



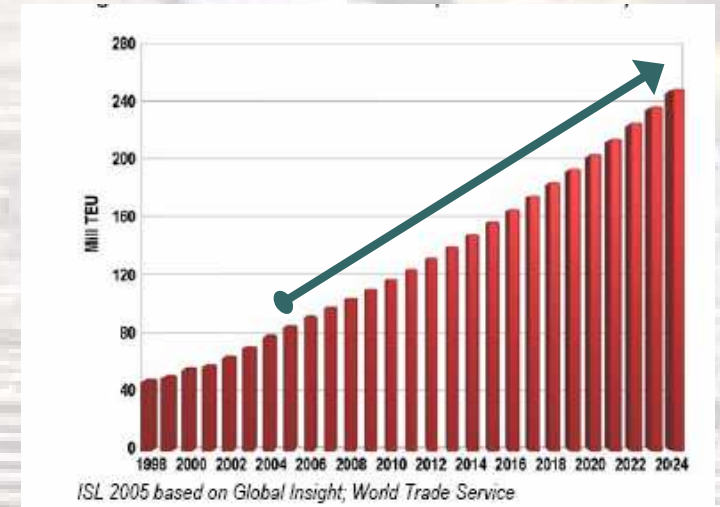
**Security &  
global-intermodal  
railway corridors**

**Marrakesh – March 2009**

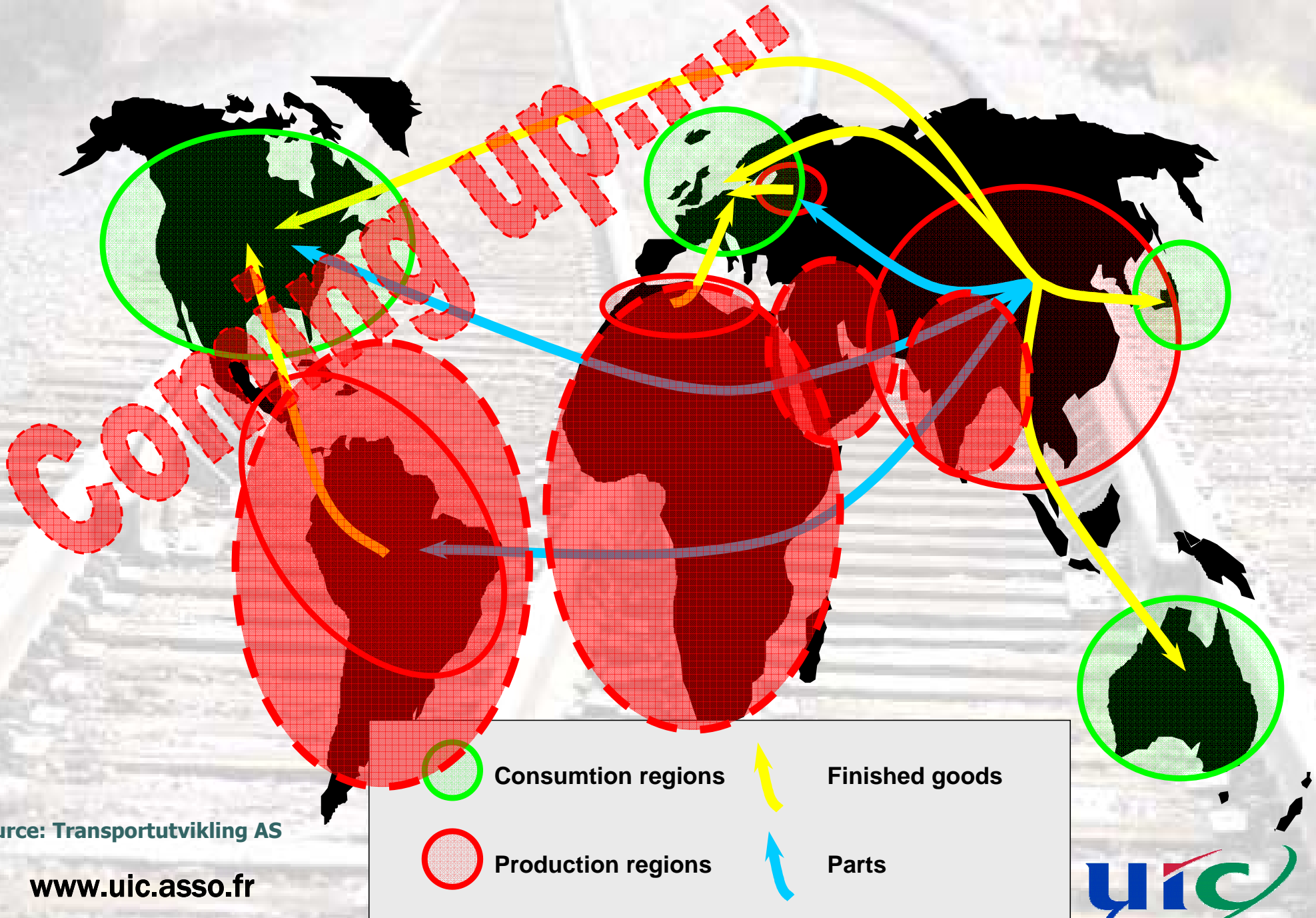
**Vipin Sharma  
Deputy Chief Executive  
UIC**

