



**Asia-Pacific  
Economic Cooperation**

*Counter-Terrorism Task Force*

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

Final Report

September 2008





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Economic Cooperation**

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## **Final Report**

**Counter-Terrorism Task Force  
September, 2008**

The Conference Board of Canada  
Insights You Can Count On





**Asia-Pacific  
Economic Cooperation**

**Effective Public-Private Partnerships  
to Counter Terror and Secure Trade**

**Final Report**

Written by:

Trefor Munn-Venn, Director, National Security and Public Safety;  
Andrew Archibald, Research Associate, National Security and Public Safety

September, 2008

**PREPARED BY:**

Trefor Munn-Venn, Director, National Security and Public Safety;  
Andrew Archibald, Research Associate, National Security and Public Safety;  
Gilles Rhéaume, Vice President, Public Policy

**CONTACT**

Trefor Munn-Venn  
Director, National Security and Public Safety  
The Conference Board of Canada  
255 Smyth Road  
Ottawa ON  
K1H 8M7

Tel: 613-526-3280 ext. 241  
Fax: 613-526-4857  
E-mail: [mun-venn@conferenceboard.ca](mailto:mun-venn@conferenceboard.ca)

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

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# **Effective Public-Private Partnerships to Counter Terror and Secure Trade**

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# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Executive Summary

There has been a growth in the level of attention given to the development of public-private partnerships to combat terrorism and to further secure trade. Much of this growth has resulted from recognizing the key role that the private sector plays as owner of large portions of critical infrastructure—telecommunications, energy, transportation, etc.—in many economies. This is coupled with the understanding that private sector organizations form the foundation of robust global economies, and therefore have much at stake in the event of a terrorist attack.

Because of this, the public and private sectors need to effectively work together to counter terror and secure trade. But how can governments and private businesses establish effective relationships—at strategic and operational levels—that meet the needs of both sectors and still work toward the common goal of greater trade security?

In order to answer this question, the Asia-Pacific Economic Cooperation (APEC) Secretariat engaged The Conference Board of Canada—a leading, independent, not-for-profit research organization—to assess the current state of public-private partnerships to counter terror and secure trade among APEC economies. The fundamental goals of this project are to help APEC economies understand the initiatives currently underway and to help identify the benefits that can stem from these partnerships.

A number of key themes, listed below, have been identified. The themes are based on an in-depth survey of APEC economies; detailed discussions with subject matter experts; a thorough review of the existing body of literature; and an August, 2008 workshop with key stakeholders—held in Lima, Peru as part of APEC’s Senior Officials Meetings.

**No single model**—While conducting the research, it soon became clear that there is no single model for establishing effective public-private partnerships to counter terror and secure trade. Existing partnerships differ, sometimes dramatically, in terms of objectives, level of engagement by public and private sector organizations, education and training requirements, funding and investment requirements, and the benefits stemming from involvement.

**Desire for clarity**—The literature, survey respondents, and the subject matter experts highlighted the need for greater clarity throughout all facets of public-private partnerships. In particular, they noted that effective partnerships will require increased understanding of the risks that are being addressed, the specific goals and objectives of the partnership, the benefits that will result from involvement in the partnership, levels of required investment, and the roles and responsibilities of each organization.

**Importance of trust**—Trust is a critical enabler for public-private partnerships. Established trust helps to facilitate relationships, information sharing, and cooperation within partnerships at the local and regional levels, and between economies. In order to facilitate the development of trust among partners, core stakeholders need to work together from the beginning so that partnerships are designed and established collaboratively. Trust between organizations can be built by participating in joint exercises that involve both the public and private sectors.

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

Without trust, many aspects of partnerships—such as information sharing—can be hampered. However, the challenge is that information sharing will not occur without trust and trust requires information sharing to develop. The survey results indicate that information sharing within public-private partnerships to counter terror and secure trade is more important to the private sector. On average, private sector respondents reported that they received 70 per cent of their information from their partners, while public sector respondents reported just 28 per cent.

## Looking to the Future

Momentum for public-private partnerships to counter terror and secure trade continues to grow. The research indicates that future partnerships will seek to build on existing relationships. Future partnerships are likely to focus on improving business continuity, enhancing organizational image, and include a system of metrics to measure performance.

When we asked thought-leaders from APEC economies which threats they believed future public-private partnerships should focus on, they expressed their concerns about cyber attacks, marine-based threats from smaller vessels, and internal organizational threats.

The research also indicates that a major challenge to the development and operation of public-private partnerships in the future is the growing level of apathy among public and private sectors and the general population. In the absence of immediate public threats, a number of thought-leaders expressed their concerns about maintaining the level of energy and vigilance required for these partnerships to be effective.

These changes, and others, signal a transformation in thinking—i.e., progressing—from simply protecting assets and supply chains toward developing resilient systems, processes and ultimately, organizations and economies.

## *Opportunities for Action*

The research and discussion at the workshop led to the development of a number of opportunities that organizations, regions, economies, and international bodies can immediately take to establish or improve the effectiveness of public-private partnerships to counter terror and secure trade.

**Develop a clear and common understanding of threats and risks**—A perceived set of threats and risks, requiring the involvement of a diverse set of organizations to address, underlie public-private partnerships. Unless the threats and risks are clearly defined, and all partners understand them, it is difficult to establish partnerships that will effectively counter those threats and risks. Partners should engage in an open dialogue to identify threats and risks. Threats and risks should be reassessed regularly to gauge their status and to determine whether new ones have emerged.

**Clarify the benefits of partnership**—Public-private partnerships require a clear sense of purpose and a clearly defined problem statement that explains the objectives of the partnership.

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

A common understanding of purpose enables the development of goals and objectives that will result in meaningful action. Understanding the purpose will make it easier for organizations to decide whether or not they should participate. Wherever possible, appropriate economic benefits should be developed for private sector organizations who engage in these partnerships.

**Keep partnerships tightly focused**—Over time, partnerships risk losing their original core focus and can become diluted by trying to accomplish too many diverse goals. Layering on additional activities, requirements, or standards over time—coupled with cases of growing complacency—can result in public-private partnerships that become onerous, myopic and process-driven as opposed to being tightly focused and goal-driven.

**Design public-private partnerships collaboratively**—Research indicates that most partnerships are initiated by the public sector. However, public-private partnerships should be co-designed by representatives from both the public and private sectors. Doing so will result in higher levels of trust, greater efficacy of the partnerships, and a stronger foundation for success.

Within organizations, it is important to ensure that the strategic and operational levels collaborate as well. When courses of action are decided on, they can be grounded in experience, practice and reality.

**Balance risks and rewards**—When a number of organizations identify that they face a common threat, it often triggers a partnership. By coming together into a joint relationship, it is expected that the risks will be shared and that the organizations will work together to mitigate and manage those risks. In one case, entering into a partnership effectively resulted in all of the risks and liabilities being transferred to the private sector. For public-private partnerships to be successful, the risks need to be shared, as do the rewards.

**Define metrics**—Metrics should be developed to ensure that the benefits of participating in public-private partnerships are actually achieved. Metrics can help track the progress and, more importantly, the impact of the partnership. The metrics to measure such initiatives will be new because the public-private partnerships are new. More research into this important tool is required. However, metrics can focus on a range of factors including progress against objectives, number of partners, costs of involvement, improvement of security, capacity to resume operations, number of individuals trained, exercises conducted, etc.

**Build on existing organizational strengths**—Every organization and economy has its culture and its own unique strengths and capabilities. Public-private partnerships should not seek to dramatically change organizations, but should instead seek to build on those existing strengths and connect them with the strengths of other partners.

**Conduct exercises**—Exercises are essential to strong relationships and a clear understanding of roles and responsibilities when it is most important. Public-private partnerships are encouraged to conduct more table-top and full-scale exercises, and to continue to engage in after-action reports and other mechanisms that help to identify and share lessons learned. APEC and the Counter Terrorism Task Force may have a strong and constructive role to play in capturing and sharing these lessons.

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**Focus on rapid economic recovery initiatives**—The ability to rapidly reconstitute economic activities is fundamental to building the resilience of APEC economies. Therefore, partners must focus on business continuity activities in their own organizations, supply chains, and in the partnership. Partnerships should examine and test their initiatives to identify how well they will be able to facilitate cross-border trade with trusted partners in the immediate aftermath of a major terrorist attack or disruption at the border. Partnerships that are designed to deliver these benefits, but that fail to do so when they are needed most, will lose trust between partners and will be seriously challenged in their future operation.

**Educate the public**—Public-private partnerships to counter terror and secure trade are still relatively young. The public needs to understand what the partnerships are, why they exist, why they are important, and the impact they are having. Understanding by the general public will help to galvanize support to maintain these partnerships, provide reassurance that tangible actions are being taken to combat terrorism, and encourage involvement from diverse stakeholders.

**Develop a mindset of resilience**—It is important to encourage the development of a psychological resilience—a mental toughness—in order to prepare our staff, our organizations, and our public-private partnerships for the threats and risks they will face in the future. A sense of readiness and confidence is needed to meet the task of combating terrorism and securing trade. Public sector organizations need to take a leading role in encouraging a sense of shared ownership of the challenge. They can accomplish this by establishing initiatives that help the general public and businesses appropriately prepare for the threats and risks they can be expected to face. Private sector organizations need to coach their employees and support them. Survey results revealed that all of the organizations that responded had established contingency plans to support both employees and their families in times of crisis. These kinds of initiatives will do much to develop a mindset of resilience.

## *Actions for APEC*

Workshop participants were asked what role APEC could play to facilitate the creation of effective public-private partnerships to counter terror and secure trade. Much of the discussion highlighted the effective work APEC has already done and ways to capitalize on this progress. However, a number of additional opportunities have also emerged.

**Provide a platform for sharing information**—APEC has created opportunities for open discussion and networking between the public and private sectors through events such as this project's workshop, the annual STAR conferences, and the ongoing trade recovery workshops. Building—and expanding—on these initiatives would provide greater opportunity for the public and private sectors within the APEC region to meet and understand the challenges of each side. Consideration could be given to the following:

- Share best practices related to information and intelligence sharing between the public and private sectors. Specific cases to be explored could include the Information Sharing

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and Analysis Centers in the United States, or the Graficación Marítima (GRAFIMAR) partnership initiated by Chile. (See box “Strong Partnerships, Diverse Capacities.”)

- Establish a mechanism to share the lessons learned from the existing partnerships and partnerships established in the future. This would help ensure that APEC economies are accelerating their rate of learning and improving the impact of their public-private partnerships to counter terror and secure trade.
- Support member economies in the design, development, implementation and assessment of field and table top exercises by channeling emerging global practices for improving operational readiness.
- Develop specific exercises—involving multiple APEC economies and partnerships—focused on specific trade resumption challenges and the sharing of information.
- Initiate a project that shares the leading practices to improve resiliency—for businesses, governments, and regions—to ensure that APEC economies and public-private partnerships are constantly improving their ability to continue operating in times of difficulty or crisis.

**Establish pilot projects**—APEC is in a unique position to bring economies of varying skills, capacities, and size together to work toward the mutual goal of countering terror and securing trade. In turn, this makes the APEC region an exceptional testing ground for pilot projects involving public-private partnerships. Workshop participants suggested that APEC can facilitate the discussions needed to successfully initiate pilot projects. Beginning on a smaller scale, and increasing in size as early challenges are overcome, successful projects can expand across the APEC region.

APEC may wish to consider bringing together representatives of public-private partnerships on an annual basis—perhaps at the STAR Conference—to identify specific pilot projects that would yield high impact results. The findings of this study suggest that initiatives focused on building clarity and trust would be of particular benefit.

**Encourage harmonization and standardization**—The workshop discussion reinforced the need for harmonized and standardized initiatives within the APEC region. While some economies are independently pursuing bilateral mutually-recognized agreements, more work needs to be done across all APEC economies to increase the security of global supply chains.

APEC, through its various fora, has encouraged member economies to adopt many international standards related to counter terrorism and the security of trade. As more economies adopt these standards, some of the benefits include less confusion and increased efficiency. However, there are simpler aspects that APEC can help standardize.

In particular, working with economies to standardize terminology can aid the sharing of information and reduce confusion and frustration among partnering organizations. APEC may wish to consider developing a shared and recognized taxonomy that will enable APEC economies and the related public-private partnerships to communicate directly and effectively.

## **Effective Public-Private Partnerships to Counter Terror and Secure Trade**

**Establish a centre of excellence**—Public-private partnerships are happening within APEC economies and throughout the APEC region and beyond. As an evolving field of practice, many organizations are feeling their way through this uncharted and complex territory. It would be beneficial to share the current ideas, processes, and technologies in order to facilitate the development of effective partnerships.

By developing a centre of excellence—operated by an independent, neutral third-party—APEC could capture the best practices, develop appropriate metrics, and monitor the progress of existing partnerships. This would ensure that there is continuous improvement and growth toward greater security, resiliency and competitiveness in the APEC region.

The centre for excellence could pursue an in-depth research program that examines:

- emerging trends in public-private partnerships to counter terror and secure trade;
- case studies of leading partnerships from around the world;
- metrics for the assessment and management of effective public-private partnerships; and
- barriers to public-private partnerships, including legal, regulatory, cultural, linguistic, sectoral, and other impediments.

Sharing the knowledge of organizations within the APEC region will lead to stronger, more effective partnerships making the economies and trade more secure.

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Chapter 1—Introduction

There has been growth in the level of attention given to the development of public-private partnerships (PPPs), whose purposes are to combat terrorism and to further secure trade. This has resulted from recognition of the key role that the public and private sectors both have to play.

While there are differences from economy to economy, the public sector is actively engaged in countering terrorism and securing trade through a range of activities, and institutions such as the intelligence community, the military, and law enforcement.

Meanwhile, in many economies, the private sector owns major portions of the critical infrastructure including communications, energy, financial, and transportation facilities. Coupled with the fact that private sector organizations form the foundation of robust global economic networks, economies have much at stake in the event of a terrorist attack.

Just as the threat of terrorism is global in context, so too are supply chains and trading relationships. Therefore, fighting terrorism requires a broad range of resources coupled with a detailed understanding of how those trading relationships operate in order to better protect them. And, while critical infrastructure present attractive targets for terrorists, they also constitute the means by which terrorists operate. Terrorists use the Internet to plan and coordinate their activities while disrupting websites and conducting cyber attacks. Global financial networks are essential for fundraising and are also prime targets for the disruption of economic systems. International transportation systems provide not only essential means for terrorists to travel the globe, they also provide the means—aircrafts, ships and containers for example—to threaten us, while being attractive targets in their own right.

All of this points to the importance of a joint relationship between the public and private sectors and the necessity to develop a coherent approach to accomplishing shared objectives. As well, these partnerships recognize—and enforce—that economic security is a pre-condition to economic growth.

We have seen these themes embraced over the past several years in a variety of contexts including the G8, Organization of American States, Organization of Security and Cooperation in Europe, and others. The Asia-Pacific Economic Cooperation has also been active in this area with a number of projects that help address these issues. This research project, conducted by The Conference Board of Canada for APEC, represents a continuation of that commitment. It also demonstrates APEC's leadership role in this area as it seeks to address some of the most fundamental issues related to public-private partnerships, terrorism, and trade.

### *Objectives*

While there is a growing recognition of the importance of public-private partnerships, little has been done to identify the critical success factors, basic approaches, or common stumbling blocks. The goal of this project is to help APEC member economies recognize the extent of activities,

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related to public-private partnerships to counter terror and secure trade, which are underway within the Asia-Pacific region.

This project also helps to identify the full range of benefits that can be yielded from these partnerships. While countering terror and ensuring secure trade are the primary objectives, there may also be other efficiency or operational improvements, resulting from revised security practices, which contribute directly to the bottom line of companies.

With these broad goals in mind, the specific objectives of the project are to:

- develop an understanding of the public-private partnerships activities already underway within and among APEC member economies;
- gain an improved understanding of what benefits can accrue to the organizations involved in these public-private partnerships; and
- encourage the development or extension of effective public-private partnerships in order to strengthen the resiliency of APEC member economies and to facilitate high levels of secure trade.

## *Structure of This Document*

This structure is organized as follows:

**Chapter 1—Introduction.** This chapter describes the approach The Conference Board of Canada has taken to study the topic of public-private partnerships to counter terror and secure trade, and includes the highlights of the findings.

**Chapter 2—No Single Solution.** The Complexities of Public-Private Partnerships. The research demonstrates that the use of public-private partnerships is a new method in the effort to counter terror and secure trade. Because of this, and the number of variables within partnerships, there is no single solution for building effective partnerships.

**Chapter 3—The Need for Clarity.** This chapter expands on the finding that a number of key elements are often unclear when public-private partnerships are formed.

Chapter 4—Trust: Critical Enabler for Public-Private Partnerships. The literature review, survey respondents, and interviewees repeatedly raised the importance of trust.

**Chapter 5—Future Directions.** After analyzing the findings, The Conference Board of Canada was able to describe the direction of future partnerships and to identify opportunities for action.

## *Approach and Methodology*

To accomplish the objectives of this project, it was essential to actively engage individuals and organizations that are (or have been) actively involved in the operation or development of a public-private partnership to counter terror and secure trade. This engagement enables a clear

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

understanding of the strengths and challenges of PPPs and the ability to build on the strengths of existing partnerships.

