

**APEC
COUNTER-TERRORISM
R E V I E W
2001-2006**

For those who counter terrorism in the trade dimension

Acknowledgments

This book represents an enormous collective undertaking and we feel indebted to a number of people who have helped put this together.

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(Continued on page 120)

About the Cover

The reality of the East and the West being joined in the fight against international terrorism is expressed in this book's simple divider design by graphics artist Mark Arcangel. It connects the shorelines of Hongkong and New York, with the still-standing twin towers of the World Trade Center as reminder of all that remains at stake for the Asia-Pacific region. The front cover, on the other hand, depicts terrorism's continuing impact on the region's key economic and social sectors, which need to be kept secure, protected and within the target sights of policy and response. Featured together with the 9/11 and Bali attacks is Reynaldo Bruna's national award-winning photo of a sinking *Superferry*, exploded on 27 February 2004, which was the worst maritime terrorist attack in Asia in recent history.

APEC COUNTER-TERRORISM



R E V I E W
2001-2006



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By the Office of the Ambassador-at-Large for Counter-Terrorism
and Chairman, APEC Counter-Terrorism Task Force
2/F PMSO Bldg., Col. Jesus Villamor Air Base
Pasay City, Philippines

About this Review

Targeting terrorism for its impact on the key sectors and communities of the APEC region has been one of APEC's priorities since October 2001. In this new front, APEC has progressively gained headway by employing a Secure Trade strategy and coordinating regional action through the APEC Counter-Terrorism Task Force (CTTF). How this Task Force has been meeting its targets is brought to light in this publication.

An initiative of the Republic of the Philippines during its Chairmanship through Ambassador Benjamin P. Defensor, Jr., this Review essentially explains APEC's own approach to containing the threat and impact of international terrorism. This project was completed through the cooperation of CTTF members, APEC Senior Officials and select dedicated workers.

In writing this Review, the drafting team took due diligence and care in ensuring the accuracy of information contained in this book. Given the need to reflect the kind of language used at APEC, and to sustain a fairly balanced view all throughout, some essential items may have been inadvertently omitted or given insufficient treatment. In any case, all involved persons and agents accept no liabilities for any damages arising out of or related to the information contained herein.

We welcome the readers' comments as well as requests, which may be sent to the Office of the Ambassador-at-Large for Counter-Terrorism, 2/F PMSO Building, Col Jesus Villamor Air Base, Pasay City, Philippines, with telephone numbers (+63) 2 853 8884 and (+63) 2 853 8885 or e-mailed to apec.ctreview@gmail.com or gems Molina@gmail.com.

Guillermo A. Molina, Jr. II
Managing Editor

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Message



Malacañan Palace
Manila



Warmest greetings to all the leaders, ministers and officials participating in the 14th APEC Leaders' Summit in Vietnam.

The holding of this Summit, with its theme, "Towards a Dynamic Community for Sustainable Development and Prosperity," is of utmost significance to the region and the world. It comes on the heels of the APEC Medium Term Stocktake which has identified the need for capacity-building assistance to bridge the development divide among regional economies. It also comes at a time when APEC economies are expected to register strong commitment to the success of the WTO's Doha Development Round and to the UN Millennium Development Goals.

This review of APEC's counter-terrorism efforts sums up the fruits of our collective efforts in the region. It is an authoritative policy guide for our continuing actions ahead. Fittingly, it is in the area of counter-terrorism and secure trade where the Philippines – an early achiever of the Millennium Development Goals – has made one of its strongest contributions.

True to my promise at the Leaders' Summit in Busan, the Philippines hosted the first Counter-Terrorism Experts' Conference in April and drew attention to a possible "middle way" in the fight against terrorism. This review follows up that effort at this most auspicious time and turn of the Philippines as Chair of the ASEAN. This book is a testament to the significant strides collectively and individually taken by the leaders and economies of the Asia-Pacific region in the international fight against terrorism.

I commend the members of the APEC Counter-Terrorism Task Force for their commitment to safer trade and faster economic growth in the region. I salute its Chairman, Ambassador Benjamin P. Defensor, Jr., for his exceptional leadership which has not only brought honor to our country, but has also enhanced security for the peoples of our region.

Mabuhay ang APEC Counter-Terrorism Task Force.


GLORIA MACAPAGAL-ARROYO
President

November 2006
Manila



Foreword



Roxas Boulevard
Manila



Since its inception in 1989, APEC has made resolute efforts to ensure that its member-economies benefit from trade and investment liberalization.

APEC's commitment to the region's growth and development is best articulated in the goals set during the Bogor Summit which significantly defined APEC's role: to bring Asia-Pacific economies together and steer the region towards free and open trade.

Motivated by these objectives and the staunch commitment of member-economies, APEC was on a clear-cut path to laying the foundations for economic prosperity and stability in the Asia-Pacific region.

Terrorism, however, reared its ugly head through the tragic events of 9/11, causing a significant shift in APEC.

In a collective and decisive response, the APEC economies gathered in Shanghai, China and committed to exert all efforts to prevent and suppress terrorism in all its forms.

In 2002 in Los Cabos, Mexico, the APEC Leaders went even further by launching the Secure Trade in the Asia-Pacific Region (STAR) Initiative, which ensures the protection of trade, finance, energy, and information systems infrastructures against terrorism. Keenly set on the Bogor Goals, the STAR Initiative would serve as a core strategy to link trade and investment liberalization with the concept of security.

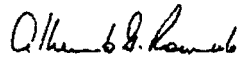
To add further impetus to APEC's commitment vis-à-vis trade and counter-terrorism cooperation, its Senior Officials established the Counter-Terrorism Task Force (CTTF) during their meeting in Chiang Rai, Thailand in 2003. The CTTF has since become a permanent and significant fixture in the APEC agenda. Indonesia's Ambassador Makarim Wibisono paved the path as the first CTTF Chair in 2003 and 2004 and the Philippines' Ambassador Benjamin P. Defensor, Jr. followed through in 2005 and 2006.

Building on Indonesia's accomplishments, the Philippines shepherded a broad range of initiatives from enhancing human security to combating direct threats, particularly in the wake of recent disasters without compromising the secure trade agenda.

The adoption of specific measures such as the handling of radioactive sources, the control of MANPADs, the expansion of the Regional Movement Alert List System, capacity building for Total Supply Chain Security and establishment of sectoral points of contact for effective coordination and response to incidents and calamities substantiate the extent of cooperation and the APEC's commitment to pursue secure trade. APEC went as far as protecting food sources and the supply chain from deliberate contamination through the Food Defense Initiative.

These accomplishments, quite deservedly, are explained for the first time in this APEC Counter-Terrorism Review. This publication captures the essence of APEC's efforts to secure trade since 2001. It sets in context APEC's secure trade agenda, chronicles the members' collective engagements, and provides an assessment of value based on the CTTF's mandated task and functions.

While this Review is the Philippine contribution to APEC, more importantly it is a tribute to the exemplary dedication and cooperation of CTTF members and a reminder of the greater challenges that have yet to be surmounted.



Alberto G. Romulo
Secretary, Foreign Affairs

Preface



Villamor Air Base
Pasay City



One of the findings of the SOM Steering Committee on Economic and Technical Cooperation (SCE) in 2006 is that many of the APEC fora do not undertake periodic reviews. Likewise, a majority do not address projected outcomes or outputs or conduct evaluations within their Terms of Reference.

This publication provides an exception for the APEC Counter-Terrorism Task Force (CTTF). Conceived before the SCE decided to have all APEC Working Groups, Task Forces and Networks subjected to an evaluation, with a view to “establishing, merging, disbanding or reorienting these bodies”; this Review not only addresses the question of performance evaluation *vis-à-vis* established targets but, more importantly, assesses the Task Force against its mandated tasks and responsibilities. Initiated at the level of the CTTF itself, it is an authoritative account of what APEC has done in the area of counter-terrorism.

For those fighting terrorists in actual field operations, the concept of counter-terrorism finds roots in military conflict and so their approach has a built-in bias. In an economic forum like APEC, however, where security is viewed from different perspectives, counter-terrorism has to take a more careful domain and a nuanced approach. Terrorism provokes an alarm, not only because of the injury victims suffer, but because of the loss of confidence in the prevailing economic and social order. This alarm is experienced by all at different levels regardless of background.

When I assumed the Chairmanship, I was aware that I would continue the fight against terrorism in another mill; I found the grist contentious at first, and later on, stimulating. But in molding consensus, the bottom line and the buzz words became more and more familiar: pre-empt, detect and thwart terrorists. And be effective. By mixing approaches – the operational and the consensual – one finds more meaning in counter-terrorism than words alone.

APEC is engaged in the fight against international terrorism in a unique and special way. Its main objective is not to defeat terrorism but to ensure the region's prosperity through free and safe trade. Given terrorism's serious impact on the region's stability, security and prosperity, APEC has developed and employed a core strategy built around protecting the key growth mechanisms of trade, finance and information systems. It is called Secure Trade in the APEC Region (STAR) Initiative. As the initiatives against terrorism unfold, it will become clear that STAR with its vision is imperative. Such a vision should take a broad view of trade and the world and

its strategy should borrow from sources not only in the present but even from the past. It is assuring to note that in response to major incidents, APEC has expanded its efforts to cover human security concerns.

In only four years, particularly since the creation of the CTTF, APEC has made a number of landmark achievements in counter-terrorism. These include the STAR Conferences, Counter-Terrorism Action Plans (CTAPs) and their subsequent cross-analysis, Best Practices in APEC Secure Trade, APEC Key Elements for Effective Control Systems, APEC Guidelines on the Control of Man-Portable Air Defense Systems (MANPADS), and Countering the Financing of Terrorism (CFT) projects in cooperation with the Asian Development Bank (ADB). Equally important are the completed and ongoing projects designed to facilitate shipping, accelerate business and enhance human security, such as biometrics in passports, Total Supply Chain Security and the expanded Regional Movement Alert List System.

In 2005, the CTTF had the distinction of being roundly praised by Ministers and Senior Officials during the Concluding SOM in Busan, Korea for fast-tracking key initiatives and deliverables, and increasing the efficiency of the CTTF. The commendations, for the record, were for all we did at CTTF, including gains made on consensus building on the most difficult issues, for the process is as important as the product. In my home country, our normally critical media summed up our performance with the headline: "APEC to RP: Well Done."

In 2006, our Task Force again came out with the most number of initiatives, signaling the level of the members' drive and dedication to APEC's expanded agenda on counter-terrorism and human security. These include the Food Defense Initiative, the integration of key Points of Contact in case of disasters and terrorist incidents, the further strengthening of international aviation, and efforts to risk-assess rail and mass transit systems.

Not surprisingly in pursuit of these initiatives, CTTF sessions routinely enjoyed one of the highest numbers in attendance, which included some SOM leaders; always had a quorum and an extensive meeting agenda requiring two days to cover – with further meetings done on the sidelines, during lunch, dinner or coffee breaks, if only to resolve certain issues. It helped me to discover the skills of the friends of the Chair and to know one *other* great meeting venue – the lounge for artistic pretensions, which provided many a memorable occasion for individual versions of 'capacity building.'

APEC's accomplishments, to be sure, have quietly secured the dividends of enhanced security. Regional shipping and port security, for instance, have benefited from the implementation of the International Ship and Port Facility Security (ISPS) Code. Capacity-building activities for the Anti-Money Laundering/Countering the Financing of Terrorism regimes have led to successful tracking of thousands of suspicious transfers across several economies in the region. The CTAPs cross-analysis study has refocused CT efforts to APEC's top three common priorities: the protection of cargo, protection of ships, and protection of the health of communities.

Most of these developments, however, are not known or well understood by people outside of the APEC family. Many are slow to grasp why APEC has not been directly “scoring” against the terrorists. I have been personally asked what the CTF has done to capture members of Al-Qaeda affiliated groups in Southeast Asia.

Of course, not every bit of initiative in this Review will be applicable to every circumstance or meaningful to every counter-terrorism effort. Yet this only emphasizes the importance of rethinking the matter with an open mind and develop a desire for diversity so that we can improve as our situations dictate. Strategy takes a broad view of life and the world and the best fighters of terrorism have sought wisdom from as many sources as possible in order to have a strategic picture of how to win, how to adapt to changing events and, perhaps, more importantly, how to relate to different peoples, faiths and institutions they will meet in their bilateral and multilateral exchanges.

Interestingly, many from within the APEC circle had asked, on the other hand, why another publication had to be made given the number of reports out there on the APEC website, in the annual APEC key documents, and other sources. Our response: there is no single stand-alone document that focuses on APEC’s counter-terrorism efforts, no single medium that provides the big picture.

This APEC CT Review is, therefore, not simply a tour-of-duty report. It covers the entire range of APEC’s strategies, programs, activities, and accomplishments in counter-terrorism and related areas since the APEC Leaders gathered in October 2001 in Shanghai, China to, among other things, declare their collective stand against terrorism. It features the beginning arrangements, the key initiatives, and the changing security situations. And it captures most, if not all, of APEC’s CT and CT-related activities in one package.

The review process is fairly straightforward. The methodology follows no technical formulations nor pursues relationships of key elements. Detailed supporting figures on, for instance, the number of lost and stolen passports or suspicious transactions or CT-related capacity building projects, are not provided. The CTF’s accomplishments are simply matched against its five mandated tasks. But having undergone the process of consultation with all CTF members as well as concerned APEC bodies, and with my own perspective as Chair added to it, this review carries the weight of direct authority.

This project is the first of its kind. Completing it under two months certainly took significant effort and attention. In this regard, personal acknowledgments are in order.

First and foremost, I thank our President Gloria Macapagal-Arroyo, whose commitment to APEC’s goals and vision, endorsement of my Chairmanship and support made this possible.

I also thank the Executive Secretary and concurrent Chair of the Philippine Anti-Terrorism Task Force, Secretary Eduardo R. Ermita, and the Philippine Secretary

of Foreign Affairs, Secretary Alberto G. Romulo, for their unqualified advocacy of the projects of my chairmanship.

Together with my special mention of APEC's two outstanding Executive Directors, Ambassador Choi Seok Young of Korea and Ambassador Tran Trong Toan of Vietnam, my appreciation goes to all the Senior Officials and the Chairmen and Heads of APEC Committees, Working Groups and Sub-Groups, and other Task Forces doing CT-related work.

I shall remember the warm greetings and words of inspiration of every member of my Task Force whose boundless enthusiasm and dedication to duty consistently resulted in thrilling down-the-wire finishes. Their representations have enriched for me the meaning of chairmanship, control and consensus, and I thank them for their trust and friendship.

I greatly benefited from the professionalism of CTTF Program Director Julio Bravo, his assistant Eileen Tan, APEC Communications and Public Affairs Director Anita Douglas and Media Adviser Chris Hawkins.

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Finally, I would like to single out Guillermo A. Molina, Jr. II, CTTF Executive Assistant, CTAPs Cross-Analysis Project Overseer and the Managing Editor of this APEC CT Review, for never complaining despite his deadlines. I thank him, together with the drafting team, for the painstaking efforts given to completing this final deliverable.

Recalling once more the grounds gained over the past two years, I find it most fitting to see Philippine chairmanship of the APEC Counter-Terrorism Task Force culminate on two milestones: the extension of the CTTF mandate and the publication of this first ever APEC CT Review. Both essentially reveal and revalidate the living worth of the CTTF to the region and the rest of the world. On this note, I have to say: the CTTF confronted unequivocally a major anxiety of our time.

May this APEC Counter-Terrorism Review offer the same light for those who shall shepherd and soldier on. And may the Task Force always shine for APEC.



Ambassador Benjamin P. Defensor, Jr.
Chairman, APEC CTTF
2005-2006

Executive Summary

APEC's *raison d'être* is to achieve free trade and investment by 2020 across the Asia-Pacific community within a paradigm of open regionalism. Beginning 2001, however, its progress toward this goal has been marked by the need to confront new challenges, notably international terrorism. Incidents such as the 9/11 terror attacks, the Bali bombings, the *Superferry* blast, and the Mumbai train explosions have compelled the adoption of counter-terrorism initiatives and, consequently, expanded APEC's objectives. Terrorism is now accepted as a direct challenge to APEC's vision of free, open and prosperous trade and an affront to the fundamental values that APEC member-economies share. It is a threat to the region's economic stability, peace and security.

To overcome this challenge, APEC Leaders issued in 2001 their Shanghai Statement on Counter-Terrorism committing the regional organization to support the international campaign against terrorism. In 2002, APEC launched the Secure Trade in the APEC Region (STAR) initiative primarily aimed at securing the flows of goods and the movement of people, halting terrorist financing, and promoting cyber security.

In February 2003, APEC Senior Officials created the Counter-Terrorism Task Force (CTTF) to coordinate all its counter-terrorism efforts. Within the same year, APEC Leaders committed to take all essential actions to eliminate the danger posed by the proliferation of weapons of mass destruction. Additionally, they agreed to enhance human security by cooperating on addressing regional threats in the form of pandemics and natural disasters.

Since then, the CTF has registered noteworthy accomplishments under its five principal functions, namely; coordinating the implementation of the annual APEC Leaders' Statements, assisting economies in identifying CT needs, coordinating capacity building and technical assistance programs, cooperating with relevant international organizations, and facilitating cooperation between APEC fora.

An assessment of these accomplishments yields the following:

1. APEC has made significant strides in counter-terrorism using a unique approach that combines security and advancement of trade. Treating terrorism as an obstacle to economic activity, APEC has anchored its STAR program mainly on the protection of regional trade, finance and information systems. APEC members have also generally agreed that counter-terrorism measures should neither impede nor impose additional costs, but rather secure facilitated trade in the region.
2. The majority of APEC's counter-terrorism projects have been biased toward the STAR agenda. This only highlights the focus of APEC's Senior Officials on trade and investment liberalization and facilitation measures and commitment to the Bogor Goals, notwithstanding the new demands imposed by the fight against terrorism. APEC's key priority projects – which include the Regional Movement Alert List System, implementation of the ISPS Code, establishment of the Cooperation Fund for Regional Trade and Financial Security Initiative (FRTFSI) with the Asian Development Bank (ADB) and the Total Supply Chain Security Initiative – are all primarily designed to facilitate economic activities in the region.
3. APEC's initial counter-terrorism activities have been concentrated on building capacities for regional anti-money laundering and countering the financing of terrorism as well as supporting port security enhancements and customs modernization efforts through the FRTFSI.
4. Combating Threats to Security has remained a challenge and key programs are variably implemented. The more direct means of combating terrorism – by way of dismantling transnational terrorist groups, eliminating the severe and growing danger posed by weapons of mass destruction and their means of delivery, strengthening non-proliferation regimes, adopting and enforcing effective export controls, and implementation of IAEA's Code and Guidance on the safety and security, as well as import and export of radioactive sources – are pursued more on an individual economy basis for several reasons, such as difference in levels of concern, developing members' capacity building requirements, and implications for security.

5. Work on human security issues has resulted mainly in the development of agreements and arrangements aimed at identifying existing weaknesses and gaps, and providing targeted economies capacity-building assistance in such areas as surveillance and response, communication and coordination, and mutual assistance cooperation among the members.
6. As the chief coordinator for all counter-terrorism initiatives and arrangements, the CTTF has demonstrated creative flexibility and focus in achieving its objectives. Notwithstanding the loose structure covering APEC's Secure Trade projects, energy and health security initiatives, and agreements straddling trade and security matters, the CTTF gained mileage through the establishment of an informal coordination mechanism within APEC; submission of regular summary implementation updates and pertinent reports from other international CT fora; and, expanding APEC's networks through the Chair's and the Secretariat's international engagements.
7. The CTTF, true to its basic coordination functions, has not duplicated the work of any APEC fora. Overlapping issues are flagged during meetings and projects are left to the supervision of the specified Groups, assisted by experts.
8. The CTTF's broadened agenda needs to be matched by the Task Force structure and operational arrangements. Administrative difficulties currently stem from the absence of any provision in the CTTF's Terms of Reference (TOR) on the Chair's prescribed staff. Neither does it provide guidance on transition and transfer of chairmanship nor sets basic procedures for the selection of the next Chair.

All told, APEC has managed over the last five years to negotiate its way through the cross-cutting issues of international terrorism and to respond to new challenges. APEC members have sustained their commitment and stepped up with initiatives to secure trade, combat terrorism and enhance human security. A strategy is in place and continues to evolve. Counter-terrorism efforts have been advanced in a coherent manner: from principles and frameworks to initiatives and specific programs with a common bearing. Through the APEC Counter-Terrorism Task Force – whose mandate was recently extended for another two years – APEC has stayed within the context of trade and kept itself secure on the course toward the Bogor Goals.



Background

“Building an APEC region--and a global economic system--that is both more secure and more efficient is a monumental undertaking...”

- APEC Leaders' Statement
26 October 2002, Los Cabos, Mexico

APEC and the BOGOR Goals

Recognizing the vast potential of an economically-integrated East Asia, led by Australia and Japan, 12 economies in the region came together in 1989 and formed APEC with one clearly stated goal: liberalize regional trade and investment to boost overall economic growth.



Four years later, in Blake Island, APEC, Leaders committed to deepening the region's spirit of community based on a shared vision of achieving stability, security and prosperity for all. Meeting in Bogor, Indonesia in 1994, APEC leaders agreed to work toward achieving free and open trade in the region – by 2010, for industrialized economies; by 2020, for developing economies. These goals were fleshed out in the 1994 Economic Leaders' Statement of Common Resolve or Bogor Declaration.

The Bogor Goals thus became the cornerstone of APEC's trade and business agenda in which member economies agreed to pursue the principles of *voluntary participation, comprehensiveness, mutual respect* and *consensus-based decision making*.

In adopting the Bogor Goals, APEC Leaders agreed that free and open trade and investment in the region must not divert from the pursuit of free trade for the rest of the world. Trade and investment liberalization and facilitation (TILF) efforts must also be expanded to further promote the flow of goods, services and capital among APEC economies. The role of the private sector in advancing the TILF agenda was also given priority, signaling a shift from traditional state-driven policymaking to a more broad-based approach (*APEC Economic Leaders' Declaration 2001*).

In 1995, the roadmap toward the Bogor Goals was laid out through the Osaka Action Agenda, which outlined the principles and areas for TILF as well as economic

and technical cooperation. To assure concrete outcomes, economies agreed in 1996 to develop Individual Action Plans (IAPs) and Collective Action Plans (CAPs), which altogether constituted the Manila Action Plan for APEC (MAPA).

In 1997, however, as APEC began to implement the Manila Action Plan, the Asian Financial Crisis hit the economies of Thailand, Korea and Indonesia and spread across the region. The financial crisis challenged APEC's nascent capabilities to protect the region's economic growth and sustain momentum toward the Bogor Goals.

The Impact of International Terrorism

Nothing, however, has affected APEC's trade and economic footing quite like international terrorism. The 11 September 2001 terror attacks in the United States brought into focus the erstwhile unexamined threat of terrorism to the region, which was further sharpened by the Bali blasts in Indonesia the following year.

Occurring within weeks of the 2001 Leaders' Summit, 9/11 galvanized the resolve of APEC Leaders who strongly condemned the terrorist attacks, expressed their deepest sympathies and condolences to the victims and their families, and considered terrorism in all its forms and manifestations as a "profound threat to the peace, prosperity and security of all people, of all faiths, of all nations" (*APEC Leaders' Statement on Counter-Terrorism 2001*).

The Leaders also committed to take action in three key areas: pledging cooperation on counter-terrorism, responding to the global economic slowdown by reinvigorating trade, and building capacity to support sustained growth.

The following year, the Leaders made their position clear: "Terrorism is also a direct challenge to APEC's vision of free, open and prosperous economies, and to the fundamental values that APEC members hold" (*APEC Leader's Statement on Fighting Terrorism and Promoting Growth 2002*).

Cognizant of terrorism's effects on the regional economy, APEC Leaders reaffirmed the importance of forging ahead with their commitment to the Bogor Goals while strengthening international cooperation at all levels to combat terrorism in a comprehensive manner. In the same statement, they affirmed the major role of the United Nations in the fight against terrorism.



Chapter Two

Trade and Security

“Terrorism is also a direct challenge to APEC’s vision of free, open and prosperous economies, and to the fundamental values that APEC members hold.”

