA. Dunne also announced that a statement of intent was also signed with the Singapore Customs to jointly work towards the establishment of a MRA between New Zealand and Singapore. Dunne emphasized that this would be the trend for the near future. He added that MRAs provided clarity and transparency of risk assessment targeting and that it was important to not only have a customs-to-business relationship, but that a customs-to-customs relationship with partner Economies was just as important.

16. Mr Tae-Wook Shin, Director Strategic Intelligence Division, Korea Customs Service, spoke about a risk based approach to supply chain security. He highlighted that the availability and timeliness of information was critical to a good risk assessment. Shin explained that with the development of Korea's domestic AEO programme, Korea identified the need to conduct both export and import checks and risk assessments. Referring to Korea's Manifest Consolidation System, Shin explained that it allowed the Korea Customs Service to track and release cargo to consignees faster while improving their risk management. Korea Customs Service found that adopting a risk management system had been effective in facilitating trade by allowing low risk containers to be cleared expeditiously while focusing limited resources on the high risk cargo.



Dr Vu Ngoc Anh, Deputy Director General, General Department of Viet Nam Customs, sharing on how risk management has improved cargo clearance processes in Viet Nam.

17. Describing Viet Nam’s experience with the implementation of risk management in their customs procedures, Dr Vu Ngoc Anh, Deputy Director General, General Department of Viet Nam Customs, shared that risk management had improved the cargo clearance processes in Viet Nam significantly, while garnering greater support from the business community. Anh briefed that prior to implementing a risk management system, selection and inspection of cargo was left to the discretion of, and decided by the individual customs officers. With the new risk management system, cargo inspection fell from 59.8% in 2005 to just 22% in 2007 with clearance times reduced from 5 hours to less than 2 hours. Anh also shared that a risk management approach provided an important balance between security and facilitation.

18. Sharing the US perspective of the need for effective exchange of information for effective risk assessment, Mr Sean Moon, Senior Policy Adviser, US Department of Homeland Security (DHS), said that in the case of trade recovery, the process for a post-event risk assessment must be the same as the process for the pre-event risk assessment. He stressed that requiring additional data for post-event risk assessment would undoubtedly cause delays to the facilitation

of trade, leading to significant economic consequences. Although the US has already mandated the “24-hour Advance Vessel Manifest Rule”, the US Customs and Border Protection (CBP) identified a further need for additional information under its “Security Filing” or commonly known as the “10+2 rule” – requiring 10 additional data elements from the importer and 2 additional data elements from the carrier. Moon acknowledged the issue of information sensitivities – both from the commercial as well as regulators’ perspectives, but added that this could be protected through strong partnerships between the regulators and private sectors and between foreign Economies. On this note, the US will continue to enter into agreements with foreign Economies to ensure appropriate security and confidentiality of information exchanged. Moon also noted that such agreements between APEC Economies will take time to develop, negotiate and implement and that it was therefore important for APEC Economies to enter into such agreements well in advance before a terrorist attack on the supply chain that disrupts international trade occurs.

19. Following on, Mr Chris O’Keeffe, Director Supply Chain Security, Australian Customs Services, shared that in the context of the TRP, effective communications can expedite the quick resumption of trade. O’Keeffe stressed that communications was the primary mechanism to establish transparency and trust. In addition, ensuring that there was open and effective communications between regulators and industry and between regulators and other regulators, could also reduce the impact of a terrorist attack on the global supply chain. He emphasized that APEC Economies will be able to best support each other if there was agreement on the expected data sets to be exchanged, if the communication channels are pre-established and if the exchange of information can be timely to facilitate

better risk assessment. This can be achieved if APEC Economies took steps early, to establish mutual recognition of each others AEO programmes. Through the MRAs, APEC Economies can have higher confidence that cargo sent by AEOs pose a lower risk and can be excluded from increased inspections.

20. Sharing China's experience in the development of the China-EC Pilot Project on Smart and Secure Trade Lane (SSTL), Ms Sun Rong Yan, Deputy Director General of Department of Customs Control and Inspection, General Administration of China Customs, explained that the SSTL was established to test the concepts within the WCO SAFE Framework of Standards (FoS), while working within the domestic legislation of China and the EC. Elaborating on the key issues that China faced, Sun explained that both the EC and China had to review their existing legislations as well as consider introducing new legislations.