# The world of logistics is changing

- Trade growth in general
  - Capacity challenges
  - Demand for new corridors with high level of security
- Focus on quality & **security**
- The global economy is changing
  - Globalization and new trade lanes



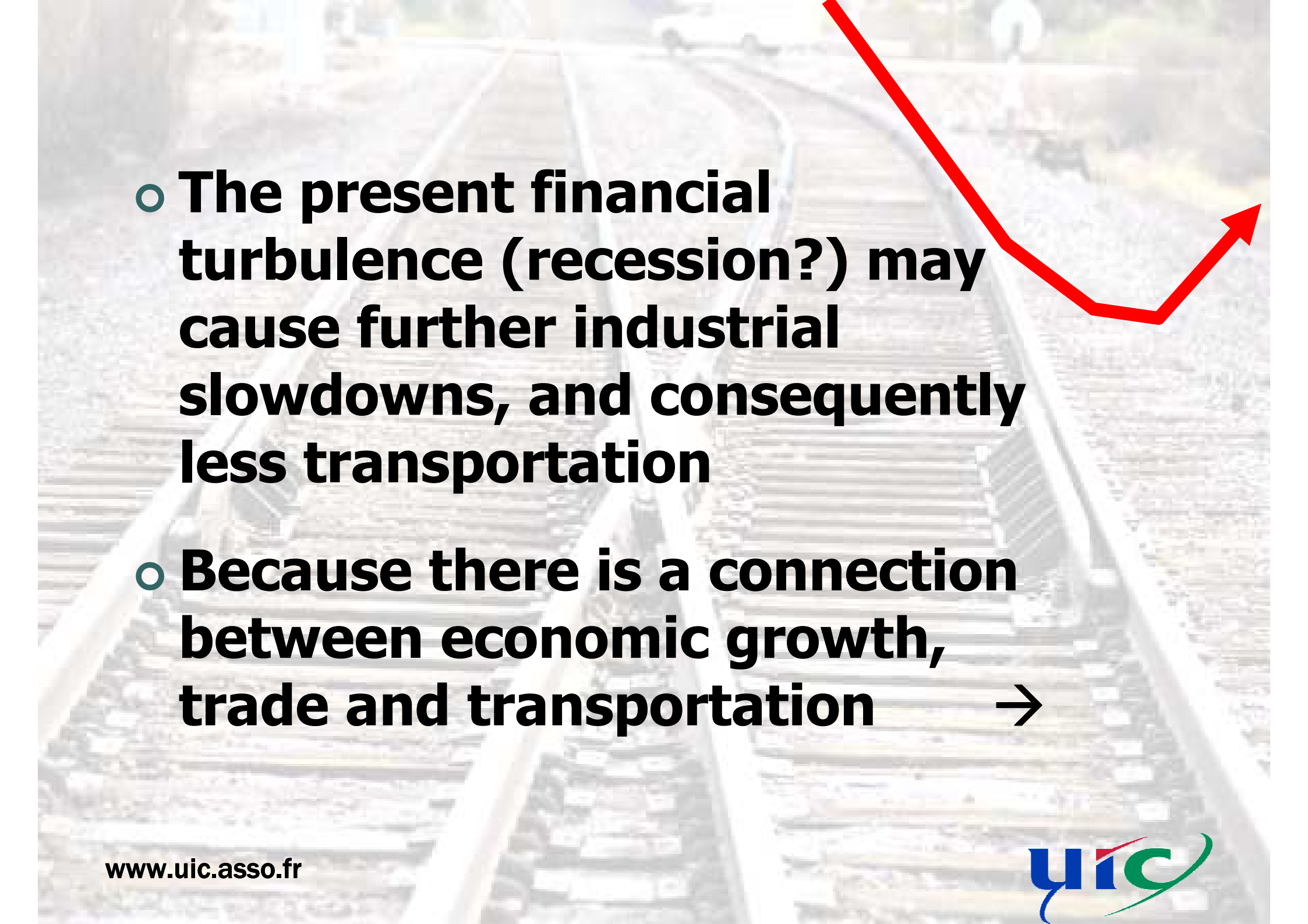
# THE GLOBALIZATION PROCESS WILL NOT BE REVERSED