-APEC Leader’s Statement
21 October 2001, Shanghai, China

The Trade and Security Nexus

The threat posed by terrorism on economies has increasingly become clear in recent years. On top of the direct costs suffered by the United States in terms of lives lost and properties destroyed as a result of the 9/11 attacks, four other types of costs have been identified (APEC Economic Outlook 2005): the *macroeconomic impact*, which results from the loss of business



and consumer confidence; *sectoral impacts*, which are borne by particular sectors of the economy, such as the tourism sector; *frictional shocks* that arise from the time costs of various security measures set up in the wake of terrorist attacks; and *expenditures on security and defense* in response to terrorist attacks. Aggregating these cost types, the overall impact of 9/11 to the US was estimated to be around US\$660 billion over four years, or between 1.0% and 2.0% of its GDP per year.

The immediate spillover effect on other economies is equally significant. Canada, for instance, posted a negative growth of 19% in tourist arrivals at the end of 2001 as a direct consequence of 9/11 (ILO 2003). One month after the attacks in the United States, a World Bank preliminary report predicted that the 9/11 attacks would significantly slow down growth in developing economies, a considerable number of which are in the Asia Pacific, from 5.5% in 2000 to only 2.9% the following year (UN 2001). In another study, a similar attack on US ports could cost the American economy around US\$85 billion and may reduce nominal GDP in Hong Kong, Singapore and Malaysia by 1.1% (Wibisono 2003).

The stakes are high considering that APEC represents the most economically dynamic region in the world having generated nearly 70% of global economic growth in its first 10 years (APEC Trade Facilitation 2005). In addition, the region:



- Accounts for approximately a third of the world's population (2.6 billion people), around 60% of world GDP (US\$20.7 trillion) and about 47 percent of world trade (US\$7 trillion), and
- Hosts 21 of the world's top seaports and 23 of the world's busiest airports. Its 8 largest Asian ports have registered handling of more than one quarter of all movement in cargo containers between major seaports in the world (*APEC: Best Practice in Secure Trade 2004*).

Tourism, already the largest employer in the region, provides many soft opportunities for terrorists. Air and maritime travel providing vital support to the tourism industry, which continues to expand across Asia, has been identified as a prime target. Maintaining and protecting the trade infrastructure while maintaining commercial ties/flows in the APEC region is therefore not only critical to APEC economies, but also to the rest of the globe that uses and relies on this infrastructure.

Given terrorism's overall negative impact on trade and economy, APEC Leaders acknowledged in 2002 that the consequences arising from inaction could be far more costly and potentially more catastrophic (Wibisono 2003). Hence, the need to establish appropriate arrangements and evolve a counter-terrorism strategy for APEC.

Chapter Three

Principled Stand

“We, the Economic Leaders of APEC, gathered today in Shanghai for the first time in the twenty-first century. We are here to explore the ways to meet the new challenges confronting us... We wish to send a clear and strong message on the collective resolve of the Asia-Pacific community to counter terrorism. We are determined to reverse the current economic downturn and maintain public confidence at a time of uncertainty...”

- APEC Economic Leaders' Declaration
22 October 2001, Shanghai, China

The Shanghai Statement on Counter-Terrorism

A month after the 9/11 attacks, APEC Leaders gathered in Shanghai, China and issued a Statement on Counter-Terrorism, committing, among others, the regional economic organization to support the international fight against terrorism. In particular, the Shanghai Accord urged APEC economies to increase cooperation in securing trade in the Asia-Pacific region, specifically through:



- Appropriate financial measures to prevent the flow of funds to terrorists, including the acceleration of work on combating financial crimes;
- Adherence by all to relevant international requirements for the security of air and maritime transportation;
- Strengthening of energy security in the region through the mechanism of the APEC Energy Security Initiative;
- Strengthening of APEC activities in the area of critical sector protection, including telecommunications, transportation, health and energy;
- Enhancement of customs communication networks and expeditious development of a global integrated electronic customs network;

- Cooperation to develop electronic movement records systems that will enhance border security while ensuring continuous movement of legitimate travelers;
- Strengthening capacity-building and economic and technical cooperation to enable member-economies to put in place and enforce effective counter-terrorism measures; and,
- Cooperation to limit economic fallout from terrorist attacks and move to restore economic confidence in the region.

The declaration jointly made by APEC Leaders was a major milestone in regional cooperation as it provided the organizing principle for APEC's counter-terrorism efforts. In the months that followed, APEC's Working Groups and various fora proceeded to work on the details of the general guidelines spelled out in the Leaders' Statement, notably in the following areas (*APEC Leaders' Statement on Fighting Terrorism and Promoting Growth 2002*):

- Implementation of measures called for in relevant UN Resolutions, including the establishment of legal and regulatory mechanisms implementing Resolution 1373;
- Signing and ratification by APEC members that have not yet acceded to the International UN Convention for the Suppression of the Financing of Terrorism;
- Establishment of improved sub-regional and regional counter-terrorism mechanisms to significantly increase information sharing between law enforcement and intelligence sectors;
- Upgrading of security at the region's major ports and airports; and,
- Introduction of more effective baggage screening in airports in the region, improvement of coordination between immigration officials, implementation of new cyber security standards, advancement of the Energy Security Initiative to address disruptions in energy markets, and enhancement of cooperation against piracy.



Chapter Four

The STAR Approach

“One year ago in Shanghai... we condemned international terror in the strongest terms and resolved to strengthen our cooperation in combating terror. In the year since, much has been accomplished. Yet much more remains to be done, and today we declare our strong commitment to put in place – as soon as possible – specific, additional measures needed to fully implement the broad principles we stated in the Shanghai Counter-Terrorism Statement.”

- APEC Economic Leaders' Declaration
27 October 2002, Los Cabos, Mexico

Terrorism in Asia-Pacific

Weeks prior to the holding of the APEC Leaders Summit in October 2002, the APEC region experienced its own share of attacks. On 12 October, bomb blasts rock Bali, Indonesia followed by coordinated terrorist attacks in the Philippine cities of Manila and Zamboanga within that same week. Before the month ended, a group of Chechen rebels laid siege to a Moscow theater in the Russian Federation.



The Bali resort bombings appeared to be the region's 9/11. The attacks left no less than 202 civilians dead, mostly Australian tourists and Indonesians. The attacks also dented the Indonesian economy. Particularly hit were the small and medium enterprises as well as the tourism industry which accounts for 11% of Indonesia's GDP. As of May 2003, tourist arrivals in Indonesia fell by 38% (Wibisono 2003). The Asian Development Bank (2003) estimated that "the impact of the Bali bombing on the Indonesian economy range from 0.5% of GDP in 2002 to 0.2 % in 2003" – not including the cost of lost investment and business activity (Raby 2003).

The Moscow theater and Bali incidents only sharpened the severity of threat posed by terrorism in the region.

APEC Leaders' Statement on Fighting Terrorism and Promoting Growth

Committing themselves to concrete actions, APEC Leaders issued two statements on 26 October 2002: the *APEC Leaders' Statement on Recent Acts of*

Terrorism in APEC Member Economies, condemning in strongest terms the terrorist atrocities; and the *APEC Leaders' Statement on Fighting Terrorism and Promoting Growth*, exhorting member-economies to immediately “put in place specific, additional measures needed to fully implement the broad principles stated in the Shanghai Counter-Terrorism Statement.” These measures highlighted the imperative of meeting the challenge of encouraging global economic growth and bringing the benefits of global markets to all peoples. The APEC Leaders stressed that even as everyone worked to protect their borders and find ways to secure key economic infrastructures from terrorist attacks, the effort to grow the regional economy should take priority. Toward this end, the Leaders endorsed the Secure Trade in the APEC Region (STAR) Initiative.

The STAR Initiative

Primarily designed to strengthen APEC's trade infrastructure against terrorism while boosting the region's efficiency in trade, the STAR Initiative aims to assure all stakeholders that APEC's progress toward the Bogor Goals would not get waylaid by any attack nor hampered by new impositions. In developing the STAR program, APEC officials agreed to meet targets under the key result areas of secure trade, halting terrorist financing, promoting cyber security, and implementation and capacity building.

Secure Trade

The Secure Trade agenda set as priority the protection of key regional infrastructure in the areas of trade, finance and information systems. As trade within the region relies heavily on the maritime and aviation sectors, members agreed to pursue the 2003 *APEC Leaders' Statement on Fighting Terrorism and Promoting Growth*, particularly on the following action items:

- Protect cargo by implementing expeditiously a container security regime that would assure in-transit integrity of containers, identify and examine high-risk containers by working with international organizations to require the provision of advance electronic information on container content to customs, port and shipping officials as early as possible in the supply chain, while taking into consideration the facilitation of legitimate trade;
- Implement by 2005, wherever possible, the common standards for electronic customs reporting developed by the World Customs Organization (WCO) that provide data to target high-risk shipments and facilitate trade;
- Promote private-public sector adoption of high standards of supply chain security as developed by the private sector and law enforcement officials;

- Protect ships engaged in international voyages by promoting ship and port security plans by July 2004 and installing automatic identification systems on certain ships by December 2004;
- Enhance cooperation on fighting piracy in the region between APEC fora and organizations such as the International Maritime Bureau Piracy Reporting Center (IMBPRC) and the International Maritime Organization (IMO);
- Protect international aviation by improving airline passenger and crew safety by introducing highly effective baggage screening procedures and equipment in all APEC international airports as soon as possible, and in any case by 2005; accelerating implementation of standards for reinforced cockpit flight deck doors for passenger aircraft by April 2003 wherever possible; and supporting International Civil Aviation Organization (ICAO) mandatory aviation security audits;
- Enhance air cargo security by promoting adoption of the guidelines developed by ICAO and the International Air Transport Association (IATA);
- Protect people in transit by implementing as expeditiously as possible a common global standard based on the UN/Electronic Data Interchange for Administration, Commerce and Transport (UN/EDIFACT) for the collection and transmission of advance passenger information, and by adopting standards for application of biometrics in entry and (where applicable) exit procedures, and travel documents such as those being developed by the ICAO and the International Standards Organization (ISO); and,
- Assure the highest possible integrity of all government officials who are involved in government operations.

Halting Terrorist Financing

In the light of how terrorists were exploiting the world's financial systems and in line with the comprehensive approach adopted that year by APEC Finance Ministers, APEC members in 2002 also agreed to:

- Fully implement UN and other international instruments by endeavoring to ratify the International Convention for the Suppression of the Financing of Terrorism not later than October 2003;
- Implement quickly and decisively all measures needed to prevent terrorists and their supporters from accessing the international financial system, as called for in the UN Security Council Resolutions 1373 and 1390. These measures include: effective blocking of terrorist assets; criminalization of the financing of terrorism; increased efforts to investigate and prosecute money launderers and terrorist financiers; preventive steps to protect the integrity of the financial system by regulating and supervising the financial sector

consistent with international standards; joint identification and designation of targets of regional interest;

- Support the Financial Action Task Force's (FATF) Eight Special Recommendations on terrorist financing and pledging to comply as quickly as possible with the recommendations; call on the International Monetary Fund (IMF) and the World Bank (WB), in coordination with the FATF, to begin conducting integrated and comprehensive assessments of countries' efforts to implement these recommendations; and identify jurisdictions which need technical assistance;
- Promote better monitoring of alternative remittance systems and non-profit organizations by supporting the work of APEC finance officials and regional bodies on alternative remittance systems including an analysis of the factors that encourage their use;
- Protect non-profit organizations and well-meaning donors from having their funds misused by terrorist financiers; and endorse FATF's recently announced best practices for preventing abuse of charitable institutions by terrorists;
- Enhance law enforcement and regulatory capabilities by establishing or identifying by October 2003 a financial intelligence unit (FIU) in each member-economy, and take steps to enhance information-sharing with other FIUs; and,
- Support private sector initiatives such as the Wolfsberg Statement on the Suppression of the Financing of Terrorism and endorse cooperation between financial institutions and governments.

Promoting Cyber Security

On account of the widespread use of the Internet, global communications network and computer technologies as new terrorist platforms, APEC members likewise agreed to:

- Enact a comprehensive set of laws relating to cyber security and cybercrime that are consistent with the provisions of international legal instruments, including United Nations General Assembly Resolution 55/63 (2000) and Convention on Cybercrime (2001) by October 2003;
- Identify national cybercrime units and international high-technology assistance points of contact and create capabilities to the extent that they do not yet exist by October 2003;
- Establish institutions that would exchange threat and vulnerability assessment such as Computer Emergency Response Teams by October 2003; and,

- Call for closer cooperation between law enforcement officials and businesses in the field of information security and fighting computer crime.

Implementation and Capacity-Building

To assure the achievement of the specified objectives and targets, APEC Leaders committed to cooperate in building secure trade and counter-terrorism capacities throughout the region. Secure Trade capacity building (CB) consists of “enhanced cooperation, new procedures and greater use of advanced technology” (APEC: *Best Practice in Secure Trade* 2004) to secure the robust and uninterrupted movement of goods, people and services, particularly those that form part of the supply chain. It draws impetus from the innovation of business firms and policy assistance from relevant government agencies. Counter-Terrorism (CB) assistance, on the other hand, is the “provision of training, funding, equipment, technical and legal assistance to other economies to enable them to prevent and respond to terrorist activity in a manner consistent with international counter-terrorism and human rights norms, standards and obligations” (Counter-Terrorism Capacity Building Assistance 2006)



Given the need to protect the steady growth and expansion of the regional economy, APEC Leaders encouraged new commitments from the members to contribute further to these two capacity building areas (APEC Economic Leaders’ Declaration 2002). APEC Leaders also commended the work of international financial institutions in building counter-terrorism capacity of APEC economies and encouraged the private sector to work in partnership with targeted APEC members on counter-terrorism CB measures based on demand.

The STAR Conferences

As its way of sustaining members' interest in capacity-building technologies and involving the private sector as partner in advancing the secure trade agenda, APEC Leaders decided to launch a STAR Conference by 2003. The aim was to provide APEC and all interested parties an annual opportunity to focus on policies and procedures "to enhance security and efficiency in the APEC region's seaports, airports and other access points, including port and airport security; shipping container security; coastal patrol; capacity building; financial assistance; and private sector initiatives." The STAR Conferences sought to draw into its unique forum the participation of all 21 APEC economies, senior executives from major private sector companies and representatives from international organizations.

CT Arrangements

In support of the STAR Initiative, APEC's Working Groups adopted five distinct approaches to fight terrorism and promote growth as contained in the 2002 Los Cabos Statement, namely:

- the STAR initiative;
- the APEC Action Plan on Combating the Financing of Terrorism;
- the APEC Cyber Security Strategy; and
- the Energy Security Initiative.

The Transport Working Group took up the STAR initiatives on shipping and airport security. The Informal Experts Group on Business Mobility focused on Advance Passenger Information Systems. The Sub-Committee on Customs Procedures pursued measures to speed up cargo clearance while the Finance Ministers' Process studied new ways to counter terrorist financing. The Telecommunications and Information (TEL) Working Group explored the Cyber Security Initiative. Lastly, the Energy Working Group dedicated itself to advancing the Energy Security Initiative.

On account of the inclusion of counter-terrorism in the APEC's four priorities over the next years, the SOM Steering Committee on Economic and Technical Cooperation (ECOTECH) took upon itself the role of providing an up-to-date overall strategic focus and roadmap for the APEC ECOTECH agenda. This included all-important counter-terrorism capacity-building projects.



Chapter Five Action Plans

“We agreed that transnational terrorism and the proliferation of weapons of mass destruction pose direct and profound challenges to APEC’s vision of free, open and prosperous economies. We agreed to dedicate APEC not only to advancing the prosperity of our economies, but also to the complementary mission of ensuring the security of our people .”

- APEC Leaders’ Bangkok Declaration on Partnership for the Future
21 October 2002, Bangkok, Thailand

APEC Counter-Terrorism Action Plans

Given the large number of items that fall within any of the four broad areas of Secure Trade and the additional individual and collective counter-terrorism initiatives, APEC Senior Officials endorsed in 2003 a common action plan template originally proposed by Malaysia at the Informal Senior Officials’ Meeting in Bangkok, Thailand. Now known as the APEC Counter-Terrorism Action Plan or CTAP, the template carries at its core



the key elements of the Secure Trade in the APEC Region (STAR) initiative. Each CTAP provides a concise checklist of an economy’s implementation measures as well as capacity-building and technical assistance activities. It also includes counter-terrorism points of contact responsible for the entries in the CTAPs who may facilitate counter-terrorism cooperation within APEC.

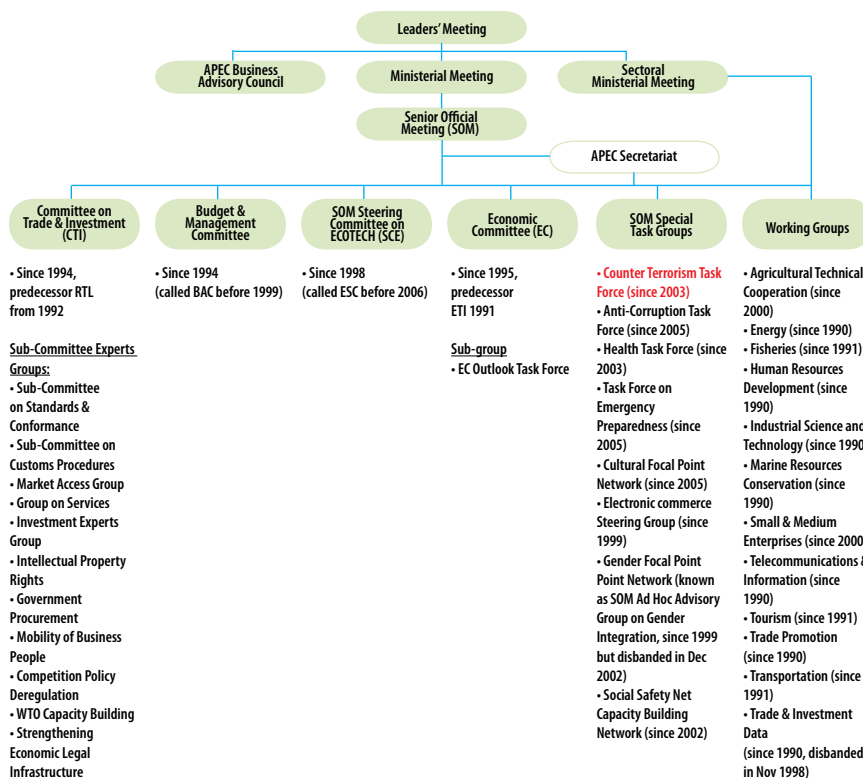
APEC Counter-Terrorism Task Force

Together with the CTAPs, APEC Senior Officials decided to create a special group that would handle counter-terrorism matters at APEC. The rationale was to provide a single dedicated body to coordinate APEC’s work in this critical area, interact with other international fora and serve as an intermediate collective focal point whose advice on counter-terrorism issues and initiatives would be essential and valuable to all (CTTF-TOR 2003).

In February 2003, the APEC Counter-Terrorism Task Force (CTTF) was formally established with the following mandate:

- Coordinate the implementation of the *Leaders' Statement on Fighting Terrorism and Promoting Growth* using the APEC Counter-Terrorism Action Plan agreed at the First Senior Officials' Meeting (SOM) in Chiang Rai, Thailand in February 2003 as foundation for this work;
- Assist economies to identify and assess counter-terrorism needs;
- Coordinate capacity building and technical assistance programs, including through consultations with international financial institutions;
- Cooperate with international organizations to implement the Leaders' Statements; and,
- Facilitate cooperation between APEC fora on counter-terrorism issues and assist in making recommendations on proposals and projects to Senior Officials.

Diagram 1. Organizational Structure showing CTTF as part of the SOM Special Task Groups



Source: APEC, 'APEC Structure'

Senior Officials agreed that the Task Force shall be headed by a Chair, assisted by a Vice Chair, and supported by the APEC Secretariat. Membership to the Task Force was to be open to all interested member economies as well as to a representative from the APEC Secretariat. As one of the SOM Special Task Groups, the CTTF was to formally meet as scheduled by the SOM, conduct business intersessionally via e-mail, and report directly to the Senior Officials' meetings. The CTTF was also given a term of two years.

Broadening the Agenda

Within the year, the CTTF's scope of responsibility further broadened following APEC's adoption of the human security agenda. In response to the outbreak of Severe Acute Respiratory Syndrome (SARS), APEC officials recognized the need to address other concerns such as environmental security, health security and energy security, and added these to the expanded matrix of actions on security and safety. Eventually the CTTF's counter-terrorism template contained a comprehensive mix of measures encompassing the areas of secure trade, counter-terrorism, energy security and protection of the health of communities.

As APEC officials began to develop additional measures to include the implementation of an APEC Action Plan on SARS and embarking on a Health Security Initiative, APEC stepped up efforts to contain the threat posed by the further escalation of terrorism. Initiatives began to touch upon defenses against threats to mass transportation, the control of Man-Portable Air Defense Systems (MANPADS) and proliferation of weapons of mass destruction (WMD), and arrangements for increased coordination on counter-terrorism with all relevant international, regional and functional organizations.





Chapter Six

2003 Accomplishments

“We therefore committed at Bangkok to take all essential actions to:

- *Dismantle, fully and without delay, transnational terrorist groups that threaten the APEC economies;*
- *Eliminate the severe and growing danger posed by the proliferation of weapons of mass destruction and their means of delivery by strengthening international non-proliferation regimes, adopting and enforcing effective export controls and taking other legitimate and appropriate measures against proliferation;*
- *Confront other threats to the security of the region.”*

- APEC Economic Leaders' Declaration
21 October 2003, Bangkok, Thailand

The Broad Picture

The year 2003 witnessed a failed attempt by terrorists to shoot down an Arkia Boeing 757 in Kenya using a Man-Portable Air Defense System (MANPADS). Key terrorist leaders implicated in the Bali bombings were arrested, but terrorism continued to upset APEC economies as attacks occurred in Davao City, Philippines and in the Russian Federation.



Equally threatening was the outbreak of the Severe Acute Respiratory Syndrome (SARS) which was first reported in China and spread to more than a dozen countries in Asia, North and South Americas, and Europe. By the time it was contained, the World Health Organization (WHO) reported that the pandemic had affected close to 8,100 people and claimed 774 lives worldwide (Benneth 2004).

On top of the human toll, SARS' economic impact reduced China's growth in the tourism and travel sectors by 25% (equivalent to US\$7.6 billion and the loss of 28 million jobs) while overall damage to the economy was estimated to have reached US\$20 billion (Buckley 2003). The economic repercussion on the region led to sharp declines in gross domestic products (GDP) across much of East and Southeast Asia. By the end of 2003, the Asian Development Bank (ADB) reported that the total cost inflicted by SARS on the region was around US\$18 billion in nominal GDP terms and, with all costs considered, may be as high as US\$60 billion.

APEC's General Direction in 2003

Notwithstanding the added challenge caused by the SARS outbreak, APEC's priority for the year was to ensure that it was "able to harvest its deliverables," which included positive outcomes such as the APEC Small and Medium Enterprises (SME) Ministerial Meeting in August 2003 in Chiang Mai, Thailand, and the APEC Ministers Meeting on regional securitization. APEC also demonstrated leadership in the Doha negotiations, recognizing the need to protect communities as well as empower people to become self-reliant, APEC Leaders adopted human security for the first time in its broadened agenda.

CTTF Activities

For the most part of 2003, the newly created CTTF introduced itself to various APEC fora, established linkages with the United Nations, international and other regional organizations and set the tone for future meetings through members' participation in various workshops and conferences, compliance with agreed actions, and the discussion of reports from various agencies involved in counter-terrorism and secure trade work.

