



Asia-Pacific
Economic Cooperation

2007/TPTMM/003b

Study on Trade Recovery in APEC

Purpose: Information
Submitted by: Singapore



**5th Transportation Ministerial Meeting
Adelaide, Australia
28-30 March 2007**

5TH APEC TRANSPORT MINISTERS' MEETING
28-30 MARCH 2007, ADELAIDE

UPDATE BY SINGAPORE ON STUDY ON TRADE RECOVERY IN APEC

Background

1 In 2006, the APEC Senior Officials and Leaders recognised the need to enhance the security of the supply chain for the continued growth of trade, commerce and economic development in the APEC region. They endorsed the initiative proposed by Singapore that APEC conducts a study to address how APEC economies could co-ordinate and work with one another to resume the flow of trade expeditiously in the event of a major disruption to the supply chain.

Supply Chain Security and Trade Recovery

2 The global supply chain is a critical underpinning factor supporting the continued growth of trade and the movement of people and goods across the world. If the supply chain is seriously disrupted, such as by willful acts of terrorism, the economic damage to APEC will be significant. Studies have shown that a stoppage in trade can tip the APEC region into a serious economic recession that will take many months for APEC economies to recover from.¹

3 The supply chain comprises of many different nodes and involves many sectors. Transportation is just one of them. Hence, to enhance the security of the supply chain, it is necessary that all stakeholders, such as manufacturers, consolidators, freight forwarders, transport companies, checkpoint authorities, customs authorities, port and

¹ A study commissioned by Singapore in 2006 showed that a 30 day closure of a gateway port on the US West Coast, leading to a stoppage in trade, would cost 12 APEC economies trade losses of around US\$159 billion cumulative over 3 years. A number of economies would also suffer a drop of up to 2% in their GDP.

ship operators, consolidators, logistics players and retailers, undertake their share of responsibility to ensure the security of the supply chain and the goods under their charge at their node of the supply chain. This concept – total supply chain security – is a practical approach that helps spread the responsibility for security across all players in the entire chain as the benefits of more secure trade and facilitation are also enjoyed by all. With a higher level of supply chain security, there will be corresponding benefits to trade and facilitation such as increased efficiency and lower incidence of losses, resulting in higher business confidence, productivity and economic growth.

4 However, preventive measures alone are not enough. APEC should also look at how it could recover expeditiously and resume the flow of trade in the event of a major terrorist attack on the supply chain that brings trade to a halt. A joint multi-agency study group led by Singapore is already looking at the issue of trade recovery and working towards developing a trade recovery programme for APEC, of which transportation is one of the important components.

Study Group on Trade Recovery

5 The study group comprising experts from several APEC economies, viz., Australia, Brunei, China, Indonesia, Japan, Korea, New Zealand, Singapore and the United States of America, have met to discuss the issues and to develop a framework to map out the key approaches, and a set of suggested set of model guidelines which APEC economies could consider adopting, on a voluntary basis, to help resume the flow of trade in the aftermath of a major disruption. The study group has so far met on two occasions (1-2 Feb 2007 and 22-23 Mar 2007) and aims to complete their report and recommendations in time for the APEC Leaders' Summit in September 2007.

Trade Recovery Programme (TRP)

6 The development of this trade recovery programme at APEC is an acknowledgement of the importance of the need for a regional/international approach towards repairing and sustaining the international economic system in the event of a disruption to the global supply chain, such as one caused by a major terrorist attack. The intent is to ensure a rapid resumption of global trade and flow of cargo by minimizing unnecessary improvisation in reaction to a terrorist attack and to rapidly establish assurance and effective coordination among APEC economies to manage the security risks to the global supply chain and trading system following such an attack.

7 This study on the trade recovery programme takes a total supply chain security approach, which emphasizes the need to share the responsibility of ensuring the security of trade across the various nodes of the supply chain, and between public and private entities. It also recognises the need to adopt a risk management approach in responding to an attack, and the need to balance security requirements with the imperative to bring about the resumption in the flow of international trade in the shortest possible time. To provide a framework for effective coordination between economies, the study group is looking at developing a set of model guidelines which will leverage on existing international guidelines such as the WCO Framework of Standards, the ISPS Code, as well as ISO 28000/28001.

Next Steps

8 The study group has made significant progress and the discussions have thrown up many valuable inputs and suggestions which are being deliberated upon. The study group is scheduled to meet again in May 2007 to complete its work. Its report will be sent to the APEC Counter Terrorism Task Force (CTTF) and the APEC Senior Officials for endorsement in June 2007