Global Cargo Theft Risk

Global cargo theft risks as shown on the above map vary greatly from country to country. Even within individual countries, risks can vary from region to region. On a country-by-country basis, cargo theft threats, as other criminal activity, typically are rooted in social, economic and cultural conditions. The prevention of cargo theft on a global scale requires intimate knowledge of incident trends on a regional basis, as security programs and mitigation techniques do not always transfer successfully from region to region.

Organizations must diligently gather intelligence and adapt their anti-theft programs to address local threats. The purpose of this report is to outline the risk of cargo theft on a global level, highlighting significant countries in the global supply chain, to assist industry decision-makers in determining their supply chain security needs.

According to data collected by FreightWatch International, Mexico, Brazil, South Africa, the United States, Russia, India and the United Kingdom are the countries most at risk for cargo theft globally.
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North America

Cargo theft in North America varies substantially among the three countries. While cargo theft in the United States is predominantly nonconfrontational, with less than 2% of all recorded incidents involving violence, cargo theft in Mexico is almost exclusively violent, with armed gunmen roaming the country, stealing high-value loads seemingly at will.

The differences do not stop there. While cargo theft in Canada is centered in the country’s metropolitan areas, with minimal theft occurring in its rural countryside, Mexico sees thefts occurring throughout the country, with rural locations, particularly those involving traffic bottlenecks, at the same level of risk as the large metropolitan areas.

The United States saw a slight rise (4.1%) in cargo theft volume in 2010, while the overall value of stolen loads decreased from last year’s recorded average. In contrast, theft in Mexico increased at an extraordinary rate. Drug cartel violence, natural disasters and other issues kept the national law enforcement structure busy, giving cargo thieves the opportunity to operate with near impunity.

Theft data in Canada continued to be sparse in 2010, given the lack of a central recording or information delivery system. Anecdotal data, however, indicates that theft rates in the known high-risk areas of the Greater Toronto Area, Montreal, Vancouver and Edmonton continued at high rates, requiring shippers to seek additional security measures and protocols to ensure cargo reaches its destination safely.

The most notable topic in supply chain security for the continent was the explosive growth of violence and mayhem in the country of Mexico, with conditions only worsening into 2011. As rival cartels battle to control the main drug arteries through Mexico into the United States, citizens, businesses and the supply chain are caught in the middle, with operations frequently pausing or ceasing until police or the military can restore security, albeit always on a temporary basis.
United States

FreightWatch International actively tracks and records cargo theft activity around the globe, categorizing stolen loads under 11 different product types, and tracking by date, location, *modi operandi* (M.O.) and specific products. This report summarizes the US theft data collected in 2010 and analyzes trends derived from database content, law enforcement information and industry personnel. It also draws on observations by personnel in the field.

Cargo theft rose by 4.1% in 2010, to 899 recorded theft incidents, the highest on record.

With an average of 75 incidents per month, the supply chain industry sustained full truckload/container losses at a rate of 2.5 incidents per day.

Of the 899 incidents, 724 (81%) were full truckload or container thefts and 31 were warehouse burglaries (3.4%). Violence was involved in 1.3% of the incidents (10 hijackings and two warehouse robberies).

**By Product Type**

Food/Drinks surpassed Electronics in 2010 as the most popular product type targeted by cargo thieves. Accounting for 21% of all theft incidents recorded by FreightWatch, the Food/Drinks category recorded 185 theft incidents, compared with Electronics, which recorded 174 incidents (19% of all cargo theft in the United States).

In the Food/Drinks product category, the goods most commonly stolen were raw products such as rice, sugar, tea and coffee (40). Also popular among thieves were meats (33) and canned/bottled drinks (31).

In the Electronics product category, FreightWatch recorded 42 cases of television theft (the most of any single product), 33 computer/laptop hardware thefts and 15 cell phone theft incidents. This is the second year in a row in which televisions were the product most stolen on record. Of note, 61% of all Electronics thefts occurred in the states of California (52), Florida (32) and Texas (22).
Building/Industrial products comprised 10% of the cargo theft incidents recorded for the year. The most commonly targeted items were metals (41), which accounted for nearly half (47%) of the thefts in this product type.

**By State**

While California, Florida and Texas all saw slight decreases in the number of cargo theft incidents recorded in 2010, New Jersey smashed the charts with a 142% increase, recording 121 cargo theft incidents in 2010, compared with 50 in 2009.

The most commonly targeted product types in New Jersey were Food/Drinks (37%), Clothing/Shoes (13%) and Consumer Care Products (12%).

Texas witnessed a 24% decrease while California and Florida both had marginal decreases of 9.5% and 1.7%, respectively. The decrease in Texas is largely attributed to the lack of thefts involving roofing materials from the Dallas/Fort Worth area. This area sustained significant hail damage in 2009, whereas the 2010 season was relatively quiet, decreasing the overall demand for shingles and other roofing materials.
By Value

The average loss value per incident in 2010 was recorded at $471,200. This is a decrease of 17% from 2009, when the average loss per incident was recorded at $572,800.

Pharmaceuticals once again measured as the highest per-incident value, averaging $3.78 million, with the Tobacco category second at $1.26 million and Electronics third at $512,000.

Over the year, FreightWatch recorded 28 losses valued at more than $1 million each, a decrease from 2009, which saw 43 losses valued at more than $1 million. Of the multimillion-dollar losses in 2010, three were valued in excess of $10 million (two Pharmaceutical and one Tobacco), one of which was a pharmaceutical warehouse burglary in March 2010. Valued at $76 million, it is the largest loss on record.
By Location

Of the 899 theft incidents recorded, 497 had reported theft locations. Of those, 316 occurred in unsecured parking areas, which include truck stops (149), public access parking (36), roadsides (25) and unsecured terminals/lots (106). FreightWatch recorded 124 theft incidents from secured parking locations, such as facility yards and secured drop lots.

It is important to note that FreightWatch must go by theft reports from the field to determine whether a lot was secured at the time of a theft, even though the definition of a “secured lot” varies by reporting entity.

FreightWatch also recorded 23 incidents of fictitious pickup (nine of which occurred in California and three in Texas) and five incidents of driver theft.