1. Coordinating the Implementation of Leaders' Statements

Work Plan 2003

Meeting for the first time on 26 May 2003 in Khon Kaen, Thailand, the CTTF, chaired by Ambassador Makarim Wibisono, drew up the Work Plan of the Task Force, which closely reflected its established mandate:

1. Coordinate member-economies' implementation of the Leaders' Statement on Fighting Terrorism and Promoting Growth based on the APEC Counter-Terrorism Action Plan (CTAP) Template and using other mechanisms as appropriate;
2. Assist economies to identify and assess counter-terrorism needs based on CTAPs and using other resources such as workshops, studies, seminars and expert dialogues;
3. Coordinate identified capacity-building needs of economies in order to match the technical assistance programs offered by member economies and international organizations;
4. Consult international financial institutions on the possibility of their assistance and/or collaboration for APEC member capacity-building;

5. Cooperate with international and regional organizations to share best practices and ideas, and to identify and monitor measures necessary to implement the 2002 APEC Leaders' Statement on Fighting Terrorism and Promoting Growth;
6. Facilitate cooperation on counter-terrorism issues between APEC fora;
7. As appropriate, study project proposals related to counter-terrorism, make recommendations to Senior Officials, and oversee the implementation of projects on counter-terrorism not sponsored by other APEC fora;
8. Promote APEC's Counter-Terrorism Agenda through such avenues as media statements, the APEC Counter-Terrorism web site, newsletters and participation in international and regional conferences; and,
9. Build partnerships with the business community to advance APEC's counter-terrorism agenda.

Progress on Coordination

With the 2002 Leaders' Statements mostly bearing on the four key result areas of secure trade, halting terrorist financing, promoting cyber security, and implementation and capacity-building, the CTF heard and discussed reports from the various Working Groups, namely: the Energy Working Group, Telecommunications and Information (TEL) Working Group, Transportation Working Group (TWG), and the Business Mobility Group (BMG).

Progress on coordination was facilitated by reports from:

- APEC Transportation Ministers (2003), who agreed to support the actions and initiatives undertaken by ICAO and IMO in aviation and maritime security;
- APEC Finance Ministers (2003), who agreed on an Action Plan to halt the Financing of Terrorism. Each of the relevant members of APEC has signed and ratified – or was proceeding to ratify immediately – the International Convention for the Suppression of the Financing of Terrorism, taking steps to better monitor alternative remittance systems (*Hawala*) and the establishment of Financial Intelligence Units (FIUs); and,
- Telecommunications and Information Industry Ministers, who agreed to secure information and communications infrastructures. APEC members, where appropriate, agreed to implement domestically the 10 measures included in General Assembly Resolution 55/63 on combating the criminal misuse of information to give special priority to and facilitate work within APEC on the protection of information and communications infrastructures.

2. Assisting economies to identify counter-terrorism needs

Putting to use the APEC CTAPs template approved by Senior Officials in May 2003, the Task Force required members to list their respective counter-terrorism measures, identify their CT capacity-building needs, and indicate any expertise they could offer other APEC members in the area of capacity building and technical assistance. The CTAPs now covered APEC's five major areas of concern: advancing secure trade in the region, halting terrorist financing, promoting cyber security, energy security, and protecting the health communities. By the end of the year, all APEC economies had complied. The CTAPs, however, revealed marked differences in objectives and level of detail, leading some members to agree to work on their further refinement. Copies of the CTAPs were shared with the UN Security Council, the G-8 Counter Terrorism Action Group (CTAG) and several International Financial Institutions.

3. Coordinating capacity-building and technical assistance programs

Overview of APEC Capacity Building

To guide overall perspective, Japan compiled an overview of capacity building work being undertaken in the APEC region. Members agreed that such paper, together with a revised CTAP would provide a valuable resource for a more extensive, regionally-based CT, thematic analysis of APEC counter-terrorism capacity building needs and opportunities to be undertaken in 2004.

STAR I Measures

As APEC Leaders had agreed in 2002, the First Secure Trade in the Asia-Pacific Region (STAR) Conference was hosted by the United States and Thailand on 23-25 February 2003 in Bangkok. Important issues discussed included advancing trade efficiency and trade security in the region, setting directions for future STAR activities in addressing maritime security, aviation security, passenger information processing technology, capacity building, project planning and financing as well as supply chain security. Member-economies agreed that successful implementation of STAR measures required strong partnership between government and business. The meeting also recognized that all economies have different levels of resources and skills to implement these measures and that well-planned capacity-building measures would thus be useful for certain economies (STAR Report to the SOM Chair 2003).

STAR BEST Project on Cargo Security

As a follow-up to the STAR Initiative, Thailand and the United States started developing a pilot demonstration project, the STAR Bangkok/Laem Chabang Efficient and Secure Trade (BEST) port. The project was designed to showcase the use of e-seal technology to track shipments of secured containers via satellite from the Port of Laem Chabang to the Port of Seattle and build up confidence

for exporters and consumers through the enhanced supply chain security in the region.

APEC High-Level Meeting on Maritime Security

Maritime security received further attention with the staging of an APEC High Level Meeting and exhibition of maritime security technology in Manila, Philippines on 8-9 September 2003. The meeting consolidated the results of other maritime security conferences held in the region in the past year and, among others, devised an APEC-wide framework mechanism to enable an exchange of information in maritime security as well as drew up an indicative list of capacity-building needs of APEC economies related to the implementation of maritime security measures.

Related Capacity-Building Activities

Other activities enlightened APEC members on the range of needed capacity-building (CB) efforts:

- Symposium of Maritime Experts to Assist in the Implementation of the STAR Initiative in Melbourne, Australia on 18-20 June 2003;
- APEC Capacity Building in Immigration Border Management and Travel Document Security in Sydney, Australia on 16-18 July 2003;
- Seminars on Document Examination and Organized Crime in the Asian Region, and provision of a Compliance Manual for Commercial Bank Staff;
- Workshop for Finance Investigating Units (FIU) regarding FIU management in Japan on 3 July 2003;
- Cybercrime Legislation and Enforcement Capacity Building Project in Bangkok on 21-25 July 2003;
- Computer Emergency Response Team Awareness Raising and Capacity Building;
- Seminar on consequence and crisis management of chemical/biological terrorism for countries in the Asia Pacific Region on 8-12 September 2003;
- Promotion of 100% screening of baggage; and,
- Implementation of Capacity Building in Immigration Border Management/ Advance Passenger Processing (APP), as practiced in Australia, Canada, Mexico, New Zealand and the United States, and using the Pathfinder Implementation Strategy which allows economies to join the scheme as soon as their circumstances permit;
- Feasibility studies in Malaysia, Thailand, the Philippines, Indonesia and Korea to assess their infrastructure and administrative requirements for an Advance Passenger Information (API) system;

- Smart Border Symposium in Vancouver, Canada, from 29 September to 1 October which provided high-level government officials a detailed understanding of the operational aspects of the Canada-US Smart Border Agreement; and,
- Approval of the Private Sector Supply Chain Guidelines, which the private sector may use to enhance their supply chain security practices.

4. Cooperating with relevant international organizations

As CTF joined the network of international counter-terrorism bodies, it established arrangements with international and regional financial institutions such as the International Monetary Fund (IMF), World Bank (WB) and Asian Development Bank (ADB). It discussed briefings by the IMF on money laundering and terrorist financing initiatives and capacity-building assistance to APEC member economies.

The Task Force expanded member awareness of CT-related work being done by the Association of Southeast Asian Nations (ASEAN). In particular, the CTF sought to conduct exchanges with the G-8 CTAG and the UN Counter Terrorism Committee (CTC), which is the world's leading facilitator and coordinator for the provision of focused counter-terrorism assistance involving donor states beyond the G8 member countries. CTF can serve as the contact point for donor states and APEC member-economies by linking information already available to donor countries and the needs-assessment templates designed by APEC in providing beneficial counter-terrorism training and assistance (Seligman 2003 and Mizukoshi 2003).

At its Second Meeting in Phuket, APEC accepted CTAG's offer to devote the next CTF session to capacity-building in the APEC region and agreed to a suggestion from the UN CTC to include relevant CTAPs on the UN's Matrix of Requests for Assistance and Responses.

The CTF also encouraged close collaboration with the private sector to contribute to efforts to build counter-terrorism capacity.

5. Facilitating cooperation between APEC fora

In response to the Leaders' Statements in Los Cabos, Mexico, APEC's various Working Groups undertook measures to strengthen capacities in dealing with terrorism in their respective sectors. CTF coordinated with these various fora for information and capacity-building opportunities. These covered:

- Transportation Working Group's Symposium on the Promotion of Effective 100% Baggage Screening in Hong Kong, China on 26-28 August 2003 and the APEC High Level Meeting on Maritime Security in Manila, Philippines on 8-9 September 2003;

- Automotive Dialogue Steering Group's report on best practices which may be applied in achieving the prescribed 5% transaction cost reduction in the APEC region by 2006;
- Informal Experts Group on Business Mobility (IEGBM)'s reports on the implementation of the Advance Passenger Information (API) systems, a Regional Immigration Alerts System and standards to improve the security of travel documents and integrity of border officials;
- Sub-Committee on Customs Procedures' implementation of the Leader's Statements on customs concerns and capability building; and,
- Energy Working Group's projects on addressing disruptions in energy markets and enhancing anti-piracy cooperation.

Closing Leaders' Statements

Meeting for the annual Leaders' Summit in October 2003 in Bangkok, Thailand, APEC Leaders committed to increase and better coordinate counter-terrorism activities through effective collaboration, technical assistance and capacity building, and cooperation between relevant international, regional and functional organizations. The direction of collective political will was made clear. Under the rubric of human security, the Leaders declared:

"We agreed that transnational terrorism and the proliferation of weapons of mass destruction pose direct and profound challenges to APEC's vision of free, open and prosperous economies. We agreed to dedicate APEC not only to advancing the prosperity of our economies, but also to the complementary mission of ensuring the security of our people."



Likewise, the Leaders committed to take all essential actions to:

- Dismantle fully and without delay, transnational terrorist groups that threaten the APEC economies;
- Eliminate the severe and growing danger posed by the proliferation of weapons of mass destruction (WMD) and their means of delivery by strengthening international non-proliferation regimes, adopting and enforcing effective export controls, and taking other legitimate and appropriate measures against proliferation; and,
- Confront other direct threats to the security of the Asia-Pacific region.

The Leaders further pledged to discuss at every subsequent Leaders' Meeting APEC's progress toward these security commitments and to take specific actions to ensure compliance. They agreed to:

- Strengthen joint efforts to curb terrorist threats against mass transportation and confront the threat posed by terrorists' acquisition and use of MANPADS against international aviation;
- Increase and better coordinate counter-terrorism activities, where appropriate, through effective collaboration, technical assistance and capacity-building, and cooperation between the CTTF, CTAG UN CTC and other relevant international, regional and functional organizations;
- Implement the Health Security Initiative to help APEC prevent and respond to regional health threats, including bio-terrorism;
- Establish a regional trade and financial security initiative within the ADB, to support projects that enhance port security, combat terrorist financing, and achieve other counter-terrorism objectives;
- Support implementation of the API System Pathfinder Initiative and efforts to explore development of a regional movement alert system to protect air travelers; and,
- Accelerate the implementation of the Energy Security Initiative by endorsing its Implementation Plan.



Chapter Seven

2004 Accomplishments

“We recalled the heinous acts and terrible consequences of terrorism as tragically manifested in Beslan and Jakarta during the past year. We reaffirmed our determination to advance the prosperity and sustainable growth of our economies and the complementary mission of ensuring the security of our people.”

- 12th APEC Economic Leaders' Meeting
22 October 2004, Santiago, Chile

The Broad Picture

The year opened with an outbreak of avian influenza in Vietnam and Thailand which spread quickly to ten other countries and was eventually transmitted to humans. A similar outbreak of dengue in Indonesia claimed over 90 lives. Terrorism still dominated international attention as the Abu Sayyaf exploded a Superferry in February in Manila and other groups



simultaneously blew up trains in Madrid, Spain in March. Violence surged again in September with bomb blasts in front of the Australian embassy in Jakarta, Indonesia and the terrorist hijacking of a school in Beslan, the Russian Federation which left over 330 dead, mostly school children. Several business establishments were likewise hit in Southern Philippines. Toward the end of the year, natural disasters struck the Asia-Pacific. A succession of typhoons and the Indian Ocean tsunami claimed more than 120,000 lives from 12 countries.

APEC's General Direction in 2004

APEC 2004 began as early as December 2003 with the Informal Senior Officials Meeting (SOM) in Viña del Mar, Chile. Bound by the theme “One Community, Our Future,” APEC's priorities for the year were, according to the APEC Secretariat report (March 2004):

- Making APEC a catalyst in the multilateral trading system through the World Trade Organization (WTO) to create the necessary momentum in Geneva to assist in reviving the negotiations necessary to conclude the Doha Development Agenda;

- Work on Free Trade Agreements (FTAs) and Regional Trading Agreements (RTAs) in APEC;
- Trade facilitation focused on trade and security by continuing to work on APEC's security agenda, in particular, assisting developing economies meet the increased burden that enhanced security imposes on them;
- Development of micro-enterprises through the increased participation of Small and Medium Enterprises (SMEs) and micro-enterprises in global trade; and,
- Establishment of an international financial architecture through the APEC's continuing work to ensure that the region's economic prosperity is underpinned by efficient and stable financial institutions.

In addition, APEC Ministers in October 2003 agreed that APEC would focus its efforts on the following four priorities over the next few years, as an overall strategic focus and roadmap for the future:

- Integration into the Global Economy;
- Counter-Terrorism Capacity Building;
- Promoting the Development of Knowledge-Based Economies; and
- Addressing the Social Dimension of Globalization.

CTTF Activities

In 2004, the Counter-Terrorism Task Force (CTTF) held its first meeting in Chile on 1 March; participated in the Second STAR Conference on 5-6 March, and held its last on 1 October. A number of issues challenged the collaborative resources of the members year-long such as:

- Dismantling transnational terrorism;
- Eliminating the danger posed by weapons of mass destruction (WMD);
- Strengthening domestic control of Man-Portable Air Defense Systems (MANPADS);
- Increasing and improving CT activities;
- Establishing a trade and financial security initiative within the Asian Development Bank (ADB) to support CT projects;
- Addressing both the symptoms and root causes of terrorism;

- Supporting the implementation of the Advance Passenger Information (API), Regional Movement Alert List (RMAL), and International Ship and Port Facility Security (ISPS);
- Achieving the G-8 Counter-Terrorism Action Group's (CTAG) commitment to coordinate the provision of technical and CT capacity-building assistance to APEC economies;
- Improving APEC Secretariat's CT communications strategy for the benefit of all stakeholders;
- Implementing the Energy Security Initiative;
- Implementing the Telecommunications and Information (TEL) Working Group's Cybercrime and Cybersecurity recommendations;
- Enhancing collaboration of APEC fora on CTF's CT agenda;
- Pursuing concrete measures to fight terrorism through matching expertise and appropriate resources for identified needs; and,
- Identifying economic implications of implementing CT measures.



1.Coordinating the Implementation of Leaders' Statements

Lead Economies

Recalling the commitment made by the APEC Leaders in Bangkok, Thailand to take all essential actions to dismantle transnational terrorist groups, CTF members encouraged developed APEC economies to provide capacity-building or technical assistance. These included assistance in the ratification of the 12 International Terrorism Conventions and their full implementation through the passage of appropriate domestic legislations.

Regional Trade and Financial Security Initiative with ADB

In line with the 2003 Leaders' support for a Regional Trade and Financial Security Initiative (RTFSI) to strengthen the capability of the ADB and its borrowing members in the areas of anti-money laundering (AML), combating the financing of terrorism (CFT) and port security, three APEC economies—Australia, Japan, and the United States—each committed US\$1 million to the trust fund. Additionally, the US committed to contribute three technical advisors (valued at US\$1.5 million) and US\$2.5 million in parallel grant assistance for seaport and airport security and related trade capacity building assistance (APEC RTFSI 2004).

2. Assisting Economies to Identify CT Needs

CTTF members made further revisions and updates on the CTAPs to reflect their respective counter-terrorism measures and gradually shape the CTAP into an effective programming and evaluation tool. In an effort to further draw out the regional set of concrete needs and specific themes that could sharpen the CTTF's counter-terrorism capacity-building focus, Task Force members planned to subject the CTAPs to a rigorous cross-analysis.

Based on the commitments made at the Japan ASEAN Commemorative Summit the previous year, relevant ministries and agencies of the Government of Japan headed by the Ministry of Foreign Affairs formed an inter-agency mission named Japan-ASEAN Non-Proliferation Cooperation Mission which visited all 10 ASEAN countries in February 2004. The activity enabled Japan and ASEAN countries to further understand each other's views and to recognize the concrete areas in need of cooperation (*Promotion of Cooperation for Non-Proliferation in the Asia-Pacific Region 2004*).



3. Coordinating Capacity-Building and Technical Assistance Programs

STAR II Recommendations

The Agenda of the Second STAR Conference in Viña del Mar, Chile on 5-6 March 2004 was divided into four panels, namely: Maritime Security, Air Transportation Security, Mobility of People, and the Gradual Establishment of Financial Intelligence Units (FIUs) in APEC Member Economies. Based on the “General Coordinator’s Summary Conclusions” (2004), the following were the points of discussion in the various panels:

The *Working Group on Maritime Security* agreed that implementing the new ISPS code represented an opportunity for modernization and cooperation among APEC member economies. Some member economies, however, were confronted with particular challenges on the application of the ISPS Code: to sensitive cargos like natural gas, chemicals and petrochemicals; to the movement of recreational vessels and other small crafts; in economies with a large number of small ports; and, in ports with a high volume of traffic.

The *Working Group on Aviation Security* proposed that a comprehensive plan for air cargo security system be adopted based on the International Civil Aviation Organization (ICAO) standards. This would include surveillance and monitoring, strengthening and hardening of cockpit structure, control of cargo handling, and presence of air marshal officers. The members proposed that economies adopt and apply all relevant regulations, particularly those approved by ICAO. Addressing the threat posed by MANPADS, the members also recommended that APEC economies must cooperate in exchanging crucial information.

The *Working Group on the Mobility of People* considered the system being implemented by Chile in Santiago’s Main Air Terminal, which is based upon three security rings, and the experience of Australia on biometrics technology as well as the limitations in implementing this technology and the standards necessary to overcome the hindrances. The members recommended further work on the Regional Movement Alert System (RMAS) with the end in view of linking it with the Advance Passenger Information System.

The *Working Group on the Establishment of Financial Intelligence Units* (FIUs) discussions recommended that: a) APEC economies without an operational FIU should start the process of establishing one; b) Economies that have implemented sound AML/ CFT systems and international organizations, such as the World Bank (WB), United Nations (UN), International Monetary Fund (IMF) and the Egmont Group, should, if requested, provide assistance to APEC economies seeking to establish FIUs; and, c) APEC economies should develop comprehensive national AML/CFT strategies that articulate in detail the goals of the public and private sector as partners in AML/CFT regimes and the timetable for accomplishing those goals.

The panel on “*Strengthening Public-Private Collaboration on Building Capacity for Secure Trade*” pointed out that secure trade is a must and that all the measures needed should be implemented. However, concerns were raised about the impact of security measures on trade facilitation. The panel highlighted the role of public and private partnerships and the importance of getting the involvement of international financial institutions.

Cargo Security

The *Secure Trade in the APEC Region-Bangkok/Laem Chabang Efficient and Secure Trade (STAR-BEST)* project, an initiative aimed to secure trade between the ports of Thailand and Seattle, Washington, was inaugurated by then US Secretary of State Colin Powell, and highlighted the advantage of reducing costs while increasing efficiency altogether.

Document Security

APEC and Canada funded a workshop on document security for document control officers in the APEC region from 29 November to 3 December in Malaysia’s Southeast Asian Regional Centre for Counter-Terrorism (SEARCCT). Facilitated by Canadian experts, the workshop focused on both document manufacture and document examination.

Maritime Security

To strengthen the maritime and port security configuration of the region, Canada also provided financial support to the International Maritime Organization’s (IMO) Maritime Security Trust Fund to assist APEC economies. The initiative came in the light of difficulties encountered by some member-economies in complying with IMO’s mandatory requirements on the ISPS Code. The Fund would support workshops and training sessions to assist economies to create an administrative template for ISPS Code implementation (*Strengthening Maritime and Port Security in APEC Economies* 2004).

Aviation Security

In addition, the members welcomed Canada’s proposed Aviation Security Audits Program to support the ICAO Universal Security Audit Program (USAP) which was focused on a phased security awareness and audit preparation seminar for APEC economies. Training and preparation to receive the USAP audits were essential because these would assist member-economies to understand systemic security issues, prepare for the audit, and facilitate the development of action plans. Past audits in the area of safety have shown a linkage between the level of compliance with ICAO standards and accident rates. Through this project, APEC would then contribute to identifying existing security challenges in participating economies, and rectifying them (*Support for Aviation Security Audits Phase I* 2004). Furthermore, participation in this first, preparatory stage of the audit process would have the added benefit of increasing the economies’ awareness of aviation security issues.

Countering Financing of Terrorism

The members benefited from the outcomes of an Anti-Money Laundering/ Anti-Terrorist Financing (AML/ATF) Policy Development Seminar which was co-sponsored by APEC and the Canadian Government, in coordination with Australia and Japan. The workshop provided options for APEC economies to avail of anti-money laundering and anti-terrorism financing legal policy development assistance.



Secure Trade

Hong Kong, China hosted an APEC Roundtable on Measures to Secure Trade from 1 to 4 June 2004. The Roundtable included discussions and presentations on airport security, maritime security, anti-terrorist financing, cyber security and travel documents control. On-site visits to the container port and airport enriched the participants' knowledge of security measures being adopted in Hong Kong to enhance security while facilitating the flow of trade and tourists.

Best Practices in Secure Trade

Australia published the *APEC: Best Practice in Secure Trade* (2004) which examined the experiences of individual APEC economies in securing their trade activities to identify best practices that may assist others in the design and development of their responses. Using as case studies the US-Thailand STAR BEST Container Cargo Security Project, Chile's GRAFIMAR maritime security project, Malaysia's biometric airport security project, Australia's Advance Passenger Information Processing project and Indonesia's AML and ATF regime, the study identified some common features of successful projects aimed to secure trade. These include:

- An ability to demonstrate benefits, both in terms of improved security and efficiency, to stakeholders and users;
- Evidence of strong planning in each stage of project cycle;
- Flexibility and built-in capacity for change at a minimal cost;

- Strong stakeholder interaction, including between the public and private sectors;
- Effective use, where relevant, of available and new technology;
- Strong education and capacity-building components;
- Capacity to expand system or framework to other economies/interoperability; and
- International cooperation, where appropriate.

4. Cooperating with Relevant International Organizations

Engagements

With the support of member-economies, the Senior Officials Meeting (SOM) Chair, the CTF Chair and the Executive Director of the APEC Secretariat participated in various counter-terrorism related meetings (*Report on APEC Developments 2004*), among them: the Executive Police Conference on Counter-Terrorism in Bali, Indonesia on 19-20 January; the Fourth Regular Session of the Inter American Committee Against Terrorism in Montevideo, Uruguay on 29 January; and the Regional Ministerial Meeting on Counter-Terrorism in Bali, Indonesia on 4-5 February.

Briefings on Counter-Terrorism

At the 1st CTF Meeting for 2004, presentations made by relevant counter-terrorism organizations to the CTF included: INTERPOL Activities Against Global Terrorism; Statement by the Permanent Representative of Angola to the United Nations, on behalf of the Counter-Terrorism Committee; Terrorism in Americas; the Southeast Asia Regional Centre for Counter-Terrorism (SEARCCT); Counter-Terrorism Action Group (CTAG): Update on APEC-Related Activities; and the Bali Regional Ministerial Meeting On Counter-Terrorism under the ASEAN.

The CTF reaffirmed its willingness to cooperate, where appropriate and in accordance with APEC practices, with international organizations with common goals, such as the ICAO, IMO, WCO, CTAG and the ILO so as to develop concrete results-oriented actions to neutralize the threat to the security of APEC economies.

5. Facilitating Cooperation Between APEC Fora

Support for Dedicated Working Groups

The CTF continued to support the work of the various Working Groups doing Secure Trade projects in the implementation of previous Leaders' commitments.