Source: Transportutvikling AS

[www.uic.asso.fr](http://www.uic.asso.fr)

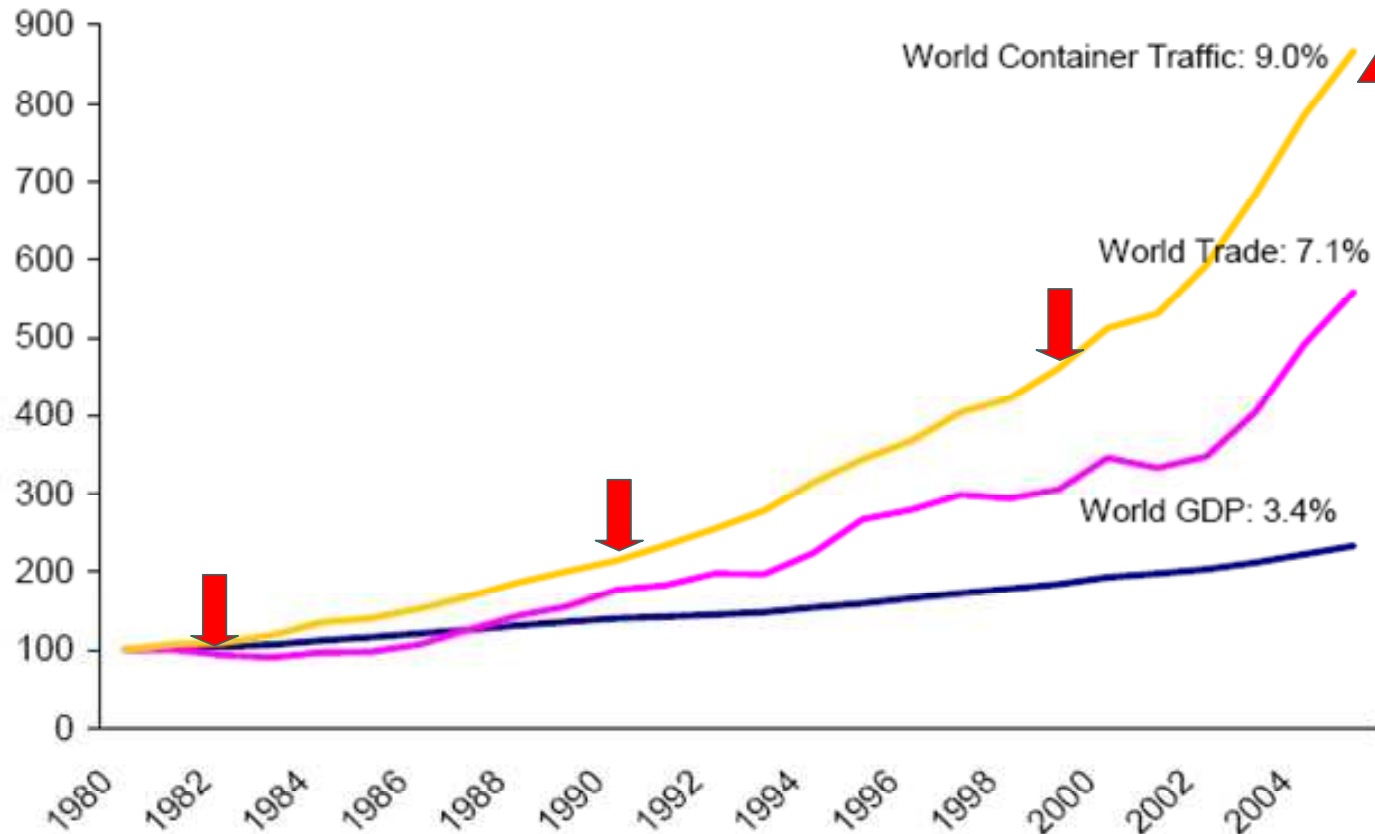


- 
- **The present financial turbulence (recession?) may cause further industrial slowdowns, and consequently less transportation**
  - **Because there is a connection between economic growth, trade and transportation →**

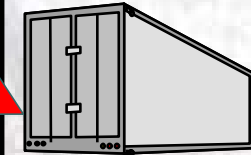