Ms Sun Rong Yan, Deputy Director General of Department of Customs Control and Inspection, General Administration of China Customs, sharing China's experience in the development of the China-EC Pilot Project on Smart and Secure Trade Lane.

Other issues that needed resolution included; agreement on data exchange, establishment of mutual recognition and the development of a joint risk rules set. Sun briefed that since the implementation of the SSTL, progress has been good and the benefits included better risk

assessment through the advance manifest declarations and the joint risk rules, increased trade facilitation, enhanced Customs cooperation and the recognition of Customs control measures. Moving forward, Sun elaborated that there will be joint testing of container security devices, mutual recognition of AEO status, implementation of the Unique Consignment Reference (UCR) and the inclusion of more companies and ports into the programme. Sun explained that the SSTL is significant as it is the first inter-continental pilot project implementing the WCO SAFE FoS and addresses the two pillars and four core elements of the Framework.



Mr Michael Schmitz, Director of Compliance & Facilitation, World Customs Organisation (WCO), announced that the WCO has decided to incorporate a trade recovery standard into the WCO SAFE Framework.

21. Speaking for the World Customs Organisation (WCO), Mr Michael Schmitz, Director of Compliance & Facilitation, said that in the post 9/11 era, Customs administrations were now faced with the dilemma of balancing security and trade facilitation and that every Economy had a right to determine who or what crosses its national boundaries. In its attempt to balance trade facilitation and security, the WCO SAFE FoS was developed and unanimously adopted in June 2005 and to date 154 of 173 Customs administrations have signed a "letter of intent" to implement the SAFE Framework. The SAFE Framework

provides an appropriate focused and layered security approach that ensures better security while still facilitating trade. It works on the development of AEO-status and the mutual recognition of AEO-status by other Customs administrations. It encourages a risk management approach to identify high risk shipments complemented by selective scanning and inspections of targeted high risk shipments. Schmitz also noted the need for harmonization of international and cross border regulatory requirements which will facilitate effective and efficient exchange of information for risk assessments. Turning to the topic of trade recovery, Schmitz recognized that the SAFE Framework was a preventive attempt to protect the global supply chain, but was short on a standard or model to reconstitute international trade in the aftermath of a terrorist attack. On this note, Schmitz announced that the WCO has been following APEC's development of the TRP closely and has decided to incorporate a trade recovery standard into the SAFE Framework. Singapore has been asked to chair (with Australia as the Vice-Chair) a subgroup within the SAFE Working Group to produce a standard or model programme for WCO.

Session 3 – The Way Forward

22. Providing the perspectives from the shipping industry on total supply chain security, Mr Earl Argon, Vice-President, Security, APL Limited, noted that while the public sector was critical to any effective response and recovery to ensure a quick and effective trade recovery, the involvement of industry was also important to ensure that measures were balanced and realistic. Advocating the need for coordination, collaboration and communication, Argon emphasized that these were essential in ensuring that the supply chains were more secure and resilient. Moving to the point of private sector participation in “voluntary” security programmes, Argon noted that

while these were useful on their own, there needs to be harmonization and mutual recognition of these different programmes. He cautioned that private sector participation in all these disparate programmes will divert resources from the more important function of ensuring security. He added that good sound bites do not equal good security, citing the US law requiring 100% scanning of containers for all US-bound containers from 2012 onwards.

23. Sharing the insurance industry's perspectives to having an effective trade recovery, Mr Gary Lynch, Managing Director, Global Practice Leader, Supply Chain Risk Management, Marsh USA, Inc, spoke on three areas of concern. Addressing the impact of a trade disruption to the insurance industry, Lynch spoke about the concerns the insurance industry would have over issues such as coverage, claims and litigation. However, while he noted that businesses had many competing priorities, many in the private sector chose to adopt a “it won't happen to me” attitude despite the ominous nature of a terrorist attack to the global supply chain, diverting their attention and resources to more direct and immediate challenges instead. He cautioned that such an attitude would draw far higher insurance premiums as insurance companies work to protect themselves just as much against claims that may arise from terrorist attacks. Moving on to the second area of concern, Lynch touched on how the shipping industry can help mitigate the impact of an attack. He elaborated that the shipping industry can help itself by increasing risk consciousness and through better cooperative and collaborative reliance programmes. Focusing on the small and medium enterprises (SMEs), Lynch added that the SMEs were most vulnerable and required the most assistance to understand the importance of risk management through mitigation techniques and pooling of risk.