These included:

- *Transport Working Group's* focus on the implementation by economies of ISPS Code; support for the controlled access to MANPADS and other potential threats to civil aviation and implementation of an inter-modal supply chain initiative in the next two years;
- *Finance Minister's Process'* strategies to encourage increased compliance with accepted international standards to counter money laundering and terrorist financing and, foster closer cooperation through the exchange of financial intelligence among financial intelligence units;
- *Telecommunications and Information (TEL) Working Group's* progress in encouraging the exchange of experience and best practices in cyber security and fighting cyber crime;
- *Informal Expert's Group on Business Mobility's (IEGBM)* recommendations for APEC economies to begin issuing Machine Readable Travel Documents (MRTDs), if possible with biometrics, by 2008, and, on a best-endeavor basis, to accelerate replacement of non-MRTDs by MRTDs; work on the implementation of the API and a cooperative program of Immigration Liaison Officer in the region; completion of a feasibility study for automated RMAS, and plans to pilot the RMAL in 2005 as well as work on an enhanced version of the Customs Asia-Pacific Enforcement Reporting System (CAPERS).

Closing Leaders' Statements

Based on the work done by the various APEC groups on counter-terrorism, secure trade and human security, APEC Leaders and Ministers, meeting for the November 2004 Summit in Santiago, Chile, committed to further measures to implement the Counter-Terrorism Action Plan and human security (Report on APEC Developments February 2005), which included:

- Taking steps to cut off terrorists' access to the international financial system, including implementing standards and agreements on combating terrorist financing and money laundering;
- Reviewing progress on our commitments to dismantle transnational terrorist groups, eliminate the danger posed by proliferation of weapons of mass destruction (WMD), their delivery systems and related items, and confront other direct threats to the security of our region in the future;
- Identifying key elements of effective export control systems, and continuing work in APEC to unite economies and the private sector to facilitate the flow of goods to legitimate end users while preventing illicit trafficking in weapons of mass destruction, their delivery systems and related items;

- Establishing guidelines on the control of MANPADS, and economies committed to work individually to develop measures consistent with these guidelines and, as appropriate, with efforts taken at the United Nations, its agencies and other relevant international organizations, to prevent terrorists from obtaining and using these weapons to attack civilian aviation;
- Recognizing the need for cooperation among member-economies on the supervision of imported and exported food in order to prevent and better respond to possible bio-terrorist attacks, including attacks through toxic or hazardous material in food supplies;
- Cooperating to ensure that all APEC economies will begin issuing MRTDs, if possible with biometrics, by 2008, and, on a best endeavor basis, to accelerate replacement of Non-MRTDs by MRTDs as well as implement ICAO travel document security standards;
- Implementing existing business mobility initiatives, and welcomed efforts to implement the Advance Passenger Information (API) system and the cooperative program of Immigration Liaison Officer in the region. To pilot the RMAL in 2005 and to work on an enhanced version of the CAPERS to address legal issues;
- Advancing the ongoing work in adopting all necessary steps to control the cross-border movement of dual use equipment and materials, as well as people and financial resources, involved in terrorist activities while, at the same time, enhancing the free flow of legitimate travelers, trade and investment;
- Where appropriate and in accordance with APEC practices, coordinate with international organizations with common goals;
- Strengthening their respective economies' ability to combat cybercrime by enacting domestic legislation consistent with the provisions of international legal instruments; and,
- Increasing commitments, including efforts through the Health Task Force (HTF), on strengthening the public health system and enhancing public awareness to help member economies respond to regional health threats.

As an indicator of the CTTF's growing importance to the secure trade and human security agenda, its mandate was extended for another two years, up to the end of 2006. The Philippines and Chile were acclaimed as the new Chair and Vice Chair, respectively.

Chapter Eight

2005 Accomplishments

“We condemned terrorist acts in the region that took thousands of lives and aimed to destabilize economic prosperity and security in the Asia-Pacific region... We affirmed our commitment to ensure that any measure taken to combat terrorism comply with all relevant obligations under international law, in particular international human rights, refugee and humanitarian law.”

- 13th APEC Economic Leaders' Meeting
19 November 2005, Busan, Korea

The Broad Picture

Despite the significant blows inflicted upon the *Al Qaeda* network over the past years, the number of terrorist attacks worldwide increased nearly fourfold in 2005. These included the underground train bombings in London which killed 56 and injured over 700. Across the Asian region, increasing terrorist violence, together with concerns about the spread of avian



flu, gripped South and East Asia. In the United States, Katrina, the third deadliest and costliest hurricane in American history which devastated the Gulf Coast and left at least 1,836 people dead and thousands homeless, strained American energy security, and brought into focus regional collective response measures to major catastrophes.

APEC's General Direction in 2005

In 2005, Korea as host took into consideration three factors in putting together its program for the year. First were the World Trade Organization-Doha Development Agenda (WTO-DDA) negotiations where a breakthrough was needed. Second was the continued rise of other issues such as terrorism, pandemics and increasing oil prices which all posed ramifications for APEC. Third was the need for a midterm stocktake since 2005 represented the midpoint between APEC's founding in 1989 and the envisioned year of achieving the Bogor Goals, 2020 (*APEC Developments 2006*). The review process eventually resulted in the development of the Busan Roadmap toward Bogor, which takes into account the changing global environment and several milestones (*APEC Outcomes and Outlooks: 2004-2005*).

APEC adopted the theme “Towards One Community: Meet the Challenge, Make the Change.” Three sub-themes targeted key focus areas, namely: Renewing the Commitment to the Bogor Goals, Ensuring Transparent and Secure Business Environment, and Building Bridges over Differences.

Korea, meanwhile, identified the following priorities:

- Advancing Freer Trade;
- Fighting Corruption;
- Sharing Prosperity of the Knowledge-Based Economy: Protecting Innovation and Expanding Digital Opportunity;
- Human Security: Counter-Terrorism, Energy Security and Disaster Response and Preparedness;
- Small and Medium Enterprises (SMEs) and Micro-Enterprises;
- APEC Reform; and,
- Promoting Cross-Cultural Communications.

CTTF Accomplishments

Several accomplishments in counter-terrorism and security made 2005 notable for APEC. Among them were: the adoption of a new CTTF Terms of Reference (TOR), completion of the CTAPs Cross-Analysis study, establishment of a CT coordination mechanism, summary updates on compliance to Leaders’ Statements, adoption of the APEC Framework for Secure Trade, adoption of



guidelines for the control of Man-Portable Air Defense Systems (MANPADS), implementation of the International Atomic Energy Agency’s (IAEA) Additional Protocol, establishment of the APEC Task Force on Emergency Preparedness, information commitment to the International Criminal Police Organization (ICPO), and commitment to adhere to international human rights, refugee and humanitarian laws. Under the leadership of new Chair Ambassador Benjamin P. Defensor, Jr. of the Philippines, the CTTF moved forward on these accomplishments.

1. Coordinating the Implementation of Leaders' Statements

Revised CTTF Terms of Reference (TOR)

CTTF started off with a revision of its 2003 TOR to incorporate instructions from recent Leaders' and Ministers' Statements. With the CTTF in full harness, the second paragraph of the TOR was replaced by the following text, which reflected APEC's expanded range of security concerns:

"In October 2003 in Bangkok, APEC Leaders agreed to dedicate APEC not only to advancing the prosperity of our economies, but also to the complementary mission of ensuring the security of our people and made specific commitments toward these ends. Leaders pledged to discuss at each Leaders' Meeting progress toward these security commitments, and to take specific actions in pursuit of them. In Santiago in 2004, Leaders reaffirmed their determination to advance the prosperity and sustainable growth of our economies and the complementary mission of ensuring the security of our people and welcomed consensus arrived at by the Ministers on enhancing human security, and agreed to take the appropriate individual and joint actions to follow up on this consensus in line with their respective circumstances."

The core tasks of the Task Force was expanded to include the Leaders' 2003 commitments on enhancing human security, and subsequent Leaders' and Ministers' instructions on enhancing human security using the APEC Counter-Terrorism Action Plan (CTAP) as the foundation for this work, "in accordance with APEC principles" (17th APEC Ministerial Meeting 2005). Avoidance of "unnecessary duplication of efforts" was also emphasized.

Work Plan 2005

The CTTF's Work Plan for the year essentially targeted its core tasks, namely:

1. Respond to Statements by Leaders and Ministers by reviewing progress on economies' commitments to counter-terrorism and secure trade;
2. Review and assess CTAPs by cross-analyzing the individual CTAPs and developing a list of regional capacity-building needs and opportunities based on the CTAPs reports;
3. Continue action on the key deliverables, which included strengthening regional maritime and port security, sustaining counter-terrorism capacity building, implementing business mobility initiatives, and enhancing travel security;
4. Provide essential support to the APEC structure; and,
5. Consider new initiatives.

Summary Implementation Updates

To facilitate continuing assessments of APEC's progress in counter-terrorism, the Chair initiated the voluntary submission at each CTTF meeting of one- or two-page executive summaries covering how each individual economy was implementing the Leaders' and Ministers' Statements. Initially thought to be duplicative of the entries in CTAPs, the regular updates by members have since become a key feature of CTTF meetings. In 2005, these reports focused on dismantling transnational terrorist groups, eliminating threats posed by the proliferation of weapons of mass destruction (WMD), developing measures consistent with the APEC Guidelines on the Control and Security of MANPADS, working to achieve adherence to the IAEA Additional Protocol by the end of the year, confronting other direct threats to the security of APEC region, securing trade in the region (STAR), taking appropriate financial measures to prevent the flow of funds to terrorists, and ratifying UN conventions on fighting terrorism, where applicable.

2. Assisting Economies to Identify Counter-Terrorism Needs

CTAPs Cross-Analysis Study

Planned back in 2003, the members of the CTTF agreed to finally subject the CTAPs to a rigorous cross-analysis. Having begun as a tool for economies to report their implementation of Leaders' 2002 STAR commitments, the CTAPs had evolved to include additional security commitments made by Leaders in 2003 and 2004. As APEC's main tool for identifying counter-terrorism capacity-building (CTCB) and technical assistance activities, the CTAPs carried the potential of serving as the foundation of all CTTF collective programs. In 2005, at Canada's initiative, the CTTF



completed the pathbreaking CTAPs Cross Analysis Study, which identified APEC's common themes, needs and priorities. The study identified three priority areas for regional CT capacity-building assistance, namely: protecting cargo, protecting ships, and protecting the health of communities. Other regional capacity-building needs were found in the areas of International Ship and Port Facility Security (ISPS) Code, emergence and recurrence of diseases, development of counter-terrorism expertise, World Customs Organization (WCO) requirements, and anti-money laundering/counter-terrorist financing (AML/CTF) measures.

3. Coordinating Capacity-Building and Technical Assistance Programs

Coordinating capacity-building and technical assistance programs continued to expand apace with an increasing number of concerns in the areas of secure trade, combating threats to security, cyber security, energy security and protecting the health of communities. Notably, the lead Working Groups continued to deliver on their programs.

STAR III Recommendations

Korea hosted the Third STAR Conference on 25-26 February in Incheon and focused the theme on developing trade while enhancing security cooperation and capacity-building by way of strengthened public-private partnership. The Conference aimed to build upon the positive results of the first two STAR Conferences and, in particular, address the two issues of maritime and aviation security. STAR III's recommendations included:

- Member-economies should make clear and sustained commitments to fighting terrorism, take collective and individual action, and integrate active private-sector participation;
- Engage in greater cooperative efforts with international organizations such as the International Maritime Organization (IMO), International Civil Aviation Organization (ICAO), IAEA and WCO, and promote the adoption of specific trade security programs proposed by these organizations;
- All APEC economies should endorse and encourage timely APEC implementation of the WCO Framework of Standards to Secure and Facilitate Global Trade;
- Revitalize private sector participation at STAR Conferences, which was noted to be in decline, and include the APEC Business Advisory Council (ABAC) in the preparations for future STAR events; and,
- CTF should look into the agenda and organization of the work of the STAR Conference in a mutually reinforcing way, taking into account the mandate given at the Los Cabos Summit and the progress achieved thus far.

Cargo Security



In customs, the APEC Sub-Committee on Customs Procedures (SCCP) adopted the “APEC Framework based on the World Customs Organization Framework of Standards to Secure and Facilitate Global Trade.” The framework harmonizes the advance electronic cargo information requirements on inbound, outbound and transit shipments. Under it,

member-economies commit to employ a consistent risk management approach to address security threats.

Maritime Security

In maritime security, the Maritime Security Experts Group completed its first APEC ISPS Code Implementation Assistance Visit to Manila in March 2005 and reported on further steps undertaken to enhance capacity of developing economies including: tracking and coordinating maritime security outreach and capacity-building efforts throughout the APEC region; entering into a Memorandum of Understanding (MOU) with the IMO and partnering with the Organization of American States (OAS) to work jointly with economies that are members of both the APEC and OAS to coordinate efforts and harmonize training. From September 2005 to March 2006, Singapore and Australia jointly organized a series of maritime security workshops for APEC economies to improve their port security strategies.

Aviation Security

In consideration of the security of international aviation, CTF members - recalling the attack on a civilian aircraft in Kenya in 2003 – pursued the MANPADS initiative designed to lower the threat of MANPADS to civil aviation and tourism. Under the terms of the initiative, each APEC member committed to undertake a MANPADS Vulnerability Assessment (MVA) of at least one international airport by the end of 2006 to identify areas for aviation security improvements. Member economies also made progress in implementing the STAR goal of ensuring 100 % baggage screening for air passengers.



Travel Security

In immigration, the APEC Informal Expert’s Group on Business Mobility (IEGBM) developed initiatives aimed at facilitating trade and investment activity

by streamlining and enhancing the transparency of short-term business visitor and temporary residence arrangements and by building the capacity of economies to implement mutually agreed standards and agreements covering all aspects of immigration activity including border control and related security measures.

The Regional Movement Alert List (RMAL) Pilot initially commenced between Australia and the United States in September 2005. Since then, it has positively demonstrated real-time linkage between economies needing access to each other's lost and stolen passport data. Related to this, a trial using an enhanced version of the Customs Asia-Pacific Enforcement Reporting System (CAPERS) to test improved information sharing on passport data, and to address legal issues was also undertaken. RMAL Working Group meetings were held in San Diego on 23 – 26 August 2005 to discuss standard operating procedures, governance privacy and security frameworks.

APEC also undertook a number of projects aimed to substantially strengthen the region's security and economic environment. These projects variously touched on "anti-money laundering/anti-terrorist financing policy development"; "cybercrime legislation and enforcement capacity building" and the "Computer Emergency Response Team (CERTs) awareness-raising and capacity building"; enhancing secure trade and efficiency in the APEC Region with Intelligent Transport Systems and Electronic Commerce Technologies; best practices and ideas in safety and security for APEC Economies to combat terrorism in tourism; phase one of the Regional Immigration Alert System for heightened border security; and, enhancing aviation security by means of aviation security audits.



Countering Financing of Terrorism

In countering the financing of terrorism, APEC's Finance sector focused on increased compliance with accepted international standards to counter money laundering and terrorist financing, and fostering closer cooperation through the exchange of financial intelligence among financial intelligence units (FIUs) and customs. Projects to strengthen anti-money laundering regimes were under way in 2005 in Indonesia, Thailand and the Philippines through the ADB's Regional Trade and Financial Security Initiative.

Cyber Security

The APEC Telecommunications and Information (TEL) Working Group continued activities in the area of Cyber Security and Cyber Crime within the scope of securing telecommunications through the exchange of experiences and good practices. Recognizing that effective interdiction of cyber crimes presupposes deeper understanding of the intricacies of cyber technology, APEC Ministers encouraged member-economies to expand and improve their digital capabilities and skills.



Energy Security

In a period of escalating oil prices, APEC energy security became a crucial concern of most APEC member-economies. In this regard, APEC Energy Ministers met twice to find solutions to challenges for energy supply and demand. APEC Finance Ministers discussed the risks of sustained high energy prices to economic growth in the APEC economies in a meeting in Jeju, Korea in September 2005, and agreed that adequate investment in oil production and refining capacity, technology transfer for energy conservation and developing renewable energy sources were most important.

Community Health Protection

Following the extension of the mandate of the Health Task Force for another two years (2006-2007), Ministers endorsed the initiative on *Preparing for and Mitigating an Influenza Pandemic* with the aim of strengthened collective action and individual commitment on a multi-sectoral basis to prepare for and respond to an influenza pandemic. Ministers expressed particular concern on the threat of the highly pathogenic avian influenza, and committed to accelerate APEC's ongoing work on infectious disease threats such as avian influenza and HIV/AIDS in cooperation with specialized international organizations.

4. Cooperating with Relevant International Organizations

Engagements

During the year, the CTF, represented by the Chair, attended the Seventh Association of Asia Pacific Airlines (AAPA) Security Committee Meeting in Malaysia, participated in the inaugural Asia-Middle East Dialogue in Singapore and briefed Pacific Economic Cooperation Council (PECC) members at the Aichi Expo in Japan on the direction and work of the APEC CTF.

ADB Cooperation Fund for Regional Trade and Financial Security Initiative

APEC, in cooperation with the ADB, established the ADB's Cooperation Fund for Regional Trade and Financial Security Initiative (FRTFSI). The fund is meant for capacity-building projects related to counter-terrorism, particularly on enhancing airport and seaport security, which include cargo and people movements as well as combating money laundering and terrorism financing. It is also designed to enhance the ADB's capacity to develop and implement regional counter-terrorism capacity-building initiatives.

Capacity-Building Providers

Following the completion of the CTAPs cross-analysis study, APEC shared the results with interested capacity-building project providers such as the UN CTC, the G8 CTAG, and ADB.

5. Facilitating Cooperation between the APEC Fora

New Coordination Mechanism

As practiced, CTTF was provided updates on the work done by other fora doing CT-related work, notably the Transportation Working Group (TWG), Finance Ministers' Process, Energy Working Group, IEGBM, SCCP and ECOTECH. In the face of APEC's security agenda, the cross-cutting issue of terrorism, and CTTF's mandate to coordinate all counter-terrorism, secure trade and human security commitments which continued to increase each year, the Chair sought the establishment of a mechanism that would facilitate communication and coordination across all APEC fora doing CT-related activities. The initiative resulted in the present setup at APEC whereby:

- The CTTF Chair and Lead Shepherds and Chairs of APEC fora or sub-fora engaged in counter-terrorism-related work exchange reports at the conclusion of SOM I outlining security/counter-terrorism projects in their work programs and highlighting upcoming priorities and meetings;
- Lead Shepherds/Convenors periodically brief, upon invitation, the CTTF on CT and security-related initiatives in their fora;
- The CTTF and relevant fora or sub-fora advise each other, through the APEC Secretariat, on any relevant intersessional developments or initiatives of mutual interest; and,
- The APEC Secretariat develops a calendar of APEC security/CT-related meetings, seminars, and capacity-building events for APEC CTTF and sub-fora reference.



Closing Leaders' Statements

Leaders and Ministers who gathered in Busan, Korea on 18-19 November 2005 reaffirmed their commitments made in Bangkok, Thailand and Santiago, Chile to review progress on efforts to dismantle transnational terrorist groups, eliminate the danger posed by the proliferation of weapons of mass destruction, their delivery systems and related items, and confront other direct threats to the security of the region in the future. Significantly, they committed to “ensure that any measure taken to combat terrorism comply with all relevant obligations under international law, in particular, international human rights, refugee and humanitarian law” (Busan Declaration 2005).

APEC Leaders encouraged implementation of counter-terrorism, secure trade and safe travel commitments and welcomed new initiatives on the safe handling of and trade in radioactive sources, the reduction of airport vulnerability to MANPADS, Total Supply Chain Security and the APEC Framework for the Security and Facilitation of Trade. They also welcomed the successful operation of the Regional Movement Alert List Pilot and encouraged its expansion in 2006, together with the progress in capacity-building efforts to advance ship and port security standards in the APEC region.

Finally to protect their respective economies from natural disasters and improve APEC's collective response capability, the Leaders endorsed the *APEC Initiative on Preparing for and Mitigating an Influenza Pandemic*, committing economies to effective surveillance, transparency and openness, and close domestic, regional and international coordination and collaboration. Reiterating their support for the efforts of the WHO, FAO, OIE, the International Partnership on Avian and Pandemic Influenza, and the outcomes of the APEC Meeting on Avian Influenza Preparedness and the Health Ministerial on Global Pandemic Influenza Readiness in 2005, the Leaders looked forward to the APEC Symposium on Emerging Infectious Diseases in 2006.

Chapter Nine

2006 Accomplishments

“We welcomed new initiatives on the safe handling of and trade in radioactive sources, the reduction of airport vulnerability to Man-Portable Air Defense Systems (MANPADS), Total Supply Chain and the APEC Framework for the Security and Facilitation of Trade. We welcomed the successful Regional Movement Alert List (RMAL) Pilot and work on its expansion in 2006, and capacity-building undertaken to advance ship and port security standards and other initiatives.”

- 13th APEC Economic Leaders' Meeting
20 November 2005, Busan, Korea

The Broad Picture

Further tensions and insecurities gripped the world in 2006. In Asia, natural disasters and disease continued to be sources of insecurities. A massive earthquake in Java, Indonesia left 4,300 people dead and thousands injured, and tested anew the region's disaster response capabilities. Business and transport reeled from Mumbai's synchronized train attacks in July. Security measures for international aviation pitched highest in August after UK authorities unraveled a terrorist plot to blow up over 10 commercial aircraft in mid-air using liquid explosives. The year drew to a close with the number of avian flu cases in humans threatening to surpass the record in previous years.



APEC 2006 in Vietnam

In January 2006, Vietnam took the reins from Korea to host APEC and to continue the tradition of building on the achievements of previous years. Based on prior accomplishments, Vietnam introduced a number of new elements into APEC's work for 2006. These included (Douglas 2006):

- The recognition of the need to help member-economies improve their capacity to catch up with and benefit from the trade and investment liberalization and facilitation process as identified in the Medium Term Stocktake;

- The necessity for APEC members to show strong political will and commitment to the success of the World Trade Organization-Doha Development Agenda (WTO-DDA) negotiations;
- The need to bring the benefits of globalization to all and narrow the development gap among member-economies so as to facilitate shared development in the region;
- Greater efforts to deal with a host of obstacles hindering the improvement of the business environment which include behind-the-border issues, corruption, lack of transparency, discrimination and hidden barriers; and,
- The pressing need to create a secure environment for the people of the APEC region.

Vietnam chose "Towards a Dynamic Community for Sustainable Development and Prosperity" as its overarching theme for 2006. The goal was to ensure sustainable development as a means of achieving common prosperity that is both lasting and widely shared by developed and developing economies and, to make certain that the APEC process is "human-oriented and responsive to the UN Millennium Development Goal."

CTTF Accomplishments

Work Plan 2006

Similarly building upon its accomplishments in previous years, the CTTF laid out the key deliverables in its 2006 Work Plan:

- Enhance public-private partnerships to strengthen cooperation in combating terrorism while boosting trade and investment efficiency;
- Publish and disseminate information on measures taken to secure trade based on the Secure Trade in the APEC Region (STAR) IV Conference outcomes and recommendations;
- Support Singapore's initiative to host an APEC Symposium on Total Supply Chain Security in 2006;
- Implement the International Atomic Energy Agency (IAEA) Code of Conduct on the Safety and Security of Radioactive Sources by the end of 2006;
- Implement the IAEA Guidance on the Import and Export of Radioactive Sources by the end of 2006;
- Undertake MANPADS Vulnerability Assessments (MVAs) of international airports by the end of 2006; and,

- Respond to regional capacity-building opportunities identified in the Counter-Terrorism Action Plan (CTAP) cross analysis.

Two other important items were, likewise, included in the Task Force's 2006 Work Plan: the extension of the CTTF mandate and the selection of the next Chair.

Supported by the results of the CTAPs Cross-Analysis Study, CTTF moved positively to address the top three CT priority areas, with initiatives on encouraging economies to adopt the Total Supply Chain Security strategy, implement the ISPS Code, and combat the threat of intentional contamination of the food supply. In response to developments in the security landscape, CTTF members considered and pursued new initiatives from business resumption planning to food defense. To further protect international aviation, CTTF assisted some members in their various approaches to conduct MANPADS Vulnerability Assessments. CTTF members welcomed the expansion of Regional Movement Alert List (RMAL) Pilot to include New Zealand. In consideration of critical response times to incidents, the members likewise agreed to establish sectoral Points-of-Contact (POC) networks.