Significant Trend 1:
In 2010, FreightWatch recorded 46 theft incidents in which cargo criminals stole multiple trailers in the same incident. While not an entirely new M.O., the rate of occurrence far surpasses any previous year, demonstrating that criminals are aiming to increase their take-per-theft ratio. This M.O. increases the profitability of their efforts while keeping their risk of exposure (from multiple theft incidents) low.

Significant Trend 2:
Cargo theft volume in New Jersey more than doubled in 2010, increasing from 50 recorded theft incidents in 2009 to 124 incidents last year. Based on the routing of stolen goods and
other information, there is a clear relationship between cargo theft gangs in New Jersey and those operating out of South Florida. This relationship, coupled with increased reporting and other factors, most likely accounts for the increased cargo theft activity in the state.

Accordingly, law enforcement agencies in the state, including the New Jersey State Police, have increased their operational tempo, kicking off 2011 with a large number of arrests and seizures stemming from multiple theft incidents over the past year.

**Significant Trend 3:**
While recorded thefts in the Building/Industrial product type increased from 76 incidents in 2009 to 86 in 2010, the most notable jump was in the area of precious metals. Full truckload thefts of copper, aluminum and other metals jumped from 15 in 2009 to 43 in 2010, clearly reflecting their value in today’s marketplace.

**Canada**

Cargo theft in Canada is largely centered in the major cities and hubs of the supply chain industry, most notably the Greater Toronto Area (GTA), Montreal, Edmonton and Vancouver. On a national level, cargo theft reporting comes almost exclusively from the regional police agencies covering the Toronto area. They record thefts rates that rival Los Angeles, Dallas/Fort Worth and the South Florida area.

The more rural areas of Canada report virtually no cargo theft activity. While this is not to say that all shipments are arriving untouched, reporting in Canada is extremely sparse, precluding a consistent data stream from which to conduct analysis.

In areas of high cargo theft activity, product types targeted by cargo theft gangs in Canada mirror those of the United States. Food/Drinks and Building/Industrial types topped the list of targets in Canada in 2010, although the country experienced a significant number of thefts in the Electronics category as well. Although thefts of pharmaceuticals were uncommon in Canada in 2009, thefts in this category rose in 2010, with several thefts and attempted thefts reported.

The GTA, including Brampton and Mississauga, is known for having the highest rates of cargo theft in Canada, rivaling the major supply chain crime areas of the United States, including Los Angeles, Dallas/Fort Worth and Miami. In 2010, Brampton accounted for approximately 25% of all cargo theft incidents recorded for the province of Ontario. Theft in Brampton was evenly split among the Auto/Parts, Consumer Care, Building/Industrial, Clothing/Shoes, Electronics and Food/Drinks product types.

Also in the GTA, Mississauga faces a high risk of cargo theft, accounting for a number of violent incidents, including several warehouse/facility robberies in the past 24 months. In May of 2009,
gang members hijacked a truck loaded with $1.5 million in pharmaceuticals as it transited through Mississauga. In general, trailer thefts in this area are evenly divided between thefts from what are listed as secured lots and thefts from unsecured lots, such as public parking, truck stops, etc. A large number of cargo theft gangs operate in Mississauga and hit the city on a weekly basis, causing this area of the GTA to have the highest risk of anywhere in Canada.

Cargo theft data out of Montreal is extremely limited. Montreal, however, is known to Canadian law enforcement and industry personnel as having cargo theft activity comparable to the Greater Toronto Area. In January 2011, a container of pharmaceuticals destined for Australia was hijacked from the Garfield Transport Yard in Montreal. Montreal also saw full-truckload thefts from secured yards in the Pharmaceutical and Consumer Care product types. This most often occurs as cargo is in-transit to and from the port.

**Modi Operandi (M.O.)**

**Organized Crime:** Cargo theft gangs will travel city to city to follow important loads and even hire licensed commercial drivers to transport lucrative cargo from one end of the country to the other if a buyer can be lined up in advance.

**Truck Stops:** Cargo thefts that occur at truck stops are often carried out by opportunistic criminals. Drivers who leave their cargo unattended and unsecured at these locations will often fall victim to cargo criminals.

**Warehouse Burglary:** Criminals target high-value products stored in warehouses. Cargo theft gangs will often conspire with employees at the facility or get one of their own gang members hired at the targeted warehouse in order to obtain necessary information on alarms, cameras and other security measures in place.
Case Studies

In March 2010, a warehouse in Mississauga was burglarized, resulting in the loss of two full truckloads worth of pharmaceuticals and consumer care products. Both of the trailers were later recovered, empty, in Mississauga.

In April 2010, five individuals were caught on CCTV entering a pharmaceutical distribution center. Inside the facility for less than seven minutes, the criminals were nonetheless able to depart with a partially loaded trailer of pharmaceuticals valued at approximately $60,000 Canadian ($60,732 USD).

In July 2010, a driver was hijacked just outside of Vancouver. Subdued by pepper spray and threatened at gunpoint, the driver was removed from his truck while the criminals departed with $280,000 Canadian ($283,392 USD) in consumer electronics.

Mexico

Mexico’s fight against drug cartels continues to affect all facets of society. In addition to cargo theft, natural disasters and infrastructure deficiencies, drug-related crimes present a serious financial threat to the supply chain and transportation industry. In 2010, transportation companies in Mexico experienced a 12% increase in security costs (e.g. security cameras, surveillance systems, etc.) and cargo insurance rates also rose by 20% in some states with high cargo theft activity.

In 2010, drug-related violence affected particularly northern border cities, including Nuevo Laredo, Reynosa, Tijuana and Ciudad Juarez. Cartels’ efforts to control trafficking access routes into the United States are the main reason for the constant battles around northern states.

Cargo Theft

Cargo theft activity is severely high in central Mexico. It is also the region where products stolen across the country most often end up being sold on the black market, particularly in boroughs of the Federal District.
In 2010, 50% of all cargo theft in Mexico occurred in the Federal District and the states of Mexico, Jalisco, Puebla, Veracruz, Hidalgo and Nuevo Leon.

