



Asia-Pacific
Economic Cooperation

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Maritime Security Round Table 2


Supply Chain Security in APEC: An Industry Perspective

Submitted by: American President Lines



STAR IV
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**Maritime & Supply Chain Security:
An Industry Perspective**



Earl Agron
APL Limited
VP Security
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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 Mgmt.



- Global Suppliers Vendor Management
- Consolidation
- Air/Ocean Transportation
- Document Delivery
- Deconsolidation Distribution
- Domestic Multi-Modal Transportation
- Warehousing & DC's
- Delivery to Point-of-Sale

Transportation Security Incidents



- New York, USA**
WTC Terrorist Attacks
September 11, 2001
- Madrid, Spain**
Train Bombings
March 11, 2004
- Yessentuk, Russia**
Commuter Train Bombing
December 5, 2003
- Port of Ashdod, Israel**
Double Suicide Bombings
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

Grand Alliance 	129 Vessels 22 Strings 660,000 TEU	CHKY Alliance 	177 Vessels 29 Strings 775,000 TEU
New World Alliance 	90 Vessels 14 Strings 447,000 TEU	Cooperate in selected trades	
Maersk Line 	203 Vessels 32 Strings 943,000 TEU	Evergreen Group 	77 Vessels 12 Strings 337,000 TEU

Source: MDS/Alphaliner

Interconnectedness of World Trade

The map illustrates global trade patterns with color-coded flows: blue for Finished Goods, red for Intermediate Goods, and yellow for Raw Materials. Arrows indicate the direction of trade between continents.

International Cooperation is Vital

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

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

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

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



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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

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WCO Framework: Implementation Needed

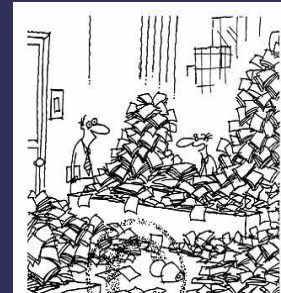
- > Not legally binding
- > Not prescriptive
- > Customs Administrations need to ensure consistency and work toward mutual recognition
- > Private sector has important role



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Mutual Recognition and Consistency Critical

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



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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



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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.



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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.

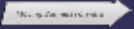


Security and Technology

- > The transportation industry has demonstrated that it will accept change when there is a strong reason to change.

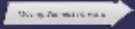


Technological Changes



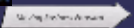
Technology

- > 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.

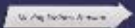
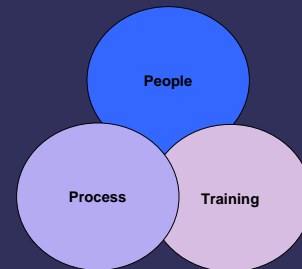


Security's Key Question:

What's in the Box?




As Important as Technology:



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

-- General Benjamin Defensor



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Conclusion

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



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Thank You



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The Asia-Pacific Economic Community for Sustainable Development and Prosperity

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