# There is a connection between economy and transports

## Relationship between GDP, Trade and Container Traffic



Notes: 1. Rebased to 100 for 1980 figures 2. Percentages refer to CAGR (1980-2005)  
Source: Morgan Stanley Research



### Keywords:

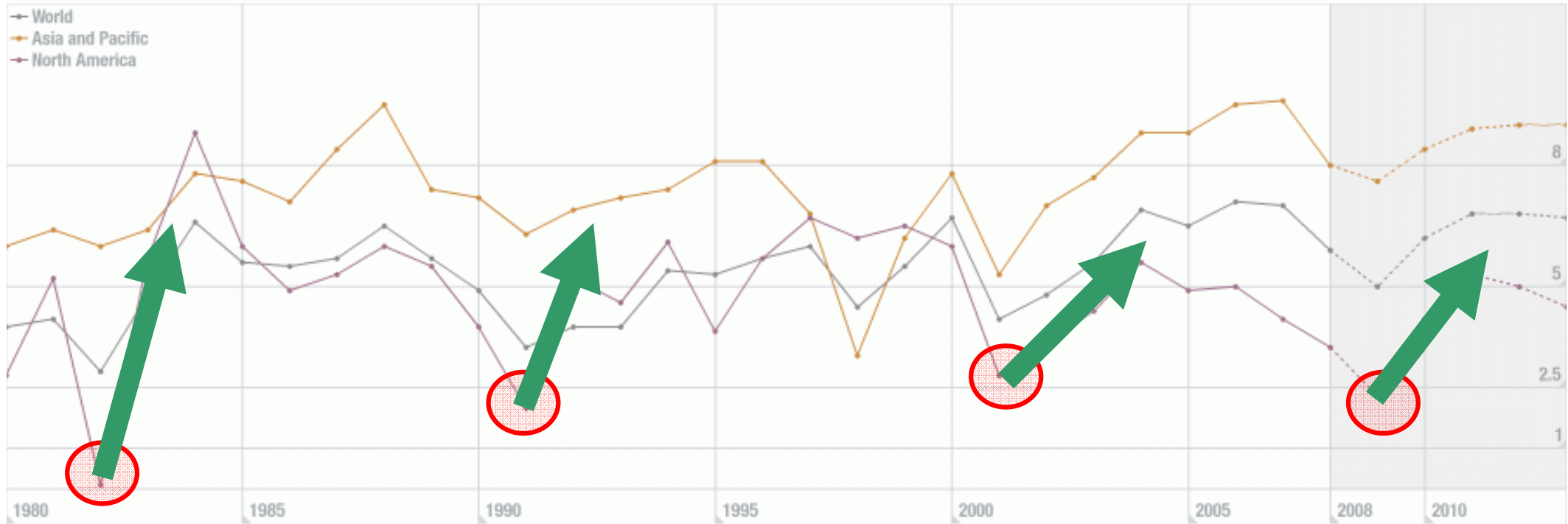
- Economic downturn in 82,91,01
- Small impact on long-term trends