1. Coordinating the Implementation of Leaders' Statements

Summary Implementation Updates

CTTF economies provided written updates on how they were implementing the commitments made by Leaders and Ministers in Bangkok, Thailand and Santiago, Chile and were planning to implement the new instructions contained in the Busan Declaration. Most of the reports dealt with meeting international obligations such as addressing non-proliferation, complying with the IAEA Code and Guidance on Radioactive Sources, strengthening Anti-Money Laundering/Counter Financing Terrorism (AML/CFT) regimes and completing MANPADS

Vulnerability Assessments. Also highlighted were individual efforts to ratify the 13 UN conventions and protocols on counter-terrorism, update reports to the United Nations Counter-Terrorism Committee (UN CTC), adopt best practices in secure trade, participate in relevant seminars and new arrangements to intensify regional security, and provide needed capacity-building and technical assistance to others. All of the CTTF members updated their CTAPs.

2. Assisting Economies to Identify Counter-Terrorism Needs

CTAPs-based Capacity-Building

During the second CTTF meeting in 2006, the members discussed with a representative of the UN CTC Executive Directorate the results of the APEC CTTF Counter-Terrorism Actions Plans Cross Analysis Study held in 2005. As the world's leading facilitator of counter-terrorism capacity-building initiatives, the UN CTC welcomed the APEC cross-analysis results. Since UN assistance is normally extended to UN member-countries, APEC member-economies recognized the need to pursue assistance requests on an individual basis. Member-economies voiced the need to collaborate with international organizations on counter-terrorism and security issues.

Russia, the new Chairman of the Group of 8-affiliated Counter-Terrorism Action Group (CTAG), expressed interest in looking at the CTAPs cross-analysis findings and invited the Chair to its meeting in November in Russia to explore other relevant cooperative activities.

Members suggested that given the Asian Development Bank's (ADB) provision of development and training assistance, the regional financial institution could likewise review the results and see how financial support might be provided to help implement some priority projects.

3. Coordinating Capacity-Building and Technical Assistance Program

STAR IV Recommendations

Vietnam hosted the STAR IV Conference on 24-25 February 2006 at the Horison Hotel in Hanoi which aimed to further enhance private and public partnership in the implementation of secure trade measures. STAR IV's recommendations included:

- Enhancing public and private partnership is crucial to secure trade and must be done in both domestic and inter-regional levels involving newly emerging organizations such as the Shanghai Cooperation Organization (SCO) and the Commonwealth of Independent States (CIS);

- The private sector, including small and medium enterprises, should be treated as a partner in implementing security measures and involved in the decision-making process;
- The complementary objectives of trade facilitation and security must be actively promoted with the factors of cost, efficiency and security well explained;
- Further efforts should be made in promoting coordination and interaction between the Senior Officials Meeting (SOM), the APEC Business Advisory Council (ABAC) and APEC committees on issues relating to the STAR Initiative so that joint recommendations can be provided to the Leaders;
- APEC relevant committees and fora should encourage member-economies to share best practices and model projects in implementing security measures; and,
- APEC must ensure adequate coordination and exchange of information within its working groups and task forces to avoid duplication of work undertaken by international donor coordination fora.

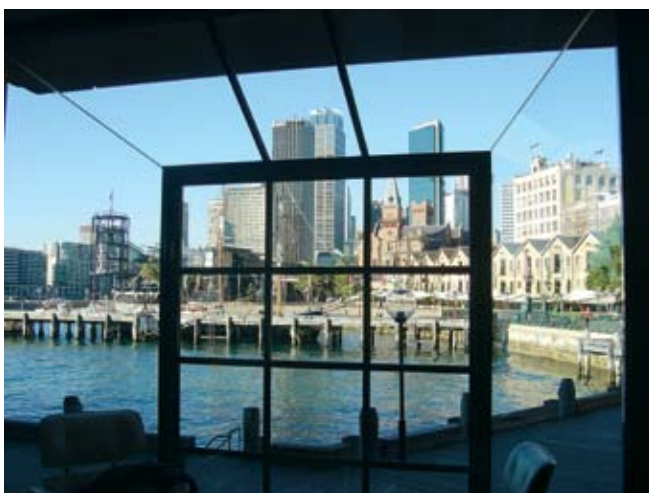


Implementation Efforts

In consideration of the recommendations, APEC's various fora actively worked to create more opportunities for public and private sector engagement. APEC's Public-Private Dialogue on Trade Facilitation on 22-24 May enlightened business representatives on the next steps to trade facilitation and improving business environment in the region. The Fourth SOM Policy Dialogue on Regional Trading Agreements/Free Trade Agreements (RTAs/FTAs) held on 28 May incorporated the private sector's perspective into the discussions on RTAs/FTAs for future policy response by APEC member-economies. A symposium on Enabling Private Sector Development was held in the margins of the ABAC Meeting on 9-10 May, and focused on ways to harness small, medium and micro enterprises. ABAC and SOM held their first informal meeting signaling the increasingly closer cooperation

between APEC and ABAC in general and the public and private sectors in particular. The United States completed its plan to undertake a joint demonstration project between the US/Vietnam Customs and the private sector to implement standards from the APEC Framework for Secure Trade. This project aimed to implement an e-Manifest system and address a number of the STAR IV recommendations.

Seeking to further advance public-private partnership, incoming STAR V host, Australia, chose "Mitigating Risks, Containing Costs" as the over-arching theme for STARV, to highlight the importance of taking a strategic risk management approach to security. Australia picked Sydney as the venue of the 2007 conference to maximize private sector participation and proposed to hold an industry exhibition in association with the STAR V.



ADB-Funded Projects

Throughout the year, several capacity-building projects for regional anti-money laundering, countering the financing of terrorism, and enhancement of port security and customs modernization in selected developing members were funded out of the Regional Trade Financial Security Initiative (RTFSI) with ADB. Three AML/CFT assistance projects are currently being implemented in Thailand, Indonesia, and the Philippines. A donor review of the progress of the projects was held in Manila on 26 April and showed highly encouraging results. By the end of the year, developments included the following:

- Completion in Thailand of a three-year Anti-Money Laundering (AML) action plan and legal analysis on compliance with the requirements of international cooperation;
- Conduct of 10 Countering the Financing of Terrorism (CFT) training sessions for law enforcers in the Philippines; and,

- Conclusion of the first BIMP-EAGA Customs, Immigration, Quarantine and Security Task Force (CIQSTF) meeting on 21-22 August.

Due for implementation is the plan of the United States to provide training and assistance in establishing Trade Transparency Units for BIMP-EAGA countries.

New Zealand provided additional contributions to the ADB fund and the United States, Australia and Japan urged all other APEC economies to consider doing the same.

Aviation Security

In line with APEC's aviation security goals, the United States commenced a project on Aviation Security for the Harmonization of Pacific Civil Aviation Safety and Security Regulations in the Pacific Region.

The United States, together with Australia and the Philippines, held an experts' seminar in Manila on 13-15 June to help economies undertake MANPADS Vulnerability Assessments of international airports by the end of 2006 as instructed by the Leaders in their 2005 Statements. Considered to be a non-APEC event, but participated in by APEC economies, the seminar drew over 40 agency delegates from 16 economies and oriented the participants on the MVA process. The US Transportation Security Agency delivered the training and experts on each subject matter shared their experience in aviation security.

4. Cooperating with Relevant International Organizations

With most of the activities already covered by appropriate arrangements, the CTF continued to look at numerous gaps and opportunities that might be exploited by terrorists. The Task Force sought assistance from UN CTC on possible project areas based on the CTAPs cross-analysis results, cooperated with ADB's experts on strengthening AML/CFT regimes, and engaged with the participating organizations in the Total Supply Chain Symposium. The Chair himself helped broaden the sub-regional perspective by speaking on APEC counter-terrorism efforts during the inaugural meeting of the Brunei-Indonesia-Malaysia-Philippines East Growth Area (BIMP-EAGA) Customs, Immigration, Quarantine and Security Task Force (CIQSTF) on 21-22 August in Mandaluyong City, Philippines.

Work in International Fora

Keeping themselves abreast with CT developments around the world, CTF members exchanged updates on work in international fora. For the entire year, APEC benefited from CTF's reports on CT measures and related undertakings by the:

- CTAG, on priorities to curb terrorist financing and consideration of the results of the CTAPs cross-analysis;

- Bali Process on Counter-Terrorism, on the work by the Legal Issues Working Group chaired by Australia and the Law Enforcement Working Group chaired by Indonesia;
- SCO, on compliance efforts with the Shanghai Convention on Combating Terrorism, Separatism and Extremism, which was signed upon the inception of SCO and meeting outcomes of the Council of Heads of the SCO Member States;
- Inter-American Committee against Terrorism (CICTE), on meeting outcomes showing the Declaration of San Carlos on Hemispheric Cooperation for Comprehensive Action to Fight Terrorism, and the Work Plan of the Inter-American Committee Against Terrorism;
- ASEAN Regional Forum (ARF), on meeting outcomes of the Asian Sub-Regional Meeting of Counter-Terrorism Officials in Bali, Indonesia;
- Pacific Islands Forum Counter-Terrorism Working Group (PIFCTWG), on meeting outcomes of two Pacific Islands Forum counter-terrorism meetings held in Auckland, New Zealand;
- International Association of Maritime Universities (IAMU) Joint Maritime Triad project, on a joint Russian-US project on development of training courses, qualifications and standards for security trainers and instructors aimed to create international standards of security training, drills and exercises that will serve as models for international use; and,
- Russia's lead role in the Nuclear Terrorism Convention, and drafting of the text on the Comprehensive Convention against International Terrorism in the UN Special Committee Chairman's version, as well as its involvement with the work of international organizations such as the Association of Southeast Asian Nations (ASEAN), the Eurasian Group (EAG), ARF, CICTE, G8, and SCO/CIS SCTO.

5. Facilitating Cooperation Between APEC Fora

Travel Security

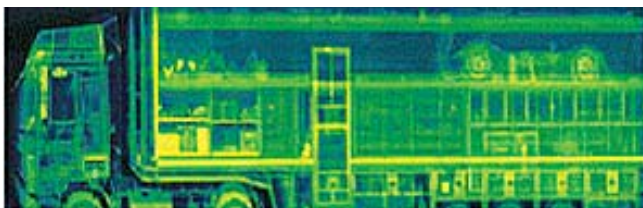
CTTF continued to support the Business Mobility Group's (BMG) Regional Movement Alert List (RMAL) and Advance Passenger Information System (API) projects and welcomed briefings from the concerned sub-fora for updates. Following RMAL's formal launch in 2005, the program was expanded this year to include New Zealand, encouraging other economies to join the system in the future. On account of its operational status, RMAL has been renamed as the Regional Movement Alert System (RMAS) and a multilateral framework that would enable other economies to come on board was endorsed by the BMG. Next steps would involve exploration of expanded operational capabilities for RMAS, including a move from negative to positive validation of travel documents.

CTTF members likewise supported a project on biometric technology in Machine Readable Travel Documents (MRTDs) to build the capacity of APEC economies to accelerate, on a best-endeavors basis, work toward adopting international standards on biometrically-enhanced passports and supporting infrastructure as means of enhancing border security. The purpose of the project is the production of a reference document covering technical and non-technical issues, best practices and options for financing, cost recovery, procurement and other issues associated with adopting biometric machine readable travel documents and related border systems.

Regional Maritime and Port Security

Singapore successfully hosted three runs of five-day maritime security workshops for APEC economies which it jointly organized with Australia.

The workshops focused on port facility security assessment and mitigation measures to reduce threat vulnerabilities, updates on developments at the Maritime Safety Committee of the International Maritime Organization, and relevant case studies, drills and exercises. APEC member-economies gained insights on new concepts such as the Code of Practice on Security in ports and on container supply chain security.



Trade Security

In support of the Leaders' commitment in 2005, Singapore conducted the APEC Symposium on Total Supply Chain Security on 6-7 July in Singapore. Attended by 388 participants from all 21 APEC member economies and other non-APEC countries and international organizations, the workshop reaffirmed the real threat of international terrorism and concluded that any major disruption to the supply chain would have serious implications for the APEC region. The symposium recommended that:

- APEC Leaders endorse the need for APEC economies to continue giving serious attention to enhancing supply chain security and maintain this as a key initiative through 2007 and beyond;
- APEC economies agree that there is an urgent need to address how APEC economies should facilitate international trade recovery/business resumption from any major terrorist attack; and,

- APEC economies continue to identify capacity-building and technical assistance needs to implement supply chain security strengthening measures, including sharing of knowledge, experience and training opportunities involving the public and private sectors.

New Initiatives

A dynamic representative multilateral body, the CTF marked 2006 with several new initiatives based on the Leaders' Statements and the members' respective approaches to counter-terrorism and security challenges.

a) Food Defense Initiative

In response to the Leaders' statements and Ministers' instructions to combat the threat of intentional contamination to the food supply, the United States, during the Ninth CTF Meeting in Hanoi, Vietnam, introduced a "food defense initiative" in the form of a series of workshops to discuss risk assessment methodologies and the development of



of an APEC guide to best practices. Food defense was defined as the deliberate contamination of the food supply and the distribution system as opposed to accidental poisoning of part of the food chain. US, Australia, Chile and Thailand eventually sponsored and hosted the APEC Food Defense Workshop, themed "Mitigating the Terrorist Threat to the APEC Food Supply" on 1-3 November in Bangkok, Thailand which drew out several policy and operational responses from attending technical experts and policy officials from the member economies.

b) Threat-Risk Assessments of Rail and Mass Transit Systems

Well ahead of the synchronized Mumbai train attacks in July, Canada presented its initiative in the area of protecting land transportation. Citing the lack of international coordination in this area and the absence of existing internationally agreed standards, Canada proposed that Leaders identify rail and mass transit as a priority measure for 2007. Toward this end, Canada proposed to include some statements in the Leaders' and Ministers' declarations expressing APEC's commitment to strengthen the security of rail and mass transit systems.

c) **Anti-Terrorist Financing Project Proposal**

Australia proposed to develop and conduct a capacity-building assistance project on anti-terrorist financing training for APEC member-economies in 2007. The workshops, to be co-sponsored by Indonesia, Malaysia, Singapore and the Philippines, would focus mainly on the role and responsibilities of Financial Intelligence Unit (FIU) officials in monitoring transactions involving non-profit organizations and alternative remittance systems. The workshops were designed to respond to an identified need among APEC economies, as reflected in the CTTF's 2005 CTAPs Cross Analysis Study, and help economies meet UN and Financial Action Task Force (FATF) obligations relating to anti-terrorist financing. The proposed workshops will support the implementation of the anti-terrorist financing commitments made by APEC Leaders and Ministers over the past four years, complement the work of APEC's Finance Ministers' process, and help underpin APEC's economic and trade agenda.

d) **APEC Counter-Terrorism Review**

The Philippines proposed to develop a self-funded publication, eventually titled "APEC Counter-Terrorism Review" to chronicle all CTTF, STAR Conference and APEC-related CT activities, benchmark significant CT accomplishments and highlight economies' implementation of commitments to securing trade and enhancing human security by the end of 2006. This review validates APEC's STAR initiative as well as counter-terrorism and human security agenda.

Individual Measures on Countering Threats to Security

Reflecting APEC's diverse approaches to containing security threats, CTTF members added value to counter-terrorism deliberations with their own individual measures in earnest efforts to demonstrate best practices, win adherents or shed light on issues of concern.

Inter-Cultural and Faith Initiative

Indonesia held in October 2006 the APEC Inter-Cultural and Faith Symposium which brought together people of different cultures, faiths and socio-economic backgrounds in an effort to: build harmonious relationships by promoting confidence and trust among business people of various faiths; foster mutual understanding; and find common-grounds for practical cooperation as foundation for the building of an APEC community. The meeting emphasized the need for APEC to promote initiatives that provide opportunities for its members with different

cultural and faith backgrounds to develop social interaction and achieve mutual understanding and common interests for the benefits of the APEC region. The symposium acknowledged the importance of promoting international relations that are mutually accommodating and beneficial by working in coordination to eliminate the social and economic root causes of all forms of extremism and terrorism.



Counter-Terrorism Experts' Conference

The Philippines held its first Counter-Terrorism Experts' Conference (CTEC) on 20-22 April 2006 in Mactan, Cebu City, which brought close to 500 participants from 56 countries and four international organizations, including the UN CTC and EU, and culminated with the Cebu Concord, which offers a possible "middle" way to fighting terrorism.

CTTF Mandate

At the third meeting of the CTTF in 2006, the members were unanimous in their support for the extension of the mandate of the Task Force. Members cited CTTF's high level of success in meeting APEC's targets and noted that the Task Force still has a "major and ongoing agenda." The members also stressed the importance of a coordinating and oversight body for APEC's counter terrorism efforts. In his report to SOM officials in Da Nang, Vietnam on 16 September 2006, Ambassador Benjamin P. Defensor, Jr. summed up the accomplishments of the Task Force and recommended a well-deserved extension, adding that it made sense to "breathe greater and larger life" to the CTTF [*Chair's Report to SOM 2006*].

Chapter Ten Assessment

Over the last four years, CTF members have responded well to changing priorities and shown their commitment to the secure trade, counter-terrorism and human security agenda by cooperatively advancing efforts in a coherent manner: from principles and frameworks to initiatives and specific programs with a common bearing.

APEC's security environment has doubtlessly unraveled with at least three classes of threats: international terrorism, pandemics and natural disasters. In response to these threats and in a deliberate effort to maintain progress toward the Bogor Goals, APEC's Leaders and Ministers developed the Secure Trade in the Asia Pacific Region (STAR) Initiative as a core strategy. The aim is to protect the region's infrastructures of trade, finance and information systems against terrorist exploitation and disruption. To strengthen the region's collective resolve, provide clarity for actions and gain tempo in the fight against international terrorism, APEC Leaders adopted a common approach through the use of the APEC Counter-Terrorism Action Plans (CTAPs), which outlines the broad range of counter-terrorism measures, including prioritized capacity-building activities of each economy.

In addition, to protect peoples and communities from the ravages of disease and disasters, APEC Leaders agreed on initiatives to mitigate the impact of pandemics and infectious diseases as well as anticipate and recover from catastrophes similar to the 2004 Indian Ocean tsunami and the 2006 Indonesian earthquake.

Clearly, APEC has thus evolved three distinct agendas covering secure trade, counter-terrorism and human security. The secure trade agenda encompasses all security measures geared to facilitate trade and investment activities. This agenda includes protection of cargo, protection of ships engaged in international voyages, protection of international aviation, protection of people in transit, and promoting cyber security. The counter-terrorism agenda focuses on combating threats to security, halting terrorist financing, promoting better monitoring of alternative remittance systems and of non-profit organizations, and enhancing law enforcement and regulatory capabilities. The human security agenda covers energy security and protecting the health of communities.

Review and Assessment

A review and assessment of APEC's work in these three agenda areas since 2002 yield the following observations:

1. *APEC has made significant strides in counter-terrorism using a unique approach that combines security and advancement of trade.*

By treating terrorism as an obstacle to economic transaction and a prime factor that undermines productivity and confidence levels on top of its cost burdens on business and governments, APEC has zeroed in on the protection of areas critical to sustained progress and development: trade, finance and information systems. Focus has been on the deliverables of these areas with a view to strengthening the regional trade and business architecture and making it cost-resistant to terrorism.

In brief, APEC fights terrorism as part of its overall strategy to secure trade. Employing this strategy, APEC has made landmark progress, which might be summed up as follows:

In 2002:

- APEC Leaders issued their common declaration *Fighting Terrorism*.
- The Leaders' Statement *Fighting Terrorism and Promoting Growth* became the key reference for all CT initiatives and actions.
- The STAR Initiative was conceived.
- Projects by dedicated Working Groups converged on secure trade facilitation.

In 2003:

- The STAR Conferences started and became an annual forum for policy-making and capacity-building activities.
- The CTF was created, composed of APEC CT contact persons.
- The CTAPs became the common operational template of APEC economies.
- The human security agenda was adopted.
- Private-public partnership in secure trade was advanced, beginning with the maritime industry.
- Coordination with donor bodies, assistance providers and other international organizations started along the line of secure trade and counter-terrorism.

In 2004:

- The 2nd STAR Conference moved from policies to programs on compliance procedures with the International Ship and Port facility Security (ISPS) Code, contributions to the Asian Development Bank's Cooperation Fund for Regional Trade and Financial Security Initiative (FRTFI) and implementation of business mobility initiatives.

- The refined CTAPs template became APEC's main tool for tracking the Leaders' Statements on terrorism and human security and their implementation by individual economies
- Linkages with the Group of 8-affiliated Counter Terrorism Action Group (G-8 CTAG), the UN Counter Terrorism Committee (CTC) and other international bodies were established.
- The Non-Proliferation Initiative was adopted.
- The ADB Cooperation Fund for Regional Trade and Financial Security Initiative (FRTFSI) was established.
- Acceleration of the Energy Security Initiative.
- The Health Security Initiative gained momentum.
- Initiatives on the ISPS Code, Man-Portable Air Defense Systems (MANPADS), Regional Movement Alert System (RMAS), Advance Passenger Information (API) sharing and Financial Intelligence Units (FIUs) took shape.
- The Secure Trade in the APEC Region's Bangkok/Laem Chabang Efficient and Secure Trade Port (STAR-BEST) project was launched.
- *Australia's Best Practices in Secure Trade* handbook was published.

In 2005:

- The 3rd STAR Conference focused on development of trade while enhancing security; strengthening private-public sector cooperation; and took up aviation and maritime security issues.
- The CTTF's Terms of Reference (TOR) was revised for a more comprehensive implementation of all Leaders' Statements on secure trade, counter-terrorism and human security issues.
- Summary implementation updates became part of CTTF meetings to bolster regional cooperation.
- The Framework of Standards to Secure and Facilitate Global Trade was adopted.
- A CTAPs cross-analysis study was completed and revealed the common CT priorities, needs and opportunities in the areas of protection of cargo, protection of international shipping, and protection of the health of communities.

- The Guidelines for the control of MANPADS were established.
- The MANPADS initiative was introduced.
- The APEC Task Force for Emergency Preparedness was created.
- ISPS Code implementation spread with the completion of the first implementation visit in Manila.
- The Regional Movement Alert List (RMAL) commenced between US and Australia.
- APEC Economies began providing information on lost and stolen travel document to the International Criminal Police Organization (ICPO) database.
- The APEC Key Elements for Effective Control Systems were identified.
- The Health Task Force's Initiative on Preparing for and Mitigating an Influenza Pandemic gained ground.
- A CT coordination mechanism within APEC was established.
- APEC Leaders committed to ensure that any measure taken to combat terrorism "comply with all relevant obligations under international law, in particular human rights, refugee and humanitarian law."
- APEC Ministers agreed on the need for relevant APEC economies to aim at implementing the International Atomic Energy Agency Code of Conduct on the Safety and Security of Radioactive Sources as well as the Guidance on the Import and Export of Radioactive Sources by the end of 2006.

In 2006:

- The 4th STAR Conference further drove home the importance of private-public sector partnership to secure trade and human security and the role of small and medium enterprises.
- The results of the CTAPs CAP became a key reference for capacity-building initiatives.
- The Total Supply Chain Security Initiative was launched.
- Additional funds were committed to the FRTFSI.
- MANPADS Vulnerability Assessments (MVAs) of international airports were conducted.

- The International Atomic Energy Agency's (IAEA) Code of Conduct on the Safety and Security of Radioactive Sources was implemented.
- The IAEA's Guidance on the Import and Export of Radioactive Sources was implemented.
- Capacity-building workshops for Financial Intelligence Units (FIUs) were lined up.
- The Food Defense Initiative was launched.
- Aviation Security Quality Controls were added.
- The *APEC Register of Pandemic and Disaster Management Experts* was expanded to include the lists of aviation and business resumption points of contact.
- A threat-risk assessment of rail and mass transit systems was initiated.
- The first APEC Counter-Terrorism Review was published.

2. The majority of APEC's counter-terrorism projects have been biased toward STAR agenda and are undertaken by dedicated working groups.

