



**Asia-Pacific  
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Agenda Item: 4.4

**Counter-Terrorism Working Group Chair's Summary  
on the 10<sup>th</sup> APEC Secure Trade in the APEC Region  
Conference**

Purpose: Information

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**APEC PERU**  
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**Chair's Summary**  
**X STAR CONFERENCE**  
**20 August 2016, Lima, Peru**  
**Presented by Counter-Terrorism Working Group (CTWG) Chair**

The 10<sup>th</sup> APEC Secure Trade in the APEC Region (STAR) Conference was held on 20 August 2016 in Lima, Peru. With the theme of "Secure Supply Chain in the APEC Region: Challenges and Opportunities", the Conference aimed at providing an appropriate forum to update the terrorism situations and counter-measures in the field of international supply, to boost counter-terrorism cooperation and overall resilience of supply chains in the APEC Region, to update the knowledge on on-going and planned APEC activities including APEC Sub-Committee on Customs Procedures contributing to counter-terrorism as well as deepen the understandings of challenges and opportunities of public and private collaboration to suppress the terrorism threats while addressing interests of securing open, free and facilitated supply chain.

More than 100 participants attended the conference consisting of officials from APEC Economies from Australia, Brunei Darussalam, Chile, People's Republic of China, Hong Kong, China, Indonesia, Japan, Republic of Korea (RoK), Malaysia, Mexico, New Zealand, Peru, Philippines, Russia, Singapore, Chinese Taipei, Thailand, United States of America, and Viet Nam – who are responsible for counter-terrorism, transportation, law enforcement, customs, Immigration and Border Protection as well as people from business sectors and Representatives from ABAC.

The Conference was co-sponsored by the Economies of Indonesia, Japan, Peru, Philippines and Russia. The Conference was opened by the CTWG Chair, Mr. Oscar F. Valenzuela, His Excellency Mr. Raul Salazar, Peru Senior Official, and Mr. Takamasa Iwasaki from ABAC-Japan, representing private sector.

#### **Session I: Opening Session**

In his opening remarks, Mr. Oscar F. Valenzuela highlighted that the face of international terrorism today is not only the Al-Qaeda and its war against the West but also the ISIS/ISIL/Daesh and their goal to establish a Caliphate not only in Syria and Iraq but also in other areas in the world including in the APEC Region. Making the situation more complex is the phenomenon of foreign terrorist fighters. The pervasive exploitation of the social media in spreading violent extremist propaganda had exacerbated the violent extremism problem. The situation indeed threaten the fundamental values underpinning APEC's free and open economies as well as human capital development. Given this situation and the challenges, APEC should work harder to ensure a secure environment and assist to realize the aspiration of free and open economies to bring prosperity for all. In that regard, the 10<sup>th</sup> STAR Conference will focus the discussions on ways to enhance the resiliency of the supply chain against terrorism attacks and to prevent free rider by terrorists in their fire arms and explosives smuggling. The Conference will also discuss on how to prevent the supply chain from being taken advantage of to provide financing of terrorism as well as assess counter measures taken such as API and PNR. The Conference will also hear the perspective of the private sector on how to secure trade including measures such as Authorized Economic Operators (AEO).

H.E. Raul Salazar delivered his welcoming remarks and stated that APEC today is busier than ever, with growing portfolio of complex issues across an increasingly dynamic region. For Peru 2016 is a year at the center of a cycle of hosts that wish to give emphasis to development issues. Peru also sees the privilege of hosting APEC not only as an opportunity to provide continuity to the central issues of the APEC agenda, but also as a chance to advance inclusive growth. Further Mr. Raul highlighted that APEC's 2016 theme is "Quality Growth and Human Development" and the theme of this Conference which is "Secure Supply Chain" is a key component towards the achievement of APEC 2016 agenda.

Mr. Takamasa Iwasaki stated that private sector of the APEC Region shares the same perception that the destruction by terrorism attacks not only inflicts primary and direct damages upon our lives, but also-long lasting secondary burden on the operation in our business and trading activities and the constant exposure to the increasing risks could even deprive us of our inherent vitality. ABAC also appreciate APEC's approach to seek for the best balance between Trade Security and Trade

Facilitation, trying to materialize a lofty but difficult principle of establishing a strong counter-terrorism security measures and a resilient supply chain system at the same time.

## **Session II: APEC Counter-Terrorism Work and STAR Conference**

The Session was moderated by Mr. Shinji Minami, Director of APEC Division, Economic Affairs Bureau, the Ministry of Foreign Affairs of Japan. Delegate from CTWG Chair, SCCP Chair, Japan Machinery Center for Trade and Investment and ABAC presented key issues in activities of APEC on counter-terrorism under CTWG and SCCP given an impact of terrorism to the economies today, and perspectives of private sector in case of the Automated Economic Operators (AEOs).