○ **History shows that we will be back to normal**



# Real GDP Growth (annual percent change)

History shows ups and downs



.....and back to "normal" through a fast recovery

Source: IMF, February 2009

**Keywords:**

- Economic downturn are a part of history
- Still, we are always surprised
- It recovers fast
- But, where is the bottom ?

# Security Challenges: A variety and number of hand-offs RISK INVOLVED IN ALL ELEMENTS OF THE LOGISTICAL CHAIN



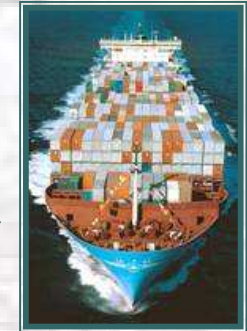
*Container Stuffing*



*Intermodal Truck Transit*



*Foreign Terminals*



*Ocean Transit*



*Container Delivery*



*Intermodal Truck Transit*



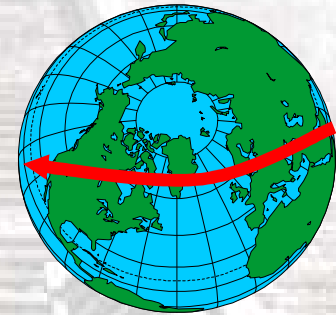
*Intermodal Rail Transit*



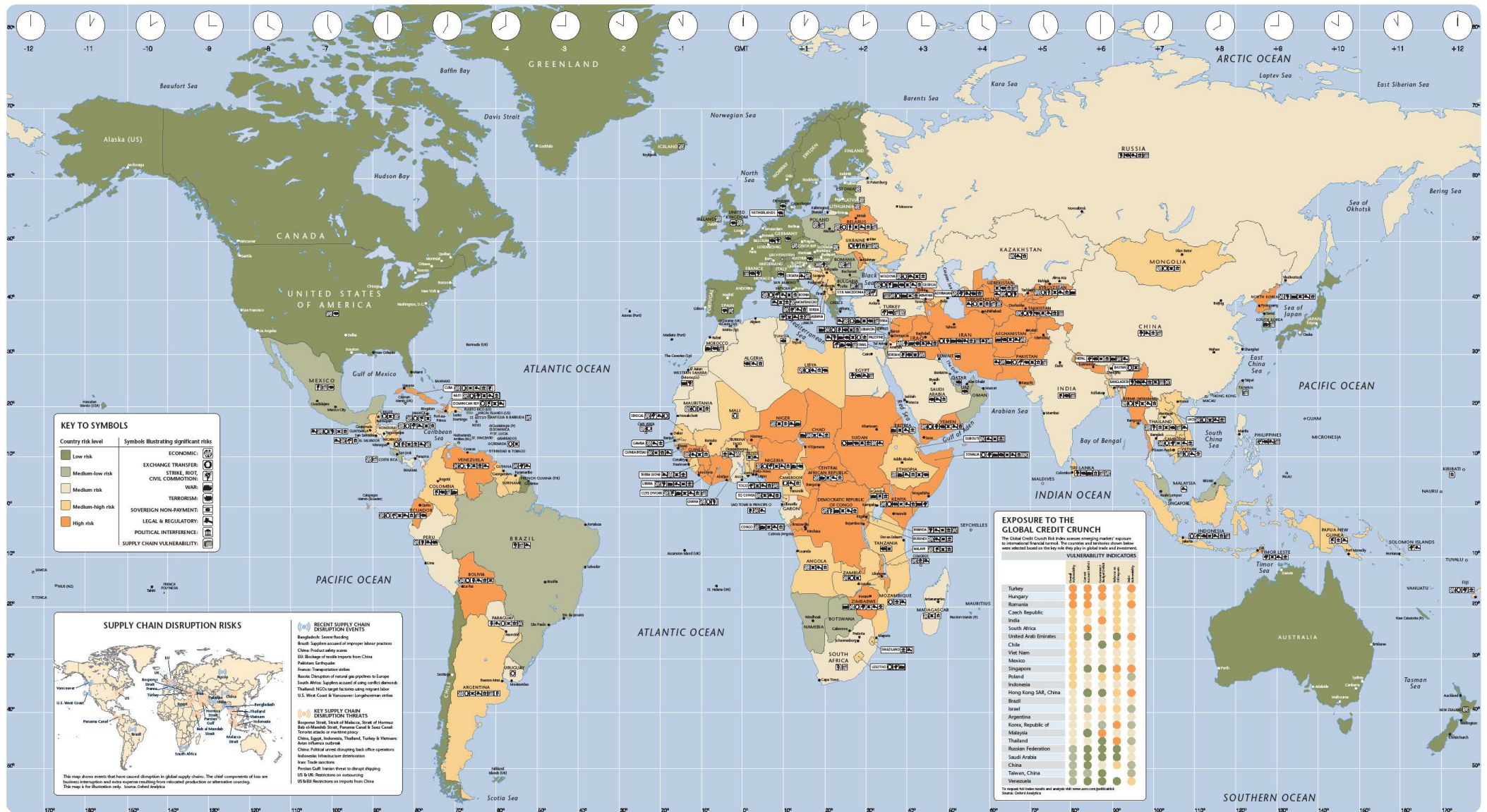
*Terminals*



- **The risk is not only related to the transport chain, -but also to where the transport operation takes place**



# 2008 Political and Economic Risk Map



**KEY TO SYMBOLS**

**Country risk level**

- Low risk
- Medium-low risk
- Medium risk
- Medium-high risk
- High risk

**Symbols illustrating significant risks**

**ECONOMIC:**

- EXCHANGE TRANSFER
- STRIKE, RIOT
- CIVIL COMBUSTION

**WAR:**

- TERRORISM

**SOVEREIGN NON-PAYMENT:**

- LEGAL & REGULATORY
- POLITICAL INTERFERENCE
- SUPPLY CHAIN VULNERABILITY

