



Trade Security in Asia

Bureau of Industry and Security
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Trade Security as a Competitive Advantage

- In light of the global threats of proliferation and terrorism, security is the foundation for legitimate trade
- Ports with effective and efficient trade security practices have a competitive advantage
- In addition, firms with world-class trade security policies and procedures are attractive to international partners

Proliferation Risks in Asia

- Proliferation of WMD-related and other sensitive technologies is a growing problem in Asia
 - Major trading hubs – including Singapore, Hong Kong, Malaysia, Thailand, and Taiwan – are located near countries of concern
- Trade security measures, such as export control regimes, are critical to addressing proliferation concerns
 - While some trading hubs in Asia have robust export controls, others are still under development

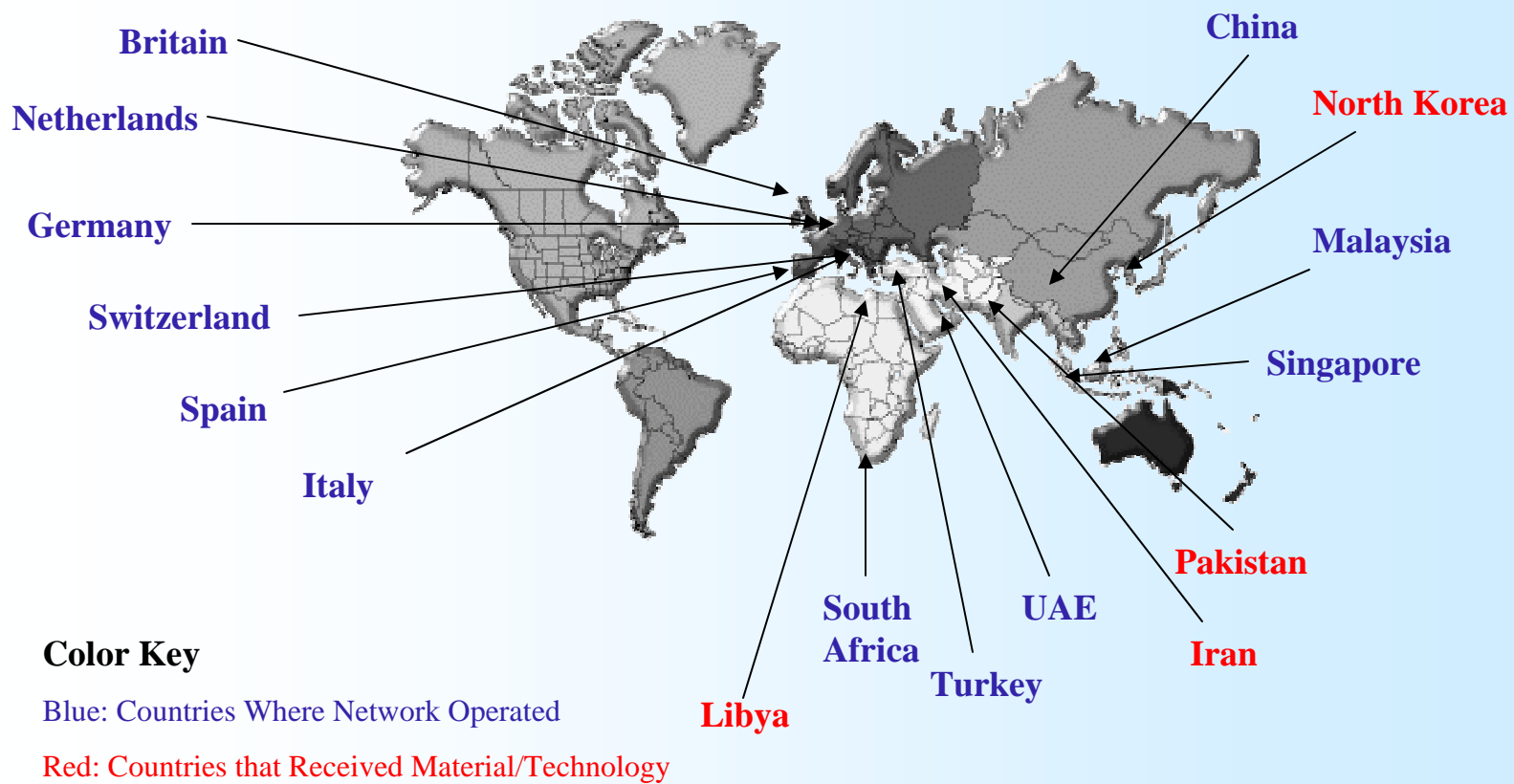
The Threat of Illicit Transshipments

- One important challenge to improving trade security is to address the ways in which highly efficient ports are being used to illegally transship sensitive items
- Illicit transshipments can compromise the effectiveness of national export control systems, harm national security, and undermine the global trading system
- A significant security incident at a major port could potentially shut down the facility, causing losses in the millions or even billions of dollars
- Also, shippers will want to do business with other more secure ports

The Threat of Illicit Transshipments (con't)

- Proliferation networks seek to exploit ports in transshipment hubs to acquire and transfer WMD-related and other sensitive technologies to states of concern (e.g., A. Q. Khan network)
- Some transshipment hubs are targets because of:
 - Large trade volumes
 - Proximity to destinations of concern
 - Weak or inadequate trade security policies and practices
 - Limited infrastructure to regulate trade

A.Q. Khan Network



Government-to-Government Objectives

- Assist with development of indigenous trade compliance and export control systems
- Develop a set of best practices for effective export, re-export, transit, and transshipment enforcement by governments
- Promote exchange of data to enhance trade compliance and export control efforts
- Promote international cooperation and export control developments through technical exchanges, international forums, and bilateral consultations
- Strengthen enforcement cooperation

Government-to-Industry Objectives

- Work with industry to raise awareness and enlist its support in preventing illicit transshipments by:
 - Establishing channels of communication to facilitate information sharing and compliance with export controls
 - Raising awareness of existing laws and regulations regarding transshipment
 - Promoting adoption of “best practices” by exporters and trade facilitators (e.g., freight forwarders, cargo carriers, and customs brokers) to reduce the risk of illicit transshipments

Benefits of Secure Trade

- Trade security can be a competitive advantage for firms and transshipment hubs
- Secure trade can facilitate the expeditious movement of legitimate trade through borders and ports
- The alternative is more delays and less efficient trade as a result of security lapses
- In addition, firms with appropriate trade security policies and practices are more attractive to many international partners
- Industry can achieve secure and efficient trade through appropriate technology and export management practices

Conclusion

- A public-private partnership in trade security is critical to ensuring the free flow of commerce in Asia
- Industry is the first line of defense in stopping illicit transshipments