In first presentation delivered by Mr. Oscar F. Valenzuela, CTWG Chair and Acting Executive Director, Anti-Terrorism Council-Program Management Center underlined the importance of counter-terrorism in the face of a numerous terrorist incidents happened up to the present, outlined its implications on the supply chain resilience as well as challenges in the counter-terrorism actions, and highlighted how political commitments to counter-terrorism and CTWG's activities in light of secure supply chain, secure travel, secure infrastructure, and secure infrastructure, evolved to respond to the issue over the decade.

Mr. Gustavo Antonio Romero Murga, SCCP Chair and Intendent of Management and Customs Control National Superintendency of Customs and Tax Administration, Peru made presentation on the overview of SCCP activities relevant to supply chain, including their contribution to counter-terrorism actions and challenges the community is facing today including the AEO and API/PNR.

Mr. Masahiro Tada, Manager, Trade Promotion and Administration Group, Japan Machinery Center for Trade and Investment (JMC) presented shipper's voices on AEO given the complexity and vulnerability of the global supply chain current trade process and its cargo security measures including WTO SAFE framework. He shared the request from business sector on AEO such as need to enhance tangible benefit and mutual recognition avoiding spaghetti bowl effect. He also made some recommendations for standardization of trade process and development of the system with automated electronic data exchange as a solution tool for further trade facilitation from shipper's perspective. He also pointed out the need to enhance coordinated boarder management involving different authorities which impose security requirement in trade process.

Mr. Takamasa Iwasaki, Deputy Executive Director, Support Council for ABAC Japan, representing ABAC, reviewed progress of the past recommendations made ABAC to Leaders, touched upon the relevant study recently conducted by PSU, and urged APEC economies to immediately work on the recommendations by PSU including conducting private sector satisfaction survey and development of an APEC-wide automated electronic data exchange system among others.

## **Session III: Counter Terrorism Aspects of the Secure and Safe Use of Supply Chains in the APEC Region**

Upon Russia's initiative the 10<sup>th</sup> STAR Conference held a special Session 3 on Counter-Terrorism aspects of the secure and safe use of supply chains in the APEC Region. The Session was moderated by Mr. Dmitry V. Feoktistov, Deputy Director General of the Department on New Challenges and Threats of the Ministry of Foreign Affairs of Russia. Delegate from China, Australia, and Russia made presentations during the Session.

The conference noted with concern the growing risks of use of supply chains by Foreign Terrorist Fighters (FTFs) for transborder movement and terrorist financing. Participants underlined the rise of terrorist activities in the APEC region, as well as the number of terrorist groups that have pledged allegiance to ISIL. The conference highlighted the new trend of FTF's movement into and within the APEC region by the so-called "broken travel".

As almost 70 percent of terrorist attacks globally occur on transport facilities or with the use of vehicles, which seriously impacts the security of supply chains. In this regard, the conference underlined that effective protection of transport infrastructure becomes increasingly relevant and emphasized the importance of ensuring container transportation security to mitigate risks related to transfer of arms, cash, narcotics, and other illegal cargo by terrorist groups. The participants stressed

the need to enhance cooperation between CTWG and other relevant APEC mechanisms dealing with transportation security.

Speaker from China, Mr. Li Na, Director of General Administration of Customs of China, stressed the importance of closer cooperation between the customs agencies of APEC Economies to prevent the risks of WMD terrorism. Speakers from Australia, Mr. James Nachipo, Director for Counter-Terrorism Asia Pacific and Multilateral CT Branch, Department of Foreign Affairs and Trade of Australia updated STAR on its Trusted Trader Program and intention to organize a self-funded seminar on that topical issue.

Russia Representative, Mr. Leonid Novikov, also made a presentation on its national experience in ensuring security for the cargo carriage by the maritime transportation, especially in view of the elevating terrorist threats. Russia informed on additional measures to make its transportation system more effective and resilient, and in full compliance with international requirements. The Russian Federation called its partners to actively engage in the activities of the International Counterterrorism Data Base established by the Federal Security Service of Russia in 2008, which contains information on terrorist organizations and FTFs and allows to track their movements online.

In order to curb illegal financial flows, including those linked to ISIL, the Conference agreed that a comprehensive implementation of the relevant UNSC Resolutions, in particular 2170, 2178, 2199 and 2253, is of paramount importance. It was also noted that the priority task today is not only to block terrorist financing, but to combat all forms of any material support for terrorism. The participants also noted Russia's initiative to include provisions of the recent UNSCRs on ISIL, including 2199 and 2253, in the FATF's Standards at the forthcoming FATF Plenary in October 2016. The Conference underlined the importance to continue to work, including in the APEC Region on identifying, analyzing and tackling the sources and methods of ISIL funding. The Russian Federation made a proposal to hold a thematic discussion in the framework of CTW on that issue.

