



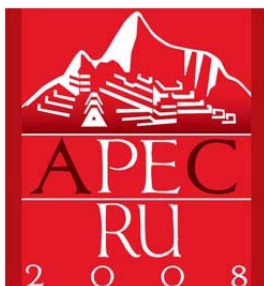
**Asia-Pacific
Economic Cooperation**

2008/SOM3/CTTF/STAR/006

Session: 4

Responding to a Disruption to the Global Supply Chain: Facilitating Trade Recovery

Submitted by: Singapore



6th Secure Trade in APEC Region Conference
Lima, Peru
20-21 August 2008



SCOPE

- The International Trade Environment
- Need for Trade Recovery
- The APEC Trade Recovery Programme (TRP)
- The Way Forward
- Conclusion

The International Trade Environment

- **World merchandise exports**
 - Up 15% in 2007 to US\$13.6 trillion over 2006
- **World GDP**
 - Grew by 3.7%
- **APEC's per capita GDP**
 - Up from US\$5,205 in 1989 to US\$13,994 in 2006
- **APEC GDP**
 - Tripled from US\$11.8 trillion in 1989 to US\$37.3 trillion in 2006
- **PECC forecast**
 - Asia-Pacific region attain 3.7% economic growth in 2008 and 4.4% in 2009



Terrorist Threats to Global Trade

- **Objectives of terror attacks**
 - Instill fear in the general public
 - De-stabilize governments
- **Terrorist targets**
 - Aircraft and ships
 - Public transport systems
 - Iconic buildings and public infrastructure



Terrorist Threats to Global Trade

- Potential target
 - Supply chain
 - To disrupt global Economic system
- Maritime container system
 - More than 90% of world trade are containerised
 - Many opportunities for terrorist infiltration
 - Easily concealable
 - Many weak links



Terrorist Threats to Global Trade

- Many efforts to secure and defend supply chain
 - International programmes
 - Domestic programmes
- Existing programmes focus on preventive measures
 - C-TPAT (US)
 - PIP (Canada)
 - StairSec (Sweden)
 - SES (NZ)
 - STP (Singapore)
- No guarantee of 100% security against terrorist attack on the global supply chain



NEED FOR TRADE RECOVERY

- Disruption to global supply chain

<u>Natural Disaster</u>	<u>Terrorist Attack</u>
Affects only one port	Fear of similar attack affects all ports
Alternative ports at full capacity	Enhanced security reduces capacity of alternative ports
Recovery is physical	Recovery is psychological
Limited impact on global trade	Significant impact on global trade



NEED FOR TRADE RECOVERY

- Economic Impact
 - US Congressional Budget Office (CBO) report
 - Loss to US between US\$65 million and US\$150million per day
 - Covering containerised cargo arising from partial closure of LA and LB ports
 - Study on “Economic Impact to APEC”
 - 30-day equivalent period of diminished port activity
 - Estimated loss in exports is \$98.8B in the first year and \$154B over three years;
 - Total estimated loss in GDP is \$104.1B in the first year, and \$136.5B over three years



NEED FOR TRADE RECOVERY

- Post-event scenario
 - Fear of secondary attack
 - Increased level of security and security measures
- Delays in container clearance (first order impact)
 - 225 million container movements a year
 - Chokes in ports
 - Delays to ships
- Impact to industry (second order impact)
 - Slow down in manufacturing
 - Slow down in ship productivity and turnaround
 - Impact on workers and wages



NEED FOR TRADE RECOVERY

- Impact to SMEs
 - Cash flow
 - Closures and bankruptcy
- Security as a non-tariff trade barrier
 - High cost of meeting additional security demands