This only highlights the focus of APEC's Senior Officials on trade and investment liberalization and facilitation measures and commitment to the Bogor Goals notwithstanding the new demands imposed by the fight against terrorism. Beginning with the first STAR Conference in Bangkok, Thailand in 2003, APEC has steamed ahead with undertakings in maritime, cargo aviation and passenger security even as the newly created CTTF preoccupied itself with laying the bricks and mortars. Notable among APEC's secure trade projects are:

- The US-Thailand STAR BEST project for container security which aims to strengthen end-to-end supply chain security and deter terrorist attacks by utilizing advanced cargo tracking technologies;
- Malaysia's Karsof Total Airport Security, which uses biometrics technology to identify unauthorized persons in Kuala Lumpur International Airport's and thereby contribute to a secure environment;
- Australia's Advance Passenger Processing, which further facilitates the movement of people and improves security by providing government border agencies with advance notice of a passenger's arrival on a particular flight or vessel;
- The US-Australia Regional Movement Alert System (RMAS), which has now included New Zealand as part of the secure loop of economies with capabilities to detect persons of concern and others traveling with fraudulent documents;

- The promotion of the use of Machine-Readable Travel Documents (MRTDs); and,
- The assistance programs for the implementation by APEC economies of the ISPS Code.

On account of their successful pilot tests, most of the above projects have won acceptance and are being programmed for adoption by other economies. For instance, a reassuring extension of the STAR BEST project is the Total Supply Chain Security Initiative which became a priority for 2006 onwards. Various other initiatives from 2003 to 2006 likewise concentrate on capacity building for secure trade.

Not coincidentally, the following dedicated Working Groups, Task Forces and sub-groups have been leading the charge: the Informal Experts Group on Business Mobility (IEGBM), the Business Mobility Group (BMG), the Transportation Working Group (TWG), the Finance Ministers' Process, the Sub-Committee on Customs Procedures (SCCP), ECOTECH for capacity building, the Telecommunications and Information (TEL) Working Group as well as other groups with security and counter-terrorism components.

3. APEC's counter-terrorism activities have been concentrated on building capacities for regional anti-money laundering and countering the financing of terrorism as well supporting port security enhancements and customs modernization efforts through the ADB Cooperation Fund for Regional Trade and Financial Security Initiative (FRTFSI).

Countering terrorist financing is in part driven by the need to freeze terrorists' assets once tracked and identified. ADB's participation, on the other hand, assures the pursuit of high impact projects that can catalyze investments and further policy reforms, and that have a good chance of local or regional replication. The FRTFSI therefore still serves to ensure secure trade.

4. Combating Threats to Security has been variably implemented and presented difficulties.

The more direct means of combating terrorism – by way of dismantling transnational terrorist groups, eliminating the severe and growing danger posed by weapons of mass destruction and their means of delivery, strengthening non-proliferation regimes, adopting and enforcing effective export controls, and implementation of IAEA's Code and Guidance on the safety and security, as well as import and export of radioactive sources – have been pursued more on an individual economy basis. APEC economies have found it easier to adopt the other measures such as ratification of all basic universal antiterrorist conventions, compliance with international human rights, refugee and humanitarian law and meeting their obligations to the United Nations although some difficulties arise. A number of reasons have to do with the difficulties:

First, combating threats to security, which is a category all its own, has been made part of the STAR program. This has resulted in differing views about its proper location within the STAR or APEC itself, despite the Leaders' declared commitments. Its place under STAR in the CTAP has also stymied efforts at bringing the threat to the threshold level of common appreciation by all CTTF members. Thus, initiatives on weapons of mass destruction (WMD) or effective export controls have not yet received full consensus.

Second, some other measures, such as radioactive source handling, have not exactly resonated with some developing economies, which neither have the issues as their immediate or real concerns nor possess the technology to deal with them.

Third, the measures under this category have tended to be too closely associated with security imperatives rather than trade. APEC members have consistently made it clear that APEC is not a security organization.

Fourth, being more of security issues, obtaining consensus is a challenge on account of members' fundamental differences in positions and national interests.

Fifth, terrorism's cross-cutting and evolving nature defy common understanding. The majority of CTTF members, being from the diplomatic corps or trade sector, are less grounded than experts on security matters. Discussions on technical issues such as MANPADS and dirty bombs, for instance, had to be properly clarified.

Sixth, some APEC members feel that certain initiatives are best addressed by more competent bodies such as the IAEA or ICAO even though not all are members of these agencies.

And seventh, members' different interpretations of consensus have become a factor in the resolution of contentious issues. APEC has evolved at least three distinct versions: *maximalist* or *full* consensus, which requires the full agreement of all 21 economies on substance, modalities and timetables, as in the case of the MANPADS Vulnerability Assessments; *broad* consensus, which means agreement in principle or general consent, enabling economies to implement agreements within preferred time frames depending capability and readiness, such as in the case of the Bogor Goals; and *flexible* consensus, allowing economies to comply at their own pace since consensus does not mean unanimity. This applies to projects under the Pathfinder initiatives (i.e., RMAL). Remarkably, in CTTF meetings, the interpretation appears to have leaned toward full consensus. Given the various positions of the members on security, the pace of progress on key measures has become very deliberate.

5. Similarly, the human security agenda has benefited largely from the forging of a collective resolve to address threats based on the recognition of existing weaknesses and gaps in such areas as surveillance and response, communication and coordination, mutual assistance and cooperation among the member economies.

Concern over the emergence of disease has resulted in activities such as the Situation Assessment Project, the APEC e-Health Initiative and the Action Plan on Prevention and Response to Avian and Influenza Pandemic. The tragic impact of natural disasters have also led to the adoption of an APEC Strategy on Response to and Preparedness for Natural Disasters and Emergencies in 2005. Relatedly, energy emergencies have resulted in the operationalization of the APEC Energy Security Initiative through such exercises as earthquake response cooperation, real-time emergency information sharing and energy emergency preparedness. However, capacity-building activities in the mold of the Best Practices in Secure Trade need to be carried over yet in some major project.

6. As the chief coordinator for all counter-terrorism initiatives and arrangements, the CTTF has demonstrated creative flexibility and focus in achieving its objectives.

The CTTF's primary mission is "to coordinate the implementation of the Leaders' 2002 Statements on Fighting Terrorism and Promoting Growth, the Leaders' 2003 commitments on enhancing human security, and subsequent Leaders' and Ministers' instructions on enhancing human security using the APEC CTAP as the foundation for this work, in accordance with APEC principles." In coordinating the implementation measures, the CTTF had to hurdle preliminary challenges starting with the common format of the CTAP, the contents under each category and the identification of initiatives and measures based on each economy's capacities to deliver. The CTAPs needed regular updating. The members also needed to rationalize the various measures and agree on priorities. More importantly, the Chairs had to establish basic coordination arrangements with relevant APEC fora and other international organizations.

The CTTF has been constrained, however, from bringing all the different fora in its counter-terrorism circle for several reasons: First, given the nature of the projects which are designed primarily to secure trade, and not combat terrorism, the specifically tasked groups are not obliged to report to the CTTF unless directed by SOM. Second, being a co-equal, CTTF's authority over certain actions like report submissions on issues of concern is limited. Third, there used to be no coordination mechanism in place.

With no real control over the Secure Trade projects and initiatives on energy and health, or enforcement powers, particularly on agreements that straddled security matters, the CTTF remarkably accomplished its objectives by: a) establishing an informal coordination mechanism within APEC; b) including, as part of the regular meetings, summary implementation updates, highlighting how members were implementing the Leaders' Statements; c) tabling delivery reports on pertinent CT and security developments in various parts of the world; d) getting the Chair or representative, including a member of the Secretariat, to participate in a relevant international or regional conference; and, e) allowing officials or representatives from other APEC groups and international organizations to brief the members during CTTF meetings.

The CTTF assisted economies in identifying and assessing counter-terrorism needs mainly through the CTAPs, which provide a common rolling plan covering initiatives in the secure trade, counter-terrorism and human security areas. The completion of the CTAPs Cross Analysis study in 2005 further clarified the real priorities of the region, namely: protection of cargo, protection of ships, and protection of health of communities. To deepen appreciation for certain initiatives that relied on new technologies or needed capacity building, the members also evolved arrangements on individual, bilateral or multilateral basis in staging workshops, studies, seminars and expert dialogues. The results – which now include the API, FRTFSI, RMAS and the TSCS – have been most promising for APEC.

Moreover, individual economies rose on occasion to advance some counter-terrorism measures even though these initiatives found no immediate common ground with the others. The US WMD initiative, for instance, remains a subject of extended deliberations on account of its security implications. Likewise, the Indonesian and Philippine proposals on interfaith dialogue as added strategic CT measures had been diverted to the Culture Focal Point Network in 2005, which has for its principal annual activity the holding of the APEC Film Festival. The process, however, of advancing an initiative for its worth in the hope that other members would draw from it their own opportunities is an APEC tradition. Encouraging individual members to come up with counter-terrorism initiatives has been one of the CTTF's keys to capacity-building.

As coordinator for capacity building and technical assistance programs, the CTTF did well to hold its regular meetings after, not before, the STAR Conferences, whose recommendations form part of the CTTF meeting agenda. Receiving and agreeing to act on the STAR recommendations have resulted in many of the frameworks, programs, projects and arrangements currently in effect, among them the ISPS Code, strengthening of international aviation, establishment of FIUs, and the emphasis on increased private-public sector collaboration on secure trade issues.

The CTTF also took the lead, in cooperation with other agencies, in encouraging capacity-building along the progressive direction of APEC's security agenda. For instance, in 2006 it promoted as its own event the Total Supply Chain Security Symposium in Singapore and the Food Defense workshop. In 2007 the CTTF is scheduled to support a series of CFT workshops in Australia.

More importantly, the CTTF has been coordinating with international assistance organizations, capacity-building providers and the private sector on programs that would directly benefit the developing members. As early as November 2005, the results of the CTAPs Cross Analysis were provided to the UN CTC and G8 CTAG as reference for possible new projects for the region. The CTTF meetings also featured regular updates on the ADB-funded projects. Equally significant, the CTTF kept itself abreast with the progress made on the various Secure Trade projects by the respective dedicated Working Groups and Task Forces. In the last two years, owing

to the strides made in the RMAL pilot, IEGBM and the Business Mobility Group (BMG) were regular participants during meetings. The other Working Groups were also active in providing their reports. The recent activation of a coordination mechanism has further facilitated intra-fora coordination on counter-terrorism.

7. True to its basic coordination functions, the CTTF has not duplicated the work of any APEC fora.

Overlapping issues are flagged during meetings and projects are left to the supervision of the relevant Groups, assisted by experts. One case in point is the initiative in 2006 on aviation security program. Referred by members to the TPT-Working Group's Aviation Security Subgroup, the possible duplication of efforts and resources was cleared up. The CTTF decision to merge Aviation Security and Business Resumption POCs with the APEC Register of Pandemic and Disaster Management Experts instead of establishing its separate POC is another example. In addition, initiatives are promptly classified as APEC or non-APEC activities, which assure non-duplication of efforts while allowing certain economies to engage in bilateral pursuits.

8. The CTTF's broadened agenda has not been adequately matched by the Task Force structure and operational arrangements.

The CTTF is managed by a Chair and a Vice Chair, with support from the APEC Secretariat in the person of the Program Director for CTTF, who serves other equally important roles in the Secretariat. The Chair is normally assisted by a Vice-Chair who has been selected by the body, and a staff complement from the Chair's own economy. The CTTF's Terms of Reference (TOR), however, do not include the Chair's prescribed staff, which is an important prerequisite. The same TOR neither provides guidance on transition and transfer of chairmanship, if necessary, nor sets basic procedures for the selection of the next Chair.

The need for an established staffing, selection and transition provisions is of high importance. It might also be necessary to tap the services of former Chairs and staff members. But the major consideration is the CTTF's broadened agenda. Since its activation in 2003, the CTTF's mandate has been significantly expanded to include the broad range of human security concerns. In effect, this means the CTTF is now responsible for coordinating the various strategies falling under APEC's three broad security agenda areas, namely; the STAR strategy, the Action Plan on Combating the Financing of Terrorism, the Cyber Security Strategy, the Energy Security Initiative, the APEC e-Health Initiative and Action Plan on Prevention and Response to Avian and Influenza Pandemic, and the APEC Strategy on Response to and Preparedness for Natural Disasters and Emergencies.

Thus far, the CTTF has covered the secure trade and counter-terrorism areas, and only parts of human security concerns, such as the Food Defense Initiative of 2006. While arrangements could be made to have the heads or representatives of the various dedicated working groups sit in regular meetings or provide reports,

achieving these in reality has not been easy on account of conflicts in schedule at the margins of SOM meetings, and for the reasons earlier cited.

With its mandate renewed for another two years, and its agenda getting increasingly populated by new initiatives, as well as new risks and dangers, the Task Force will in time get overburdened or spread too thinly. Certainly there is merit in looking at three options:

a) Consign the secure trade, counter-terrorism and human security agenda areas to three distinct task forces for greater operational focus;

b) Elevate and reconfigure the Task Force at the committee level (with a new name), in full discernment of the ever-present threats and dangers to enable strategic policy development in the three areas to take hold; and,

c) Pursue both options to ensure essential work in the operational short-term and strategic long-term frames.

All said, the CTF has by no means been handicapped. Over the last four years its members have managed to confront challenges, balance and negotiate their way through the difficult cross-cutting issues and respond to new priorities. They have shown dedication and commitment to the secure trade agenda through the development of high-impact initiatives. Most importantly, efforts have been advanced in a coherent manner: from principles and frameworks to initiatives and specific programs with a common bearing. Through the CTF, APEC has preserved the context of trade and further kept itself secure on the course toward the Bogor Goals.







While we have thwarted many terrorist attacks against our economies, we have not been able to stop them all. Terrorists have struck many of our APEC economies, including Indonesia, the Philippines, Russia and the United States. Terrorism will remain a threat to the stability and growth of our region, and it is a threat we must continue to face together.

Our challenges to confronting transnational terrorist groups and to securing our trade flows are both old and new. The terrorist threat is constantly evolving and we must work together to be flexible in our responses and to prepare our economies for these new security concerns.

Terrorist groups are becoming more sophisticated in their use of technology to improve their global reach, intelligence collection, and operational capacity. Technological sophistication has been matched by a growing sophistication in terrorist propaganda, information operations and increasingly diffuse organizational structures.

Safe havens are another security concern. We must focus on both the physical space and cyberspace that terrorists use to recruit, raise funds, plan and train. We must also focus on the ideological safe havens where belief systems, ideas and cultural norms provide space within which terrorists can operate. Physical safe havens usually straddle borders or exist in regions where ineffective governance allows their presence.

Terrorists often respond to our collective success in closing physical safe havens by fleeing to cyberspace where they seek a new type of safe haven. Harnessing the Internet's potential for speed, security and global linkage, terrorists increase their

ability to conduct some of the activities that once required physical safe haven. They not only use cyberspace to communicate, but also to collect intelligence, disseminate propaganda, recruit operatives, build organizations, raise funds, plan and even train.

There are several thousand radical or extremist websites worldwide, many of which disseminate a mixture of fact and propaganda. Countering the messages that terrorists propagate cannot be done quickly or easily. It must become part of a long-term strategy that will demand concerted action at all levels.

Terrorists continue to seek access to sophisticated weapons of mass destruction (WMD), including chemical, biological and radiological technology in order to inflict even more catastrophic attacks on us and our friends and allies – making efforts to counter proliferation of these weapons a fundamental part of the fight against terrorism. Bioterrorism is a new area where APEC is leading the international community by working together to develop best practices to mitigate the threat of deliberate contamination of our food supply.

Another trend is the increasing overlap of terrorist and criminal enterprises. In some cases, terrorists use a wide range of criminal activities, ranging from trafficking in counterfeit or pirated goods to sophisticated money laundering. They are also involved in a variety of financial crimes, including credit card and insurance fraud. APEC is providing good headway in providing capacity-building through the Asian Development Bank to help developing members prevent money laundering and develop financial intelligence units.

We must maintain flexibility in our approach as terrorists continue to evolve new techniques. In so doing, we must measure counter-terrorism success in the broadest perspective. We must fight terrorism with precise, calibrated efforts that will deny terrorists their leadership, safe havens, and financial and criminal networks of support.

Over the long term, we need to strengthen efforts at building legitimacy, good governance, trust, prosperity, tolerance and the rule of law. Social and governmental systems that are characterized by choices, transparent governance, economic opportunities and personal freedoms are keys to victory. Ignoring human development is not an option. When lack of freedom destroys hope, individuals may feel they are justified to lash out in rage and frustration at those they believe responsible for their plight.

No grievance can justify the murder of innocent people. Public diplomacy programs that encourage exchanges of ideas and seek to develop regional and local programming to reject violence and hate, and instead encourage tolerance and moderation are critical.

Regional and multilateral partnerships are essential to achieve counter-terrorism goals. There is strength in numbers and our economies cannot accomplish

these goals alone. Further, by working together through international partners and with our developed member economies we can provide counter-terrorism assistance to developing members.

Fighting terrorism is both a battle of arms and a battle of ideas. In the short run, the fight involves using force and other instruments of political power to stop terrorists; deny them safe haven or control; prevent them from gaining access to WMD; and cut off their sources of support. In the long run, winning the fight means winning the battle of ideas, for it is ideas that can turn the disenchanted into murderers willing to kill innocent victims.

To wage this battle of ideas effectively, we must understand what does and does not give rise to terrorism. Defeating terrorism in the long run requires addressing political alienation, grievances that can be blamed on others, and an ideology that justifies murder. We must work together to prevent attacks by terrorist networks before they occur. A government has no higher obligation than to protect the lives and livelihoods of its citizens.

We must eliminate the dangers posed by the proliferation of WMD, their delivery systems and their use by terrorists who have a perverse moral code that glorifies deliberately targeting innocent civilians. Terrorists try to inflict as many casualties as possible and seek WMD to this end. Denying terrorists WMD will require new tools and new international approaches. Regional organizations such as APEC can help advance and implement these approaches, such as working to improve security at vulnerable nuclear sites worldwide and bolster the ability of states to detect, disrupt, and respond to terrorist activity involving weapons of mass destruction.

APEC members must continue to strengthen protections to secure trade and travel, such as work underway to protect airports and civilian planes from attacks by Man-Portable Air Defense Systems and to adopt aviation quality control programs.

APEC by its creation is a forum for regional trade and economic dialogue with a shared vision of achieving stability, security and prosperity for our peoples. It is a forum that is unique for its close cooperation between governments and business; one that tries to remove obstacles to trade and minimize costs on business. Since its inception, APEC leaders have strived to build a community of Asia-Pacific in which the spirit of openness and partnership deepens, enabling us to find cooperative solutions to the challenges of our rapidly changing regional and global economy.

Fighting terrorism and preventing its cost to our economies is now a part of this solution. We must continue to build on the comparative strengths of APEC to enhance public-private partnerships and to respond to direct threats to the security of our region in the future.

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THE NEED TO BUILD CAPACITY TO FIGHT TERRORISM

Ambassador Makarim Wibisono
Chair of Counter-Terrorism Task Force
APEC-IFI's Roundtable Discussion
Phuket, Thailand, 19 August 2003

1. Introduction

In responding to the terrorist attacks, APEC's Leaders issued Statement on Counter Terrorism when they met in Shanghai in October 2001. Since then the need to secure the region's economy and trade from terrorism has become a major focus of APEC's agenda.

Terrorism looms as the major threat to regional economy and development. It is one of the most destructive threats to the APEC goals of free trade and investment. It not only ruins lives and destroys property, but also undermines market confidence and reduces economic activities, especially in the tourism industry.

Failure to address terrorism will undermine our collective efforts to reduce poverty and promote economic growth. Without a secure environment in which to operate, development programs and poverty reduction strategies will be ineffective.

Therefore, failure to act has severe repercussions and put economies at risk. The economic cost of a terrorist attack on US ports could be up to \$58 billion for the US and reduce nominal GDP in Hong Kong, Singapore and Malaysia by 1.1 per cent. In the case of Indonesia, the Bali bombings resulted in a dip of about half a percentage point of its GDP growth but it really hit the small and medium enterprises sectors and tourism industry.

Terrorist acts have already imposed significant increased costs on all economies.

- The IMF estimates that the loss of US output resulting from terrorism related costs could be as high as 0.75 per cent of GDP or US\$75 billion per year. The cost to the regional economy would be considerably higher.
- Other studies have shown an inverse (negative) correlation between the expected and actual per capita GDP in response to increased terrorist activity.

The cost to implement new counter-terrorism measures will require a substantial investment in new infrastructure. In the case of one area, shipping, the OECD calculates that the cost of implementing the International Maritime Organizations package of security measures contained in the SOLAS Convention and the ISPS Code to be over \$US2 billion.

We believe that this infrastructure should be viewed as an investment that will reduce risk premiums and ensure that economic growth can continue. But not all economies have the funds available to implement needed counter-terrorism measures.

2. Unchecked terrorism undermines trade

Terrorism and trade are inseparable. It is not only ruins lives and destroys property, but also has long-term impact on economies by undermining confidence and imposing new security cost.

It increases insurance cost for cargoes and passengers. In the medium term this could lower investment and the output of affected sectors such as tourism.

Tourism is particularly affected by increased terrorism risks. In 2001, international tourist arrivals fell by 0.6 per cent. Following the Bali tragedy, as of May 2003, overall Indonesia's tourist arrivals fell by 38% and fell by 58% for Bali only.

The threat of terrorism reduces investment and lowers economic growth. Increased risk perceptions undermine investor confidence. Higher risk premiums increase the required rates of return on investments thereby discouraging investment and retarding economic growth. And the currencies of economies with high risk premiums may experience higher exchange rate volatility.

- Modelling the impact of security risks on private investment and growth in 53 developing countries showed that when security risks were reduced, economic growth increased by 0.5 to 1.25 percentage points per year.
- ASEAN is particularly at risk. Investments in potentially higher return, long-term energy and infrastructure projects are highly sensitive to increased perceptions of security risk.
- Terrorism's impact on investment has also been shown in a study that looked at data from 1975 to 1991. It found that heightened terrorism reduced average annual net FDI inflows to Spain by 13.5 per cent and to Greece by 11.9 per cent.

The threat of terrorism is likely to hurt developing economies more given their greater reliance on trade and capital inflows. And developing economies that are perceived to be failing to deal effectively with terrorists have more difficulty in attracting FDI.

Due to regional and international economic linkages, terrorist acts in one economy can impose significant costs on other regional economies. Therefore international and regional cooperation is essential to reduce the threat of terrorism.

3. APEC's Response

APEC responded swiftly to the tragic events of September 11, 2001. In October 2001, APEC Leaders issued the Statement on Counter Terrorism that committed APEC to support the global fight against terrorism.

In October 2002, a month after the terrorist bombing in Bali, APEC Leaders issued their 2002 Statement on Fighting Terrorism and Promoting Growth. The Statement committed member economies to further measures to combat terrorism and to a specific timetable for their adoption.

3.1 Counter Terrorism Action Plan

In February APEC Senior Officials endorsed a Counter Terrorism Action Plan. The Action Plan lists specific objectives and expected outputs by economies to secure cargoes, to protect people in transit, to secure ships engaged in international voyages and international aviation, to halt the financing of terrorism; to enhance cyber security; to secure energy supplies and to protect the health of our communities.

The Action Plan recognizes that capacity building and the assessment of needs are essential to its successful implementation. It encourages all APEC members to both identify their capacity building needs and outline what assistance they can offer in the area of capacity building. APEC Senior Officials also established a Counter-Terrorism Task Force to:

- Co-ordinate the implementation of the Leaders' Statement on Fighting Terrorism;
- Assist economies to assess their counter-terrorism needs;

- To co-ordinate regional and bilateral capacity building and technical assistance programs, including through consultations with international financial institutions
- To cooperate with other international organizations such as the International Maritime Organization, the World Customs Organization and the International Civil Aviation Organization; and
- To facilitate cooperation between APEC's Working Groups and Committees on counter-terrorism issues.

3.2 Specific Programs to Counter Terrorism

APEC's programs are designed to strengthen security against the terrorist threat while simultaneously boosting trade efficiency. An important aspect has been to ensure that increased security measures added efficiency to trading and travelling across borders.

3.2.a. Enhanced aviation and maritime security

The 3rd APEC Transportation Ministers Meeting in May 2002 in Lima, Peru agreed to support the actions and initiatives undertaken by ICAO and IMO in aviation and maritime security.