Lynch commended APEC for developing the TRP, commenting that the risk-based approach provided a “value” definition to facilitate prioritization. Moving on to the third area of concern, Lynch addressed the impact of security measures. He opined that post incident measures could be classified under three broad approaches, i.e. shutdown of the port, severe restrictions such as 100% scanning or a measured response such as the APEC TRP. While not advocating one approach over another, Lynch stressed that all three approaches had differing risk conditions, considerations and impact and that regardless of approach, the key point for businesses to consider is how it wants to manage its risk with the insurance companies.



Active discussion and interest from the participants on the way forward for the APEC TRP.

24. Providing the Singapore perspective on the way forward for the APEC TRP, Ambassador Mary Seet-Cheng, Senior Specialist Advisor of the Ministry of Foreign Affairs, Singapore, noted the shift in focus from prevention to recovery in dealing with the issue of terrorist threats to the global supply chain. This shift marks a key progression towards enhancing the security and smooth flow of world trade. Noting that earlier speakers have highlighted the following major concerns, viz (i) high economic cost of any trade disruption (ii) danger of relying only on preventive security measures and (iii) overreaction from economies that could further delay the recovery of trade, Ambassador Seet-Cheng stressed the importance for Economies to

build trust and confidence through establishing pre-agreed measures early and not wait till a terrorist attack happens. Relating the link between the APEC TRP and WCO SAFE FoS, Ambassador Seet-Cheng pointed out that both programmes build upon the same principles of a total supply chain security and risk management approach, as well as share the same two key elements of establishing Authorised Economic Operators (AEO) programmes and Mutual Recognition Agreements (MRAs) of AEO programmes. Elaborating on the key benefits of the APEC TRP, Ambassador Seet-Cheng highlighted that harmonising domestic supply chain security programmes along the lines of the WCO SAFE AEO programme provided common standards and criteria for a more cost-efficient and predictable supply chain security system instead of a multiplicity of uncoordinated national standards. Hence APEC Economies should not only establish AEO programmes, but also to work towards establishing mutual recognition of their respective AEO.



Ambassador Mary Seet-Cheng, Senior Specialist Advisor of the Ministry of Foreign Affairs, Singapore, informed that Singapore was working with a group of APEC Economies to conduct a TRP pilot exercise in April 2009.

25. Noting that several economies already had an AEO programme and that some were already moving towards establishing MRAs, Ambassador Seet-Cheng opined that this growing network of MRAs could serve as

the basis for the TRP by creating secure supply chains for trade to flow in the aftermath of a terrorist attack. Economies with MRAs of AEOs and Customs Controls have the mutual assurance that goods moving between them have undergone a robust security process within their domestic supply chain and are safe for import. Ambassador Seet-Cheng urged for closer collaboration between the Economies to establish the APEC TRP and for Economies who are ready, to embark on pilots. On this note, she informed that Singapore was working with a group of APEC Economies to conduct a TRP pilot exercise in April 2009, in line with the direction of the APEC Leaders. The pilot exercise would demonstrate the feasibility of the APEC TRP and assess how it could be implemented by economies.

26. Concluding the discussions over the two days, Ambassador Park Sang-Ki, Ministry of Foreign Affairs and Trade of Republic of Korea and Chair of the APEC Counter Terrorism Taskforce (CTTF), commended that the APEC TRP is a highly meaningful initiative which opened a new dimension to APEC's effort in countering terrorism and minimizing its devastating consequences. Reiterating that international trade is the lifeblood of the global economy, Ambassador Park said that the issue of trade recovery is certainly critical for the continued development and growth of the APEC region. Ambassador Park urged Economies to consider adopting the APEC TRP and to take active steps to establish secure supply chain networks through mutual recognition agreements. In this regard, Ambassador Park was gratified to note that a few APEC economies have come together to plan for a pilot exercise led by Singapore. He was confident that the pilot exercise will provide useful lessons on how APEC Economies could co-operate closely to facilitate the swift recovery of trade in the event of a catastrophic terrorist attack. The APEC Counter-Terrorism Task Force (CTTF) looks forward