Wherever possible, we attempt to identify the core principles and tenets of public-private partnerships so that each economy can identify how those principles or key elements can be applied to their own needs. The following describes the methodology used for this project.

**Survey of practitioners**—Working in consultation with various APEC groups and others, The Conference Board of Canada developed a detailed survey. The survey was sent, via the APEC Secretariat, to a wide range of individuals in organizations that have been, are currently, or intend to participate in a public-private partnership to counter terror and/or secure trade.<sup>1</sup> The survey provides a sophisticated understanding of these partnerships at a level that we have not encountered elsewhere. (The detailed survey is provided in Appendix A.)

**Expert interviews**—To augment the survey findings, The Conference Board of Canada conducted a series of interviews with individuals from organizations that have been actively involved in public-private partnerships to counter terror and secure trade. The selection of interviewees was based on the depth of knowledge and experience they were able to share. (The detailed interview guide is provided in Appendix B.)

**Literature review**—To avoid repeating research that may have already been conducted by others, and to integrate the lessons and findings of other scholars and practitioners, The Conference Board of Canada began the project by conducting an extensive literature review on public-private partnerships. The literature review also provided a mechanism to triangulate the findings from the surveys and interviews. (The bibliography is provided in Appendix C.)

**Discussion document**—Based on the findings, The Conference Board of Canada prepared a discussion document for comment. The discussion document served to generate additional ideas, clarify the presentation of findings, and to refine the messages that emerged from the research.

**Workshop**—The Conference Board of Canada led a workshop and facilitated discussion in Lima, Peru in August 2008 in order to present the findings, share the perspectives of other experts, and to identify opportunities to build on the research. The workshop was attended by over 45 individuals and subject matter experts representing 13 economies. (The workshop agenda is provided in Appendix D.)

**Final report**—Based on the feedback received at the workshop, The Conference Board of Canada has prepared this final report to be broadly distributed in order to share the research findings and to identify opportunities to establish or improve public-private partnerships.

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<sup>1</sup> While the distribution process makes it difficult to obtain precise numbers (as the surveys were forwarded by many different groups), it is estimated that of the 400+ individuals that received the survey, greater than 17 per cent completed the survey. The response rate is sufficient to draw conclusions that are of value to economies seeking to better understand and/or implement or expand public-private partnerships to counter terror and secure trade.

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## *Defining Public-Private Partnerships*

An immediate challenge to this project was to develop a clear and common understanding of some of the central themes and definitions. Two issues in particular required greater clarity. The first was how to identify which organizations are from the “private sector.” Different economies have different understandings or conceptions of what constitutes a private sector organization. This is a challenge common to international assessments of organizations when the frame of analysis includes a wide range of government types, models, and approaches.

Instead of establishing a single definition that would be imposed on all economies, it was considered more valuable to allow respondents to self-identify and to use the understanding of private sector that is most appropriate to their own economy. While some might argue that this presents a challenge to ensuring that we are drawing comparisons between like entities, we found little evidence of confusion and, when evaluating the survey responses, we did not find indicators that suggested a lack of clarity.

The second challenge was to determine what constitutes a “partnership.” This was a more complex issue to address. Like “private sector,” the concept of a “partnership” has many different meanings and varies dramatically both within and among economies. To ensure clarity of the important concept of partnership, consideration was given to a number of different courses of action, including:

- providing a specific definition of partnership to survey respondents;
- providing a limited number of defined choices for respondents to select from in order to establish an “outer limit” of what could be included; or
- giving respondents the latitude to identify what kinds of relationships or activities were relevant to their experience and understanding of a partnership.

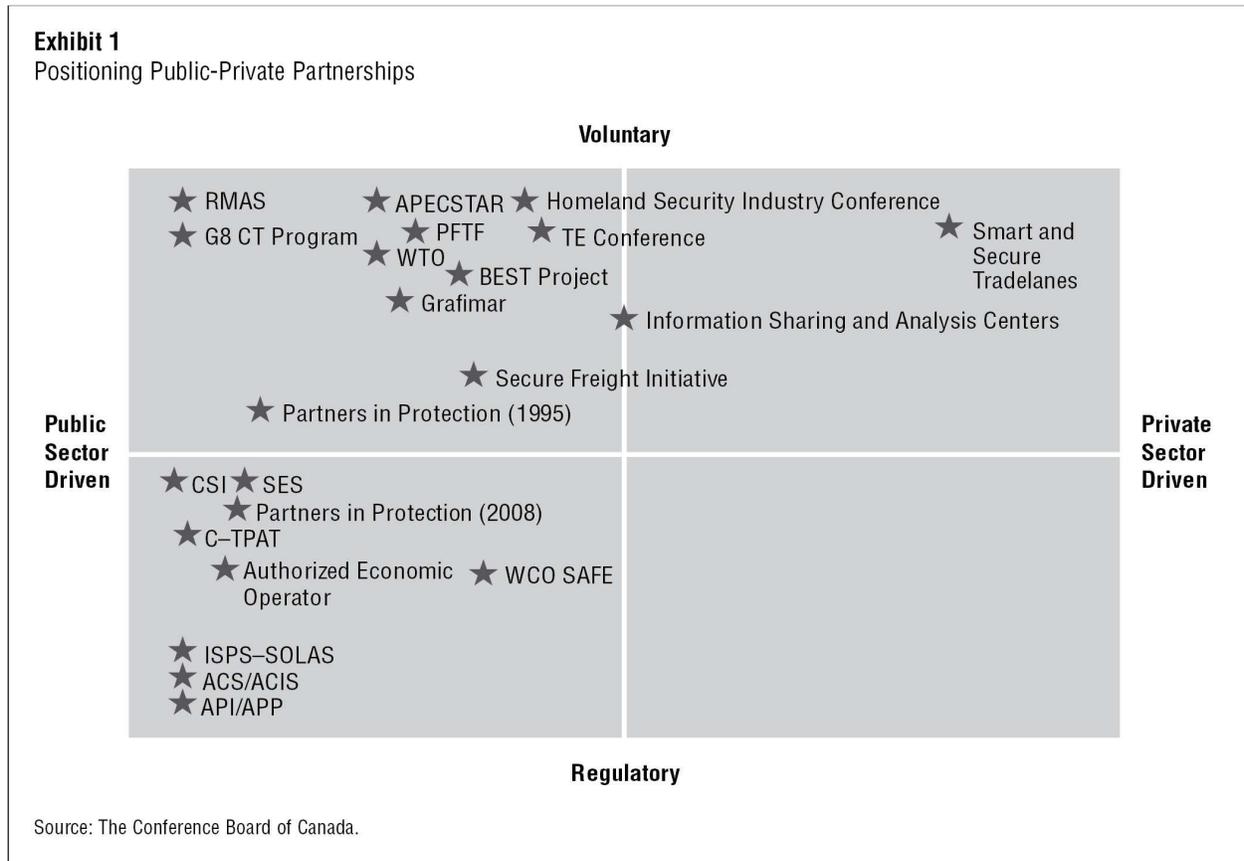
Ultimately, we agreed on the final choice and opted not to be overly prescriptive in terms of what constituted a partnership and what did not. The responses we received suggested that this was an appropriate decision. Respondents described partnerships in many diverse ways—and included everything from conferences with public and private sector representation to pilot projects to regulatory requirements. The challenge was to position their understanding of partnerships in an analytical framework that would be useful for understanding and explaining how public-private partnerships to counter terror and secure trade worked.

After an intense assessment of the findings, two clear dynamics emerged from the data that helped to establish an analytical framework. The first dynamic was based on who initiated the partnership. In each partnership—identified through the survey, the interviews or the literature review—it was possible to identify whether it was initiated by the public sector, the private sector, or somewhere in between. Second, it was possible to identify whether the partnership was entirely voluntary, a regulatory requirement, or again, somewhere in between.

Using these two dynamics, it was possible to map all of the public-private partnerships identified in the course of this project relative to who was the key driver and whether or not the partnership was voluntary.

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

As shown in Exhibit 1, all but one of the partnerships have been driven primarily by the public sector with a broad distribution along the voluntary–regulatory continuum. While there can certainly be more discussion about the precise placement of the partnerships on the matrix, the general themes remain true.



## *Understanding Public-Private Partnerships Today*

In this section, we provide an overview of the current state of public-private partnerships to counter terror and secure trade. By conducting a literature review, surveying key stakeholders, and interviewing individuals who have firsthand experience developing and establishing public-private partnerships, The Conference Board of Canada developed a detailed picture of today’s partnerships. By using three methodologies, data from one methodology was tested or evaluated against data from the other two. Often, the interviews and survey responses added nuance to the complex issues surrounding public-private partnerships.

## **Effective Public-Private Partnerships to Counter Terror and Secure Trade**

When the data were analyzed, key themes emerged on the objectives, benefits and challenges of public-private partnerships. Generally, the objectives of past and existing partnerships have been to:

- improve information sharing between the sectors;
- facilitate trade; and
- protect infrastructure.

Benefits from public-private partnerships are well aligned these objectives. Respondents, interviewees, and the literature noted that benefits from public-private partnerships include better risk management for partners, improved information sharing, improved supply-chain security, and enhanced image. The challenges that were identified in this study include:

- building trust between the partners;
- sharing information effectively;
- making the benefits clear; and
- increasing the shared awareness of threats, roles, and responsibilities.

### **Information Sharing: A Keystone to Partnership**

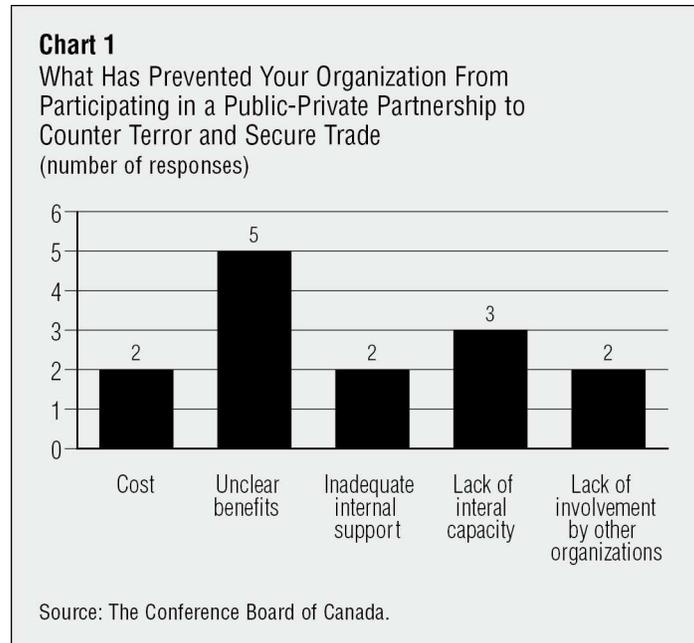
Information sharing between the sectors was raised as an objective, a benefit, and a challenge of public-private partnerships. This is an important topic that will be explored in greater detail later in the document. However, it is important to note that the survey responses indicated that private sector organizations depended far more on partnerships for information when compared to the public sector. The combined average percentage of information that private sector organizations receive from partners was 70 per cent, but only 28 per cent for public sector respondents.

### **Effectiveness of Partnerships**

While a number of challenges have hampered the ability of these partnerships to reach their specific goals and objectives, organizations are more than satisfied with the effectiveness of the partnerships. When asked to rank the effectiveness of these partnerships on a scale of 1 to 10, the average response was just over 7. The lowest ranking was a 1 by a private sector respondent while the highest rank of a 9 came from a public sector respondent. This equates to a general perspective that public-private partnerships are more than adequate, but some require improvement to become excellent.

When asked what prevented participation in public-private partnerships, the answer that respondents were most likely to report was unclear benefits. (See Chart 1.) This is a theme that came up numerous times throughout the surveys and was specifically mentioned in several interviews. The need for benefits to be clear to all stakeholders is a characteristic that will also be discussed in greater depth later in this document.

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In some cases, participation in partnerships was also prevented by a lack of internal capacity. This suggests that some partnerships may not be designed to accommodate differing levels of stakeholder capacity or include the flexibility to accommodate varied organizations. This can prevent a partnership from expanding its membership numbers.

## Strong Partnerships, Diverse Capacities

The Chilean-based public-private partnership known as Grificación Marítima (GRAFIMAR) has accommodated differing levels of capacity to create a successful program. Recognized as a leading public-private partnership in recent years, it was created in 1995 to reduce risks and aid coordination of marine traffic by tracking all vessels nearing Chilean ports. GRAFIMAR also provides “reliable and timely information” to the Navy.<sup>2</sup>

Information from ships can be entered into the GRAFIMAR system by public and private organizations. Once the required data is entered, the ship is tracked through various means including automated devices, maritime surveillance and patrols, and voluntary reports.<sup>3</sup> Once data is being collected from ships, the technology used in the GRAFIMAR system enables the real-time tracking of those ships while they are in Chilean territorial waters.<sup>4</sup> This information has given the Chilean Navy’s Directorate General of Marine Territory and Merchant Marine (DIRECTEMAR) the ability to conduct advance planning, better coordinate operations, and efficiently manage traffic and trade in their jurisdiction.<sup>5</sup> DIRECTEMAR is able to push this

<sup>2</sup> Department of Foreign Affairs and Trade, Australian Government. *APEC: Best Practices in Secure Trade* (Canberra: Commonwealth of Australia, 2004), p. 28.

<sup>3</sup> *Ibid*, p. 50.

<sup>4</sup> *Ibid*, p. 34.

<sup>5</sup> *Ibid*, p. 51.

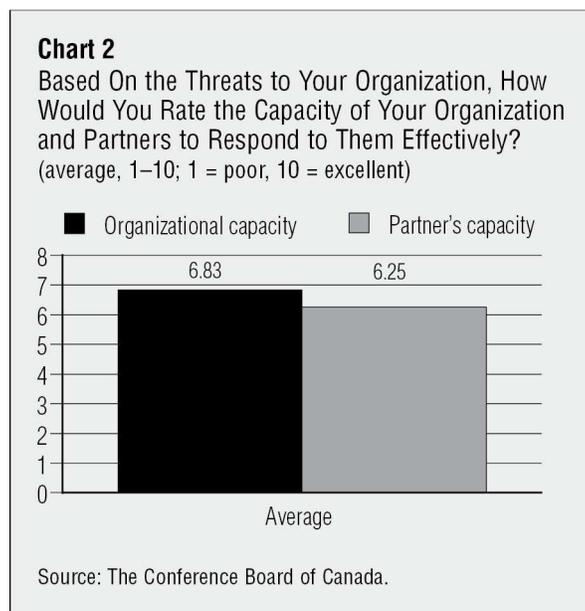
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information out to its 16 port authorities, 60 Port Captain Offices, and Chilean or foreign vessels when required.<sup>6</sup>

Because GRAFIMAR relies on the cooperation of a diverse group of public and private organizations, the unique capabilities of each stakeholder needed to be addressed. When establishing the program, this created challenges because proposed users had varying degrees of computer skills.<sup>7</sup> This was taken into account when developing the software. The result was a free, open-source, web-based program for partners to use.<sup>8</sup> Manuals for the program were made available online to further aid the ability for organizations to participate.<sup>9</sup>

Source: The Conference Board of Canada, 2008.

The capacity to participate in public-private partnerships is directly related to an organization's own ability to respond effectively to the threats it faces. When organizations were asked to rank their capacity—and that of their partners—to respond to threats effectively on a scale of 1 to 10, the rankings were very close. As shown in Chart 2, the rankings are between 6 and 7 and demonstrate a more than satisfactory ranking. In fact, some respondents provided the same ranking to both their own organization and their partners'. This is unusual because earlier research conducted by The Conference Board of Canada has found that respondents will often rank their own organization higher than others. The similarity of responses suggests a high degree of confidence in partners.



<sup>6</sup> The Standing Senate Committee on National Security and Defence, *Canada's Coastlines: The Longest Under-Defended Borders in the World, Volume II* (Ottawa: Government of Canada, 2003), p. 9.

<sup>7</sup> Department of Foreign Affairs and Trade, Australian Government, p. 51.

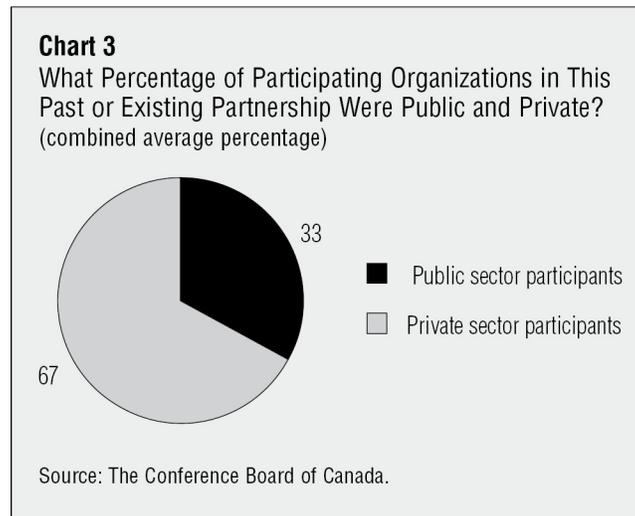
<sup>8</sup> Ibid, p. 31, 34.