APEC Trade Recovery Programme

- Aim
 - Minimise the period of disruption
 - promote the restoration of trade

Country	Three year cumulative (2007-2009) real GDP loss compared to baseline (billion 2006 dollars)			Three year cumulative (2007-2009) real GDP loss compared to baseline (percent deviation)		
	scenario			scenario		
	15-day	30-day	60-day	15-day	30-day	60-day
United States	81.8	175.1	499.2	0.6	1.3	3.7
Australia	2.5	5.1	10.9	0.3	0.7	1.4
China	29.0	58.8	130.8	1.0	2.0	4.4
Hong Kong	2.5	5.1	11.1	1.2	2.5	5.6
Japan	19.2	38.6	81.8	0.4	0.8	1.8
Korea	5.8	12.1	27.1	0.6	1.3	2.9
Indonesia	1.7	3.4	7.1	0.4	0.9	1.9
Malaysia	1.5	3.1	6.8	0.9	1.9	4.3
New Zealand	0.3	0.6	1.3	0.3	0.6	1.3
Philippines	0.8	1.7	3.9	0.7	1.4	3.2
Singapore	2.0	4.2	9.6	1.4	3.0	6.8
Thailand	1.0	2.1	4.7	0.5	1.0	2.2
Vietnam	0.9	1.8	3.7	1.3	2.7	5.5
Total / average of 12 economies	67.2	136.5	299.0	0.8	1.6	3.4