Despite the high and elevated cargo theft risk in some northern states, only certain cities contribute to the high/elevated risk that FreightWatch has attributed (see map) to Coahuila, Nuevo Leon, Tamaulipas, Sinaloa and Durango. For instance, in the state of Coahuila there is an elevated risk of cargo theft; however, the majority of incidents take place in the cities of Monclova, Torreon and along the Saltillo-Monterrey and Monclova-Monterrey highways. The rest of Coahuila state experiences low rates of cargo theft.

FreightWatch has identified the cities with highest cargo theft activity in Mexico. These are Mexico City, Guadalajara, Puebla, Monterrey, Pachuca and Queretaro. Additionally, theft activity on highways between and within certain states is extremely high. The top 10 are Queretaro-Mexico, Puebla-Veracruz, Guadalajara-Colima, Mexico-Puebla, Saltillo-Monterrey, San Luis Potosi-Queretaro, Mexico-Veracruz, Guadalajara-Michoacan, Pachuca-Sahagun City and Nuevo Leon-Tamaulipas.
By Product Type

Items from the Food/Drinks category were stolen the most in Mexico last year, followed by the Building/Industrial and Auto/Parts categories. The Food/Drinks volume of stolen loads remained high and fairly consistent over the past four quarters. However, FreightWatch records indicate a dramatic increase in the number of thefts of loads containing sugar, especially in the states of Jalisco, Michoacan, State of Mexico and the Federal District. Also, agricultural products such as cereals, grains, seeds and beans were among the most targeted.
The number of thefts in the Building/Industrial product type increased during Q2. The majority of stolen products within this category were steel, copper, aluminum, wood, cement and plastic. The most affected metal and copper companies are located in the state of Coahuila and Nuevo Leon in the cities of Monterrey and Monclova. Additionally, several trucks loaded with combustibles were stolen around northern states.

The third most stolen product type was Auto/Parts. Within this category, the increase in auto-transporter thefts explains the dramatic increase in Auto/Parts thefts during Q1 (shown in the graph below). The states with the greatest number of auto-transporter thefts are Chihuahua, Coahuila, Guerrero, Morelos, Tamaulipas and Queretaro.

Other product types such as Clothing/Shoes, Electronics and Pharmaceuticals experienced an increase in thefts in Q2 and Q3. The Electronics most targeted by Mexican cargo thieves during 2010 were plasma and LCD televisions, laptops and cell phones.

**By Location and Type of Theft**

The majority of thefts in Mexico, 71%, are violent hijackings, while 80% of all thefts take place on the roadside. Truck stops, with 14%, are the second most targeted location by cargo thieves.

Most hijackings involve the kidnapping of the driver for several hours until the load is transferred to a location where it can be safely removed from the trailer.
Modi Operandi (M.O.)

Mexican organized cargo theft gangs develop sophisticated methods in order to target high-value loads. As in many Latin American countries, Mexican cargo thieves develop relationships with or threaten warehouse and distribution center employees in order to obtain cargo route and schedule information. This, of course, allows them to plan and execute thefts with minimal risk of capture by police.

Many gang members also find employment in warehouses and trucking companies (usually as drivers or security guards) in order to provide all the necessary information to other members of the gang. When they steal the truck they make police and owners believe that the driver was the victim of a hijacking.

The method involving fake police — in which cargo theft gang members wear police or military uniforms to conduct fake truck safety inspections — continues to be among the most popular in Mexico. This M.O. lets thieves discover the type of products inside the trailer before deciding whether to proceed with a theft.
Central and South America

Supply chain risk in Central and South America continues to vary, sometimes by a very wide range from country to country, with Brazil, Guatemala and Venezuela ranking among the continent’s riskiest areas. Shippers and freight forwarders continue to be keenly aware of these variances, as transportation providers can at times be very selective as to which countries they will cross into, and which ones they will not.

Cargo theft gangs in South America are generally very well-organized, with in-depth planning, methods for eluding police and intricate networks for fencing stolen goods. While violence or the threat of violence is common, sound countries such as Guatemala report a larger per-incident rate of drivers being injured during theft incidents than do countries such as Brazil, where cargo theft is so common that interaction between the driver and thieves has almost become routine.

Venezuela and Guatemala continue to rank among the highest countries for cargo theft in South America, with criminal gangs and corrupt officials using the landscape and road infrastructure to easily block convoys of trucks and move stolen products into secluded areas for storage and then sale on the black market.

As is common in South America, the majority of cargo theft incidents in countries such as Brazil, Venezuela, Argentina and Guatemala are classified as hijackings. Thieves use violence or the threat of violence to stop trucks en route and steal the goods — often along with the truck and trailer.

To combat cargo theft in Colombia, the federal government has developed a national strategy through its law enforcement organizations to target cargo theft gangs and influence the various factors that contribute to cargo theft in the country. Reports indicate that more than 800 cases were investigated in 2010, with more continuing in 2011.
Brazil

In Brazil, the southeast region accounts for 81% of all cargo theft in the country. The level of industrialization and high freight volume in Sao Paulo, Minas Gerais and Rio de Janeiro states provide an opportunity for thieves targeting loads traveling along highways connecting major industrial cities, such as Sao Paulo city, Campinas and the city of Rio de Janeiro.

The south and northeast regions both experience a high level of risk and account for 8% and 7.5%, respectively, of all cargo theft in Brazil. During 2010, the demand for security escorts increased in Parana, Santa Catarina and Minas Gerais. Industry reports indicate that the demand for escort services in Parana increased by 26% over the last three years. Other dangerous regions within the south and northeast regions include Porto de Paranagua, Afonso Pena International Airport (Parana state) and the city of Porto Alegre (Rio Grande do Sul state).

The central-west and north regions experience the lowest cargo theft activity, with 2% and 1.5% shares of the total. However, companies in Mato Grosso have experienced major losses as a result of the increase in cargo theft gangs operating around the state. Police estimate an average of 16 cargo thefts per month in Mato Grosso; most hijackings occur at truck stops and highways near dense jungle areas and close to the border with Paraguay.