<sup>9</sup> Ibid, p. 35.

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Composition of Public-Private Partnerships

While respondents to the survey made it clear that public organizations typically initiate partnerships to counter terror and secure trade, Chart 3 shows that the actual composition of many partnerships are roughly one-third public and two-thirds private. These findings appear to be reasonable since most economies are comprised of a much higher number of private sector organizations than public sector organizations.

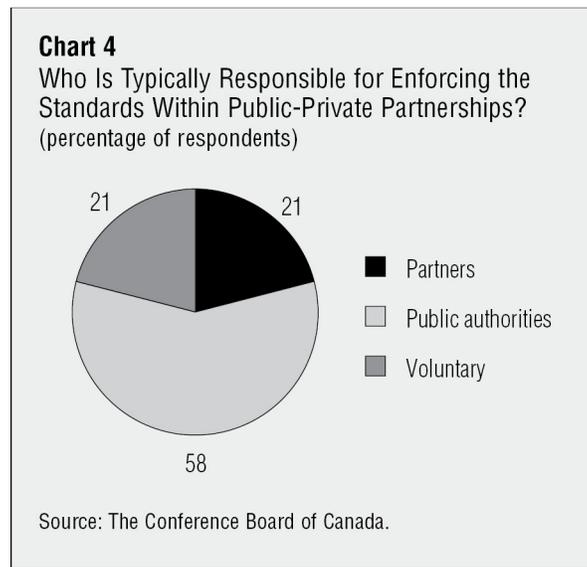


However, when the data are looked at more closely, the varied landscape of public-private partnerships to counter terror and secure trade emerges. This will be explored later in the document.

While there is no standard ratio for public and private partners in a partnership, it is important to recognize the special skill sets found in each sector, and significant contributions they can make to a partnership. Participants at the workshop identified specific skill sets, such as keen business acumen, found in the private sector but not necessarily found in public sector organizations. Likewise, the public sector has skills, such as a nuanced understanding of policy and legislation and other resources, often not found in the private sector. Matching the skills of one sector to the gaps of another can result in greater efficiency and stronger partnerships.

Despite the average public-private sector participation ratio, Chart 4 demonstrates the continued importance of public sector organizations within partnerships. More than two-thirds of the partnerships identified by respondents required the development of standards. In 58 per cent of these partnerships, public sector organizations were responsible for ensuring partners met and maintained the established standards.

# Effective Public-Private Partnerships to Counter Terror and Secure Trade



The detailed picture created by the literature review, survey responses, and interviews has led to three key findings. First, the varied make-up and design of public-private partnerships means that there is not one single solution. The threats, objectives, benefits, and composition are all variables. Second, this diversity also brings with it the need for clarity in many aspects of the partnership such as the costs, the objectives, the benefits, and the roles. Finally, high levels of trust are required between the partners to overcome the challenges, and to establish and maintain an effective public-private partnership.

## Chapter 2—No Single Solution: The Complexities of Public-Private Partnerships

The literature review, survey responses, interviews, and discussion at the workshop all point to the fact that there is no single solution to establishing effective public-private partnerships. The vast number of variables results in truly unique partnerships. The threats faced by each partner organization shape the composition, objectives, funding requirements, and actions required of each partnership. For example, some partnerships, such as the BEST Pilot Project and Smart and Secure Tradelanes, seem to be duplicate initiatives on the surface. They both include the use of Radio Frequency Identification (RFID) tags, electronic seals and global-positioning technology to provide greater transparency and tracking of shipping containers. However, one interviewee who is familiar with these initiatives told the Conference Board that key aspects have been adjusted to better suit the partners and region.

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

### *The Advantages and Disadvantages of Difference*

The fact that there is no single solution for effective public-private partnerships to counter terror and secure trade results in both a number of advantages and disadvantages. Organizations developing partnerships will need to address these opportunities and challenges.

**Flexible and adaptable**—It is important that public-private partnerships maintain a degree of flexibility because of the wide range of potential partners and a host of variables. This permits the greatest number of partners to participate and allows the partnership to adapt when confronted with unforeseen situations.

**Customized**—Developing partnerships from scratch can result in a highly customized partnership capable of achieving the specific and unique objectives established by its partners.

**Collaborative**—The requirement of organizations to build unique partnerships may increase the likelihood of strong collaboration in the early stages of development. A greater sense of shared ownership can also be fostered.

**Uncharted**—With no single template to guide the development of public-private partners, partners cannot simply import and apply the models used by others to address challenges related to diverse threats, risks, objectives, and cultures. Nevertheless, the underlying principles may be applicable to new public-private initiatives.

**Labour intensive**—Greater resources and time must be invested to create effective public-private partnerships because successful partnership frameworks are not easily imported. This can create barriers to organizations that may not have the same capacity as other potential partners.

The development of unique and effective public-private partnerships to counter terror and secure trade takes time, effort, resources, and a willingness to collaborate with both likeminded organizations and those who hold different views.

#### **Overcoming the Differences: The BEST Pilot Project**

Initiated in 2003, the Bangkok/Laem Chabang Efficient and Secure Trade (BEST) project tested new technologies and concepts to secure supply chains between Thailand and the west coast of the United States.<sup>10</sup> Many stakeholders from across a vast geographical area needed to be effectively engaged.

Organizations from the private sector—such as exporters, transportation companies (including rail, road and shipping), and technology providers—needed to be involved in both Thailand and the United States.

<sup>10</sup> Tom Wilson, “Bangkok/Laem Chabang Efficient and Secure Trade (BEST) Project—Securing the Smart Supply Chain.” *Counter Terrorism Task Force III*. Meeting held at Santiago, Chile, October 1, 2004. [http://www.apec.org/apec/documents\\_reports/counter\\_terrorism\\_task\\_force/2004.html](http://www.apec.org/apec/documents_reports/counter_terrorism_task_force/2004.html).

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Several departments from the public sector—including transportation, external affairs and customs services from both economies— were required to participate.<sup>11</sup> Distance, time zones and cultural differences—both national and organizational—created challenges.

The challenges were overcome and success was achieved by the use of strong planning through the development and implementation of the project. Many stakeholders were able to provide input “on a myriad of issues” throughout the course of the project.<sup>12</sup>

Source: The Conference Board of Canada, 2008

### *The Changing Face of Threats*

The terrorist attacks in New York City and Washington in 2001, and Bali in 2002, among others, highlight how incidents in one region can have a significant impact elsewhere. With greater recognition of the interconnectedness of economies, we have seen an increase in the inclusiveness and diversity of stakeholders who are working toward solutions to address current and future threats.

Within the APEC region, supply chains stretch from the economies of Asia to the shores of North and South America. Stephen Flynn, writing for the Council on Foreign Relations, observed that an incident blocking the shipping of containers in the United States “would quickly generate gridlock throughout the global intermodal transportation system, effectively severing the logistical lifelines for manufacturers and retailers worldwide.”<sup>13</sup> John Kok, General Manager of Container Security with Hutchison Port Holdings and a presenter at the workshop, supported this view by demonstrating how a lockout at American west coast ports in 2002 had implications throughout Asia. In his presentation, John Kok noted that the 10-day strike led to layoffs and the closure of manufacturing plants in Asia.

APEC economies depend on the efficient flow of goods through global supply chains—and these supply chains are only as secure as the weakest link. The weak link could exist in either sector. For example, goods may be vulnerable when they are transferred from one private sector organization to another or while a container waits for inspection by a customs service.

While we do not always know where the weak link will be, we do know that the threats to secure trade are evolving. Terrorist groups have adapted to existing security measures and will continue to attempt to exploit vulnerabilities. In order to reduce the gaps in protection and to work toward building resilient supply chains within the APEC region and beyond, all relevant stakeholders

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<sup>11</sup> Department of Foreign Affairs and Trade, Australian Government. *APEC: Best Practices in Secure Trade* (Canberra: Commonwealth of Australia, 2004), p. 46.

<sup>12</sup> Department of Foreign Affairs and Trade, Australian Government. *APEC: Best Practices in Secure Trade* (Canberra: Commonwealth of Australia, 2004), p. 46.

<sup>13</sup> Stephen E. Flynn and Daniel B. Prieto, *Neglected Defense: Mobilizing the Private Sector to Support Homeland Security* (New York City: Council on Foreign Relations, Inc., 2006), p. 28.

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need to be engaged. When carefully designed and operated, public-private partnerships can be a successful method to counter terror and secure trade.

### Responding to the Threats: the Customs-Trade Partnership against Terrorism

The Customs-Trade Partnership against Terrorism (C-TPAT) is a voluntary partnership between the American government and businesses to ensure greater international supply chain and border security. Launched shortly after the 9/11 terrorist attacks, C-TPAT had over 7,400 participating companies within three years.<sup>14</sup> To date, more than 8,200 partners have been “C-TPAT certified.”

When organizations join the partnership, they work with the U.S. Customs and Border Protection Agency (CBP) “to protect the supply chain, identify security gaps and implement specific security measures and best practices.” Through this process, participants develop strategies to address any identified gaps and align their security with C-TPAT standards.<sup>15</sup>

While there are costs associated with becoming C-TPAT certified, benefits are considered to be clear and tangible. Because C-TPAT increases the transparency in supply-chain security, there is a greater level of trust between private organizations and the U.S. Customs Border Protection Agency. This trust results in lower perceived risk and fewer examinations of cargo from the point of origin to the destination.<sup>16</sup> C-TPAT-certified businesses believe this translates directly into time savings during inspections and a reduction in disruptions to supply chains.<sup>17</sup>

Source: The Conference Board of Canada, 2008

### Expanding the Reach of PPPs: Countering Terror and Securing Trade

Public-private partnerships are not a new method for tackling cross-cutting issues. Academics and other researchers have tracked the development of public-private partnerships since the early 1980s.<sup>18</sup> However, the data and perspectives collected by The Conference Board of Canada show that the use of public-private partnerships to counter terror and secure trade is quite new territory.

Many of the partnerships highlighted by the survey respondents are less than five years old. Respondents and interviewees from some APEC economies shared that the concept of public-private partnerships to boost security was unfamiliar—the two sectors had simply not worked

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<sup>14</sup> U.S. Customs and Border Protection, *Securing the Global Supply Chain: Customs-Trade Partnership Against Terrorism (C-TPAT) Strategic Plan* (Washington, D.C: U.S. Customs and Border Protection, 2004), p. 2.

<sup>15</sup> U.S. Customs and Border Protection, “Fact Sheet: C-TPAT [online],” February 27, 2008, [cited June 6, 2008]. [http://www.cbp.gov/xp/cgov/newsroom/fact\\_sheets/port\\_security/ctpat\\_sheet.xml](http://www.cbp.gov/xp/cgov/newsroom/fact_sheets/port_security/ctpat_sheet.xml).

<sup>16</sup> Ibid.

<sup>17</sup> Abdoulaye Diop et al, *Customs-Trade Partnership Against Terrorism: Cost Benefit Analysis*, (Charlottesville, VA: University of Virginia, 2007), p. 3.

<sup>18</sup> John W. Selsky and Barbara Parker, “Cross-Sector Partnerships to Address Social Issues: Challenges to Theory and Practice,” in *Journal of Management* (December, 2005), pp. 849.

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together on this issue. One respondent noted that counter terrorism initiatives were normally handled by the military and this left little room for private sector involvement.

One interviewee shared that many partnerships were established simply because something needed to be done in response to recent terrorist attacks. Dubbed “global patriotism,” public and private organizations felt the desire to act because “it was the right course of action.” While this may or may not be part of the reason, recent terrorist incidents seem to have been at least part of the impetus for the public and private sector to come together.

The data indicate that while some economies have experience with public-private partnerships, most do not have more than a few years of experience in developing partnerships to counter terror and secure trade. Furthermore, the public and private organizations in some economies have little or no experience in working together on security issues.

Some economies have minimal experience with public-private partnerships because of legal restrictions. Participants at the workshop commented that in some cases, there is simply not the legal authority or framework in place that enables the public sector to work with private organizations. Before effective partnerships can be established to secure trade, government organizations need to collaborate with the private sector to identify the legislative and regulatory barriers to establishing such initiatives.

### *Exploration and Experimentation*

As previously mentioned, no single solution has been identified for the development of public-private partnerships to counter terror and secure trade. The survey data indicate that partners are exploring different approaches to a number of core elements to these partnerships.

**Objectives**—Survey respondents identified a diverse range of objectives that had been established as central to their public-private partnership. The objectives included everything from improved information sharing to the facilitation of trade to the protection of infrastructure. The one common theme that emerged was related to information sharing. While many other objectives varied, the desire to improve the ability to communicate, and share information and intelligence effectively, emerged time and again. A number of interviewees supported this finding and added that it takes time and resources to ensure that information sharing improves.

**Composition of the partnership**—When we examine the overall composition of partnerships by organizational type, we find that, on average, approximately 33 per cent of organizations are from the public sector and 67 per cent are from the private sector. There are major variations in the compositions of public and private partnerships—some are heavily skewed toward private sector involvement and others toward public sector involvement. Some of these partnerships involve very few organizations in total, while others involve thousands of organizations.

**Education and training**—Slightly less than half (44 per cent) of public-private partnerships assessed in this project required supporting educational or training initiatives. Of those that did, the training was typically delivered during regular business hours by internal staff. While

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training was offered both on-site and off-site, it was almost always offered within the economy in question.

These findings are important from the perspective of gender-based analysis. When we asked survey respondents to describe who was taking training, 85 per cent of participants were male and only 15 per cent were female. The findings suggest that there is a need to offer training opportunities and approaches that have been designed to accommodate the requirements of women—many of whom maintain a primary care-giving role in the home. When training is scheduled outside of business hours or requires travel, it can limit the ability of women to participate.

### Diverse Approaches in Response to Diverse Challenges

It is not surprising to find a great deal of diversity in the design, development and execution of public-private partnerships to counter terror and secure trade. In a region as diverse as the Asia-Pacific, many different risks and threats emerge—terrorism, natural disasters, cyber crime, disease outbreak, etc.

It is also important to recognize the enormous extent of experience and capability of different public and private sector organizations with the different APEC economies. Some economies have extensive experience responding to some threats and little experience responding to others. Some economies are more involved in complex, global supply chains than others. Moreover, different economies will have their own unique cultural approaches to addressing the specific challenges they face.

These differences, and many others, require that public-private partnerships adapt to the specific requirements of the economies and stakeholders they are designed to serve.

Source: The Conference Board of Canada, 2008

**Technology and infrastructure**—Many of the public-private partnerships examined required organizations to invest in technology and infrastructure. Slightly more than two-thirds of respondents mentioned the requirement to invest in technology and infrastructure. These investments included a wide range of technologies—such as scanning equipment, radio frequency identification tags, electronic seals, global positioning satellite transponders, and the development and maintenance of databases.

**Funding and investments**—When respondents were asked to describe the amount of investment required, we found that their responses varied dramatically from \$2,000 to \$2,000,000 per organization. When this was explored further, survey respondents indicated that they do not believe that the costs are being shared equally.

**Benefits**—As with each of the other factors we have described, survey respondents identified a wide range of benefits that accrue from their public-private partnerships including:

- improved risk management;

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- a better understanding of partner organizations;
- improved information sharing;
- enhanced supply-chain security; and
- a better public image or brand.

### *Differences Among Economies*

It is important to recognize and accept that standards, norms, cultures and capacities—to name a few facets—can differ greatly among APEC economies. Addressing and accommodating these distinctive features is a challenge that needs to be thoughtfully addressed.

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## Chapter 3—The Need for Clarity

One of the strongest messages that emerged from the research (including the survey, the literature review, and the expert interviews) was that clarity is an essential element of successful public-private partnerships—but it is often lacking. Based on the research, we have identified five key areas that require improved clarity if a public-private partnership is to succeed.

### *Understanding the Risks*

Without a shared sense and understanding of the specific threats and risks that are being faced, it is extremely difficult to establish an effective public-private partnership—and the greater the specificity, the greater the likelihood of success.

It is important for partners to be galvanized around a common enemy or challenge. If the risk or threat is ambiguous, it is more difficult to justify the financial and resource investments, training, technology and infrastructure changes, and other actions required to establish and operate a public-private partnership.

### *Goals and Objectives*

The research revealed the major importance of having clear and common goals and objectives. While this may seem to be an obvious element, it was reinforced in the survey results, the literature review, and the expert interviews. Contributing to this are research findings dating from the 1970s that indicate operations can become overly complex when organizations from different sectors create partnerships leading to less clarity.<sup>19</sup>

The interviewees shared insights that can help build clear objectives. Once the threats and associated risks are identified, the appropriate stakeholders can be brought together to jointly develop the objectives. One interviewee noted that a clearly defined problem statement that is understood by the stakeholders is the key to clearly defined objectives.