APEC Trade Recovery Programme

Principles of APEC TRP

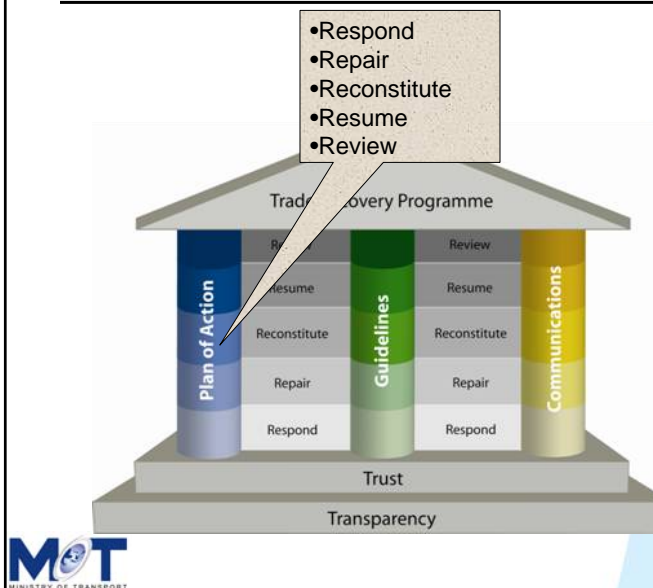


APEC Trade Recovery Programme

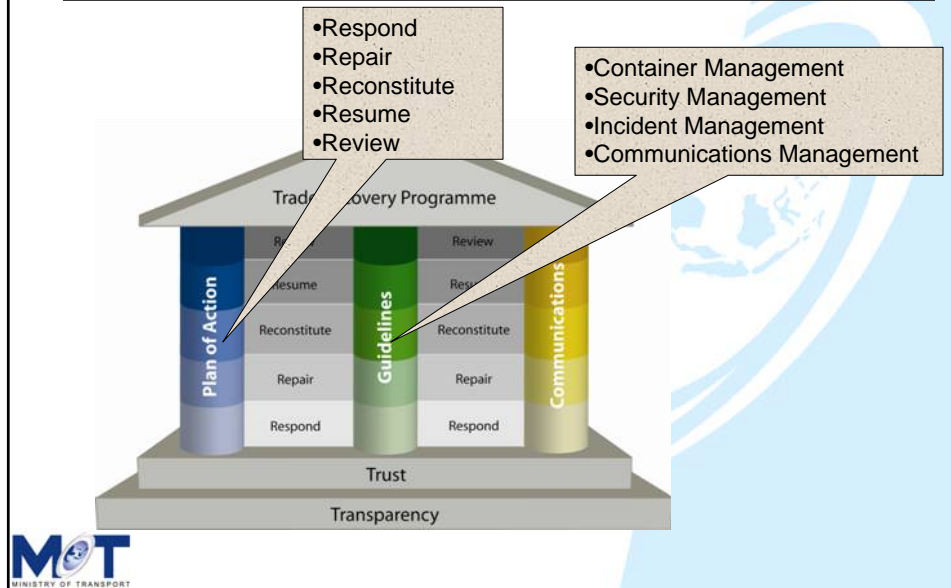
Principles of APEC TRP



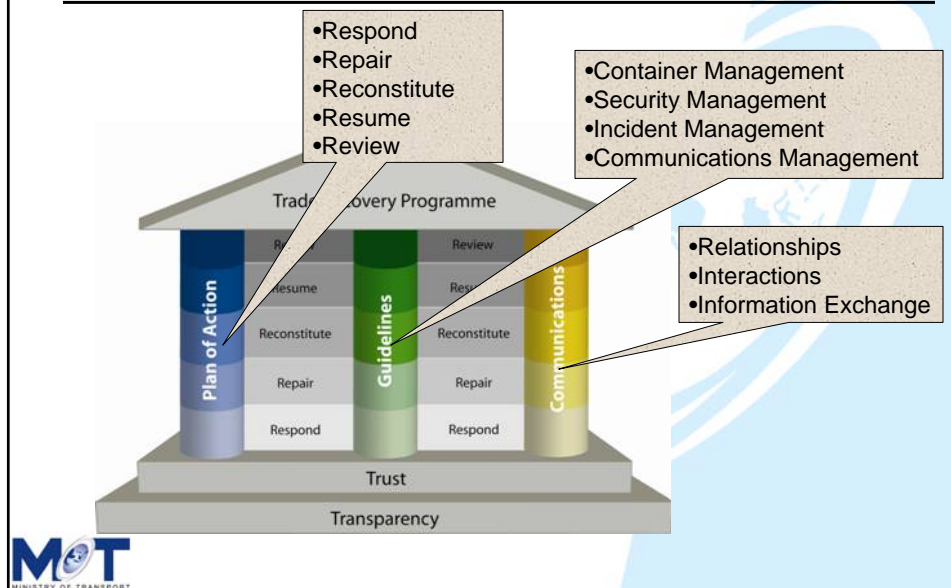
APEC Trade Recovery Programme



APEC Trade Recovery Programme



APEC Trade Recovery Programme



APEC Trade Recovery Programme

- Consistent with existing international standards and programmes
 - WCO SAFE FoS
 - ISO 180001
 - ISPS Codes
- Non-prescriptive
 - Provide guidelines
 - Effects based



APEC TRP Pilot Exercise

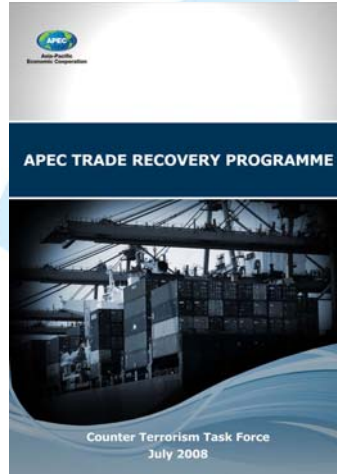
- Authorised Economic Operator (AEO) Programme
 - Ensure security and integrity of domestic supply chain
 - Auditable and certifiable
- Mutual Recognition Agreements (MRA)
 - Links AEO programmes
 - Allows predictability and understanding
 - Facilitates swift recovery
- Economies encouraged to develop AEOs and establish MRAs
 - Provides certainty of continued trade
 - Balances need for security and needs of global consumers

SECURE TRADE PARTNERSHIP
SINGAPORE CUSTOMS



The Way Forward

- Capacity Building Workshop on APEC TRP
 - Organised by Singapore
 - Provide deeper understanding of APEC TRP and its benefits
- WCO inclusion of trade recovery programme into WCO FoS
 - Gives trade recovery larger significance
 - Sets the stage for better global integration



APEC TRP Pilot Exercise

- APEC TRP Pilot Exercise
 - Exploring conduct with like-minded Economies
- Objectives of pilot exercise
 - Demonstrate feasibility
 - Test validity of guidelines
 - Generate feedback and discussion
 - For workable implementation

SECURE TRADE PARTNERSHIP
SINGAPORE CUSTOMS



CONCLUSION

- APEC TRP adopts a total supply chain security approach
 - Spreads the responsibility of security
 - Easily implementable
 - Stronger than its sum
- The APEC TRP takes a risk-based approach towards security
 - Globally recognised and accepted approach
 - Realistic
 - Good balance between facilitation and security



CONCLUSION

- APEC TRP is not onerous
 - Consistent with existing international standards and programme
 - Premise on AEO programmes and MRAs
 - Provides safe conduit for trade to continue flowing
- TRP provides competitive advantage
 - Recognised certification
 - Facilitated treatment