Cargo Theft

Official cargo theft statistics indicate a total of 5,198 cargo thefts in Sao Paulo state, from the period January 1 to September 30, representing a total loss of R$207.8 million ($125.9 million USD). The highest number of incidents, 51%, occurred in the state capital of Sao Paulo, while 21% occurred on highways, 17% in the greater Sao Paulo metropolitan area and 9% in the rest of the state. (The remaining 2% is likely the result of rounding). Official statistics show that cargo theft has been consistent during the past three years, with minor fluctuations in the total of thefts from month to month.
The period of high cargo theft activity begins in March and remains fairly consistent through the end of the year, with a small dip in June.
Despite a total decrease in the number of thefts occurring during the first three quarters of 2010 compared with the same period in 2009, an increase in loss value is reflected in March, April and May — the three months consistently showing slight increases in thefts over the last three years.

**By Product Type**

In Brazil, the Food/Drinks product type consistently rates higher than other types. It accounts for 35% of all cargo theft in Sao Paulo state (where 50% of all cargo theft in Brazil occurs).

This is followed by the Electronics (16%), Building/Industrial and Miscellaneous product types (both with 13%).

Within the Food/Drinks category, agricultural products are the most targeted. During 2010 an increase in the number Food/Drinks thefts was observed in the states of Rio Grande do Sul and Parana. In early September, highway police in Parana dismantled six organized cargo theft gangs, all specializing in agricultural goods (mostly grains and soy).

Within the Building/Industrial category, metal products accounted for 50% of all stolen construction materials in Sao Paulo state.

**By Location**

Most hijackings in Brazil take place on the roadside (64%), followed by truck stops (21%). The three highways reporting the highest cargo theft rates within Sao Paulo state are Regis Bittencourt (BR-116) with 239 incidents, Anhanguera (SP-330) with 134 incidents and Dutra (BR-116) with 108 incidents.

In-transit and warehouse thefts involving Electronics products were
reported throughout 2010 in different regions of Brazil, with the majority happening in the states of Sao Paulo, Minas Gerais, Rio de Janeiro and Bahia. For instance, a computer-load worth R$50,000 ($28,000 USD) was stolen in Sao Paulo on March 18, 2010. The theft occurred in the neighborhood of Barra Funda, although fortunately most of the load was later recovered at the Brasilandia slum.

_**Modi Operandi (M.O.)**_

Brazilian cargo thieves know that most trucks are equipped with GPS tracking devices and they attempt to circumvent the devices by installing towing equipment on their vans or trailer hitches. That way they make off with only the trailer, gambling that the GPS remains in the truck they have left behind. Other sophisticated cargo thieves are starting to use GPS signal jammers in order to thwart technological advances in logistics security.

As in most Latin American countries, thieves in Brazil are violent. In each attack, they tend to kidnap the driver until the stolen load is transferred to a secure location. If provoked, they will severely beat the driver. Those with many years of experience operate in several different states and employ gangs in order to expand to those areas where the desired product is abundant.

Sophisticated cargo thieves usually develop relationships with warehouse employees, police, lawyers and custom agents in order to obtain false documentation and information about types of loads and routes. Thieves also develop strong relationships with buyers of stolen goods, and they deliver products to their buyers through sophisticated distribution networks that rival those of legitimate businesses.

_**Other Supply Chain Risks**_

Other supply chain risks in Brazil include infrastructure issues, political unrest and other forms of crime, including product counterfeiting.

The Brazilian highway system is poorly maintained, with 70% of the roads in poor condition. The bad roads, coupled with increases in freight movement, lead to high congestion in commercial sectors, slowing trucks and, of course, decreasing productivity.

Drug trafficking, especially at the hand of organized crime, continues to be a main problem. The two most powerful crime organizations in Brazil (Primero Comando da Capital and Comando Vermelho) represent a risk for society. Both gangs are involved in drug trafficking, bank robberies, kidnapping, prison riots and cargo theft.

Crime rates and road accidents tend to increase during celebrations, festivals and presidential elections. For example, 15 transit accidents were registered during election-related brawls on
October 3, 2010. All of the accidents occurred in less than 24 hours — between Saturday midnight and Sunday afternoon. The neighborhoods most affected were those with higher numbers of registered voters.

**Venezuela**

In addition to political instability, corruption, exchange rate fluctuations and unfavorable economic policies, transporters operating in Venezuela face major supply chain challenges. These include infrastructure deficiencies, high crime rates in general and cargo theft specifically. Since 84% of all goods are shipped by road in Venezuela, these problems create extremely elevated transportation and security costs for local and international companies operating in the country. These issues make Venezuela less appealing to foreign investors than some other countries in South America.

**Cargo Theft**

The Venezuelan Logistics Association estimates a yearly average of 2,300 to 2,500 cargo thefts in the country, with 70% of those classified as hijackings. About 25% of all stolen loads are recovered by police.

During 2009 and 2010, the states of Miranda, Amazonas, Guarico, Anzoategui and Bolivar experienced an increase in cargo theft rates, putting their risk ratings at severe, high or elevated.

On May 12, 2010, a truckload of food products worth VEB160,000 ($37,209 USD) and destined for Bolivar state was hijacked by four armed cargo thieves on El Tigre-Puerto Ordaz highway in Anzoategui state. The thieves reportedly belonged to an organized gang operating in the states of Guarico, Bolivar and Anzoategui. Two days prior to this hijacking, three truckloads of pharmaceuticals valued at VEB1 million ($232,558 USD) also were stolen along the Tigre-Puerto Ordaz highway.

**Cargo Theft Trends and Techniques**
According to industry reports, the product categories most targeted by Venezuelan cargo thieves over the past four years are Food/Drinks (especially sugar) and Building/Industrial materials (mainly steel and wood). Moreover, during 2010 Venezuelan police identified several organized cargo theft gangs specializing in chemical products. These gangs targeted loads of paint and fertilizer near major commercial seaports such as Puerto Cabello, Maracaibo and La Guaira. Additionally, truckloads of cosmetics, alcoholic beverages, shoes and cell phones were frequently reported stolen during 2010.