### *Clear Benefits*

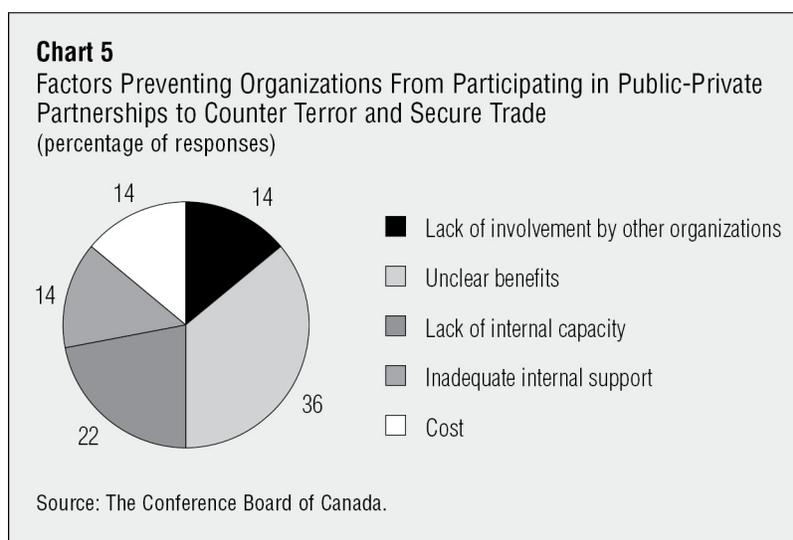
Participants in public-private partnerships have a common goal in ensuring that the investments they are making in these initiatives justify the benefits they seek. However, in many cases, the costs of public-private partnerships have typically been far clearer than the benefits. Unless both become clear, it may be difficult for some organizations to justify their continued involvement in the partnerships. In fact, the lack of clarity of the benefits is cited as the number one reason

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<sup>19</sup> Nutavoot Pongsiri, “Regulation and Public-Private Partnerships,” in *The International Journal of Public Sector Management* (2002, Vol. 15, No. 6), p. 489.

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preventing organizations from participating in PPPs to counter terror and secure trade (see Chart 5).



Note: Respondents could select more than one factor.

The interviewees raised the need for clarity of benefits many times. Ensuring that the benefits of participation are clear was considered one of the most effective actions that could be taken to encourage participation in public-private partnerships. Benefits was also considered one of the most challenging aspects of public-private partnerships given that creating detailed objectives and managing expectations among diverse partners is not an easy task. Because of the importance of addressing this challenge, an interviewee representing a public sector organization shared that his organization focuses on “clearly articulating the why and how” of partnerships.

Survey respondents also noted that as more public-private partnerships are established, they may not have the resources required to participate in all of them. As a result, it is expected that organizations will have to make choices based on the greatest benefits and impact they receive.

Based on the research, three core benefits emerged from the public-private partnerships that are currently operating in and among APEC economies. The first and most commonly cited benefit was improved information sharing. Virtually all survey respondents and interviewees noted how important this was to their organization and to the success of the partnership.

The second major benefit was improved risk management. When information is shared among the sectors, the private sector is better able to make “informed cost-benefit decisions that might justify greater security investments” while public organizations achieve a greater understanding of the issues facing business.<sup>20</sup>

<sup>20</sup> Stephen E. Flynn and Daniel B. Prieto, *Neglected Defense: Mobilizing the Private Sector to Support Homeland Security* (New York City: Council on Foreign Relations, Inc., 2006), p. 15.

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As public and private sector organizations develop a more detailed understanding of the threats and risks they face, they are able to more effectively contribute their capabilities while drawing on the capabilities of others. In doing so, they appear to be improving their ability to manage risk.

Finally, the research indicated that participants in public-private partnerships benefit from an overall improvement in supply-chain security. This may result from a contribution of what we have categorized as ancillary benefits that appear to emerge from these partnerships. The research suggests that organizations involved in public-private partnerships experience an overall improvement in security. For example, some respondents noted that there had been a decrease in theft of shipping containers. The vice-president of one organization participating in the Customs-Trade Partnership Against Terrorism (C-TPAT) reported the following:

[C-TPAT is] a means of protecting... assets against theft and loss at the same time as protecting against terrorism. It's a win-win. They generate a return on investment and security benefits at the same time."<sup>21</sup>

Another ancillary benefit emerging from involvement in public-private partnerships is an enhanced public image. A number of sources indicated that organizations found that their involvement in these relationships helped to position them as actively concerned and focused on protecting and improving trade. This was seen as a direct benefit to the organization's brand. One interviewee noted that being recognized as an early supporter and adopter of security measures certainly did not hurt and could lead to being preferentially viewed by other stakeholders.

During the workshop, participants with experience in public-private partnerships to counter terror and secure trade mentioned additional benefits that were not raised in the research. Participation in these initiatives has led to the development of a "culture of security" in many organizations. The overall security of an organization is likely to increase when the security of facilities, assets, and colleagues is in the forefront of employees' minds.

One of the breakout groups of the Lima, Peru workshop raised the view that effective public-private partnerships can help attract greater levels of foreign direct investment. Strong partnerships demonstrate that a stable and cooperative relationship exists between the public and private sectors. While this warrants additional research, this potential benefit is a compelling reason to consider partnerships.

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<sup>21</sup> Lisa H. Harrington, "Securing the Borders [online]," in *Outsourced Logistics*, December 8, 2003, [cited June 9, 2008]. [http://outsourced-logistics.com/operations\\_strategy/outlog\\_story\\_6289/index.html](http://outsourced-logistics.com/operations_strategy/outlog_story_6289/index.html).

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### Do Incentives Work?

The topic of incentives emerged repeatedly in the extensive literature review conducted by The Conference Board of Canada and the interviews conducted with subject matter experts. It was reinforced that incentives must be established to encourage the participation of private sector organizations in public-private partnerships.

In surveys conducted with organizations involved in public-private partnerships, we asked respondents to describe the kinds of incentives that were being offered. They identified the following:

- reduced export transaction fees;
- reduced customs interventions on outbound and inbound trade;
- security audits at no charge;
- accreditation and certification;
- expedited clearance processes and license applications;
- streamlined supply-chain oversight; and
- access to government grants.

When survey respondents were asked to rate the success of these incentives in encouraging participation in the public-private partnership, they indicated that the incentives were “somewhat” successful with a score of 5.7 out of 10. This lukewarm response could be interpreted a number of different ways. For example, one interpretation is that incentives may not be particularly important to encouraging participation in public-private partnerships. Another interpretation is that these specific incentives are not having the desired effect for these particular partnerships. Based on the findings of the literature review and the discussions with subject matter experts, the latter explanation is the more compelling. It suggests that organizations leading public-private partnerships must continue to work to develop incentives that are sufficiently compelling to encourage participation.

Source: The Conference Board of Canada, 2008.

### *Investment*

Among the greatest points of clarity related to public-private partnerships was the cost of participation—simply because the costs become tangible almost immediately. As organizations invest in technology, staff, changes to process, infrastructure, etc., they are able to quickly identify the costs of participation. For example, in order to become C-TPAT certified, private sector organizations are most often required to install physical security measures such as cameras, fences and stronger windows. One study noted that the average cost of these upgrades is US\$100,000.<sup>22</sup>

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<sup>22</sup> Abdoulaye Diop et al, *Customs-Trade Partnership Against Terrorism: Cost Benefit Analysis*, (Charlottesville, VA: University of Virginia, 2007), p. 3.

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To help build economic cases for increased security measures, the U.S. Department of Homeland Security and other relevant U.S. federal departments have worked with the private sector and trade associations to host conferences and high level retreats. At one event in 2003, the U.S. Department of Homeland Security and other federal administrations brought together nearly 100 leading agricultural and food producing companies to discuss the economic case to support critical infrastructure protection and the enhancement of security.<sup>23</sup>

The partnerships we assessed required that most organizations invest in technology and infrastructure. However, a number of respondents indicated that they did not believe that the costs are being shared equally. Interestingly, it was often the public sector respondents who held this perspective. To explore this further, we asked survey respondents about the extent to which their organization provided resources to the partnership. As shown in Exhibit 2, public and private sector respondents alike indicated that the resources they provided to the partnership were more than adequate.

However, when we asked respondents to identify the extent to which their partners were providing resources to the public-private partnership, their answers diverged. The private sector participants indicated that their partners were contributing to the same extent that they were. The public sector respondents provided a much more modest rating of their partner's contributions. But it is worth noting that public sector respondents still rated their partners just slightly below the "adequate" level.

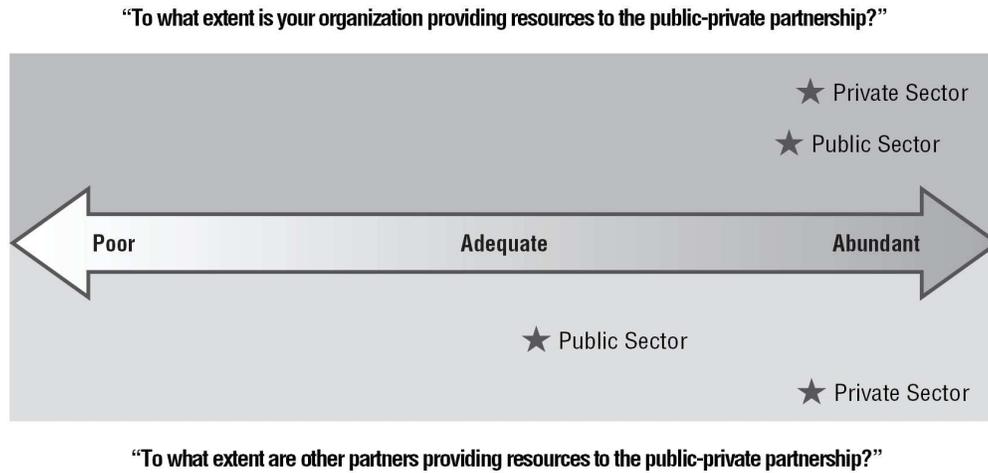
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<sup>23</sup> United States General Accounting Office, *Critical Infrastructure Protection: Establishing Effective Information Sharing with Infrastructure Sectors* (Washington, D.C: United States General Accounting Office, 2004), p. 25.

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## Exhibit 2

### Contribution of Resources to Public-Private Partnership



Source: The Conference Board of Canada.

It is also worth noting that the respondents did not distinguish which of their partners they were referring to. As such, they could have been gauging the contributions of other public or private sector partners. Their responses help us to see where gaps exist and where there are opportunities for improvement.

## Reducing the Costs, Re-using the Infrastructure

Key private sector organizations—including Hutchison Port Holdings, P & O Ports, and Maersk Logistics—came together in 2002 to develop the Smart and Secure Tradelanes initiative (SST). The organizations developed the SST because they recognized that the shipping of containers creates a significant vulnerability within supply chains. Described as the “world’s largest public-private logistics security initiative,” SST uses tested technology and “repurposes” existing infrastructure and processes to prevent tampering and to provide real-time tracking of containers.<sup>24</sup>

The underlying concept for SST—known as Total Asset Visibility (TAV)—was developed by the American Department of Defense (DoD). The TAV system integrates information collected from Radio Frequency Identification (RFID) tags and global positioning transponders.<sup>25</sup> When

<sup>24</sup> Business Editors and High-Tech writers, “Smart and Secure Tradelanes Ships First 100 ‘Smart Containers’ Across Pacific Ocean with Real-Time Tracking and Detection,” *Business Wire* [online], January 9, 2003. [cited May 29, 2008].

[http://findarticles.com/p/articles/mi\\_m0EIN/is\\_2003\\_Jan\\_9/ai\\_96269773](http://findarticles.com/p/articles/mi_m0EIN/is_2003_Jan_9/ai_96269773).

<sup>25</sup> Scott Hudson, “Smart and Secure Tradelanes [online],” *Supply Chain Resource Cooperative at North Carolina State University*, February 21, 2006, [cited May 29, 2008].

<http://scm.ncsu.edu/public/security/sec060221.html>.

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DoD's system began to support SST, it was already managing more than a quarter of a million conveyances through over 40 countries.<sup>26</sup> The trick was to simply layer on a secondary use.

The process begins with the collection of information (such the container contents) and partners who are involved from the point of origin to the final destination. Before being shipped, containers are fitted with active RFID tags "that are read by stationary and mobile readers at key nodes."<sup>27</sup> Applying the TAV network and its technologies to secure trade means that containers can be tracked from "the point of manufacture... to final delivery."<sup>28</sup> In addition to being tracked, any tampering while in transit can be caught.<sup>29</sup>

Source: The Conference Board of Canada, 2008.

Another element of important consideration related to investments in public-private partnerships is the predictability of investments. For example, some partnerships have undergone transformations that have required organizations to make new investments—after having already made significant upfront investments to participate in the partnership. Conference Board research has explored this issue as it relates to the layering of policies and initiatives related to cross-border trade between Canada and the United States. Research has found increasing levels of concern from organizations involved in public-private partnerships. The organizations' concerns are that they cannot be certain the requirements of participation will remain constant or that their current levels of investment will be sufficient in the future.<sup>30</sup> In order to be better aligned with the initiatives from other economies, Canada's Partners in Protection (PIP) has recently gone through such changes. Uncertainty in this area, coupled with a lack of clarity about the benefits of involvement, create barriers for ongoing participation.

### Increasing Investments: Partners in Protection (PIP)

Originally established in 1995 to increase the private sector's awareness and compliance with customs regulations, Canada's PIP initiative expanded after the 9/11 terrorist attacks to improve supply-chain security and the protection of assets. Originally, participating organizations would voluntarily fill out a security questionnaire and follow the suggested recommendations.<sup>31</sup>

<sup>26</sup> Business Editors and High-Tech writers, "Smart and Secure Tradelanes Ships First 100 'Smart Containers' Across Pacific Ocean with Real-Time Tracking and Detection," *Business Wire* [online], January 9, 2003. [cited May 29, 2008].

[http://findarticles.com/p/articles/mi\\_m0EIN/is\\_2003\\_Jan\\_9/ai\\_96269773](http://findarticles.com/p/articles/mi_m0EIN/is_2003_Jan_9/ai_96269773).

<sup>27</sup> Hau L. Lee and Seungjin Whang, "Higher Supply Chain Security with Lower Cost: Lessons From Total Quality Management," in *International Journal of Production Economics* (June, 2005, Volume 96, Iss. 3), p, 294.

<sup>28</sup> Scott Hudson, "Smart and Secure Tradelanes [online]," *Supply Chain Resource Cooperative at North Carolina State University*, February 21, 2006, [cited May 29, 2008].

<http://scm.ncsu.edu/public/security/sec060221.html>.

<sup>29</sup> Ibid.

<sup>30</sup> Danielle Goldfarb, "Reaching a Tipping Point? Effects of Post-9/11 Border Security on Canada's Trade and Investment". (Ottawa: The Conference Board of Canada, 2007), pg. 18.

<sup>31</sup> Canadian Border Services Agency, "Partners in Protection [online]," June 30, 2008, [cited August 6, 2008]. <http://www.cbsa-asfc.gc.ca/security-secure/pip-pep/menu-eng.html>.

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When the U.S. Government established the robust Customs-Trade Partnership Against Terrorism (C-TPAT), it became clear that C-TPAT and PIP were not aligned. For mutual recognition to occur, PIP needed to be overhauled. The strengthened PIP program includes minimum security standards and policies to deny, suspend, cancel, and reinstate memberships. As a result of these changes, all PIP members who joined before June 30, 2008 are now required to reapply.<sup>32</sup>

Source: The Conference Board of Canada, 2008.

### *Roles and Responsibilities*

Clarity around roles and responsibilities is extremely important. Research conducted by The Conference Board of Canada has explored the importance of effective governance as it relates to these relationships and it is common to see confusion related to an organization's roles and responsibilities—particularly in times of crisis.<sup>33</sup>

### **Organizational Strengths and Weaknesses**

To establish effective public-private partnerships, private and public sectors must recognize their strengths and weaknesses and share them with partners. Participants at a workshop led by the Conference Board of Canada in Lima, Peru raised this as a challenge for several reasons.

Exposing one's weaknesses can be a double-edged sword. On the positive side, when a public or private organization shares its weaknesses, strong public-private partnerships can develop, resulting in more resilient organizations. However, if the weaknesses or vulnerabilities are deemed severe, the private sector risks being subjected to greater regulation that can alienate the two sectors. If the public sector exposes its weaknesses, leaders could be held to account.

Working together in a public-private partnership requires openness, trust, and sometimes introduces an element of risk. Nonetheless, when organizations are able to form effective public-partnerships, the capabilities and strengths of each partner can compensate for the weaknesses of others.

Source: The Conference Board of Canada, 2008.

Almost 85 per cent of survey respondents indicated that involvement in public-private partnerships to counter terror and secure trade did not require a change in their existing roles and responsibilities, or those of their partners. This suggests that organizations in many public-private partnerships are building on their existing strengths and were not required to develop

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<sup>32</sup> Ibid.

<sup>33</sup> Andrew Archibald and Trefor Munn-Venn, "A Resilient Canada: Governance for National Security and Public Safety". (Ottawa: The Conference Board of Canada, 2007).

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

substantial new capabilities in order to participate. Respondents also indicated that they had a clear understanding of the mandates of their partners.<sup>34</sup>

That said, the research revealed that two thirds (66 per cent) of public-private partnerships have required the development of and compliance with new standards. When asked who is typically responsible for enforcing those standards, respondents indicated that in more than half the cases (58 per cent), public authorities are responsible for enforcements. In about one-fifth of partnerships, the enforcement of standards is a voluntary action. During the discussion at the workshop held in Lima, Peru, it was indicated that the maintenance of standards is far more difficult if the benefits are not clear to participating organizations. This reinforces the need for clarity about benefits throughout all phases of a partnership.