**SUPPLY CHAIN DISRUPTION RISKS**

**RECENT SUPPLY CHAIN DISRUPTION EVENTS**

- Benetton: Sewer flooding
- Brazil: Supplies account of improper labour practices
- China: Product safety issues
- US: Blockage of trade routes from China
- Pakistan: Earthquake
- France: Transportation strikes
- Russia: Disruption of natural gas pipelines to Europe
- South Africa: Supplies account of safety conflicts between
- Thailand: NGOs target factories using migrant labour
- US: West Coast & Vancouver Longhornmen strikes

**KEY SUPPLY CHAIN DISRUPTION THREATS**

- Benetton: Strike, Strike of Mexico, Strike of Hormax
- China: Blockage of trade routes from China
- Terrorist attacks or sabotage (Iraq)
- China, Spain, Indonesia, Thailand, Turkey & Vietnam: Asia influenza outbreak
- China: Political unrest disrupting back office operations
- Indonesia: Infrastructure deterioration
- Iran: Trade sanctions
- Protest: Civil Unrest threat to disrupt shipping
- US & UK: Restrictions on exporting
- US/UK: Restrictions on exports from China

**EXPOSURE TO THE GLOBAL CREDIT CRUNCH**

The Global Credit Crunch Risk Index measures emerging market exposure to international financial stress. The countries and territories shown below were ranked based on the top 100 banks they are global leaders and investment.