The majority of thefts in the state of Caracas occur along the Central Regional Highway – considered the most important highway in Venezuela, as it connects the capital with the other major cities of La Victoria, Maracay and Valencia. In 2010, Caracas police identified three separate organized cargo theft gangs operating on this highway and using the same M.O. Wearing Venezuelan National Guard (NG) uniforms, these thieves stopped commercial trucks by setting up fake inspection points.

According to police reports, actual NG members were either directly or indirectly involved in a variety of cargo thefts last year. In some cases the NG members loaned military equipment, weapons and official uniforms to cargo thieves in exchange for money obtained from the sale of stolen trucks. However, on May 3, Caracas police captured an NG member along with two other thieves who were attempting to steal a load worth VEB650,000 ($152,000 USD) containing auto parts, office supplies and pharmaceuticals. The load was fully recovered.

Another group of thieves also wore NG uniforms to target trucks, although this gang operated along the Caracas–La Guaira highway connecting the seaport of La Guaira and the Simon Bolivar International Airport in Maiquetia. Within a two-month period in Q2, the gang was responsible for 26 cargo thefts near La Planicie Tunnel (one of three tunnels leading to the airport). Although five gang members were captured, police allege that six additional members remain at large and that they continue to hijack commercial trucks entering and exiting the seaport and airport cargo terminals.

Caracas police also identified another group of cargo thieves operating along the Caracas–La Guaira highway in 2010. This gang is believed responsible for millions of bolivars in losses to local and foreign companies.

Venezuela has numerous groups of thieves targeting loads whenever an opportunity arises. However, experienced, organized and sophisticated cargo theft gangs also are operating in the country, and these tend to select only those products most in demand. In fact, most of the goods these groups steal are distributed directly to clients the day of the theft. In some cases, these gangs ship a portion of a stolen load to another Latin American country, mainly Colombia, Brazil or Ecuador.
Some cargo theft gangs in Venezuela operate close to the border countries of Brazil and Columbia in order in order to target loads coming from those areas. These thieves tend to intercept trucks using at least two vehicles and intimidate drivers with their powerful weapons.

Depending on a gang’s M.O., the driver will either be forced out of the truck or he will be instructed to drive the truck to a certain location as the thieves escort in their vehicle. As in other Latin American countries, Venezuelan cargo thieves also tend to kidnap the drivers and release them in remote locations in order to secure the loads.

Finally, confrontations between police and cargo thieves tend to be very violent, often beginning with long car chases and ending in shootouts that sometimes result in the injury or death of gang members and/or police officers.

**Argentina**

In Argentina, the attention given by law enforcement to cargo theft is higher than in other South American countries. Federal, provincial and local law enforcement agencies, together with the victimized company, often work together from the moment a theft is reported. However, the number of theft incidents exceeds law enforcement ability to solve all cases or even to prevent fast-acting thieves from delivering a load to the buyer or getting it onto the black market.

In order to minimize losses from cargo theft and thus avoid rate increases, insurance companies operating in some provinces of Argentina now require trucks to have GPS devices or escorts as a precondition for getting insurance coverage.

**Cargo Theft**

According to Argentina’s Chamber of Commerce of Logistics Operators (CEDOL), in 2010 an average of five to six truckloads of cargo was stolen per day on highways connecting large cities.

Experts at CEDOL estimate an annual average of 1,800 to 2,200 cargo thefts in Argentina, mainly on highways. The average loss per incident in 2010 was recorded at $250,000 USD. According to statistics available from the country’s Inter-Business Cargo Piracy Board, from July 2009 to July 2010, a total of 1,400 cargo theft incidents occurred in Argentina. Taken together,
these annual figures indicate that cargo crime is on the rise in Argentina, despite law enforcement efforts.

Currently, 72% of all cargo thefts occur in Buenos Aires Province, which is comprised of Greater Buenos Aires (city of Buenos Aires and its outlying districts), as well as the surrounding Federal Capital district. However, industry reports state that cargo thieves are expanding to other provinces. In 2010, the provinces reporting increases in cargo theft rates were Santa Fe, Mendoza, San Juan, Formosa and Entre Ríos.

According to the cargo piracy board, Wednesdays and Fridays see the highest incidences of cargo theft, at 24% and 22% of all cases, respectively. Mondays and Tuesdays both get 17%, while Saturdays and Sundays see 16% and 4% of the total, respectively. Moreover, 70% of all incidents around the country tend to occur between 6 a.m. and 12 p.m., while 14% occur from noon to 6 p.m. and 8% from 6 p.m. to midnight.

**By Product Type**

According to the piracy board, the most popular target of Argentine cargo thieves over the past four years has been Electronics/Electrodomestics, accounting for 34% of all thefts occurring within Greater Buenos Aires. The most common electronics stolen are televisions, cell phones and laptops.

The Consumer Care and Tobacco category comprised 22% of the total, with perfume, cigarettes and sport clothing among the most targeted products. Building/Industrial (13%), Food/Drinks (11%) and Pharmaceuticals (6%) were also among the most targeted product types.
According to La Nacion newspaper, 90% of loads stolen in Argentina last year consisted of products that had been ordered in advance. For instance, most thieves specializing in Food/Drinks products (11%) target loads based on their client demands. In 2010 the most targeted products within the Food/Drinks category were agricultural products, mainly cereals, soybeans and sugar cane. Also truckloads of soft drinks, snacks and alcohol were among the most targeted.

Source: Chamber of Commerce of Logistics Operators (CEDOL)

**By Location**

According to CEDOL, 41% of cargo all cargo theft in Argentina occurs within the Greater Buenos Aires area, while 26% occurs in the Federal Capital and 11% in the interior of the country, with Santa Fe and Cordoba topping the list in the interior.

Source: Chamber of Commerce of Logistics Operators
According to police reports, six districts in Greater Buenos Aires account for 56% of all cargo theft in the area. These are La Matanza, Mercedes, Moron, San Isidro, Almirante Brown and Quilmes. Two other districts within this region, San Martin and Lomas de Zamora, also consistently report high rates of cargo theft.

Although recent industry reports show an increase in the number of thefts in the central Argentine province of Cordoba, some companies operating in the province have witnessed a dramatic decrease in thefts over the last three years. Thanks to law enforcement efforts, these companies no longer see cargo theft as one of the main problems for their supply chain and transportation industry; instead, other crimes such as drug trafficking and bank robberies are the major threats in the province.