The development of standards within public-private partnerships is one topic that warrants more discussion and research. When the history of partnerships were studied and plotted, the research suggested that many public-private partnerships form the basis for future regional and international standards. Advance Passenger Information (API) systems have existed for several years in one form or another—many were developed through public-private partnerships. In 2004, Australia's Department of Foreign Affairs reported that these systems were "likely going to become operational in most APEC economies over the next few years."<sup>35</sup> API systems will likely become the norm beyond the APEC region because of their proliferation.

Respondents were also asked to identify the basis for choosing leaders of the public-private partnership. In slightly more than half of the partnerships (54 per cent), leadership was determined based on the existing roles in the organizations that comprised the partnership. Leadership based on the individual's depth of experience was selected in only about one-quarter (27 per cent) of partnerships. This is a factor that requires additional investigation and assessment. There have been many instances in which partnerships have had to engage in a joint action or response to an emergency only to find that they did not have the necessary leadership.

The importance of experienced leadership was also raised in the interviews. One interviewee noted that having respected and trusted individuals, who have credibility with the other partners, is the most effective action that can be taken to build partnerships.

A number of interviewees also believe there is a need for one public sector organization to lead and "own" a partnership. It was recognized that many public organizations may need to be involved but there must be one "clearing house" for all things related to the partnership. One interviewee observed that "private sector players will not and cannot fill out forms for 15 different organizations to participate in one partnership."

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<sup>34</sup> Respondents rated their understanding of the mandates of organizations in their public-private partnerships on a scale of 1 to 10 where 1 was "poor" and 10 was "very well). The average of responses was 6.2 out of 10, suggesting a good understanding of the mandates of others.

<sup>35</sup> Department of Foreign Affairs and Trade, Australian Government. *APEC: Best Practices in Secure Trade* (Canberra: Commonwealth of Australia, 2004), p. 23.

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While one public sector organization may “own” the partnership, workshop participants suggested that all leaders from participating organizations must be committed to the partnership. Without buy-in from senior leaders, partnerships may not have the support needed to succeed.

### *Building the Value Proposition*

The research made it plain that building strong value propositions can be a challenging task without clear goals, objectives, costs, and roles for each organization considering a public-private partnership. However, it was the discussion by workshop participants in Lima, Peru that raised the concern over who develops the value propositions and ultimately the partnerships.

Participants noted that value propositions are typically developed at the strategic and policy level, yet implementation occurs at the operational and tactical levels. This disconnect can lead to challenges when a partnership is launched. Linking the strategic, operational, and tactical levels throughout the development and implementation—to ensure the levels are aligned—can lead to more effective public-private partnerships.

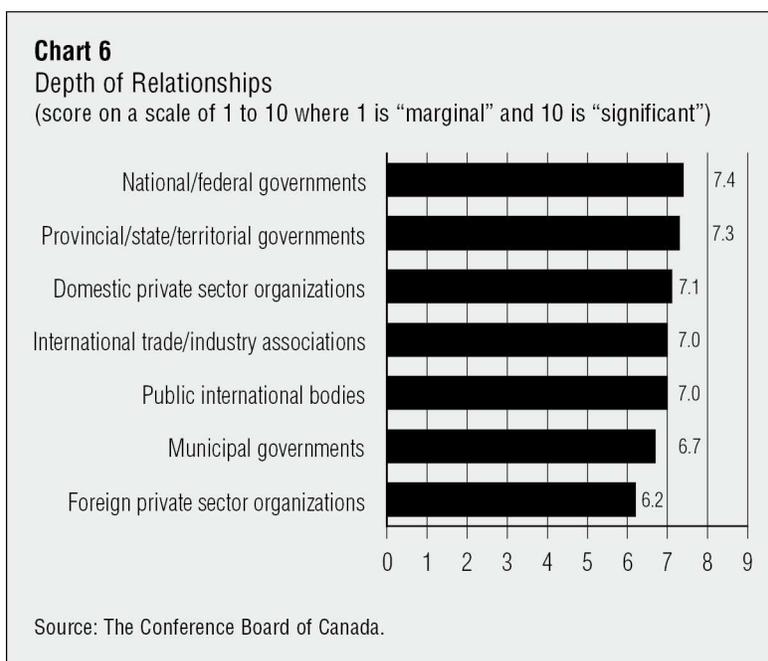
# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Chapter 4—Trust: Critical Enabler for Public-Private Partnerships

The importance of trust to public-private partnerships cannot be overstated. Without authentic levels of trust between organizations, a public-private partnership cannot be expected to achieve its full potential. For instance, if the most commonly cited benefit of these partnerships is improved information sharing, it is necessary for partners to have sufficient levels of confidence, respect, and mutual assurances that they will be able to exchange information and intelligence freely.

The interviews confirmed this. When asked what the most effective action to encourage participation in partnerships is, many answers included building trust between partners, and the development of a “trusted environment.”

To better understand the level of trust between partners, respondents were asked how they would rate the overall depth of their relationship with a number of other organizational types. As shown in Chart 6, the rankings were relatively close. On average, the greatest depth of relationship was with national or federal governments. However, the narrow differences in ranking suggest solid relationships with all partners on average. Chart 6 suggests that relationships are relatively strong between partners.



Every interviewee specifically raised the issue of trust and how important it is for all organizations participating in public-private partnerships to focus on building trusted relationships. Some interviewees noted that it can be difficult bringing together public and private sector organizations. In some cases, public and private sector organizations are already connected through existing regulatory relationships. This can introduce a level of caution

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between the partners who may have concerns about how open and transparent they can be with each other. One source noted that regulation has created “an enduring legacy of an often-adversarial relationship” between the sectors.<sup>36</sup> The discussions in the breakout groups at the workshop in Lima, Peru echoed the research findings. Building trust between the public and private sectors creates a challenge because years of regulation can sometimes result in an adversarial relationship. One public sector interviewee went further and shared that:

A major challenge is balancing the government’s inclination to regulate with the need to play a facilitating role in these partnerships. Doing so, will require that the public sector develops a more nuanced understanding of the roles and capabilities the private sector has to offer.

This was echoed by another interviewee who suggested that “more private sector organizations would participate in public-private partnerships if public sector partners focused more on facilitation than on governing and dictating the actions of other partners.” This perspective should be tempered with the understanding that facilitating, nurturing, and developing trusted relationships take substantial time and energy. As such, it can be a more demanding process than simply regulating the desired behaviour. Moreover, the level of energy must often be maintained throughout the life of the partnership to ensure it continues to operate effectively.

Building trust not only between the sectors but within a sector was also raised as a critical challenge. In some cases, domestic “turf wars” have fostered a culture of mistrust between public sector organizations that need to work together. Workshop participants noted that once this kind of organizational culture has been established, it can be very difficult to change.

### *Building Trust Into Public-Private Partnerships*

Recognizing the importance that trust plays in these partnerships, it is essential to ask what actions should be taken to develop trust in the context of public-private partnerships to counter terror and secure trade. Based on the research—surveys, literature review, expert interviews—a number of approaches can be taken to deepen the level of trust in these partnerships.

#### **Managing the Boundaries**

One tension that must be taken into account in the development of any strong, trusting public-private partnership is maintaining sufficient distance between the public and private sectors.

Regardless of the nature, objectives or intent of the partnership, organizations from the public or private sectors cannot be expected to abdicate their existing roles and responsibilities. In some cases, those roles will be regulatory or compliance-focused. In others, they will be focused on the collection and analysis of intelligence. Private sector companies must still maintain their focus on competitiveness while working with direct competitors or organizations central to the supply chains of their competitors.

<sup>36</sup> Stephen E. Flynn and Daniel B. Prieto, *Neglected Defense: Mobilizing the Private Sector to Support Homeland Security* (New York City: Council on Foreign Relations, Inc., 2006), p. 9.

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In these cases, and in others, it will be necessary for all organizations to recognize the importance of maintaining their respective roles and responsibilities, and to actively work together to manage the boundaries between those responsibilities and the objectives of the public-private partnership.

Source: The Conference Board of Canada, 2008.

**Designing Public-Private Partnerships**—One method of building an increased level of trust in public-private partnerships is to bring core stakeholders together at the beginning so that they are collaboratively involved in establishing and designing the partnership. Interviewees encouraged this approach wherever possible, arguing that when organizations are involved from the very beginning of an initiative, it helps create a shared sense of ownership—and, as a result, a higher level of trust between the various organizations.

When organizations are involved in the detailed design of the initiative, they are more likely to have a common understanding of all aspects of the partnership—strategic, operational, and tactical. There is a lower likelihood of misunderstandings about the intent, operation, or costs of involvement when the various partners have helped to establish, design, and initiate the partnership. Moreover, it provides the opportunity to bring a greater level of clarity to the objectives, costs, roles, and benefits of the partnership.

By working closely together over the course of planning and designing a partnership, stronger linkages will be created between the sectors. To one interviewee, these strong linkages were one of the most beneficial aspects of public-private partnerships. For this public sector representative, “these linkages build trust and lead to better information sharing.”

**Conducting Exercises**—Slightly more than half of the respondents (53 per cent) indicated that the public-private partnership in which they are involved has been tested through exercises and table-top scenarios. Exercises are a powerful mechanism for bringing together the members of public-private partnerships. Exercises ensure that members are familiar with one another and aware of the roles and mandates of their partners—and help build the personal relations that are critical to the effective functioning of these partnerships.

While bringing together the partners to exercise is important, much attention must be paid to the actual design of the partnerships. An interviewee, who has significant experience working with both sectors, observed that the private sector is sometimes concerned that exercises may be designed in a vacuum and may not necessarily reflect reality. When building exercises to test partnerships, it is beneficial to include all the partners in the design. This can lead to more realistic exercises that will produce increased beneficial results.

Survey respondents were asked what mechanisms were in place to identify lessons learned—both in their organization and as it related to the partnership itself. Chart 7 presents the answers to these questions and indicates that the same methods are used both at an organizational level and at a partnership level at similar levels of frequency.

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Many of the respondents also reported that the partnership has been modified based on the lessons learned. They have integrated lessons into emergency plans and designed new drills to test the capabilities of the partnership. As the organizations in the partnerships continue to learn together and adapt their behaviours, they also reinforce the relationships and level of trust they have in one another. They are able to identify gaps that need to be addressed and develop plans to do so.

Lessons identified also need to be circulated beyond partners and partnerships. While there is no single solution for building effective public-private partnerships, organizations can learn from the experiences of others. An interviewee shared that while one partnership he was familiar with had made mistakes, the lessons and modifications were well documented so that “others did not have to re-invent the wheel.”

The relationships formed among partners are critical in times of response when the true strength and capacity of public-private partnerships are revealed. To understand the current perspectives of organizations involved in these partnerships, we asked them to rate, on a scale of 1 to 10, their ability to respond to a national security or public safety incident with their partners. As shown in Chart 8, there are relatively high levels of confidence among partner organizations who, on

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average, rate their ability to respond with their partners as 7.1 out of 10, or somewhere between “satisfactory” and “excellent.”



**Strengthening Relationships**—Individuals and organizations involved in public-private partnerships to counter terror and secure trade must continually look for creative ways to strengthen their relationships with one another. One method that was raised by a number of respondents was attending conferences focused on common issues. Several respondents noted that The Secure Trade in the APEC Region (STAR) conferences were an effective mechanism to strengthen relationships as they provide:

- valuable content about the development and operation of public-private partnerships;
- access to subject matter experts;
- opportunities to have formal and informal discussions with partners and individuals involved in other partnerships; and
- exposure to emerging practices that may be valuable to their own initiatives.

The importance of individual personalities when building relationships was raised during the breakout sessions at the workshop held in Lima, Peru. Some participants commented how a lack of continuity of individuals in key positions can lessen the level of trust between organizations. In other words, when an organization has a high employee turnover rate, building trusted relationships between key positions becomes a greater challenge. While not always possible, maintaining the continuity of people who play a key role in cross-sector relationships can help establish and maintain strong partnerships.

The interviews shed additional light on the issue of strengthening relationships. A public sector interviewee indicated that there needs to be a “continuous, on-going effort to reach out” to the private sector. Another interviewee told The Conference Board of Canada that in at least one APEC member economy, large multi-national corporations were teaching small and medium-

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sized enterprises about the basics of pandemic preparedness. Facilitating discussions between the stakeholders on topics of shared relevance is another way to form strong relationships.

### *Information Sharing*

Trust cannot be established without information sharing, and information sharing will not occur without trust. The challenge is where to begin.

Survey respondents, interviewees, and the literature emphasize the important and essential role that information sharing plays in the development and effective functioning of public-private partnerships. Information sharing helps to constitute every aspect of public-private partnerships—from a common understanding of the threats and risks to roles and responsibilities to the costs and benefits. Improved information sharing is a core benefit that many expect to gain through their involvement in these partnerships. One interviewee noted that voluntary information sharing between the public and private sectors can prevent additional regulation.

Workshop participants struggled with the topic of information sharing and recognized that they were just “scratching the surface” of the issue. The challenges discussed ranged from the simple to the complex. For example, something as simple as developing standard terminology can aid in the sharing of information between public and private organizations within or between APEC economies. Different words for essentially the same thing can add confusion to an already challenging issue.

A more complex challenge originates from the different views held by the public and private sectors of what information is deemed important and relevant. Having different mindsets means that public and private sectors need to come together to mutually decide what information needs to be shared and when. Sharing the necessary information can become less complicated once a common understanding of the needs of the two sectors exists,

Another challenge is if, like the costs of partnership, the risk of sharing information is immediately apparent to an organization. The research indicates that serious concerns exist about sensitive information being released publically and which organizations might have access to the information after it is shared.

### **Partnering to Share Information**

The American Presidential Decision Directive 63 (PDD-63) of 1998 encouraged the “voluntary creation of Information Sharing and Analysis Centers (ISACs).”<sup>37</sup> These centers were established to aid in the sharing and analysis of information between relevant public sector organizations and

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<sup>37</sup> United States General Accounting Office, *Critical Infrastructure Protection: Establishing Effective Information Sharing with Infrastructure Sectors* (Washington, D.C: United States General Accounting Office, 2004), p. 1.

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private sector critical infrastructure providers. Post 9/11, the importance of the ISACs were reaffirmed and now include thirteen industry-based centers.<sup>38</sup>

In PDD 63, suggestions were made for industry but it was up to the private sector to determine how the ISACs were established, governed, and funded. As a result, each ISAC exhibits a different structure, functional approach, and funding model while working toward the same objective.<sup>39</sup> For example, the financial services, public transit, and chemical industry ISACs were established as independent organizations. Others, such as the water management industry, were established as part of existing industry associations.<sup>40</sup> In the case of the electricity sector, the ISAC is managed by a nonprofit organization responsible for the promotion of a secure and reliable grid.<sup>41</sup>

The funding structure is also designed to align with the industry the ISAC represents. Fee-for-service, government grants, and association sponsorships all help provide the capital to the centers.<sup>42</sup> Some ISACs use a tiered system to permit the participation of smaller organizations<sup>43</sup> if membership fees are required.

Source: The Conference Board of Canada, 2008

When the challenges are overcome, workshop participants identified many benefits that can result from effective information sharing between the public and private sectors. In particular, the participants believed sharing information between the public and private sector would result in greater levels of trust and understanding between the sectors, as well as predictability during responses.

The Conference Board of Canada is currently conducting research on effective information sharing between the public and private sectors. Based on a comprehensive literature review, the assessment of a series of national security and public safety incidents, and interviews with representatives of public and private sector organizations, we have found that effective information sharing must be:

**Relevant**—Determining what information is relevant requires a clear understanding of the objectives of the partnerships; and the threats and risks facing the members of the public-private partnership, the key players, and their roles.

**Targeted**—Recipients of information must be selected based on expressed or pre-defined needs. Implementing a protocol that helps to identify information sources and needs has been found to be particularly helpful in this process.

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<sup>38</sup> Supply Chain Information and Sharing Analysis Center, “About the SC ISAC [online],” 2007, [cited August 7, 2008]. <https://secure.sc-investigate.net/SC-ISAC/ISACAbout.aspx>.

<sup>39</sup> United States General Accounting Office, p. 12.

<sup>40</sup> Ibid, p. 13.

<sup>41</sup> North American Electric Reliability Corporation, “About NERC [online],” 2008, [cited June 20, 2008]. <http://www.nerc.com/about/>.

<sup>42</sup> United States General Accounting Office, p. 14.

<sup>43</sup> Ibid, p. 15.

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**Accurate**—Information has to be accurate, demonstrable, and complete to improve decision making. It is important to ensure that all members of a public-private partnership use common terminology. Clearly formulated and labelled information also helps to assure a continuous flow.

**Timely**—Providing easy access to information and eliminating delays in the distribution of information can help speed up information exchange in general. Having a clear and common understanding of the operating procedures of partner organizations and the time-sensitivity of their activities is crucial to timely information sharing.