Ambassador Park Sang-Ki, Ministry of Foreign Affairs and Trade of Republic of Korea and Chair of the APEC Counter Terrorism Taskforce (CTTF), encouraged APEC Economies to adopt the APEC TRP and take active steps to establish secure supply chain networks through mutual recognition agreements.

to the results and lessons from this pilot exercise and to hearing its recommendations. Ambassador Park also shared that it was heartening to note the World Customs Organisation (WCO)'s interest to incorporate a trade recovery standard in its SAFE Framework based on the APEC TRP. With WTO looking at APEC TRP as complementary to the WTO's Trade Facilitation agreement and the WCO taking the APEC TRP as a model to follow, Ambassador Park believed that we can only expect that trade recovery would indeed become a major consideration for all global Economies and will bring about a healthy balance between trade facilitation and security.

27. Ambassador Park concluded the Workshop by thanking all the speakers for their excellent sharing of their invaluable insights and contributions to the development of this initiative, and the organizers of this Workshop.

PREPARED AND SUBMITTED BY:
SINGAPORE

November 2008



Annex A

APEC CAPACITY BUILDING WORKSHOP ON TRADE RECOVERY SINGAPORE, 23-24 JULY 2008 (Orchard Hotel, Singapore)

Wednesday 23 July 2008

- 0900-0905 - Welcome Remarks
Ambassador Juan Carlos Capuñay, Executive Director,
Asia Pacific Economic Co-operation (APEC)
- 0905-0915 - Opening Remarks
BG (NS) Choi Shing Kwok, Permanent Secretary (Transport),
Ministry of Transport, Singapore
- 0915-0945 - Address by Distinguished Speaker:
“Perspective from WTO on the Importance of Trade Recovery as an Integral
Part of Global Trade and Economic Sustainability”
Mr Richard Eglin, Director, Trade, Finance and Trade Facilitation Division,
World Trade Organisation
- 0945-1015 - Photo taking for Speakers and VIPS followed by Tea Break

Session 1 : The Importance of Trade Recovery

- 1015-1040 - “Economic Impact of International Trade Disruption Due to Terrorist Attack on
the Supply Chain”
Mr Ronald Widdows, Group President and CEO, Neptune Orient Lines Ltd
and Member Board of Directors, World Shipping Council
- 1040-1105 - “Lessons from 9/11: Impact on the flow of cargo”
Mr Richard Steinke, Executive Director, Port of Long Beach
- 1105-1130 - “Economic Impact to the US consumers arising from a trade disruption”
Mr Steve R. Okun, Chairman of the Board,
American Chamber of Commerce (Singapore)
- 1130-1155 - “Economic Impact from a Trade Disruption: A Chinese perspective”
Dr Sun Jia Kang, Managing Director, COSCO Container Lines
- 1155-1230 - Q&A Session and Summary Remarks.
Moderator : Ambassador Mary Seet-Cheng, Senior Specialist Adviser,
Ministry of Foreign Affairs, Singapore
- 1230-1330 - Lunch at the Orchard Hotel




Session 2 : The APEC Trade Recovery Programme (TRP)

- 1330-1355 - “The APEC TRP – Genesis, Background and Need for the APEC TRP”
Mr Gordon Holder, Booz Allen Hamilton
- 1355-1420 - “The APEC TRP – What it is and How it works”
Mr Will Healy, Booz Allen Hamilton
- 1420-1445 - “Facilitating domestic and international trade recovery - “Japan’s AEO Programme – Small Measures, Big Impact”
Mr Hiroshi Kishimoto, Director for Customs Clearance Division,
Customs and Tariff Bureau, Ministry of Finance, Japan
- 1445-1510 - “Establishing a Secure Domestic Supply Chain – A Partnership Approach between Customs and Industry”
Mr Martyn Dunne, Comptroller of Customs and Chief Executive,
New Zealand Customs Service
- 1510-1525 - Q&A Session and Summary Remarks.
Moderator : Mr Gordon Holder, Booz Allen Hamilton
- 1525 -1545 - Tea Break
- 1545 -1610 - “Balancing Trade Facilitation and Security: A Risk-based Approach”
Mr. Tae-Wook SHIN, Director Strategic Intelligence Division,
Korea Customs Service
- 1610-1635 - "The application of Risk Management to Customs procedures"
Dr. Vu Ngoc Anh, Deputy Director General,
General Department of Viet Nam Customs
- 1635-1700 - "Effective Exchange of Information for Effective Risk Assessment”
Mr Sean Moon, Commander and Senior Policy Adviser, Office of Cargo,
Maritime and Trade Policy, US Coast Guard
- 1700-1715 - Q&A Session and Summary Remarks.
Moderator : Mr Gordon Holder, Booz Allen Hamilton