**Modi Operandi (M.O.)**

Argentine cargo thieves are among the most sophisticated in Latin America, and technology, including the use of GPS jammers, plays a key role in their M.O.s. Some gangs also are known to seek technical assistance from professionals in the use of GPS jammers to discover other useful methods to thwart technology advances coming from the security industry.

Argentine cargo thieves are organized gangs with hierarchical and complex structures. As such they are known to assign roles to specific gang members for all phases of the operation, such as intelligence, planning, attack, sales and distribution. Furthermore, the theft gangs commonly develop relationships with terrorist organizations and powerful drug cartels.

Although thieves are well-armed in Argentina, the use of violence is rare during attacks. Given the already-strong law enforcement focus on cargo crime, thieves tend to avoid the violent hijackings that could bring increases in highway surveillance, stricter punishments and longer prison sentences. However, if drivers do not respond to intimidation or other nonviolent tactics the criminals will resort to violent kidnappings.

Thieves most often arrive at the site of their crime with the necessary tools, such as trailer hitches and towing equipment, to quickly carry out the job. They then usually take the load to the next truck stop or another place where they can safely unload the trailer and get the goods to the black market. On some occasions trucks appear abandoned in remote areas.
Chile

Even though the majority of cargo thefts go unreported in Chile, the country’s cargo theft rate nonetheless is relatively low, especially when compared with the other South American countries of Brazil and Argentina.

According to official statistics, the Santiago Metropolitan Region suffers the worst at the hands of cargo criminals. From January through August 2010, a total of 414 cargo thefts were reported in the capital region, with the communes of Cerrillos, Estacion Central, La Cisterna, Maipu, Providencia, Renca, Santiago and Quilicura targeted most.

Because of the under-reporting of cargo crime, Chilean police are unable to determine whether some regions may be experiencing increasing cargo theft rates. For that reason — but especially to prevent cargo theft from becoming a major issue for the Chilean transportation industry — the Chilean government actively supports and encourages collaboration among police, cargo security and logistic organizations. Indeed, the country’s police forces work proactively to break up cargo gangs and prevent losses.

For its part, the National Confederation of Fleet Owners continually develops strategies aimed at improving highway security for truckers, and thus protecting drivers from becoming victims of hijackings. In Chile the kidnapping of the driver is common during each cargo theft incident.

On January 19, 2011, a truckload of food products worth CLP50 million ($102,260 USD) was intercepted by a van with five gang members in Quilicura commune. Aided by an embedded GPS device and the prompt and effective response of a security monitoring center specializing in freight, police were able to locate and recover the load.

Cargo Theft Trends and Techniques

According to industry reports, food products, copper and alcoholic beverages were among the most targeted by cargo thieves in Chile during the last six months of 2010.
As to the prime areas for cargo theft, in addition to the capital city region (or RM-Metropolitan Santiago), the Chilean regions that reported the highest number of thefts in 2010 were XV-Arica and Parinacota, V-Valparaiso and IX-Araucania.

In Araucania’s Malleco and Cautín provinces, police identified one particular gang whose M.O. differed from that of other gangs operating in Chile. Instead of simply abandoning emptied trailers by the roadside or in remote areas, the gang set fire to every truck and trailer it stole, supposedly to destroy any evidence linking it to the theft. It appears this M.O. later caught on because on October 7, 2010, highway police and the Chilean Interior Ministry announced they had gained control over truck-burning thieves. However, the last quarter of 2010 and the beginning of 2011 saw more incidents involving this M.O. in the Santiago Metropolitan Region.

The number of thefts reported along Route 5 — the country’s main north-south highway — also increased last year in areas with limited police surveillance. (According to victim testimonials, the main issue along Route 5 is the need for truck stops, especially in the northern region near La Serena-Arica). This increase occurred despite police efforts to increase surveillance and thus stop thieves working these areas.

In Q2 police captured several members of an organized cargo theft gang targeting trucks in isolated sections of Route 5. In addition to hijacking trucks, the gang used stolen trucks to store other products stolen from houses in northern and central communes near Route 5. Although police were unable to capture all the thieves, they recovered CLP30 million ($61,356 USD) in merchandise previously reported stolen in communes within the Santiago Metropolitan Region.

Police also started to perform regular surveillance near Cerro Navia commune and other areas close to the capital after a 2010 hijacking of a load of alcoholic beverages in Cerro Navia. In that case, thieves traveling in a vehicle intercepted the truck and forced the two drivers out of the cab. Left by the side of the road after the thieves drove off with the truck, the drivers contacted authorities. Police successfully recovered the load the same day. It was valued at CLP40 million ($81,808 USD).

Finally, although most Chilean gangs are well-armed, they most often tend to use their weapons to intimidate drivers rather than harm them. However, gunplay was involved in a July 29, 2010, incident. In that case, Chilean national police captured a cargo theft gang that had hijacked a truck loaded with tires near Lampa and Quilicura communes in the Santiago Metropolitan Region. The hijacking turned into a police chase that ended in an exchange of gunfire in the commune of Huechuraba.
Guatemala

Guatemala’s Public Ministry estimates that Guatemala City alone experienced an average of 18 cargo thefts per week in 2010. It is no surprise, then, that companies operating in the capital city regularly protest what they consider inadequate police protection against cargo thieves.

Next to Guatemala City, the cities reporting the highest cargo theft rates in 2010 were the municipality of Palin in Escuintla Department and the Santa Ana municipality in Peten Department.

Also in 2010, Guatemalan police reported that an average of 200 truck hijackings occurred each month — at a monthly loss of $2 million USD — in the four departments comprising Guatemala’s southern coastal region. These departments are Escuintla, Santa Rosa, Retalhuleu and Suchitepequez.

Cargo Theft Trends and Techniques

In Guatemala, most thefts occur on the main national highways. Some of the worst spots for cargo crime are along the Inter-American Highway (CA-1), the Atlantic Highway (CA-9) and the Pacific Highway (CA-2). Although police patrol these roads, their efforts are sporadic and limited to populated areas. Due to the continued threat from cargo thieves on these highways, companies are requiring that their vehicles travel in groups.