**Trusted**—Decision makers trust information that comes from individuals and organizations they know and trust. Trust is built primarily on familiarity—the knowledge of each other’s behaviour, values, and processes.

**Measured**—Users and providers of information must, on a case-by-case basis, realistically assess the level of detail required and the minimum level of confidentiality that must be maintained.

**Responsible**—Responsible decisions about the release or retention of information take into account the possible consequences of the decision. Responsible decisions also reflect the outcome of a careful weighing of the benefits of sharing and the potential harm of not sharing information.

**Ethical**—Ethical questions can arise suddenly and unexpectedly in crisis situation. Decision makers need to have a clear picture of the values and priorities of their organization and the partnership before they face these questions. These are rarely simple “right or wrong” decisions. Decision makers need to establish a process that will help them address these complex questions in times of crisis.

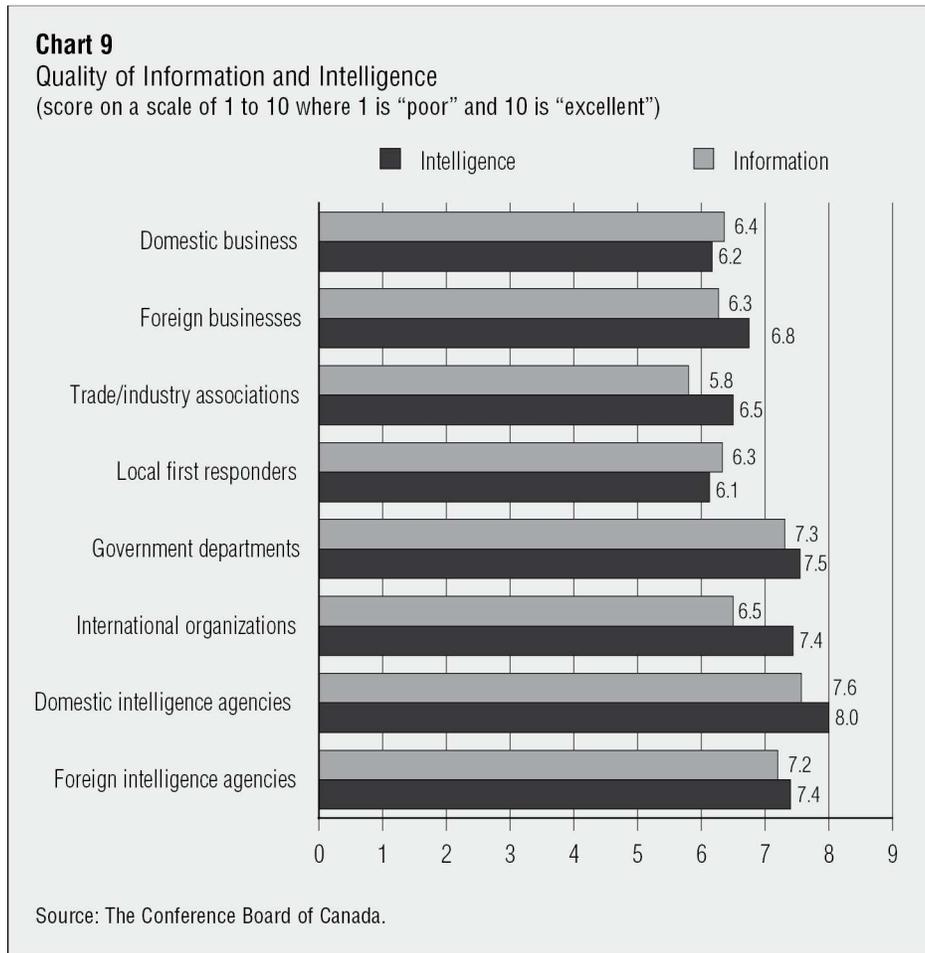
To understand where public and private sector organizations are obtaining their information and intelligence, we asked survey respondents to identify, in general terms, their sources, and they reported the following:

- The most common sources of information were government departments, international organizations, domestic business, and domestic intelligence agencies. The least common source was foreign intelligence agencies.
- The most common sources of intelligence were government departments, domestic intelligence agencies, and international organizations. The least common source was also foreign intelligence agencies.

In addition to understanding public and private sector organizations’ sources of information, it is valuable to understand the perceived quality of that information. Respondents were asked to rank the quality of the information and intelligence they received from different sources on a scale from 1 to 10—where 1 was “poor” and 10 was “excellent.” Overall, the scores are positive with rankings of “satisfactory” or better. The average quality of intelligence was rated 6.9 out of 10—slightly higher than the quality of information that was rated 6.7 out of 10 (See Chart 9).

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Not surprisingly, domestic intelligence agencies were rated highest (8.0/10) in terms of the quality of intelligence provided, while local first responders were rated lowest (6.1/10)—also not surprising considering their primary mandate. Domestic intelligence agencies were also rated highest (7.6/10) in terms of the quality of the information they provided while trade/industry associations were rated lowest (5.8/10).



These findings suggest that organizations involved in public-private partnerships are generally satisfied with the quality of the information they receive. When these findings were explored in greater detail, it became evident that there were differences between private and public sector organizations in terms of the amount of information and intelligence that comes from their partners.

Private sector organizations report that they receive 70 per cent of their information and 60 per cent of their intelligence, on average, from their partners. Meanwhile, public sector organizations report receiving only 28 per cent of their information and 40 per cent of their intelligence, on average, from their partners. This suggests major differences in the value of the partnerships from the perspective of information and intelligence sharing. However, it is also consistent with the public sector mandate of intelligence gathering and analysis.

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Interviewees were asked what actions could be taking to improve effective information sharing—which is simultaneously a key objective, benefit, and challenge of public-private partnerships. One interviewee noted that there has to be the recognition of the need to share right at the beginning. Without this occurring first, not much information will flow between partners. To facilitate the flow, trust was once again mentioned as a key factor in enabling information sharing. As one interviewee put it, “you won’t share information with someone you haven’t shaken hands with.”

One private sector interviewee put forth the idea that private organizations often assume that the public sector knows more than they actually do. This suggests that the expectations of partners may need to be managed.

Discussions at the Peru workshop identified a challenge for private sector organizations working in more than one APEC economy. With different requirements for information from many different public sector organizations, knowing who needs which information can become difficult, and complicated or expensive to provide. An interviewee supported this perspective by noting that it is difficult for the private sector to provide various, and sometimes duplicative, pieces of information to multiple domestic public organizations—let alone organizations in other economies. Without a degree of standardization among domestic organizations and among economies, the private sector is likely to continue to oppose sharing information with multiple stakeholders.

Recognizing the need for a clearing house for public-private relations on security issues, several APEC economies have created a “single-window” for government access. Participants at the workshop explained that this concept provides a single public entity with which the private sector can connect. A private organization is able to achieve greater efficiency, and likely experience less frustration, because it is not contacting many different public agencies on the related issues.

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## Chapter 5—Future Directions

### *Trajectory for New Public-Private Partnerships*

Momentum continues to grow in the development of public-private partnerships to counter terror and secure trade. Existing partnerships have adopted many different forms to accommodate the specific threats and risks that are being faced, the needs and capabilities of partners, and the common objectives that are central to the partnership.

Survey respondents were asked to describe future partnerships that they are considering and identify the trajectory of the following factors:

**Objectives**—In the past, public-private partnerships were designed to increase information sharing, boost levels of cooperation among partners, facilitate trade, and protect infrastructure. Future partnerships are expected to continue to focus on improving information sharing and facilitate efficient trading activities. But there is also an expectation to focus more on improving business continuity and security activities.

**Benefits**—Future benefits of public-private partnerships will include improved information and intelligence sharing, greater throughput of trade, reduced risks to trade, and enhanced organizational image or brand.

**Costs**—Respondents expect that the primary costs related to future public-private partnerships will include increased personnel, administrative support, and audit requirements.

**Composition**—Survey respondents expect the composition of future public-private partnerships to shift slightly with a modest growth of public sector organizations from 33 per cent to 37 per cent.

### *Emerging Threats and Risks*

Some participants of the Peru workshop raised the concern that many past and existing public-private partnerships have been formed in reaction to a national security or public safety incident. Organizations can be proactive by identifying the risks and threats and taking a risk-based approach. They can create partnerships to further reduce vulnerabilities and increase the resiliency of a region.

A number of emerging threats and risks are expected to shape the future design and development of public-private partnerships to counter terror and secure trade. A number of key themes emerged when we explored the types of threats and risks with subject matter experts.

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**Cyber attacks**—With the ongoing integration of computer-operated critical infrastructure (such as Supervisory Control and Data Acquisition [SCADA] systems that are used to monitor and control a wide range of facilities), our computer networks are attractive targets for those intent on disrupting systems. So too is the infrastructure that those networks control. Focused cyber attacks on networks and critical infrastructure pose a complex challenge since they are highly technical, can be launched from virtually anywhere, and because our networks are increasingly integrated into the fabric of our economies.

**Marine-based threats**—Experts noted concerns about threats from small vessels that are able to move quickly, difficult to distinguish from regular marine traffic, and pose a significant security threat because of their ability to strike other important vessels, facilities or ports—thus interrupting trade operations and raising the level of scrutiny of all marine-based traffic. There are similar concerns about large container vessels delivering bulk cargo shipments. The ability to hide weapons or explosives in these shipments is expected to pose a growing threat as global trade continues to expand. Any activities or threats that reduce our confidence in the security of these networks have the capacity to affect many economies simultaneously.

**Internal threats**—The experts who were interviewed raised concerns related to the individuals that make up our organizations. As measures designed to stop terrorist attacks become increasingly mature, it can be expected that alternative approaches to disrupting organizations will be adopted. An obvious approach is for those who threaten us to attempt to infiltrate public and private sector organizations. Experts encouraged higher levels of ongoing scrutiny of staff and the organization of security measures and partnerships in a way that takes these threats into account.

**Apathy**—A number of interviewees and workshop participants indicated that a major threat—and a serious challenge to successful partnerships—is apathy. Many of the partnerships were established in response to a particular crisis or risk. However, over time, the level of concern about that risk or event often falls dramatically, and the impact of the galvanizing event or concern can fade. This is compounded by a sense of complacency that often emerges over time among the general public in many economies. In some cases, the apathy is immediate—organizations in regions far from an incident are sometimes unable or unwilling to recognize the connectivity of global trade. Without the ongoing concern and interest, it can be difficult for organizations to justify ongoing investments and activities in public-private partnerships.

### *The Future Focus of Public-Private Partnerships*

Based on the future threats and risks identified, the subject matter experts were asked to offer insight as to where the focus of future public-private partnerships should be. Through this discussion, two key themes developed:

**Preparing for the Response**—Many stakeholders are working toward establishing continuity of operation plans—but more needs to be done. Interviewees raised concern over threats that are poorly understood—such as cyber attacks—and will require a complex international and cross-

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sector response. The Conference Board of Canada's conversations with the experts made it clear that partnerships are required to aid in the resumption of trade and activities after an incident.

**Continuing to Secure**—Following the 9/11 attacks, many effective partnerships to secure supply chains have been established. Steps need to be taken to ensure these partnerships continue to grow in size and scope. As already noted, interviewees recognize that today's supply chains involve many players who often operate behind the scenes. These organizations need to be brought into new and existing partnerships. In another move to boost the security of trade, it was suggested that more checkpoints be moved from the destination to the economy of origin. In doing so, high-risk cargo and people can be identified and isolated earlier. This can only be accomplished through effective public-private partnerships.

**Privatizing Services**—In many cases, public-private partnerships can lead to the privatization of services that were once only offered by the public sector. Workshop participants noted several examples where successful partnerships—such as the operation of airports—have resulted in increased efficiency, savings for government, and privatization. While this outcome has advantages and disadvantages, many participants agreed that a separation of policy making and the delivery of service can be beneficial in some cases. If privatization frees up resources, government organizations can shift these resources to providing additional—or increasing existing—social benefits.

### *From Protection to Resilience to Competitiveness*

The Conference Board of Canada's research has pointed out a shift occurring in the activities of organizations addressing concerns related to national security and public safety. Over the last 10 years, we have seen a shift in mindset from protection to one of resilience. As new threats have emerged, organizations and economies have sought to better protect critical infrastructure, important sites, and key resources from whatever harm might befall them. For example, one public-private partnership raised in the survey responses—the International Ship and Port Facility Security Code—establishes standards and requirements to improve the ability of ship and port operators to secure their assets, facilities, and operations.

As organizations and economies achieve the desired levels of protection, they also begin to recognize that they cannot stop every major crisis or emergency from occurring. With this in mind, they have turned their attention to what they can do to recover quickly, should they face a major disaster. In some cases, the focus is now on how resilient they can be—which is primarily gauged by how quickly an organization, region, or economy can return to its original state. A rapid recovery means that economic and social systems can resume operation, bring normalcy and revenue to a region, and ensure that the long-term implications of a major disaster are mitigated. Many organizations and economies are just beginning to think through the implications of a focus on resilience in their organization. A number of public-private partnerships are already focusing on this element. For example, C-TPAT and PIP are both designed to provide assurances about the individuals, cargo, and organizations involved in transporting goods across the Canada-U.S. border. Fundamental to these initiatives is the

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

expectation that should events require greater scrutiny at the border—and a resulting slow-down in traffic— that organizations involved in these partnerships will be able to continue operating.

The Conference Board of Canada has recognized a third step in this progression: a shift beyond resilience (determined by how fast you can bounce back) to competitiveness (determined by whether or not you can bounce back stronger than you were before). One initiative that is moving toward this mindset is the Smart and Secure Tradelanes project (SST). Launched by the private sector in 2002, SST uses RFID, e-seal and GPS technology to provide greater transparency throughout global supply chains. Participating organizations have experienced less container tampering and theft, and the prompt reporting of delays and “mis-routings.”<sup>44</sup>

### *Opportunities for Action*

The research and discussion at the workshop led to the development of a number of opportunities that organizations, regions, economies, and international bodies can immediately take to establish or improve the effectiveness of public-private partnerships to counter terror and secure trade.

**Develop a clear and common understanding of threats and risks**—A perceived set of threats and risks, requiring the involvement of a diverse set of organizations to address, underlie public-private partnerships. Unless the threats and risks are clearly defined, and all partners understand them, it is difficult to establish partnerships that will effectively counter those threats and risks. Partners should engage in an open dialogue to identify threats and risks. Threats and risks should be reassessed regularly to gauge their status and to determine whether new ones have emerged.

**Clarify the benefits of partnership**—Public-private partnerships require a clear sense of purpose and a clearly defined problem statement that explains the objectives of the partnership. A common understanding of purpose enables the development of goals and objectives that will result in meaningful action. Understanding the purpose will make it easier for organizations to decide whether or not they should participate. Wherever possible, appropriate economic benefits should be developed for private sector organizations who engage in these partnerships.

**Keep partnerships tightly focused**—Over time, partnerships risk losing their original core focus and can become diluted by trying to accomplish too many diverse goals. Layering on additional activities, requirements, or standards over time—coupled with cases of growing complacency—can result in public-private partnerships that become onerous, myopic and process-driven as opposed to being tightly focused and goal-driven.

**Design public-private partnerships collaboratively**—Research indicates that most partnerships are initiated by the public sector. However, public-private partnerships should be

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<sup>44</sup> Hau L. Lee and Seungjin Whang, “Higher Supply Chain Security with Lower Cost: Lessons From Total Quality Management,” in *International Journal of Production Economics* (June, 2005, Volume 96, Iss. 3), pp. 294-95.

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co-designed by representatives from both the public and private sectors. Doing so will result in higher levels of trust, greater efficacy of the partnerships, and a stronger foundation for success.

Within organizations, it is important to ensure that the strategic and operational levels collaborate as well. When courses of action are decided on, they can be grounded in experience, practice and reality.

**Balance risks and rewards**—When a number of organizations identify that they face a common threat, it often triggers a partnership. By coming together into a joint relationship, it is expected that the risks will be shared and that the organizations will work together to mitigate and manage those risks. In one case, entering into a partnership effectively resulted in all of the risks and liabilities being transferred to the private sector. For public-private partnerships to be successful, the risks need to be shared, as do the rewards.

**Define metrics**—Metrics should be developed to ensure that the benefits of participating in public-private partnerships are actually achieved. Metrics can help track the progress and, more importantly, the impact of the partnership. The metrics to measure such initiatives will be new because the public-private partnerships are new. More research into this important tool is required. However, metrics can focus on a range of factors including progress against objectives, number of partners, costs of involvement, improvement of security, capacity to resume operations, number of individuals trained, exercises conducted, etc.

**Build on existing organizational strengths**—Every organization and economy has its culture and its own unique strengths and capabilities. Public-private partnerships should not seek to dramatically change organizations, but should instead seek to build on those existing strengths and connect them with the strengths of other partners.

**Conduct exercises**—Exercises are essential to strong relationships and a clear understanding of roles and responsibilities when it is most important. Public-private partnerships are encouraged to conduct more table-top and full-scale exercises, and to continue to engage in after-action reports and other mechanisms that help to identify and share lessons learned. APEC and the Counter Terrorism Task Force may have a strong and constructive role to play in capturing and sharing these lessons.

