Supply Chain Security in APEC: An Industry Perspective

Submitted by: American President Lines
Maritime & Supply Chain Security: An Industry Perspective

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APL Overview
- APL Terminals: 9
  - San Pedro
  - Seattle
  - Dutch Harbor
  - Oakland
  - Yokohama
  - Kobe
  - Kaohsiung
  - Laem Chabang
  - Ho Chi Minh City
- APL Container Vessels:
  - Around 100
  - 50% owned/50% chartered
- APL Container Fleet: 400,000
- 500 Vessel calls per week

APL Logistics: Supply Chain Management
- Consolidation
- Domestic Multi-modal Transportation
- Deconsolidation
- Warehousing & DC's
- Delivery to Point of Sale

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Transportation Security Incidents
- New York, USA
  - WTC Terrorist Attacks
  - September 11, 2001
- Yessentuk, Russia
  - Commuter Train Bombing
  - December 5, 2003
- Port of Ashdod, Israel
  - Double Suicide Bombing
  - March 14, 2004
- Port Aden, Yemen
  - USS Cole Bombing
  - October 12, 2000
- Gulf of Aden, Yemen
  - M/V Limburg Bombing
  - October 6, 2002
- Straits of Malacca
  - World Hot Spot for Piracy Attacks
- Singapore
  - Al Qaeda suspected of planned attacks on ships

Balance Trade and Security
- Protect the supply chain
- Facilitate trade

Supply Chain Is Large and Complex
- 15 million containers circulating throughout the world
- 1.2 million multinational seafarers
  - Limited risk assessment and security training
- Thousands of vendors
- Approx 200 data elements for each shipment
- Typical door-to-door move involves
  - 100s of people
  - 12 to 15 locations across international boundaries
  - Myriad rules and regulations
Alliances

New World Alliance
90 Vessels
14 Strings
447,000 TEU

Evergreen Group
77 Vessels
12 Strings
337,000 TEU

UASC
25 Vessels
4 Strings
72,000 TEU

Cooperate in selected trades
177 Vessels
29 Strings
775,000 TEU

CHKY Alliance
120 Vessels
22 Strings
860,000 TEU

Source: MDS/Alphaliner

Interconnectedness of World Trade

International Cooperation is Vital

Cooperation among all supply chain stakeholders and government authorities is critical in securing global trade.

Global Regulations

Each nation may issue its own container security regulations in order to protect itself.

But regulations need to be harmonized otherwise we will face two major consequences:
- Misallocation of priorities
- Miss the terrorist threat when it comes

Port of Singapore Authority

- 200 shipping lines
- Linked to 123 countries
- 60,000 containers per day
- 60 vessel calls per day
- 112 gantry cranes
- 37 berths/10,000 meter quay length

Security Initiatives

- International Maritime Organization’s International Ship and Port Facility Security Code (ISPS)
- World Customs Organization’s Framework for Standards to Secure and Facilitate Global Trade
ISPS – Ship and Terminal Security
- Security assessments and plans
- Access control
- Training
- Cooperation between public and private sectors

WCO Framework: Implementation Needed
- Not legally binding
- Not prescriptive
- Customs Administrations need to ensure consistency and work toward mutual recognition
- Private sector has important role

World Customs Organization
Framework of Standards to Secure and Facilitate Global Trade

Effective implementation of Framework will:
- Optimize resources in meeting security requirements
- Help organizations focus on the actual terrorist threat
- Balance security and facilitate trade

Public-Private Cooperation Example
- Supply Chain Security Management, Assessments and Plans (ISO 28001)
  - WCO, EU & USA involvement from public sector
  - Auditors, ocean carriers and importers from private sector
  - Input still lacking from trucking, rail, barge and other inland transportation providers
- Balloting begins end of March 2006
- Input will still be accepted

Mutual Recognition and Consistency Critical
An administrative nightmare would occur if each of the 140 countries required separate protocols and procedures.

Sharing Information
- Sharing information between private and public sectors is critical if we hope to mitigate risk.
- Trust between the public and private sectors is key to success.
Advance Manifest 24-Hour Rule

- The US 24-Hour Rule looks at detailed information to help identify the riskiest containers bound for the US.
- Improvements to this Rule are being considered by US Customs with consultation with the private sector.
- Asia not protected in same manner
- Mutual recognition is key as other advance manifest initiatives are introduced.

Technological Changes

Problem definition comes first.
Identification of solutions should follow with public sector collaboration with supply chain stakeholders.
Technologists have a key role to play AFTER the problem is defined and the solutions identified.

Security’s Key Question:

What’s in the Box?

As Important as Technology:

- People
- Process
- Training
“The greatest resource we have in the war against terror is the intelligence and common sense of our people.”

-- General Benjamin Defensor

Conclusion

- Avoid expensive approaches that add relatively little to security
- Continue balancing security with trade
- Continue to cooperate – governments together, government and private sector

Thank You