Thursday 24 July 2008

Session 2 : The APEC Trade Recovery Programme (TRP) -- continued

- 0830-0855 - “Bridging the Gap: Raising Awareness and Understanding”
Mr Chris O’Keeffe , Australian Customs
- 0855-0920 - “China-EU Smart and Secure Trade Lane Pilot Project”
Ms Sun Rong Yan, Deputy-Director General, China Customs



0920-0945 - “Complementary Balance between WCO Initiatives and the APEC TRP”
Mr Michael Schmitz, Director of Compliance and Facilitation,
World Customs Organisation

0945-1010 - Q&A Session and Summary Remarks.
Moderator : Mr Fong Yong Kian, Director-General of Singapore Customs

1010-1030 - Tea Break

Session 3 : The Way Forward

1030-1055 - “A Perspective from the Shipping Industry on Total Supply Chain Security”
Mr Earl Agron, Vice-President, Security, APL Limited

1055-1120 - “The economics of effective trade recovery”
Mr Gary S. Lynch, Managing Director & Global Practice Leader,
Supply Chain Risk Intelligence Solutions, Marsh

1120-1145 - “Way Forward for APEC: A Perspective from Singapore”
Ambassador Mary Seet-Cheng, Senior Specialist Adviser,
Ministry of Foreign Affairs, Singapore

1145-1210 - Q&A Session and Summary Remarks.
Moderator : Mr Lim Boon Wee, Deputy Secretary,
Ministry of Transport, Singapore

1210-1220 - Closing Remarks
Ambassador Park Sang-ki, Chairman,
APEC Counter-Terrorism Task Force

END OF WORKSHOP

ABOUT APEC

Asia-Pacific Economic Cooperation, or APEC, is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia Pacific region.

APEC, comprising 21 member economies, is home to more than 2.6 billion people and represents approximately 56% of world GDP and 49% of world trade. Leaders of APEC Economies meet annually to discuss a range of issues that are focused on economic growth and prosperity for the region.

APEC's 21 Member Economies are: Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Viet Nam.

APEC places a strong emphasis on participation by the private sector in its activities.

APEC began as an informal dialogue group in 1989, but has since become the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region.

In 1993, an APEC Secretariat was established in Singapore to support the activities of the forum.

The Work of APEC

Asia-Pacific Economic Cooperation (APEC) works in three broad areas to meet the Bogor Goals of free and open trade and investment in the Asia-Pacific by 2010 for developed economies and 2020 for developing economies.

Known as APEC's 'Three Pillars', APEC focuses on three key areas:

- Trade and Investment Liberalisation
- Business Facilitation
- Economic and Technical Cooperation

The outcomes of these three areas enable APEC Member Economies to strengthen their economies by pooling resources within the region and achieving efficiencies. Tangible benefits are also delivered to consumers in the APEC region through increased training and employment opportunities, greater choices in the marketplace, cheaper goods and services and improved access to international markets.

The APEC Secretariat

The APEC Secretariat is based in Singapore and operates as the core support mechanism for the APEC process. It provides coordination, technical and advisory support as well as information management, communications and public outreach services.

The APEC Secretariat performs a central project management role, assisting APEC Member Economies and APEC for a with overseeing more than 230 APEC-funded projects. APEC's annual budget is also administered by the APEC Secretariat.

ISO Certification

In 2002, the APEC Secretariat obtained ISO 9001:2000 Quality Management Certification. This recognises the continuous efforts made by the APEC Secretariat to provide improved administrative and support activities. The APEC Secretariat is the first multilateral trade-related secretariat to attain ISO certification.



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