**Focus on rapid economic recovery initiatives**—The ability to rapidly reconstitute economic activities is fundamental to building the resilience of APEC economies. Therefore, partners must focus on business continuity activities in their own organizations, supply chains, and in the partnership. Partnerships should examine and test their initiatives to identify how well they will be able to facilitate cross-border trade with trusted partners in the immediate aftermath of a major terrorist attack or disruption at the border. Partnerships that are designed to deliver these benefits, but that fail to do so when they are needed most, will lose trust between partners and will be seriously challenged in their future operation.

**Educate the public**—Public-private partnerships to counter terror and secure trade are still relatively young. The public needs to understand what the partnerships are, why they exist, why they are important, and the impact they are having. Understanding by the general public will help

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to galvanize support to maintain these partnerships, provide reassurance that tangible actions are being taken to combat terrorism, and encourage involvement from diverse stakeholders.

**Develop a mindset of resilience**—It is important to encourage the development of a psychological resilience—a mental toughness—in order to prepare our staff, our organizations, and our public-private partnerships for the threats and risks they will face in the future. A sense of readiness and confidence is needed to meet the task of combating terrorism and securing trade. Public sector organizations need to take a leading role in encouraging a sense of shared ownership of the challenge. They can accomplish this by establishing initiatives that help the general public and businesses appropriately prepare for the threats and risks they can be expected to face. Private sector organizations need to coach their employees and support them. Survey results revealed that all of the organizations that responded had established contingency plans to support both employees and their families in times of crisis. These kinds of initiatives will do much to develop a mindset of resilience.

### *Actions for APEC*

Workshop participants were asked what role APEC could play to facilitate the creation of effective public-private partnerships to counter terror and secure trade. Much of the discussion highlighted the effective work APEC has already done and ways to capitalize on this progress. However, a number of additional opportunities have also emerged.

**Provide a platform for sharing information**—APEC has created opportunities for open discussion and networking between the public and private sectors through events such as this project’s workshop, the annual STAR conferences, and the ongoing trade recovery workshops. Building—and expanding—on these initiatives would provide greater opportunity for the public and private sectors within the APEC region to meet and understand the challenges of each side. Consideration could be given to the following:

- Share best practices related to information and intelligence sharing between the public and private sectors. Specific cases to be explored could include the Information Sharing and Analysis Centers in the United States, or the Graficación Marítima (GRAFIMAR) partnership initiated by Chile. (See box “Strong Partnerships, Diverse Capacities.”)
- Establish a mechanism to share the lessons learned from the existing partnerships and partnerships established in the future. This would help ensure that APEC economies are accelerating their rate of learning and improving the impact of their public-private partnerships to counter terror and secure trade.
- Support member economies in the design, development, implementation and assessment of field and table top exercises by channeling emerging global practices for improving operational readiness.
- Develop specific exercises—involving multiple APEC economies and partnerships—focused on specific trade resumption challenges and the sharing of information.
- Initiate a project that shares the leading practices to improve resiliency—for businesses, governments, and regions—to ensure that APEC economies and public-private

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partnerships are constantly improving their ability to continue operating in times of difficulty or crisis.

**Establish pilot projects**—APEC is in a unique position to bring economies of varying skills, capacities, and size together to work toward the mutual goal of countering terror and securing trade. In turn, this makes the APEC region an exceptional testing ground for pilot projects involving public-private partnerships. Workshop participants suggested that APEC can facilitate the discussions needed to successfully initiate pilot projects. Beginning on a smaller scale, and increasing in size as early challenges are overcome, successful projects can expand across the APEC region.

APEC may wish to consider bringing together representatives of public-private partnerships on an annual basis—perhaps at the STAR Conference—to identify specific pilot projects that would yield high impact results. The findings of this study suggest that initiatives focused on building clarity and trust would be of particular benefit.

**Encourage harmonization and standardization**—The workshop discussion reinforced the need for harmonized and standardized initiatives within the APEC region. While some economies are independently pursuing bilateral mutually-recognized agreements, more work needs to be done across all APEC economies to increase the security of global supply chains.

APEC, through its various fora, has encouraged member economies to adopt many international standards related to counter terrorism and the security of trade. As more economies adopt these standards, some of the benefits include less confusion and increased efficiency. However, there are simpler aspects that APEC can help standardize.

In particular, working with economies to standardize terminology can aid the sharing of information and reduce confusion and frustration among partnering organizations. APEC may wish to consider developing a shared and recognized taxonomy that will enable APEC economies and the related public-private partnerships to communicate directly and effectively.

**Establish a centre of excellence**—Public-private partnerships are happening within APEC economies and throughout the APEC region and beyond. As an evolving field of practice, many organizations are feeling their way through this uncharted and complex territory. It would be beneficial to share the current ideas, processes, and technologies in order to facilitate the development of effective partnerships.

By developing a centre of excellence—operated by an independent, neutral third-party—APEC could capture the best practices, develop appropriate metrics, and monitor the progress of existing partnerships. This would ensure that there is continuous improvement and growth toward greater security, resiliency and competitiveness in the APEC region.

The centre for excellence could pursue an in-depth research program that examines:

- emerging trends in public-private partnerships to counter terror and secure trade;
- case studies of leading partnerships from around the world;

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- metrics for the assessment and management of effective public-private partnerships; and
- barriers to public-private partnerships, including legal, regulatory, cultural, linguistic, sectoral, and other impediments.

Sharing the knowledge of organizations within the APEC region will lead to stronger, more effective partnerships making the economies and trade more secure.

**Effective Public-Private Partnerships to Counter Terror and Secure Trade**

**Appendix A: Survey on Public-Private Partnerships to Counter Terror and Secure Trade**

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Effective Public-Private Partnerships to Counter Terror and Secure Trade:

### The Survey

Background:

The Purpose of this Survey

- On behalf of the Asia-Pacific Economic Cooperation (APEC), the Conference Board of Canada is conducting a study to develop recommendations on opportunities and identify best practices for public-private partnerships to counter terror and secure trade.
- This survey will identify past, current and planned examples of public-private partnerships designed to counter terror and to secure trade.
- The questions will also help to identify the challenges and benefits of effective public-private partnerships.
- The survey will gather information specific to men and women as employees involved in security and trade. As such, input from your human resources department or unit may be required.
- Your organization has been identified by APEC as an important player in this field. Your participation is important and crucial to the success of the project.
- The survey results will be analyzed and used to form the basis of a discussion paper that will be presented at an APEC event in August 2008. A final report will capture the insights offered from the participants and include recommendations to extend or establish effective public-private partnerships among APEC economies.

About the Survey

- The survey consists of a total of 16 detailed questions. Confidentiality is very important to the Conference Board. All survey responses will be kept confidential and secure. Only aggregate responses will be reported.
- If for any reason you not able or willing to answer questions in the survey, please check the N/A box and continue on to the next question.
- If you have any questions regarding this survey, contact Andrew Archibald, Research Associate, the Conference Board of Canada at 1-866-711-2262 or [archibald@conferenceboard.ca](mailto:archibald@conferenceboard.ca).

Definitions

- Throughout the survey we make reference to a number of specific terms. Definitions for these terms will be provided.

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## Q.1 General Information

### a. APEC Economy:

### b. Name:

### c. Title:

### d. Please provide a valid e-mail address. (Note: The e-mail address will only be used during the course of this study.)

### e. Sex:

Male

Female

### f. Organization:

### g. Sector:

Public

Private

### h. Industry or Ministry Department [Please Specify]:

### i. Total number of employees in your organization:

### j. What percentage of employees in your organization are male and female?

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Percentage

Percentage

**k. Within the security/business continuity function in your organization, What percentage of employees in your organization are male and female?**

Percentage

Percentage

Q.2 Participation in Public-Private Partnership: General Questions

**a. In the last 10 years, how many public-private partnerships that focus on countering terror and securing trade has your organization participated in? Please briefly describe the nature of these partnerships.**

**b. On a scale of 1-10, how would you rank the effectiveness of public-private partnerships in countering terror and securing trade?**

Poor					Adequate					Excellent
<input type="checkbox"/>										
1	2	3	4	5	6	7	8	9	10	

**c. Are the public-private partnerships to counter terror and secure trade that your organization participates in tested annually through exercises and table-top scenarios?**

- Yes  
 No

**d. Has your organization been approached to participate in a public-private partnership to counter terror and secure trade and chosen not to ?**

- Yes  
 No

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e. If yes, what prevented your organization from participating?

Please select all that apply

Cost

Unclear benefits

Inadequate internal support

Lack of internal capacity

Lack of involvement by other organizations

Other (Please

Other (Please

N/A

f. Have the costs of implementing technology in a public-private partnership ever been a disincentive for your organization to participate?

Yes

No

g. Has the implementation time of certain technologies deterred investment and use in public-private partnerships your organization has considered?

Yes

No

h. Between the public and private sectors, is there typically one that champions the use of new or innovative technology in public-private partnerships to counter terror and secure trade?



## Effective Public-Private Partnerships to Counter Terror and Secure Trade

This section includes questions about where your organization receives information and intelligence about the threats it faces.

Definitions:

**Information:** Raw, and un-analyzed sources of information and data concerning threats.

**Intelligence:** The product that results from the collection, integration, analysis, evaluation and interpretation of available information concerning threats.

Reminder:

If you are not able or unwilling to answer any of the following questions, please select the "N/A" box.

### a. Where does your organization get *information* about the threats it faces?

Please select all that apply

Domestic businesses	<input type="checkbox"/>
Foreign businesses	<input type="checkbox"/>
Trade/Industry associations	<input type="checkbox"/>
Local first responders (e.g. police, fire, emergency)	<input type="checkbox"/>
Government departments	<input type="checkbox"/>
International organizations (e.g. IMO, APEC)	<input type="checkbox"/>
Domestic intelligence agencies	<input type="checkbox"/>
Foreign intelligence agencies	<input type="checkbox"/>
<input type="text" value="Other (Please)"/>	<input type="checkbox"/>
N/A	<input type="checkbox"/>

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

**b. What percentage of the *information* your organization receives comes from organizations that are actively engaged in a shared public-private partnership?**

**c. On a scale of 1-10, how would you rate the quality of the *information* you receive from:**

	Poor				Satisfactory						Excellent	N/A
	1	2	3	4	5	6	7	8	9	10		
Domestic businesses	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
Foreign businesses	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
Trade/Industry associations	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
Local first responders (e.g. police, fire, emergency)	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
Government departments	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
International organizations (e.g. IMO, APEC)	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
Domestic intelligence agencies	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
Foreign intelligence agencies	<input checked="" type="checkbox"/>	<input type="checkbox"/>										
<input style="width: 80px;" type="text"/> Other (Please specify)	<input checked="" type="checkbox"/>	<input type="checkbox"/>										

**d. On a scale of 1-10, how would you rate the quality of the *information* you receive from organizations that are actively engaged in your public-private partnership?**

Poor	Satisfactory						Excellent		
<input checked="" type="checkbox"/>									
1	2	3	4	5	6	7	8	9	10

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

e. On a scale of 1-10, how effectively are you able to integrate *information* into your plans and operations?

Poor					Satisfactory					Excellent
<input type="checkbox"/>										
1	2	3	4	5	6	7	8	9	10	

f. Where does your organization receive *intelligence* on the threats it faces?

Please select all that apply

Domestic businesses	<input type="checkbox"/>
Foreign businesses	<input type="checkbox"/>
Local first responders (e.g. police, fire, emergency)	<input type="checkbox"/>
Government departments	<input type="checkbox"/>
Trade/Industry associations	<input type="checkbox"/>
International organizations (e.g. IMO, APEC)	<input type="checkbox"/>
Domestic intelligence agencies	<input type="checkbox"/>
Foreign intelligence agencies	<input type="checkbox"/>
Other (Please specify)	<input type="checkbox"/>
N/A	<input type="checkbox"/>

g. What is the percentage of *intelligence* your organization receives from organizations that are actively engaged in a public-private partnership?

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

**h. On a scale of 1-10, how would you rate the quality of the *intelligence* you receive from:**

	Poor		Satisfactory						Excellent		N/A
	1	2	3	4	5	6	7	8	9	10	
Domestic businesses	<input type="checkbox"/>										
Foreign businesses	<input type="checkbox"/>										
Local first responders (e.g. police, fire, emergency)	<input type="checkbox"/>										
Government departments	<input type="checkbox"/>										
Trade/Industry associations	<input type="checkbox"/>										
International organizations (e.g. IMO, APEC)	<input type="checkbox"/>										
Domestic intelligence agencies	<input type="checkbox"/>										
Foreign intelligence agencies	<input type="checkbox"/>										
Other (Please specify)	<input type="checkbox"/>										

**i. On a scale of 1-10, how would you rate the quality of the *intelligence* you receive from organizations that are actively engaged in your public-private partnership?**

	Satisfactory						Excellent			
Poor	1	2	3	4	5	6	7	8	9	10
	<input type="checkbox"/>									

**j. On a scale of 1-10, to what extent has a lack of appropriate security clearances been a barrier to receiving *information* or *intelligence* for your organization?**

Not at all	Somewhat	Significant
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## Effective Public-Private Partnerships to Counter Terror and Secure Trade

- 1     2     3     4     5     6     7     8     9     10

### Q.4 Development of Standards within Public-Private Partnerships

**a. Thinking of all the public-private partnerships your organization has participated in, have any required the development of new standards?**

- Yes  
 No

**b. If yes, have the public and private sector had equal input into the development of the standards?**

- Yes  
 No

**c. Who is typically responsible for enforcing the standards within public-private partnerships?** Please select all that apply

- Public authorities  
 Other members of the public-private partnership  
 Voluntary  
 Other (Please specify)

### Q.5 Case Study: Your Organization's Most Successful Past Public-Private Partnership to Counter Terror and Secure Trade

The following questions are designed to identify past, current and future public-private partnerships that counter terror and secure trade. For Question 5, please use a significant past partnership.

Question 6 will collect information about a current or planned partnership while questions 7 through 15, seek details on the public-private partnership that has had the greatest impact on your organization.

**a. What was the title of this *past* public-private partnership to counter terror and secure trade?**

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b. What was it designed to do?

c. What year was this partnership initiated?

d. What organization initiated this public-private partnership?

e. When did this public-private partnership conclude?

f. How many organizations were partners in this public-private partnership?

g. What percentage of participating organizations were public and private?

h. What did involvement in this public-private partnership cost your organization each year?

i. As a result of this public-private partnership, did your organization save money?

Please select one

No

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**j. How many employees from your organization were involved in this partnership?**

**k. What percentage of employees involved in this public-private partnership from your organization were male and female?**

**l. What type of accreditation, technical or other training and experience was recommended for employees involved in this public-private partnership?**

**m. What specific actions did this public-private partnership require from your organization?**

Please select all that apply

Facility security

Employee clearances

Contractor clearances

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Supply-chain security

Other (Please specify)

Other (Please specify)

**n. On a scale of 1-10, how effective was this public-private partnership in countering terror and securing trade?**

	Not at all										Comments
	Somewhat					Very					
	1	2	3	4	5	6	7	8	9	10	
Partnership Effectiveness	<input type="checkbox"/>										

**o. What were the specific benefits to your organization by participating in this public-private partnership to counter terror and secure trade?**

**p. What were the disadvantages for your organization by participating in this public-private partnership?**

### Q.6 Case Study: A Current or Future Public-Private Partnership to Counter Terror and Secure Trade

Please use an existing or future public-private partnership to counter terror and secure trade while answering Question 6. For Questions 7 through 15, please use the public-private partnership that has had the greatest impact on your organization.

**a. What is the title of this current or future partnership?**

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**b. What are the specific aims or goals of this public-private partnership?**

**c. What specific actions are required by this public-private partnership?**

**d. If this is a future partnership, when do you expect it to come into effect?**

**e. Who is initiating this current or future partnership?**

**f. What are the proposed start and end dates?**

Start date:

End date:

**g. How many organizations are involved or expected to be involved in this public-private partnership?**

**h. Of the current or expected partners, what percentage will be public and private?**

Public perce

Private perc

**i. What type of accreditation, technical or other training and experience will be recommended for employees involved in this public-private partnership?**

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Accreditatio

Training:

Experience:

**j. What has been or is expected to be the greatest challenge to establishing this partnership?**

**k. How will your organization benefit from participating in this public-private partnership?**

**l. What cost are you expecting your organization will incur because of participation in this public-private partnership?**

**Q.7 Case Study: Public-Private Partnerships with the Greatest Impact**

Please answer questions 7 through 15 for the public-private partnership to counter terror and secure trade that has or had the greatest impact on your organization.

**a. What is the title of this public-private partnership?**

**b. What was this public-private partnership designed to do?**

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c. When was this partnership initiated?

d. By whom was this partnership initiated?

e. Is this partnership still on-going?

Yes

No

f. If not, when did it conclude?

g. If this public-private partnership has concluded, why?

h. How many organizations participate in this public-private partnership?

i. What percentage of organizations in this public-private partnership are public and private?

j. What does involvement in this public-private partnership cost your organization each year?

k. How many employees from your organization are involved in this partnership?

