



Asia-Pacific
Economic Cooperation

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Partnering to Ensure Security of the Supply Chain

Submitted by: DHL



**Secure Trade in the APEC Region (STAR V)
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Partnering To Ensure Security of the Supply Chain

APEC STAR V CONFERENCE
Sydney 27 – 28 June 2007

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Conference of Asia Pacific Express Carriers (CAPEC)



- Regional representative body of the Air Express Industry in Asia Pacific since January 1996
- Founding Members : DHL, FedEx, TNT, UPS
- Affiliated to the Global Express Association (GEA) based in Brussels and other regional Express Industry Associations (XLA, EEA, CLADEC)
- Website - <http://www.capec.org>



CAPEC's MISSION

“Work closely with governments and regulatory authorities throughout Asia to further the interests of the express industry and to facilitate trade expansion and economic growth in the region”



What is the Air Express industry ?

- US\$155 billion in global revenues
- Over 30 million shipments daily
- 1, 200,000 employees
- 170,000 vehicles
- 1,700 aircraft
- Operations in over 220 countries
- Continuous 20% annual growth between 1996 and 2005
- By 2017, Air Express industry is expected to represent almost 36% of global air cargo with an average growth rate of 18%



The Express Industry is Unique



- Speed and Reliability
- Nothing Stands Still
- Fully integrated, door-to-door delivery
- Global
- Full Custodial control
- “Track and trace” technology



Speed is critical to Express Delivery Services

- Speed and volume are the economic drivers of Express Delivery Services.
- Revenue falls if speed or volume falls.
- If revenue declines there is no money to invest in technology.



Why customers use Express Delivery Services



- Rapid, reliable delivery reduces need for large inventories and warehouse costs
- Global manufacturers demand faster (24-48 hours) and time-definite delivery of shipments
- Express delivery of samples where design is of paramount importance



Why customers use Express Delivery Services (Cont'd)



- Small and medium size enterprises (SMEs) leverage global air express economies of scale
- Key role in after sales-service with replacement parts



Illustration of how air express impacts an economy



Impact if no air express

- 32% of small and medium size enterprises (SMEs) would lose orders
- 16% of UK firms would have to relocate overseas
- 84% of new economy firms would be badly affected

Impact if no, or inefficient, air express

- 32% of companies would reduce investment and expansion

Impact of an open air express industry

- 44% of companies would increase investment
- 41% of companies would add more employees

Source: Oxford Economic Forecasting

Source: US-China Business Council



Partnering To Ensure Security of the Supply Chain



- Changing the rules will not change people's behaviour
- Borders are human, not lines on a page
- Quality comes from consistent high performance.



Why Partner with us?



- The world's leading integrated air express carriers. We have over 30 years of global expertise in ensuring a secure supply chain
- We want to partner with the APEC governments to develop effective and cost efficient security measures that do not impede the flow of trade
- CAPEC is a resource used by countries throughout Asia to assist in the development of security regulations



10 Air Express Security Benefits




1. Track and Trace door to door
2. We see the shipper and the package
3. We have full custodial control
4. A record is kept of every transaction
5. Secure facilities and vehicles



Air Express Security Benefits (cont'd)


- 6. Pre-employment screening of staff and contractors
- 7. Formal training of front line staff on security practices and procedures
- 8. Sophisticated risk management techniques
- 9. Our normal loss prevention measures also protect shipments from unauthorized interference
- 10. Over 30 years of experience – proven track record with large, professional security teams managing all aspects of security



Track and Trace Door to Door




Track and Trace Door to Door






Secure Facilities: Example




Secure Facility: Security Control Centre




Secure Facilities: CCTV

CCTV in Reception Area

Shipment Inspection

Vehicle Security

Vehicle Security

True Partnership Between Government & Industry

- More often talked about than implemented
- Risk/threat based security measures that take into account industry needs
 - Security programs must be risk-based
 - There is no "silver bullet" in aviation security
 - Focus on assessed threats
 - All-cargo aircraft have a different threat profile
 - Shipments/Packages, unlike passengers, can be profiled
 - Consider all parts of the supply chain
 - Ill-conceived security measures have a disproportionate impact on SME's

Express Industry track record on Security

- Nothing significant had to be changed after 9/11. Robust security practices and procedures have always been in place.
- We regularly interdict contraband and liaise closely with law enforcement authorities.
- We are driven by the security needs of our customers' high value shipments

Track record of Express Industry

- Example: Forged Passports and Forged Credit Cards Detected in Thailand



Logos: DHL EXPRESS, FedEx Express, TNT, UPS

Shipment Profiling: Baby Powder is actually Methamphetamine !



Logos: DHL EXPRESS, FedEx Express, TNT, UPS

Air Hydraulic Pumps Contained Gold



1. X-Ray was suspicious
2. Shipment manually searched
3. Search revealed gold bullion

Logos: DHL EXPRESS, FedEx Express, TNT, UPS

Detection of Forged Currency: MY & USD



Logos: DHL EXPRESS, FedEx Express, TNT, UPS

Detection of Counterfeit Credit Cards



Concealed behind pictures

Logos: DHL EXPRESS, FedEx Express, TNT, UPS

Heroin & Opium – 2 kilos concealed in water purifier



Logos: DHL EXPRESS, FedEx Express, TNT, UPS

Formal Recognition

DHL EXPRESS **FedEx Express** **TNT** **ups**

Formal Recognition

Japan Police Award
Korea Customs Commissioner Award

DHL EXPRESS **FedEx Express** **TNT** **ups**

Summary

- The Express Delivery Service business has operated for >30 years with good security as a key success factor
- Speed and volume are the economic drivers of Express Delivery Services
- The global economy requires Express Delivery Services
- Anything which impedes speed, adversely impacts the EDS business and the supply chain as a whole
- Changing the rules will not change people's behaviour
- CAPEC is available for consultation, and wishes to Partner with Governments and Regulators

DHL EXPRESS **FedEx Express** **TNT** **ups**

Thank You.

DHL EXPRESS **FedEx Express** **TNT** **ups**