As in most other countries that experience high rates of cargo theft, trucks in-transit and warehouses are the most common targets of thieves. Guatemala’s well-armed gangs all tend to use the same M.O. when attacking trucks. That is to intercept the targeted truck and force the driver to stop by using or threatening violence. Some gangs are known to steal the truck along with the cargo and then sell the truck’s parts on the black market.

Compounding the cargo theft problem in Guatemala are cases that involve collusion by corrupt police and/or employees of warehouses and transport companies. In 2010, for example, Guatemalan police identified a powerful cargo theft gang they believe has been operating for years along the Atlantic Highway. This gang, which specializes in stealing loads in the Food/Drinks, Clothing/Shoes and Auto/Parts categories, apparently is obtaining insider information as to the types of products being transported and the trucks’ routes.
Case Studies

On November 17, 2010, National Civil Police arrested five members of the Guatemalan military in the midst of stealing a truckload of food, beverages and consumer care products along the northern section of the Atlantic Highway.

On February 2, 2010, police recovered a stolen truckload of food products worth $48,000 USD at a cargo thieves’ garage. Three additional stolen loads of automotive parts and synthetic materials were also recovered. No arrests were made, but authorities believe the gang responsible for the thefts has been targeting trucks along the Pacific Highway for years.

Colombia

Corruption and organized crime continue to plague Colombia, as numerous business leaders, police and politicians have been linked to organized gangs, including those specializing in cargo theft. The intimate connection between some cargo theft gangs and people in positions of authority poses a serious obstacle to efforts to fight this crime in Colombia.

Colombia’s major industrial and commercial centers reported the highest rates of cargo theft in 2010. The third largest city, Cali, capital of Valle de Cauca Department in western Colombia, reported the highest volume, followed by Bogota, the national capital, and then Medellin, the second largest city.

The southeastern region of Colombia, especially those cities and highways near the Venezuelan and Brazilian borders, also has experienced an increase in cargo theft in recent years, while incidents occur regularly along the Pan-American Highway connecting Colombia to Venezuela and Ecuador.

Cargo Theft Trends and Techniques

Heavily armed thieves regularly use violence or the threat of violence to stop trucks on Colombia’s main roads and highways, and on roads leading to and from the major seaports and airports.
Often the gangs are targeting both the load and the truck itself, as they can use the truck again to transport the goods they steal during store and warehouse robberies, or they can disassemble the truck and sell its parts on the black market. During incidents like these, the drivers who do not resist are left by the side of the road or they are kidnapped and later released.

Among the products reported as most stolen in 2010 were combustibles — a result of rising prices on gasoline and other combustibles — and cement in the Building/Industrial product type. Agricultural products in the Food/Drinks product type, such as coffee and grains, were also reported stolen in 2010.

While not overly successful at breaking up the country’s well-organized gangs, Colombian authorities, via the media, often issue warnings about certain gangs operating in specific areas. This practice is not always received favorably among the truckers whose routes do not allow them to bypass risky areas. In at least one news report published in 2010, a disgruntled truck driver was quoted as saying he prefers that authorities apprehend the thieves rather than simply issue warnings.

There were some success stories out of Colombia in 2010, however. On September 26, a GPS tracking device led to the arrest of a group of thieves and the recovery of a stolen load of cement in the municipality of La Plata, Huila Department. The driver had been left by the side of the road.

Authorities also recovered a warehouse full of stolen goods, including 60 tons of aluminum that had been designated for railroad construction and a load of computers worth $10,000 USD that had disappeared a week earlier after leaving the Port of Buenaventura. No arrests were reported in that raid.

Colombian police also worked with several security companies in 2010 to try to improve security and protect shipments entering and exiting the country’s principal seaports, especially those reporting high rates of cargo theft such as the Port of Cienaga.
Europe

The United Kingdom, France, Italy, Germany and the Netherlands all reported high rates of cargo theft in 2010. Intrusion, pilferage, hijackings and a variety of other M.O.s were seen throughout the continent as cargo thieves actively sought high-value goods and moved them quickly across international lines and onto the black market.

While the overall number of cargo vehicle thefts increased in 2010 over the previous year, reports show that the number of thefts from vehicles declined. Not surprisingly, the estimated loss value per incident continues to rise as cargo thieves seek a higher return for their efforts. To this end they are stealing higher value goods, staging larger scale thefts and continuing with aggressive tactics as needed to succeed in the commission of their crimes. In the UK, the average value per theft was estimated to have grown by 70% from 2009 to 2010.

In contrast to the Western Hemisphere, where cargo theft incidents are primarily thefts of entire trailers, the most common M.O. in Europe is referred to as intrusion. Intrusion is the act of breaking the lock or seal of a trailer or cutting the curtain and stealing as much of the cargo as possible before discovery. Intrusion also involves breaking into a cargo storage facility to steal product.

Incidents of fake police checkpoints, violence and forged paperwork have all been recorded by pharmaceutical and electronics companies in Europe.

Not coincidentally, cargo theft statistics are highest in the countries that actively participate in cargo theft incident-sharing programs. The vast majority of cargo theft data is derived from law enforcement sources, and countries with dedicated agencies for cargo theft (such as TruckPol in the UK) no doubt have better cargo theft data than countries which do not. Thefts in Eastern Europe and Russia are far more difficult to track as theft data is sparse, with mostly anecdotal information being provided. This problem exists throughout the global supply chain, not just Europe, continuing to make the development of a clear picture of cargo theft rates and trends a difficult task.
United Kingdom

The United Kingdom is one of the countries most actively addressing and combating cargo crime in Europe. According to Freight Industry Times, an estimated 40,000 truck crimes are reported annually in the UK, mostly in England’s nine government regions. These crimes, according to the industry quarterly, account for £500 million ($764 million USD) worth of stolen trucks and cargo.

TruckPol, the UK’s national freight crime intelligence unit, however, estimates higher losses. It says that each instance of freight crime in the country averages more than £25,000 ($38,200 USD) in loss. These monetary losses also affect client trust and thus lead to the loss of potential contracts.