#### **Session IV: Recent Development in the APEC Region – Advance Risk Analysis and Use of Advance Technology**

This session was moderated by Mr. Gustavo Antonio Romero Murga, SCCP Chair and Intendent of Management and Customs Control National Superintendency of Customs and Tax Administration, Peru. Speakers at this sessions were Ms. Chang Shu-Chuan, Senior Auditor from Department of Investigation, Customs Administration, Ministry of Finance of Chinese Taipei and Mr. Patrik Jonasson, Director of Public Policy International Asia Pacific, GS1 Global Office Representative.

Ms. Chang Shu-Chuan presented on evolvement of risk management from 1992 to 2015 in Chinese Taipei, and the use of information technology in Chinese Taipei customs. She also showed complete model with structure and electronic tools as well as informed that intelligence driven risk management has resulted in many achievement in the seizure of illegal goods mainly narcotics and drugs. Ms. Chang emphasized that enhanced information technology application and advanced profiling and targeting were important factor and recommended to strengthen partnership with AEOs and share information with government agencies and foreign customs.

Mr. Patrik Jonasson presented on traceability, with main summary as follows:

- Requirements which are consisted of regulatory requirements and quality, safety and traceability standards.
- Trend of stricter food and pharma traceability requirements in recent laws and regulation in APEC member economies
- Traceability also involves supply chain partners recording how an item moves through the supply chain In many supply chains products and transport item are uniquely identified and marked with barcodes Companies exchange electronic data and business transactions
- The opportunity for customs and regulatory agencies to make use of the existing infrastructure to meet their objectives
- One of the report finding is the need to manage risks associated with lack of visibility and traceability

Further, Mr. Gustavo Antonio Romero Murga as SCCP Chair emphasized that capacity building and technical knowledge for developing economies is important in building relevant technology in the

custom area to fight against organized crime. He also agreed that STAR Conference provides an important avenue for custom officers to coordinate on the work that Custom done especially in the AEO program to provide a secured trade. This was also an avenue for SCCP to explore another area such as API and PNR for passenger movement. Mr. Gustavo also suggested another area worth to be explored for next STAR Conference is collaboration with control agencies within the same economy as well as from other economy for exchanging information.

#### **Session V and VI: Partnership – Authorized Economic Operator (AEO)**

At the discussions in Sessions 5 and 6, it has to be noted that the importance of activities and/or programs in relation to "Authorized Economic Operators (AEO)", as well as the relevance of "Mutual Recognition Agreements (MRA)" in furtherance thereof, were duly asseverated on by the two presenters, Dr. Akhmad Bayhaqi a Senior Analyst from APEC Policy Support Unit (PSU) and Mr. Tejo Kusuma, Technical Officer from World Customs Organization (WCO). This session was moderated by Atty. Roy Ecraela.

Emphasis on the fact that, despite the common understanding that all of these are meant to further move forward with the APEC agenda, nonetheless, it was also engrained in those presentations that such are to be duly cognizant of the delicate balance that ought to be struck between supply chain security and trade facilitation.

It also bears noting that the other relevant aspects of the two presentations, or on "Partnership" and/or "Inter-Agency Cooperation", were highlighted, given the realization that all of these are not just a "Customs to Customs arrangement", and thus other government functionaries, and perhaps even stakeholders, ought to be engaged.

Much needs to be discussed, but suffice it to state that the APEC-CTWG does not exist in isolation and is part of the bigger APEC family, and thus reaching out to other working groups or to other relevant fora becomes an imperative if APEC-CTWG is to achieve its objective of ensuring both supply chain security and trade facilitation.

#### **Closing Session:**

As the Chair of Counter Terrorism Working Group (CTWG), Mr. Oscar F. Valenzuela presented a way forward for future STAR Conference. He proposed that as the threats from terrorism and criminal activities are not diminishing and those threats are posing a continuous challenge to supply chain security, thus APEC should continue the discussion to secure supply chain. The Chair also proposed to work for the institutionalization of the STAR Conference as a venue for conducting coordination, public-private sector cooperation, progress assessment, and discussions for future APEC activities to counter-terrorism and secure trade, taking into considerations of scheduling and budget constraint.

For way forward, the chair also proposed:

- To continue collaborating with other sub-fora on cross cutting areas regarding secure supply chain (AEO and other trusted trader programs, API and PNR, enhancing transportation security, risk management programs such as with SCCP, BMG, Transportation WG)
- To continue to promote public – private sector partnership, acknowledging that the private sector plays a key and important role in the implementation of effective supply chain security programs.
- To continue to advocate inter-agency cooperation by sharing experiences and best practices on secure supply chain as well as to work on activities related to project proposals to be submitted for APEC funding.
- To continue to explore what relevant advanced technology that can be applied to counter terrorism and promote efficient and secure trade.
- To continue our collaboration with international organizations in our effort to secure supply chain, such as WCO, INTERPOL, and perhaps IMO, and ICAO
- One area that both the STAR Conference, and the CTWG should also work on is on prevention of Weapon of Mass Destruction (WMD) and non-proliferation.

The Conference was closed by Mr. Oscar F. Valenzuela.