3.2.b. STAR

In October 2002, APEC Leaders agreed to implement the Secure Trade in the APEC Region (STAR) initiative to protect key Pacific Rim infrastructure in the areas of trade, finance and information systems. The STAR initiative seeks to protect cargo by:

- Establishing a container security regime to identify and examine high risk containers; implementing the common standards for World Customs Organization electronic reporting and promoting supply chain security;
- Protecting ships engaged in international voyages;
- Protecting international aviation; and
- Protecting people in transit.

Partnership between the public and the private sector is essential in the defence against terrorism. At the STAR Conference in Bangkok on 23-25 February 2003, co-hosted by the United States and Thailand, APEC brought together key officials from government agencies and leading companies to address trade and security issues in the Asia-Pacific region.

This conference highlighted a range of programs to facilitate the secure movement of goods and people in the APEC region. Capacity building, in particular the need to strengthen the institutional capacity of governments, was cited as being essential to the success of the program. The 2nd STAR Conference will be held in Valparaiso, Chile on 5-6 March 2004.

3.2.c. Suppression of terrorist financing

In October 2002 APEC Leaders endorsed the APEC Action Plan on the Financing of Terrorism. Each of the relevant members of APEC has signed and ratified - or is proceeding to ratify immediately - the International Convention for the Suppression of the Financing of Terrorism.

3.2.d Border Security

APEC is promoting the adoption of Advance Passenger Information systems (API) to enhancing border security while facilitating faster processing of legitimate passengers.

APEC's Informal Experts Group on Business Mobility is also strengthening the capacity of APEC economies to deal with border security issues through the implementation of several projects covering: document examination and fraud detection training; standards in travel document security and related issuance systems; and standard codes of professional conduct and service for immigration officers.

3.2.e Energy Security

APEC's Energy Security Initiative seeks to address disruptions in energy markets and enhance anti-piracy cooperation. A sea-lane oil disruption simulation exercise was conducted by APEC economies on 18-19 April 2002. The Energy Working Group is also establishing a network of APEC economies to share real-time information during oil supply emergency situations.

3.2.f Cyber Security

The fifth APEC Ministerial Meeting on the Telecommunications and Information Industry (TELMIN 5), in May 2002 in Shanghai issued a Statement on the Security of Information and Communications Infrastructures. The Statement supports implementation domestically of the 10 measures included in General Assembly resolution 55/63 on combating the criminal misuse of information, taking into account international initiatives in this area, and further instructs the Telecommunications and Information Working Group to give special priority to and facilitate work within APEC on the protection of information and communications infrastructures.

4. Capacity Building

APEC Leaders have called that all APEC economies develop the capacity to participate fully in the endeavour to fight terrorism in the region. APEC Leaders have also committed to work cooperatively to build on the considerable counter-terrorism-related trainings and other assistances being undertaken in the APEC region. APEC member economies are also extending Counter Terrorism Capacity Building assistance to other APEC members.

APEC Senior Officials task the APEC Counter-Terrorism Task Force to co-ordinate regional and bilateral capacity building and technical assistance programs, including through consultations with international financial institutions (IFIs).

For these reasons, APEC is also seeking to work with international financial institutions and the private sector to contribute to efforts to build counter-terrorism capacity. We appreciate the cooperation from the ADB and the IMF to fight money-laundering activities. But much more needs to be done, in particular in the area of maritime and airline transport security as well as to secure the movement of goods and people within the APEC region.. And APEC's limited resources can only fund small scale or pilot projects such as strengthening institutional capacity or feasibility studies.

Given the potential terrorism has to destroy economies and societies, providing adequate finance to assist APEC members, particularly developing economies to counter terrorism must be one of the core priorities for International Financial Institutions.

APEC'S COUNTER-TERRORISM STRATEGY

Ambassador H. E. Mario Artaza
Executive Director, APEC Secretariat
Secure Trade in the APEC Region (STAR) Conference
Vina Del Mar, 5 March 2004

Madam Minister, Mr Chairman, Distinguished Guests:

I am grateful for the opportunity to be here today to share with you details of what APEC is doing on counter terrorism. As the Defense Minister of Chile has just mentioned, this second STAR conference is an important forum for government and the private sector to share dialogue on critical issues of mutual concern in the global fight against terrorism.

I have often been asked the question why APEC, a traditionally economic forum, is engaged in counter-terrorism initiatives such as the STAR Conference. The response is simply that terrorism is one of the most threatening obstacles to APEC's goals of free trade and investment in the Asia-Pacific region. Terrorism not only destroys the lives and property of individuals, it also attacks entire economies, undermining market confidence, inflating the cost of trade and reducing market activity.

APEC knows that to overcome the terrorist threat while ensuring free trade requires enhanced cooperation between governments and business. Terrorists are becoming increasingly skilled at exploiting global communication systems, financial networks and gateways to travel. So we too must increase our ability to prevent the misuse of these essential conduits to trade.

In Bangkok last year APEC Leaders restated the commitment made at the first APEC Leaders' meeting in 1993 to a shared vision of achieving stability, security and prosperity for the people of the Asia-Pacific region.

As an essential part of securing and strengthening regional trade, APEC Leaders clearly stated their commitment to a range of initiatives to dismantle, fully and without delay, transnational terrorist groups that threaten APEC economies.

These commitments include eliminating the threat posed by weapons of mass destruction, strengthening domestic controls on Man Portable Air Defence Systems, and confronting other direct threats to the security of our region, including bio-terrorism.

Research by Australia presented to APEC has shown that the threat of terrorism reduces investment and lowers economic growth. Increased risk perceptions undermine investor confidence. Higher risk premiums increase the required rates of return on investments thereby discouraging investment and retarding economic growth. The currencies of economies with high-risk premiums may also experience higher exchange rate volatility.

APEC's 21 member economies represent about 60 percent of the world's GDP and half of its trade. Most of the world's largest seaports and busiest airports are located in APEC economies. The threat of terrorism may not only reduce trade flows, but if terrorists were to shutdown major ports, this would severely affect the economies of the region.

For example, the economic cost of a terrorist attack on US ports has been estimated to be up to \$58 billion for the United States and would reduce nominal GDP in Member Economies such as Hong Kong, Singapore and Malaysia by 1.1 per cent. In the case of Indonesia, the Bali bombings resulted in a fall of around half a percentage point in GDP growth. However the bombings had a far more devastating impact on small and medium sized enterprises and the tourist industry.

At the same time as measures are being adopted to counter terrorist threats, APEC Member Economies are mindful that, if not implemented carefully, more stringent security measures could increase the cost of trade and slow the movement of passengers across borders.

APEC also recognizes that enhanced counter-terrorism measures will require a substantial investment in new infrastructure. In the case of shipping, the OECD calculates that the global cost to implement the International Maritime Organizations package of security measures to be over \$US2 billion. However it is important that these costs are placed in perspective. This investment not only protects trade from debilitating risks and potential damage, but with improvements and streamlining in trade and exchange systems, there are also trade facilitation benefits.

APEC's Strategy to counter-terrorism

APEC's contribution to global efforts to counter terrorism includes several elements. APEC is working with other international organizations to make the most of our collective strengths. We cannot afford to duplicate the work of others, nor can we leave gaps for the terrorists to exploit.

From our perspective, APEC can help build political will and generate the support needed for the implementation of new security-related norms and standards throughout the APEC Region. While providing security is a primary role of government, it is one of many interrelated priorities for regional governments. Through their involvement in APEC, Leaders and Ministers from Member Economies are able to participate in a dialogue and exchange views on building a secure environment that also facilitates trade.

Another contribution to global counter terrorism efforts is the APEC Counter-Terrorism Task Force which has a mandate to coordinate and enhance regional cooperation in combating international terrorism and making sure that it does not disrupt the free flow of goods and people. When it was established in February 2003, the Task Force was given a two-year mandate to coordinate APEC's counter terrorism activities and programs and administer the APEC Counter Terrorism Action Plan.

The Task Force's work includes the provision of capacity building and technical assistance, not only from its own members but also from other intergovernmental organizations. For example, APEC is leveraging on the relevant resources and expertise of organizations such as the International Maritime Organization (IMO), the World Customs Organization (WCO) and the International Civil Aviation Organization (ICAO).

APEC's Leaders have recognized that the fight against terrorism involves strengthening the capacity of government agencies to suppress terrorist activities while, at the same time, promoting legitimate trade and border movements. To achieve these objectives, close coordination between Member Economies is essential.

To facilitate the exchange of information on their security needs, each APEC Member Economy has prepared a Counter-Terrorism Action Plan (CTAP). These plans list specific objectives and expected outputs by each economy to secure cargo, protect people in transit, secure ships engaged in international voyages and secure international aviation. Other areas covered by these plans include halting the financing of terrorism, enhancing cyber security, securing energy supplies and protecting the health of our communities. The Action Plans also encourage all APEC members to both identify their capacity building needs and outline what capacity building assistance they can offer to other Member Economies.

Relevant APEC fora are now examining the Action Plans to determine specific regional gaps in counter-terrorism capacity relevant to their fields. This year, the Counter-Terrorism Action Plans,

and data provided by APEC fora will form the basis of a rigorous cross-analysis by Asia-Pacific security experts.

This analysis will seek to identify linkages between the various Action Plan objectives and regional needs to promote and facilitate effective responses to shared challenges.

APEC's programs are not as exciting and high profile as the day-to-day work of port operators or security specialists. However, our programs do contribute to efforts to limit the capacity of terrorist groups to inflict damage on our economies. They can also assist to facilitate the region's trade. Recent studies by the World Bank show that these savings can be of the order of one per cent of the value of merchandised trade.

Conclusion

Whilst APEC has responded quickly to the counter-terrorism needs of our members, the business-government partnership we are developing at this conference is essential to our success.

I hope that your discussions at this Second STAR Conference will build on the progress achieved so far. And I look forward to your providing the APEC fora with clear guidance on how to create a more secure and efficient environment for trade and investment.

Thank you.

THE STAR'S ACHIEVEMENTS

Ambassador Tran Trong Toan
Executive Director of the APEC Secretariat
Fourth Secure Trade in the APEC Region (STAR) Conference

Excellency Mr. Truong Dinh Tuyen, Minister of Trade of Viet Nam, Mr. Le Cong Phung, Deputy Minister of Foreign Affairs of Viet Nam and APEC 2006 SOM Chair, Ambassador Benjamin Defensor, Chair of the CTTF, Madam Tran Thu Hang, Viet Nam's Senior Official to APEC, Distinguished delegates, Ladies and gentlemen,

It is my great honour to be invited to speak, on behalf of the APEC Secretariat, at this opening session of the Fourth Secure Trade in the APEC Region Conference.

As requested, my presentation will touch upon the main achievements of the STAR initiative since it was launched in 2002 and highlight the future work of APEC to ensure secure trade in the APEC region.

Why STAR?

Mankind will never forget the horrible terrorist attack on the World Trade Centre in the United State on the 11th September 2001. Needless to repeat how serious and far-reaching the consequences and implications of terrorism are for human security, for trade and investment, as well as for our economic and social life. Over the past few years, a host of terrorist incidents across the world have confirmed this stark truth.

As a regional institution, APEC was among the first that has responded in the most decisive and comprehensive way to the bloody attack inflicted upon one of its members. Immediately after the September 11 incident, at their meeting in Shanghai, China, APEC's Leaders condemned international terror in the strongest terms and resolved to strengthen our cooperation in combating terrorism as "a direct challenge to APEC's goals of free, open and prosperous economies and an affront to the fundamental values that APEC members share."

Based on the Leaders' instructions, APEC members took immediate actions to launch a series of new counter terrorism initiatives, which were endorsed at the highest level in Los Cabos, Mexico, in 2002. In this regard, the launching of the Initiative for Secure Trade in the APEC Region (STAR Initiative) and the establishment of the Counter Terrorism Task Force (CTTF) were the most important landmarks in our common endeavour to protect our people, business and economic development.

With 21 member economies, spanning the four continents and being home to 2.6 billion consumers, APEC accounts for 57% of world GDP (US\$20.7 trillion) and 45.8% of world trade (US\$7.0 trillion). Trade is the most important source of economic growth and development but it heavily depends on the seamless networks of seaports and airports. As many as 30 of the world's top container seaports and 23 of the busiest airports are located in the APEC region. The sea lanes of communication in Southeast Asia are among the world's busiest shipping lanes. That is why to ensure secure trade is so vital for all APEC member economies. And the STAR Initiative is a timely response to securing and enhancing the flows of goods and people with various measures aimed at protecting cargo, ships, international aviation and people in transit.

Achievements

Three STAR Conferences have taken place since 2002 with focus on policies and procedures to enhance security and efficiency in the APEC region's seaports, airports and other access points.

The First STAR Conference (Bangkok, Thailand, 2003) involved participation of all 21 APEC member economies, senior executives from major private sector companies, and representatives from international organizations such as the IMO, IATA, WCO and the World Bank. The Conference discussed how to advance trade efficiency and trade security in Asia-Pacific and set important directions of the future STAR activities in addressing maritime security, aviation security, passenger information processing technology, capacity building, project planning and financing as well as supply chain security. It was agreed by member economies that the successful implementation of STAR measures requires strong partnership between government and business. The meeting also recognized that all economies have different levels of resources and skills to implement these measures and that well-planned capacity building measures would be thus useful for certain economies.

The Second STAR Conference (Viña del Mar, Chile, 2004) had four panels: (i) Maritime security, which discussed the implementation of the ISPS Code; (ii) Air transportation security, which included the emerging threat of Man-Portable Air Defense Systems to civil aviation; (iii) The mobility of people including sessions on Regional Movement Alert System (RMAS); and (iv) The gradual establishment of Financial Intelligence Units (FIUs) in APEC member economies. An interactive session on public-private collaboration for secure trade building capacity also addressed the issue of increasing costs generated by security-related measures and its impact on trade facilitation. The Conference initiated a series of actions that were then endorsed by APEC Leaders. These included:

- Steps to advance compliance with the International Maritime Organization's new Ship and Port Security Standards through cooperative efforts;
- Financial contributions made to the Asian Development Bank's Regional Trade and Financial Security Initiative;
- Progress in implementing business mobility initiatives, including the Advance Passenger Information systems;
- The development of a Regional Movement Alert List System; and
- Cooperation for the issuance of machine readable travel documents by 2008.

The Third STAR Conference (Incheon, Korea, 2005) further focused on development of trade while enhancing security as well as cooperation and capacity building through public- private partnership. The conference addressed the issues of aviation and maritime security, and encouraged the active participation by the business sector. The conference also recommended future programs that are intended to encourage greater private sector participation in trade and security issues. In 2005, APEC Member Economies continued their work to advance compliance with the International Maritime Organization's International Ship and Port Facility Security. Intensive efforts have been made to develop projects to strengthen anti-money laundering regimes in Indonesia, Thailand and the Philippines through the Asian Development Bank's Regional Trade and Financial Security Initiative. Member Economies have also made progress in implementing the STAR goal of ensuring 100 percent baggages screening for air passengers.

In order to implement the STAR Initiative, APEC has undertaken a number of projects, which help substantially strengthen our region's security and economic environment. They include:

- A "Training Course on Anti-Money Laundering/Anti-Terrorist Financing Policy Development";

- A five day conference on "Cybercrime Legislation and Enforcement Capacity Building Project" and the "Computer Emergency Response Team (CERTs) Awareness Raising and Capacity Building";

- A project on "Enhancing Secure Trade and Efficiency in the APEC Region with Intelligent Transport Systems and Electronic Commerce Technologies" that explored ways to apply technology to container security applications and demonstrate end-to-end use of tracking and tracing technologies;

- A "Best Practices and Ideas in Safety and Security for APEC Economies to Combat Terrorism in Tourism" established an integrated safety and security system in APEC economies to boost growth in the tourism sector;

- The "Regional Immigration Alert System - Phase One" developed an operational framework for a Regional Alert Listing that can assist APEC in safeguarding its borders from unlawful activities related to terrorism as well as illegal commercial activities;

- A project on Support for Aviation Security Audits Phase I: Preparation for ICAO Universal Security Audit Program (USAP) Audits helped APEC economies prepare for mandatory security audits.

Tasks ahead

In order to ensure secure trade in the APEC region, based on the Leaders' and Ministers' instructions in November 2005 and building on the achievements on this front, APEC will strive to achieve the following in 2006 and beyond:

- To review progress of and continue with implementation of commitments to counter-terrorism, secure trade and safe travel, including efforts to dismantle trans-boundary terrorist groups, eliminate the threat of weapons of mass destruction and their means of delivery, and to take appropriate individual and joint actions to further these important goals;

- To strive to achieve the objectives of human security, trade and investment liberalization and facilitation, and enhance the activities being undertaken in the areas of counter-terrorism, non-proliferation, infectious diseases, emergency preparedness and energy security;

- To continue develop new initiatives and implement existing commitments to eliminate the danger of terrorism and secure trade unilaterally, bilaterally, multilaterally and in APEC, building on the comparative strengths of APEC;

- To share the results of the APEC CTAP Cross-Analysis with relevant donor bodies.

- To enhance public-private partnerships in combating terrorism and build business confidence by working closely with private sectors and publicizing information on measures taken to ensure secure trade. In this connection, to support Singapore's initiative to host a symposium on Total supply Chain security in 2006.

- To encourage more APEC economies to aim at implementing the International Atomic Energy Agency Code of Conduct on the Safety and Security of Radioactive Sources as well as the Guidance on the Import and Export of Radioactive Sources by the end of 2006.

- To encourage all APEC economies to undertake a MANPADS Vulnerability Assessment at international airports by the end of 2006.

- To promote progress in developing a Multilateral Legal Framework for those economies

choosing to join RMAL and in examining legal issues associated with accessing lost and stolen passport data in 2006.

- To encourage voluntary start of providing information on lost and stolen travel documents to the existing database of the International Criminal and Police Organization - Interpol (ICPO-Interpol) on a best endeavours basis by the end of 2006.

- To strengthen further cooperation to ensure that all APEC member economies issue machine-readable travel documents, if possible, with biometric information by the end of 2008.

- To advance an APEC initiative on capacity building for machine readable travel documents and biometrics technology to enhance regional security, and to encourage the development of capacity building initiatives for developing economies to achieve this goal.

- While implementing counter-terrorism commitments, to minimise costs associated with cross-border business transactions. To advance on trade facilitation and apply improved technology and procedures;

- To continue building capacities and identify appropriate capacity building activities and best practices to help developing economies implement the improved technology, procedures and security measures.

- To ensure that any measures taken to combat terrorism comply with all relevant obligations under international law, in particular international human rights, refugee law and humanitarian law.

The tasking statement shows that the work for ensuring secure trade in the APEC region for this year is quite heavy. Its implementation needs clear guidance from the Senior Officials and close cooperation among working groups/fora and all member economies.

As economic interdependence has been strengthened and become an important feature in the Asia-Pacific region given our achievements in trade and investment liberalization and facilitation, it is increasingly in all APEC member economies' stake to step up their efforts in working together to ensure secure trade in this region. The Fourth STAR Conference that we are opening today is another opportunity for business and government representatives to work together as genuine partners, striving for secure trade and development in our region. It is highly meaningful that this year, as the title of the Fourth STAR Conference suggests, Viet Nam continues to attach great importance to enhancing public – private partnership as an effective way in ensuring secure trade, human security and reducing any adverse impacts of anti-terrorism activities on the trade and investment development in the APEC region.

Together with free trade and investment, security has become an essential component of APEC's core goals. However, this does not imply a diversion from the APEC's main tasks of trade and investment liberalization and facilitation as well as economic and technical cooperation. Rather, it is an indication of APEC's determination to create a safe and secure business environment, which is essential for economic development and prosperity in the APEC region. In this sense, I wish the Fourth STAR Conference a great success.

Thank you.

SECURITY CHALLENGES IN THE ASIA-PACIFIC

Ambassador Benjamin Defensor Jr
Chairman, APEC CTF
Total Supply Chain Security Symposium
6 - July 2006, Singapore

Before I begin, let me remind you it is France versus Italy in the finals.

Allow me to commend the organizers of this event for overdoing themselves to the point of drawing more than the expected number of participants. I know both the sense of pain and of pride in getting a huge turnout. When I organized the Counter-Terrorism Experts' Conference in Cebu last April, we expected a little over a hundred. Instead, close to 500 from 56 countries turned up.

To sustain everyone's interest, I was forced to perform on the last day in one of the three bands we commissioned. They were bands from the military, but, no, they did not play counter-terrorist music. I entertained on the condition that the members of diplomatic corps and some of our speakers took to the floor. Thank God, I do not see any such number in our two-day program here. You guys must be really serious.

One of our speakers, Dr Rohan Gunaratna, who made some members of the military uncomfortable with his revelations about the terrorist threat in our region, must have been intrigued by our kind of approach to the security issue. Shortly after CTEC, he returned to the Philippines, to explain his own full-spectrum approach to counter-terrorism to our NDCP students and TV audiences. Today, finding him as our moderator for the first session – I'm not sure if this is coincidental.

But frankly I am honored to be invited to this APEC Symposium on Total Supply Chain Security and to find myself in the esteemed company of government ministers, policymakers, analysts and academics.

I remember how the concept of this undertaking was first introduced by the Singaporean members of my Counter-Terrorism Task Force at Gyeongju, Republic of Korea. Due to the complexity of the subject, CTF members asked for more time to consult with their capitals. Considering the intense debates that normally accompany every initiative, it is remarkable that today this conference is, indeed, under way.

I particularly welcome this symposium in the light of a statement made recently by Singapore's Minister for Defense Teo Chee Hean, during the Shangri-la Dialogue, to the effect that it is critical for countries in the region to now "move from principles to practice, to implement cooperative measures which will create real capacities for prevention, protection and even consequence management."

I could not agree more.

In my engagements in various fora, I have always emphasized that words and intents have no meanings; only actions convey them. Now – three years after APEC Ministers had welcomed the APEC Private Sector Supply Chain Security Guidelines – it is expected that an event such as this will distil and disseminate the thoughts of supply chain experts and practitioners alongside the security challenges.

What is the importance? Let me answer with these three statements:

1. The threats to security, both to individuals and states in the region, continue to proliferate and take the blind side even as the momentum of trade outpaces the perceived risks and dangers.

2. The changing faces of terror have complicated the regional dynamics and there is no guarantee that the Asia-Pacific is safer or more secure today than it was over a decade ago.

3. To improve the odds, three challenges must be addressed: leadership, public-private partnership, and developing a counter-threat culture.

Over a decade ago, the concerns confronting the Asia-Pacific region still emanated from the traditional issues with geo-strategic and political implications. These included the Cross straits, the Korean peninsula, the India-Pakistan border, the military modernization of China, Japan's shift in military thinking, and the territorial claims in Southeast Asia. Nonetheless, the marked expansion of trade activities in the region, helped by globalizing technologies, supported well the notion of the coming era, even century, of the Asia-Pacific. The world looked to Asia, with its newly industrialized countries and "dragon" economies, as the new trade mecca.

Within the same period, as a continuing consequence of the post Cold War disorder, new threats emerged. WMD proliferation increased as controls were challenged or diminished. Migration of people accompanied the relaxation of borders. Transnational crime, mostly involving weapons smuggling, drug trafficking and money laundering, rose to grab the attention of the United Nations.

In 1997 the Asian Financial Crisis exposed the vulnerabilities of certain economies to pervasive market forces, compelling governments to adopt common standards, commit to financial transparency measures as well as move toward greater political openness.

Then within five years, the increasing openness of societies in Asia was cast in stark light, with the terror attacks on Bali, the Asian version of 9/11. Symbols of western economic and political power, transport and tourist facilities, and population centers became targets. No one was safe. Southeast Asia became the "second front" in the US-led global war on terror.

Remarkably, commitments on cooperation and collaboration for tighter security would be tested by yet other developments – natural disasters, which took the form of the 2004 Indian Ocean tsunami and the 2005 Pakistan earthquakes; outbreak of disease such as SARS and avian flu, major damages to environment and the crunch of energy crisis.

As though these were not enough, activity continues today in many parts of the region on increased nuclear testing, illicit trade in radioactive sources, movement of weapons of mass destruction, transport of Man-Portable Air Defense Systems (MANPADS), and experiments in cyberterrorism.