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# of males:

# of females:

**l. Of the senior representatives from all organizations involved in this public-private partnership, what percentage is male and female?**

Percentage

Percentage

**m. What type of accreditation, technical or other training and experience is recommended for employees involved in this public-private partnership?**

Accreditatio

Education:

Experience:

**n. Did this partnership require personnel be provided with training?**

Yes

No

**o. Of those who participated in training, what percentage were female?**

Percentage

**p. What specific actions does this public-private partnership engage in?**

Please select all that apply

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Facility security

Employee clearances

Contractor clearances

Supply chain security

Other (Please

Other (Please

**q. Have specific standards been created to facilitate this partnership?**

Yes

No

**r. Have partners been able to meet the standards of this public-private partnership?**

Yes

No

**s. If organizations have not been able to meet the standards, why?**

**t. On a scale of 1-10, how effective is this partnership in countering terror and securing trade?**

Not at  
all

Somewhat

Very

1

2

3

4

5

6

7

8

9

10

**u. What are the specific benefits to your organization of participating in this public-private partnership?**

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v. What is the most successful part of this public-private partnership?

w. What are the disadvantages to participating in this public-private partnership?

x. What are the greatest challenges facing this partnership?

y. What actions are being taken to overcome this?

z. Does this partnership include the use of incentives or disincentives to encourage participation?

- Yes
- No

aa. If so, what incentives and disincentives are used?

bb. How effective have the incentives and disincentives been in encouraging participation?

- |                          |                          |                          |                          |                          |                          |                          |                          |                          |                          |
|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|
| Not at all               |                          |                          |                          | Somewhat                 |                          |                          |                          |                          | Very                     |
| <input type="checkbox"/> |
| 1                        | 2                        | 3                        | 4                        | 5                        | 6                        | 7                        | 8                        | 9                        | 10                       |



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External staff

The public

Other (Please specify)

N/A

## d. Who typically delivered the education and training initiatives?

Please select all that apply

Internal personnel

External personnel

Other (Please specify)

N/A

## e. What percentage of instructors providing the training and education were male and female?

Percentage

Percentage

## f. When education and training is offered, what percentage of participants are male and female?

Percentage

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Percentage

## g. When education and training are offered, where has the training taken place?

- Onsite
- Offsite within your economy
- Offsite within another economy
- N/A

## h. At what time has the training taken place?

- During work hours
- After work hours
- N/A

## Q. 10 Leadership in the Public-Private Partnership that has had the Greatest Impact

### a. Is it clear who provides leadership in this public-private partnership to counter terror and secure trade?

- Yes
- No

### b. On what basis were leaders in this public-private partnership identified?

Please select all that apply

Role in organization

Depth of Experience

Size of organization

Other (Please specify)

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Other (Please

**c. If the public-private partnership has been used during a response to an emergency, was the leadership clear?**

- Yes
- No
- Not applicable

**d. If not, what could have improved the clarity around leadership?**

Q. 11 Mandate & Resources for the Public-Private Partnership that has had the Greatest Impact

**a. On a scale of 1-10, how well do the partners understand the mandates of other organizations in this public-private partnership?**

Poor				Well					Very well
<input type="checkbox"/>									
1	2	3	4	5	6	7	8	9	10

**b. Did the roles and responsibilities of the partners need to be altered to fulfill the requirements of this public-private partnership?**

- Yes
- No

**c. If yes, please briefly explain how the roles and responsibilities were altered.**

**d. On a scale of 1-10, to what extent did organizations have to alter their behaviours or operations in order to participate in this partnership?**

Not at all		Somewhat		Extensively
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<input type="checkbox"/>									
1	2	3	4	5	6	7	8	9	10

**e. Based on the threats to your organization, how would you rate the capacity of your organization to respond to them effectively?**

Poor				Adequate						Excellent	
<input type="checkbox"/>											
1	2	3	4	5	6	7	8	9	10		

**f. On the same scale, how would you rate the capacity of organizations participating in this public-private partnership to respond to threats?**

Poor				Adequate						Excellent	
<input type="checkbox"/>											
1	2	3	4	5	6	7	8	9	10		

**g. On a scale of 1-10, to what extent is your organization providing adequate resources to support this public-private partnership?**

	Poor				Adequate						Abundant	N/A
	1	2	3	4	5	6	7	8	9	10		
Amount of resources	<input type="checkbox"/>											

**h. On a scale of 1-10, to what extent are other organizations in this public-private partnership providing resources?**

	Poor				Adequate						Abundant	N/A
	1	2	3	4	5	6	7	8	9	10		
Amount of Resources	<input type="checkbox"/>											

**i. Does your organization have contingency plans to support employees and their families in the midst of an emergency?**

Yes

No

**j. Do other organizations in this public-private partnership have similar plans to support**

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

employees and their families in the midst of an emergency?

- Yes
- No

Q. 12 Cooperation & Coordination in the Public-Private Partnership that has had the Greatest Impact

**a. If this public-private partnership has been tested through exercises, what challenges were identified in the exercises or responses that impede cooperation?**

Please select all that apply

Information sharing

Poor understanding of needs of partners

Lack of resources

Poorly designed partnerships

Other (Please

Other (Please

This partnership has not been tested

**b. Does your organization have formal mutual assistance agreements with organizations not included in this partnership?**

- Yes
- No

**c. If your organization does have other formal assistance agreements, why?**

Please select all that apply

Resources

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

Technological support

Other (Please specify)

Q. 13 Communications in the Public-Private Partnership that has had the Greatest Impact  
a. On a scale of 1 to 10, how would you rate your organization's ability to communicate effectively with other organizations in this public-private partnership?

Poor					Adequate					Excellent
<input type="checkbox"/>										
1	2	3	4	5	6	7	8	9	10	

b. In the midst of a crisis, how would you rate your organization's ability to communicate effectively with other organizations in this partnership?

Poor					Adequate					Excellent
<input type="checkbox"/>										
1	2	3	4	5	6	7	8	9	10	

c. Within this partnership, how satisfied are you with the information you receive from partners?

Not at all					Somewhat					Very
<input type="checkbox"/>										
1	2	3	4	5	6	7	8	9	10	

d. What single action could be taken to improve communication between the partners?

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Q. 14 Continuous Learning in the Public-Private Partnership that has had the Greatest Impact

**a. What mechanisms for identifying lessons learned does your *organization* have in place?**

Please select all that apply

After-action reports

Internal debriefings

Multi-organizational debriefings with outside stakeholders

Other (Please

**b. What mechanisms for identifying lessons learned does the *partnership* have in place?**

Please select all that apply

After-action reports

Internal debriefings

Multi-organizational debriefings with outside stakeholders

Other (Please

**c. What actions, if any, have been taken to integrate these lessons learned to your organization's emergency plans?**

**d. Has this partnership been modified by identified lessons?**

Yes

No

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

e. What mechanisms are in place to share these lessons with other organizations in this public-private partnership?

f. What mechanisms are in place to share lessons with organizations outside the partnership?

Q.15 The Phases of Emergency Management in the Public-Private Partnership that has had the Greatest Impact

a. What percentage of the activities of this public-private partnership are focused on:

 Prevention & Preparedness Response: Recovery:

b. On a scale of 1-10 and in relation to the phases of emergency management, to what extent are you satisfied with the distribution of effort in this partnership?

Not at all					Somewhat				Very
<input type="checkbox"/>									
1	2	3	4	5	6	7	8	9	10

c. What changes, if any, would you make?

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Q.16 Concluding Questions

**a. What is the greatest challenge to establishing an effective public-private partnership to counter terrorism and secure trade?**

**b. What is the single action that *private* sector organizations can take to improve effective public-private partnerships?**

**c. What is the single action that *public* sector organizations can take to improve effective public-private partnerships?**

**d. What are the critical success factors required for an effective public-private partnership?**

**e. If you could make one change that would improve the resiliency (the ability to bounce back after a crisis) of your organization what would it be, and why?**

**f. How would you rate the overall depth of your industry's relationship with:**

	Marginal			Moderate				Significant		N/A	
	1	2	3	4	5	6	7	8	9	10	
Municipal Governments	<input checked="" type="checkbox"/>	<input type="checkbox"/>									
Provincial/State/Territorial Governments	<input checked="" type="checkbox"/>	<input type="checkbox"/>									
National/Federal Governments											<input type="checkbox"/>

## Effective Public-Private Partnerships to Counter Terror and Secure Trade

	<input type="checkbox"/>										
Public International Bodies	<input type="checkbox"/>										
International Trade/Industry Associations	<input type="checkbox"/>										
Domestic Private Sector Organizations	<input type="checkbox"/>										
Foreign Private Sector Organizations	<input type="checkbox"/>										
Others (Please specify)	<input type="checkbox"/>										
Others (Please specify)	<input type="checkbox"/>										

**g. How would you rate your organization's ability to respond to a national security or public safety incident with:**

	Poor				Satisfactory						Excellent	N/A
	1	2	3	4	5	6	7	8	9	10		
Municipal Government Organizations	<input type="checkbox"/>											
Provincial/State/Territorial Government	<input type="checkbox"/>											
National/Federal Government	<input type="checkbox"/>											
Public International Bodies	<input type="checkbox"/>											
International Trade/Industry Associations	<input type="checkbox"/>											
Domestic Private Organizations	<input type="checkbox"/>											

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

Foreign Private Organizations

Other (Please

**h. Is there anything else you would like to tell us?**

**i. Do you have any suggestions for other organizations or individuals who we could approach to participate in this study?**

**j. Can we contact you if we have any further questions?**

Yes

No

Thank you for taking the survey.

**Effective Public-Private Partnerships to Counter Terror and Secure Trade**

**Appendix B: Interview Guide for Effective Public-Private Partnerships to Counter Terror and Secure Trade**

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

Effective Public-Private Partnerships to Counter Terror and Secure Trade—Interview Guide

July 9, 2008

Background:

## The Purpose of this Interview

- On behalf of the Asia-Pacific Economic Cooperation (APEC), The Conference Board of Canada is conducting a study to develop recommendations on opportunities for public-private partnerships to identify best practices as they relate to public-private partnerships to counter terror and secure trade.
- This interview will build upon the survey and add a layer of detail to past, current and planned examples of public-private partnerships designed to counter terror and to secure trade in the APEC region.
- Your organization has been identified by APEC as an important player in this field. Your participation is important and crucial to the success of the project.
- The interview responses will be coupled with the literature review and survey data to form the basis of a discussion paper that will be presented at an APEC event in August 2008. A final report will capture the insights offered from the participants and include recommendations to extend or establish effective public-private partnerships among APEC economies.

## About the Survey

- The interview consists of a total of 11 questions. Confidentiality is very important to the Conference Board. All responses will be kept confidential and secure. If a quote is to be used in the subsequent documents, it will only be done so with your explicit agreement.
- If you have any questions regarding this study, contact Andrew Archibald, Research Associate, The Conference Board of Canada at 1-866-711-2262 or [archibald@conferenceboard.ca](mailto:archibald@conferenceboard.ca).

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

1. General Information
  - APEC Economy
  - Name
  - Title
  - Sex
  - Organization
  - Sector [Public/Private]
  - Industry or Ministry Department
2. Based on your experience, what is the single most effective action that can be taken to encourage participation in public-private partnerships to counter terror and secure trade?
3. What have been the most beneficial aspects of participating in public-private partnerships to counter terror and secure trade your organization has participated in?
4. What steps can be taken to extend these benefits to a wider audience?
5. What is the most challenging aspect about participating in public-private partnerships to counter terror and secure trade your organization has participated in?
6. How can these challenges be overcome?
7. What actions can be taken to improve the sharing of information and intelligence between the public and private sectors?
8. Looking ahead over the next 10 years, what do you see as the most significant threats to your organization? To secure trade in the APEC region?
9. Based upon these threats, where should future public-private partnerships focus?
10. Is there anything else you would like to share on public-private partnerships?
11. Can we follow up with you through the course of this study to ensure we have captured your perspectives correctly?

# **Effective Public-Private Partnerships to Counter Terror and Secure Trade**

## **Appendix C: Bibliography for Effective Public-Private Partnerships to Counter Terror and Secure Trade**

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Background

In support of the literature review, The Conference Board of Canada assembled a list of secondary sources to be used in this study. The selection of this list drew on the guidance of the Advisory Committee, and built on materials identified by the various APEC bodies and working groups that have already touched on these issues.

Additionally, in-depth searches were conducted that examined the broad range of journals, publications, white papers, and other documents that we can access from our Information Resource Centre (IRC) and from our diverse international relationships.

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## **Appendix D: The Workshop Agenda**

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## Asia-Pacific Economic Cooperation

Public-Private Partnership to Counter Terror and Secure Trade Workshop

### AGENDA

19 August 2008  
Lima, Peru

Sala Nazca

9:00 – 9:15 a.m. Chair's Welcome and Announcements

Gilles Rhéaume  
Vice-President, Public Policy  
The Conference Board of Canada

9:15 – 10:00 a.m. Presentation and Discussion: Findings of Report

Trefor Munn-Venn  
Associate Director, National Security and Public Safety  
The Conference Board of Canada

This presentation will share the key findings and messages that have emerged from a review of public-private partnerships that have been established to counter terror and secure trade in APEC economies.

10:00 – 10:30 a.m. Case Study Presentations  
These case studies will provide in-depth, context specific examples of the challenges, opportunities and benefits of establishing public-private partnerships.

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

## Case Study #1: Overcoming Challenges, Capitalising on Differences

Using New Zealand's Secure Exports Scheme as a case study this session will focus on the challenges of effectively bringing together a wide range of organisations with different approaches, cultures, mandates and capabilities to establish public-private partnerships that are effective. Participants will learn from the direct experiences of others and identify opportunities to capitalise on the strengths of a diverse set of partners.

Mr. Tim Horner  
Group Manager, Policy  
New Zealand Customs Service

10:30 – 11:00 p.m. Break

11:00 – 11:30 p.m. Case Study #2: Effective Information Sharing in Public-Private Partnerships

Ensuring the appropriate and meaningful sharing of information between representatives from the public and private sectors is critical to the development and operation of strong partnerships. This case study will provide participants with insights about the challenges of information sharing and opportunities for action to improve information sharing practices.

Mr. John Kok  
Hutchinson Port Holdings  
Smart and Secure Tradelanes

11:30 – 12:00 p.m. Case Study #3: Building Strong Value Propositions

The organizations that comprise public-private partnerships typically have goals that they share in common, as well as goals that are unique to themselves. This case study will provide participants with tangible examples of how organizations weigh the costs of participating in these partnerships with the benefits they hope to receive. It will also focus on how partnerships can be structured to ensure that both common and unique benefits are achieved by members of public-private partnerships.

Mr. Carlos E. Ochoa  
U.S. Customs and Border Protection  
Office of Field Operations / C-TPAT

# Effective Public-Private Partnerships to Counter Terror and Secure Trade

12:00 – 12:30 p.m. Question and answer session on case studies

12:30 – 1:45 p.m. Lunch

1:45 pm – 3:45 Break out groups:

Building on the case studies, break-out groups will be established to further explore what actions can be taken to establish or enhance public-private partnerships to counter terror and secure trade in APEC economies with a recognition of the very different contexts that exist.

Each break-out session will include one of the speakers from the case studies and a facilitator to help participants identify specific actions, issues or opportunities.

**Stream 1: Overcoming Challenges, Capitalising on Differences**

**Facilitator:** Andrew Archibald, The Conference Board of Canada

**Stream 2: Effective Information Sharing in Public-Private Partnerships**

**Facilitator:** Trefor Munn-Venn, The Conference Board of Canada

**Stream 3: Building Strong Value Propositions**

**Facilitator:** Gilles Rhéaume, The Conference Board of Canada

3:45 – 4:15 p.m. Break

4:15 – 5:00 p.m. Report Back and Actions/Next Steps – All

Each facilitator will report back on the findings of the break-out sessions and provide an opportunity to share the key messages of each discussion and receive the feedback and comments of other participants.

5:00 – 5:15 p.m. Closing Remarks

Gilles Rhéaume  
Vice-President, Public Policy  
The Conference Board of Canada

CTTF 01/2008A

PREPARED BY:

Trefor Munn-Venn, Director, National Security and Public Safety;  
Andrew Archibald, Research Associate, National Security and Public Safety;  
Gilles Rhéaume, Vice President, Public Policy

CONTACT

Trefor Munn-Venn  
Director, National Security and Public Safety  
The Conference Board of Canada  
255 Smyth Road  
Ottawa ON  
K1H 8M7  
Tel: 613-526-3280 ext. 241  
Fax: 613-526-4857  
E-mail: [munn-venn@conferenceboard.ca](mailto:munn-venn@conferenceboard.ca)

For  
APEC Secretariat  
35 Heng Mui Keng Terrace Singapore 119616  
Tel: (65) 68919 600 Fax: (65) 68919 690  
Email: [info@apcc.org](mailto:info@apcc.org) Website: [www.apcc.org](http://www.apcc.org)

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APEC#208-SO-01.4

**APEC Secretariat**

35 Heng Mui Keng Terrace

Singapore 119616

Tel: +65-68919-600

Fax: +65-68919-690

E-mail: [info@apec.org](mailto:info@apec.org)

Website: [www.apec.org](http://www.apec.org)

APEC Publication Number: APEC#208-SO-01.4

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