Partnering to Ensure Security of the Supply Chain

Submitted by: DHL
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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
- 44% of companies would increase investment
- 41% of companies would add more employees

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

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

Shipment Profiling: Baby Powder is actually Methamphetamine!

Air Hydraulic Pumps Contained Gold
1. X-ray was suspicious
2. Shipment manually searched

Detection of Forged Currency: MY & USD

Detection of Counterfeit Credit Cards
Concealed behind pictures

Heroin & Opium – 2 kilos concealed in water purifier
Formal Recognition

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

Thank You.