However, precisely because of the increasing economic interdependence between and among the member economies of APEC, the overall threat picture is overshadowed by the larger prospect of regional stability and prosperity.

If I may use the latest report from Newsweek, the greatest activity even now appears not within areas, but across certain corridors. The east-coast corridor from Beijing to Shanghai, according to Robert Lucas, is exploding. The region spanning Bangalore and Hyderabad is buzzing with high-tech fever. The mega-regions connected to Greater Tokyo are booming big time. And China's major megas (short for megalopolis) – Shanghai to Nanjing, Hongkong to Shenzhen and Greater Beijing are driving the regional engines of growth.

A key driver is, of course, globalization, which has begun to “flatten” the business landscape of the Asia-Pacific. Companies have leveraged cost and resources and multiplied their opportunities. The tyranny of distance – even regularly up to Tibet – is now a thing of the past. Even more significantly, industries have contributed to secure peace and facilitated trade through the collateral benefits of outsourcing, offshoring, providing real-time information, and yes, “supply chaining” which keep people of various nationalities at different parts of the world literally in daily harmony.

It is all a reassuring extension of Thomas Freidman’s “golden arch theory of conflict prevention,” which states that no two countries had ever fought with each other since establishing McDonald’s outlets.

Still, it does not take into account the motives and forces that shun or reject a common stakehold or interest in the region’s economic activity – but do use the same technological platforms to achieve their objectives. Terrorism, as we now all know, feeds on global technology for its own horrific ends. Dr Gunaratna, who did a recent study, says that there are far more internet sites devoted to terrorism than to counter-terrorism. Friedman brings the point home when he explains in his book, *The World is Flat*, that Osama bin Laden may have been or, in fact, proved to be, a “very deft supply chain manager” as he assembled a virtual company for the 9/11 project, regionally recruited the suicide pilots, outsourced their training, and synchronized operations through e-mail.

The point is, with the element of terror now added into the regional dynamics and embodied by various threat organizations such as Al-Qaeda’s affiliates, there is no assurance that the Asia-Pacific is safer or more secure today than it was over a decade ago.

This is the reason I was compelled to re-emphasize for APEC the importance of security when I assumed, starting January last year, the chairmanship of the APEC Counter-Terrorism Task Force. Knowing how the world has changed since 9/11, but aware at the same time of individual country dilemmas, my Task Force simply focused on accelerating the initiatives that would produce practical and measurable results for trade and security.

These include, among others, the reduction of airport vulnerabilities to MANPADS attacks, the adoption of the International Ship and Port Facility Security or ISPS Code, the implementation and expansion of the Regional Movement Alert List System, the completion of an all-important cross-analysis of all the Counter-Terrorism Action Plans of all member economies, and pursuing the greenlight for this Total Supply Chain Security.

The CTAPs Cross Analysis firmed up our footing on the top three priorities in the region, which are, namely; 1) protection of cargo, 2) protection of shipping, and 3) protection of the health of communities.

When you consider how it all fits together, this Symposium on Total Supply Chain Security ranks up front. After all, across the Asia-Pacific region, close to 90 percent of trade is by shipped cargo.

As promising as the system of Supply Chain Security is, particularly with the advent of RFID technologies, three key challenges must be borne in mind. These may not be new, but they must be emphasized for their enduring values.

The first is the leadership challenge – at the regional, sub-regional and national levels. Security being the primary responsibility of states and governments, the leaders of the Asia-Pacific region must draw policy convergence and execute on the most pressing issues as well as far-off challenges that will impact trade and business.

This means policy consensus must be forged on common and priority areas of concern, such as terrorism or transnational crime or disaster response. This means leaders in the region, leaders

sharing borders, leaders permitting trade, leaders in charge of controls, and leaders shaping a new direction for their people, must know how to shift focus, marshal resources, and get people and agencies behind key efforts. This means effective follow-through on commitments to peace and security through necessary legislation, law enforcement and establishment of counter-threat regimes.

At APEC, it is assuring to note that Leaders and Ministers gather every year to declare their commitments, to accelerate trade and enhance human security. At the working level, however, stirring dissonance exists and questions arise on how pertinent initiatives and programs should be implemented. At APEC, the matter of counter-terrorism itself, which is an area of security, remains insecure.

Coming from the profession of arms, where victory is the bottom of any balance sheet, I have always asserted that either you treat the subject with the determination and resourcefulness of a Napoleon and a Dr. Ho Chi Minh – who both employed total war concepts – or you don't touch counter-terrorism at all.

The second challenge is public-private partnership. This has been a recurring theme but does not see light as often as it should. It is a verifiable fact that governments cannot do it alone and neither can the private sector. Governments, particularly in the developing world, woefully lack resources, and the private sector would rather not fund something that may never happen at all – even though the latter may be the biggest stakeholder here. But the need for these two to work together, to innovate, to find solutions, is more critical than ever given the pervasiveness of today's trade and commerce, the imperative of economic integration, the vulnerability of the supply chain to any form of sabotage, and the responsibility of governments to facilitate movement of goods and people while preventing undesirable actors and elements from getting into the picture.

While the United States as well as other international organizations such as the World Trade Organization and World Customs Organization have led international efforts to push down controls among participating countries, a real factor in getting the desired public-private partnership going is the divide or difference in technological capacities between the developed and the developing economies and the costs imposed on private companies.

The buy-in, for instance, of member parties to the US Customs-Trade Partnership Against Terrorism (C-TPAT) program is currently working well in favor of the United States. In this regard, APEC's STAR-BEST project is now an end-to-end supply chain security model anchored on RFID technology. The higher visibility offered by the system that allows real-time tracking of the movement of containers may make some suppliers sleep better at night – even though the system is not perfect. But the added burden of buying electronic seals (at the cost of US\$ 50 for every container – all totaling to around US \$100 million a year in the case of Thailand, as bared in a recent PECC study) have left the shippers scratching their heads.

In time, both government and private sector must meet to establish effective and efficient mechanisms to protect and assure the resiliency of key areas of the industry. After all, the demands of security, both for business and governments, transcend the traditional parameters. In any event that results in disruption, both will need to join hands to restore order and resume business as quickly as possible.

The last challenge has to do with the necessity to develop or shape not only a counter-terrorism, but a common counter-threat culture. When I assumed the chairmanship of the APEC Counter-Terrorism Task Force, one of the first things I highlighted was inter-faith dialogue as a deeper CT initiative. However, lack of common understanding from some members eventually relegated it to the Focal Culture Network, which, to me, is not the best forum for the kind of issues that feed the core and conditions of the terrorism we're dealing with.

Being a cross-cutting issue, terrorism must be dealt with from any angle. This is the first assertion that must be accepted by all and remembered especially by every policy maker. The acceptance should be premised only on the context and reality of terrorism as absolutely disruptive and destructive, of life, lifelines and freedoms. In the case of APEC, terrorism is a clear challenge to our goal of advancing prosperity and enhancing security.

As long as the contexts are different for the members of the region, there will be no shared culture and with it, no uniform focused effort across the board to fight or counter the menace. And this applies as well to other forms of threats in the region, from natural tragedy to the spread of avian flu.

Until today, responses to any incident, when they occur, drastically differ. Attitudes before, during and after incidents vary. Remarkably, notwithstanding the forging of numerous agreements on combating specific threats or recovering from crises, actual actions on the ground sometimes neither jibe nor connect.

Why? Because, like I said earlier, of dilemmas. The Asia Pacific region is full of security/insecurity dilemmas. No economy, government or community in the region is free from it. In the developing world where state and individual priorities often clash, heightened security measures may entail diminished privileges or abraded rights. Several other conditions like poverty, ignorance, and group affiliations trap people in certain situations and bind authorities.

There is a need to spread a common context and reality through some multi-dimensional and multi-pronged system that integrates all possible approaches of all committed sectors. And, especially from the point of those in power, there is a need to establish, an acceptable structure for uniform action.

Way back in January 2000, Tony Tan, writing for the International Herald Tribune, pondered the impact of the twin forces of trade liberalization and technology and asked this basic question: "Do we have an adequate security architecture in the Asia-Pacific region to meet the security challenges of the 21st century?"

That was one full year and eight months before tragedy struck at the heartland of America, before international terrorism reconfigured all our security calculations. Six years since, the same question resonates for all of us. All because while some answers have been forwarded – and I wish to emphasize that at APEC we now have the APEC Framework for the Security and Facilitation of Global Trade – the shared culture is not yet there.

Unless we develop a functional security culture that gets to be embodied in philosophies, carried in policies, transmitted across communities, emphasized in public messages and symbols, and integrated in corporate and non-government objectives, there will be dissonance. There will be dilution of intent. There will be diminution of effort. And, ultimately, convergence of our security efforts will remain challenged.

Let me end on the old refrain that there can no be sustained development without robust security – particularly given the unprecedented openness offered by globalization to all of us. And there is no real security without progressive economic development. Our essential role – whether as policymakers, strategists, analysts or enforcers – should be to find the balance and leverage that would allow us to keep moving forward toward our goals as free peoples and economies on the strength of our shared values and systems and our integrated defense against all common threats.

Fighting terrorism, in a sense, is like soccer. If you had been following the World Cup (and I know you have), everything comes down to that one goal that should never get through. You can have the best players, you can have the best strategies, but if even just one wayward kick gets past all the defenses, even a champion is brought to tears. Thank you. *Maraming salamat.*

THE CTF WAY

Ambassador Benjamin P. Defensor Jr,
Chair's Report to SOM III
16 September 2006
Da Nang, Viet Nam

Distinguished Senior Officials, Colleagues, Delegates, Ladies and Gentlemen of an organization that commands a warm place in our hearts:

This being the final phase of this chapter of the APEC Counter-Terrorism Task Force, I will divide my report into three. The first summarizes the minutes of the 11th CTF session; the second crystallizes the way our Task Force delivered for APEC; and the third conveys my personal thoughts as Chair of this young but phenomenally performing group.

I say this because given the challenges in the last four years, the APEC Counter-Terrorism Task Force indeed succeeded to make record achievements. And I feel privileged today to stand before you not to give a closing account, but endorse on good grounds the continued service of this CT Task Force.

As a matter of fact, allow me up front to make these following recommendations, for the SOM to:

1. Note this Report, my Welcome Remarks and the Chair's Summary;
2. Endorse the recommendations of the APEC Symposium on Total Supply Chain;
3. Endorse the Business Mobility Group's capacity-building proposal on biometrics in passports;
4. Encourage progressive efforts in food defense;
5. Endorse the project proposal seeking funds for the STAR V Conference;
6. Approve the extension of the CTF mandate; and
7. Encourage the CTF to establish selection procedures for the CTF Chair and identify the next Chair before CSOM.

Summary of Minutes

Let me sum up what we did this week. The members of the APEC Counter-Terrorism Task Force (CTF) held its 11th meeting on 13-14 September 2006 and concluded on the following points:

- The need has now become urgent for APEC economies to know how to quickly resume business and recover economically from any major terrorist attack. One way of making this happen is by enhancing total supply chain security, which must be sustained as a key initiative starting 2007.
- Another way is to consider rail and mass transit security as a priority measure for next year in light of the disruptions to transport systems, which have impacted both trade and tourism in many parts of the world. Canada will soon be proposing some language to be included in the Leaders' and Ministers' Statements.

- To help economies immediately respond to terrorist attacks and other incidents, a comprehensive point-of-contact network needs to be put in place and made operational. This will include the POC initiative of the United States on aviation security. Australia and China have both committed to work intersessionally on a template incorporating the various Counter-Terrorism Points of Contact.
- In the meantime, given the convergence of CT and emergency management response practitioners, other POC initiatives may be merged with the existing APEC Register of Pandemic and Disaster Management Experts. In this regard, Canada's initiative on Business Resumption Planning POC will be considered by the APEC Task Force on Emergency Preparedness.
- To maintain the integrity of the distribution of food which might be deliberately contaminated or targeted by terrorists, food defense – through the exchange of information on vulnerabilities and ways to protect the food supply – should also be pursued. Toward this end, the United States, Australia, Chile and Thailand will be holding an APEC food defense workshop on November 1 and 2 in Bangkok.
- To minimize the financial burden on the private sector while ensuring government efficiency, economies should take a strategic risk management approach to security. The CTF stands behind Australia's plans to hold the 2007 STAR Conference in Sydney under the theme, "Mitigating Risks, Containing Costs."
- To enhance APEC's contribution to countering the financing of terrorism, a fuller understanding of the roles and responsibilities of relevant authorities should be cultivated and shared. Australia's approved proposal to conduct two CT financing workshops for Financial Intelligence Unit officials in 2007, in co-sponsorship with Indonesia, Malaysia, Singapore and the Philippines, will most definitely add value to all concerned economies.
- To enhance the security of borders and safeguard the movement of business people across the region, the adoption of biometric technology in machine-readable travel documents – long recognized as a capability gap – must be assured. The CTF therefore fully supports the project proposal of the Business Mobility Group to produce a key reference document on this subject.
- To keep the Task Force grounded on its purpose and functions, a comprehensive review of its many accomplishments since its activation is essential. In this light, the Philippines will be publishing the APEC Counter-Terrorism Review before the Concluding SOM in November of this year.
- Finally, to sustain all of these these initiatives and undertakings altogether and further strengthen the human security dimension of APEC, it is critical that the mandate of the CTF be extended.
- However, as to who the next Chair would be, the matter of the appropriate selection process for the Chair must be clarified first on account of the lack of any established procedures.

The CTF Way

All these highlights come down to one thing: the CTF mandate. My esteemed colleagues, ladies and gentlemen, I did not come to APEC to write the obituary of the CTF; I came to help rewrite the manuscript.

I came in full assessment of the path paved before me by my predecessor, Ambassador Wibisono of Indonesia, who had been instrumental for the center points of many of today's initiatives – from shipping to aviation, from business to human security, from private sector collaboration to capacity-building efforts.

I came fully conscious of the trade agenda of the APEC. But where I come from, my instincts dictated that I had to look for a strategy. We were greeted by the acronym STAR. And I came to realize that even though we are separated by distance, it helps to think that we are wishing on the same bright STAR.

So I went about our work determined to follow a clear strategy to decisively deliver on the agreed deliverables. This strategy was purely based on our mandate and used each CTTF function as pillar. And this strategy built on the imperatives of the STAR initiative. Thus, we accounted for how each economy has been implementing the Leaders' Statements through regular briefs. Given that any strategy needs goals, we first completed an all-important cross-analysis of all CTAPs to set the credible basis for a prioritized regional approach to delivering CT capacity building assistance, to among others protect cargo, protect ships, protect people and protect aviation. We stuck only to the essential ones. For if our goal were to eliminate terrorism, it simply cannot be done.

We embraced non-traditional security and human security concerns. And we set or kept in motion many undertakings and other new initiatives which are achievable and which we can all work with. Successful counter-terrorism requires conciliation and not actions that undermine one another. The names of the projects and initiatives, like biometrics in passports, Total Supply Chain Security, and MANPADS vulnerability assessments are now all self-revealing. You already know all of them.

The point I wish to make is not the number of accomplishments the CTTF recorded in the last two years, but how our Task Force came to approach a complex problem like terrorism, which is multi-faceted, but can be rationally approached. Instead of being perturbed, we were guided by the thought that for every complex issue, there is an approach that is simple, neat and wrong.

The key thing we did was to not define the challenge of terrorism – a trapdoor to many an economy. Instead, we worked to continually address all the potential target areas of terrorism which can undermine the regional economy – the capability gaps, the weak chain segments, the vulnerabilities in systems, and the hollows in information and understanding about the growing threat or spreading danger. This was not a campaign to wage a regional war, but simply to eliminate threats.

Unlike other organizations, we never worked to “defeat” terrorism given its perpetually changing forms and manifestations. Instead we simply buckled down to meeting the STAR objectives of helping protect cargo, international shipping, international aviation, the health of communities, promoting energy and cyber security and encouraging as far as we could the implementation of the Leaders' instructions.

Also we never, for the record, pursued initiatives to set records. One of findings by the ECOTECH Steering Committee in May this year reflected on the tendency of APEC Task Forces to achieve more than the regular Working Groups on account of the formers' sunset clause. Our Task Force worked without any such consideration, but only with the passion and commitment to see daybreak spread over the security landscape of the Asia-Pacific region. If we had registered the highest number of accomplishments, I have to say, in all modesty, it is the result of the collective activism of the members.

Another approach we followed was sharpening the one major instrument against terrorism at our disposal – international cooperation. Admittedly it was not easy. For the forging of consensus on trade and security matters at APEC, as this General has found out, is something as difficult as tracking terrorism itself.

But our members never for once got discouraged. Given that consensus comprises the two wings that make any initiative fly across the region, our Task Force devoted more time to taking off with creative approaches than crashing to the ground – even if it meant extended intersessions. For again, for a successful CT in a forum like APEC does not only require being coercive; it has to be reconciliatory.

Of course, I've seen the pain of some members. Which is why in my welcome remarks during our meeting I brought up the matter of consensus, noting that it is something that has up to now enjoyed no official definition at APEC.

I mentioned that per observed practice, there have at least three interpretations in effect: full, broad and flexible. I gave examples of each. I also pointed out that interestingly in recent months, the interpretation seems to have been made to border on full consensus, which is not only difficult, but almost impossible to achieve on account of unavoidable conflicts in national interests.

While it is not for me today to stretch this subject, I wish to leave it on the block because unless APEC defines it, it will always act either as an egg shell or a mine to be exploded. Both can easily take the life out of any initiative.

Thoughts on CTF

As most of you know, before I came here I was in the uniformed services. I carried with me the lamp of experience, a lamp that looks at the future with the lessons of the past. It took me over three years of decisive action-taking, leading an entire Armed Forces, past the enclaves of terrorists. My lesson learned: Terrorists are updated on technology and know how to adapt.

Then it took me two years here at APEC, once more of aggressive leadership that, however, looked to achieving a mission in a very different manner. My lesson learned: Terrorists indeed know how to adapt and change strategies. There is no silver bullet. But international cooperation can be harnessed to protect trade and secure our communities.

This is the reason why the members of the Task Force were unanimous in voicing their position that the CTF must not fade with the sunset but be filled with the beautiful and living grace of APEC sunshine. It is a validation of the role the CTF has come to play for APEC – as primary coordinator for counter-terrorism and security. It is also a reaffirmation of the wisdom of Senior Officials, your wisdom, to have allowed it to live in the first place.

The CTF – your CTF – has come a long way in the short four years of its life. It has, as I told our last session, quickly moved from infancy, past to the year of innocence, to the middle age. It has, in a sense, soared like the Air Force of any economy, the youngest and last in the service to come, but the fastest to rise and engage and score. So we're now moving into biometrics, RMAL, and RFIDs.

But it is not enough to have wings. It is necessary to have the heart to cover the ground, to know the culture of peoples, and to understand what lies beneath peoples' motivations for conflict or reasons for choosing peace.

In Korea, I saw the UN War memorial and the tunnels that attempted to claw into the southern cities. In Ho Chi Minh I got into the Cu Chi tunnels. Then in the last two days, most of us traveled together to Hoi An. I discovered to my amazement that the houses along the way, with their lights on, do not close their doors at night, unless the dwellers decide to sleep. I asked and was enlightened to know that villagers prefer to leave their houses open, their motorbikes unlocked on the road, their hands ready to help anyone in distress.

In the last four years, there had been a great number of violence in our region and many parts of the world. But in the last five years here in Da Nang, I was surprised to learn there has been absolutely no index crimes committed at all, let alone a single attempt at terrorism. Here in Da Nang, I just found the one answer we probably all need to counter all threats: simple pragmatism, openness, and willingness to learn to trust each other.

Now as much as the desires of some CTF members to press ahead with the latest initiatives in cargo, shipping, border control and aviation security merit adoption, the careful and prudent approaches by others, including making an effort to understand extremism, I must say, deserves proper consideration. They tell us APEC may not be able to cope with such a formidable adversary. But when shall we cope? When shall we be strong? Will it be next year? Or the succeeding years? Do we gather strength by inaction? And wait for an elusive phantom of hope which other fora can only promise but not deliver?

I have the most sanguine hopes for the progressive growth and extended lifetimes of this Task Force – in its current form or changed configurations in the future. And I feel truly privileged to have been associated with APEC, especially with a corps of professionals driven to make a difference in counter-terrorism and security, in a trailblazing group called “the Rolling Stones of APEC”: Counter-Terrorism Task Force.

Allow me to end my stint on personal note of gratitude, particularly to the two host economies during my watch. *Kam samida Korea*. And *Kam on rak nyo*, Vietnam. Also, thank you Julio Bravo, Gems Molina, Anita Douglas, and Chris Hawkins. Finally, thank you Senior Officials and thank you APEC.

My friends, celebrate with me the vision of my Task Force. Long live APEC and the Counter-Terrorism Task Force!

In behalf of the Philippine delegation, *Maraming Salamat at Mabuhay Kayong Lahat*.



List of Acronyms

AAPA	Association of Asia-Pacific Airlines
ABAC	APEC Business Advisory Council
ADB	Asian Development Bank
AML	Anti-Money Laundering
APEC	Asia-Pacific Economic Cooperation
API	Advance Passenger Information
APP	Advance Passenger Processing
ARF	ASEAN Regional Forum
ASEAN	Association of Southeast Asian Nations
BEST	Bangkok/Laem Chabang Efficient and Secure Trade Port
BIMP-EAGA	Brunei-Indonesia-Malaysia-Philippines East Asia Growth Area
BMG	Business Mobility Group
CAP	Collective Action Plans
CAPER	Customs Asia-Pacific Enforcement Reporting System
CERT	Computer Emergency Response Team
CFT	Countering the Financing of Terrorism
CICTE	Inter-American Committee Against Terrorism
CIQSTF	BIMP EAGA Customs, Immigration, Quarantine and Security Task Force
CIS	Commonwealth of Independent States
CTAG	Counter-Terrorism Action Group
CTAP	Counter-Terrorism Action Plan
CTCB	Counter-Terrorism Capacity Building
CTEC	Counter-Terrorism Experts' Conference
CTTF	Counter-Terrorism Task Force
DDA	Doha Development Agenda
ECOTECH	Economic and Technical Cooperation
FATF	Financial Action Task Force
FIU	Financial Intelligence Units
FRTFSI	Fund for Regional Trade and Financial Security Initiative
FTA	Free Trade Agreement
G-8	Group of Eight (Canada, France, Germany, Italy, Japan, Russia, United Kingdom, United States of America)

GDP	Gross Domestic Product
HTF	Health Task Force
IAEA	International Atomic Energy Agency
IAMU	International Association of Maritime Universities
IAP	Individual Action Plans
IATA	International Air Transport Association
ICAO	International Civil Aviation Organization
ICPO	International Criminal Police Organization
IEGBM	Informal Experts Group on Business Mobility
ILO	International Labor Organization
IMF	International Monetary Fund
IMBPRC	International Maritime Bureau Piracy Reporting Center
IMO	International Maritime Organization
ISPS	International Ship and Port Facility Security Code
MANPADS	Man-Portable Air Defense Systems
MAPA	Manila Action Plan for APEC
MRTD	Machine Readable Travel Documents
MVA	MANPADS Vulnerability Assessment
OAS	Organization of American States
PECC	Pacific Economic Cooperation Council
POC	Point of Contact
RMAL	Regional Movement Alert List
RMAS	Regional Movement Alert System
RTA	Regional Trading Agreements
SARS	Severe Acute Respiratory Syndrome
SCCP	Sub-Committee on Customs Procedure
SCO	Shanghai Cooperation Organization
SEARCCT	Southeast Asia Regional Center for Counter Terrorism
SME	Small and Medium Enterprises

SOM	Senior Officials Meeting
STAR	Secure Trade in the APEC Region
TEL	Telecommunication and Information Group
TILF	Trade and Investment Liberalization and Facilitation
TWG	Transportation Working Group
UN	United Nations
UN CTC	United Nations Counter Terrorism Committee
UN/EDIFACT	United Nations/Electronic Data Interchange for Administration, Commerce and Transport
USAP	Universal Security Audit Program
WB	World Bank
WCO	World Customs Organization
WTO	World Trade Organization

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