**VULNERABILITY INDICATORS**

Country	Banking	Insurance	Real Estate	Commodities	Equities
Turkey	4	4	4	4	4
Hungary	4	4	4	4	4
Romania	4	4	4	4	4
Czech Republic	4	4	4	4	4
India	4	4	4	4	4
South Africa	4	4	4	4	4
Mexico	4	4	4	4	4
United Arab Emirates	4	4	4	4	4
Chile	4	4	4	4	4
Viet Nam	4	4	4	4	4
Poland	4	4	4	4	4
Singapore	4	4	4	4	4
Indonesia	4	4	4	4	4
Hong Kong SAR, China	4	4	4	4	4
Brazil	4	4	4	4	4
Israel	4	4	4	4	4
Argentina	4	4	4	4	4
Korea, Republic of	4	4	4	4	4
Malaysia	4	4	4	4	4
Thailand	4	4	4	4	4
Russian Federation	4	4	4	4	4
Saudi Arabia	4	4	4	4	4
China	4	4	4	4	4
Taiwan, China	4	4	4	4	4
Venezuela	4	4	4	4	4

1 = lowest risk, 4 = highest risk

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# Various UIC initiatives

- Increasing number of UIC members and stronger focus on the different regions of the world
- Corridor development (examples)
  - Developed the Europe-Asia links
  - Developing/revitalizing links:
    - India-China
    - Connections to/from SE Asia
    - Maghreb and Maghreb/Europe & international links in Africa
    - Saudi Land Bridge
    - North-South Corridor
    - Inland terminal & hub-structures
    - Corridors through Northern Europe



# UIC approach –Example: Global Corridor through Northern Europe



- **Choosing a route where risk is considered to be lowest (terrorism-, political- and economical risk)**
- **Introducing cooperation agreements for the test run with suppliers security devices connected to tracing/tracking**
- **The container risk is highest when the container is not moving:**
  - **Minimizing train stop-time**
  - **Minimizing terminal dwell-time (containers)**
  - **Securing facilities by electronic devices (lasers etc) in parallel with human control procedures**
  - **Reducing adm. procedures by introducing improved documentation procedures (paperless, through documentation etc)**
- **Looking for dedicated insurance systems**
- **Some country specific approaches (procedures, agreements, guards etc)**
- **Cooperation among international organization (WCO, UN etc) and between UIC and members**
- **Specific cooperation with e.g. US DHS regarding container tracing (electronic devices inside the container), container scanning procedures (at terminal) and various new programs and procedures – like CSI**



# Other initiatives:

-CSI, an important US initiative



- US Customs and Border Protection (CBP) has, as a result of the terrorist attacks on Sept. 11, 2001, created and launched the Container Security Initiative (CSI) to protect container traffic to US ports.
- CBP officials will host customs officials in foreign ports with regular and substantial container transports to US ports
- Establishing security criteria for identifying high-risk containers before shipment to US (including pre-screening).

# Other initiatives:

-CSI, an important US initiative



- At present, more than 60 CSI ports all over the world are operational.
- So far, several ports (like in Russia) does not participate in the CSI program
- It is believed that major container ports, with ambitions to do regular shipments to US ports, would benefit through CSI-partnerships
  - ....and the railways linked to the ports

# Final remarks

- **Development of an integrated global rail network is a necessity**
- **Security aspects need special emphasis on achieving higher security input to the rail sector**
- **UIC security platform is an important link in this process**

# Thank you