According to the World Bank’s Logistics Performance Index (LPI), the United Kingdom is one of the top 10 logistics performers in the world. Results of the 2009 survey (released in 2010), ranked the UK No. 8 worldwide, moving up one position from the previous survey in 2007. (Germany ranked No. 1).

Like other areas of Europe, however, one of the most serious issues for the UK’s trucking industry is the insufficient number of secured parking spaces/areas. As it stands now, drivers are forced to park along roadsides and in unsecured parking areas — which exposes them to cargo theft.

In response to this problem, the UK is actively involved in various European Union initiatives that deal with parking security:

- **The North Sea Freight Intelligent Transport Solutions (NS FRITS):** Currently under development, this project is expected to provide information to drivers about secure parking locations, crime hot spots and local policing practices. The system aims to reduce the cost of freight crime across Europe.
• **Secure European Truck Parking Operational Services (SETPOS):** This is a pilot project aimed at improving parking security.

• **LABEL:** An outgrowth of SEPTOS, this project is aimed at creating a label for secured truck parking areas along the Trans-European Road Network and establishing a certification system for truck parking areas in Europe.

Another effort in the UK is known as “Stammtisch,” a German word meaning a regular meeting or gathering. Born in Germany and since adopted in the UK, the initiative is aimed at building relationships between local police forces and truck drivers by giving drivers the opportunity to speak directly to police on a range of subjects that directly affect them. A growing number of police forces in England appear to be hosting the monthly meetings that this initiative calls for.

**Cargo Theft**

The number of cargo thefts reported in the UK decreased in 2010 as compared with 2009. Although TruckPol collects data and intelligence on freight crime on UK roads, it specifies that not all crimes are reported, though reporting of these crimes is still considered better in the UK than in other European countries.

One noteworthy trend last year was the huge increase (by more than 70%) over 2009 in the average loss per incident. In other words, although thieves appeared to be targeting fewer trucks, they focused on those transporting higher value loads, suggesting that these organized criminals are growing more sophisticated.

The two English regions mainly affected by cargo crime in 2010 were Yorkshire and the Humber, and East Midlands, which together accounted for 43% of cargo crime-related incidents. Other high risk regions were South East England with 16%, East England with 13% and West Midlands with 12% of the incidents.

**By Location and Modi Operandi (M.O.)**

The M.O. preferred by thieves in the UK is intrusion, which in this country mainly involves the slashing of a trailer’s curtain to gain access to the contents. In some cases this method is a speculative attempt to look inside the trailer when the driver is not present or is sleeping inside the truck. (It seems it is easier to cut the curtain rather than break open the rear doors). However, breaking into a trailer’s cabin and forcing rear door locks are also common M.O.s.
As in other areas of Europe, thieves in the United Kingdom prefer to attack cargo in-transit rather than warehouses. It is not uncommon for thieves to follow their target for long distances as they wait for the right moment to attack, usually while the truck is stopped at a parking area or on a roadside. Theft from a trailer and theft of a trailer together account for more than 90% of all reported incidents.

In an October 7, 2010, incident involving a stopped truck, three masked men hijacked a truck containing 8,000 jackets in the village of Skellow (Yorkshire and the Humber region). The attackers smashed the cab’s window, waking the sleeping driver inside. The driver was then forced to accompany the thieves to a road near Junction 33 of the M62, where they transferred the jackets to two awaiting vehicles. The loss was valued at £750,000 ($1.2 million USD).

However, overall the number of reported cases involving violence fell in 2010, while (as in Germany) thefts by deception/fraud increased as thieves generally opted for sophisticated tactics over violence.

For example, as a truck driver approached his London delivery location on July 7, 2010, he was approached by men who informed him that the yard was full and could not take delivery of the load of alcohol. One of the thieves jumped in the cab, telling the driver he was being redirected to an alternate location. Upon arrival, the thieves transferred the load to an awaiting vehicle. The load was worth £249,608 ($378,770 USD).

**By Product Type**

Electronics topped the list of most stolen products in the UK last year, at 15% of the total. These thefts were mainly of consumer products such as flat-screen televisions, DVD players, cell phones, vacuum cleaners and refrigerators. Thefts in the Food/Drinks category, which comprised 12% of the total, most often targeted wine and chocolate.
Note: Although 36% of thefts appear in the Miscellaneous category, this classification includes not only products, such as toys, plastics and other goods, that do not fall into one of the other categories, it also includes incidents in which the specific product stolen was unlisted in the official report.

Germany

Strategically located in the center of Europe, linked to Scandinavia via the Jutland Peninsula and claiming some of Europe’s most advanced road and rail networks, Germany sees more cargo pass through it than any other country in Europe. This factor also makes it one of Europe’s hot spots for cargo theft.

That said, theft reports from Germany decreased in 2010 as compared with 2009, although this could be more the result of a drop in crime reporting than to an actual decrease in cargo thefts.

Regardless, according to the World Bank’s most recent Logistics Performance Index**, Germany ranked No. 1 worldwide in the survey, scoring 4.11 out of a total possible of 5.

Germany took serious steps in 2010 to address its chronic shortage of secure parking places for trucks. Projects were undertaken last year to expand rest areas for heavy trucks along several highways, and the work is scheduled to continue into 2012. These projects are expected to create more than 8,000 secure parking spots for trucks.

Another effort aimed at improving logistics operations saw progress in 2010. The North Sea Freight Intelligent Transport Solutions project (NS FRITS) hosted a workshop in June at the Port of Bremerhaven to demonstrate how the system will work and to showcase the range of information expected to be made available to drivers and transport operators via this system. The project is expected to be completed by 2011. Among its objectives is to allow drivers to plan and adapt their activities by supporting them with route-related information, including live traffic updates, crime hot spots, secure parking areas, weather alerts and truck-specific road conditions.
Cargo Theft Statistics

Germany’s west-central region of North Rhine-Westphalia topped the chart of theft cases in 2010, with 35% of all reported thefts occurring in that region. Warehouse burglaries, particularly targeting precious metals, occurred at an alarming rate in this area. Because of its high percentage of thefts, the North Rhine-Westphalia region is rated as severe on the risk index.

Other prime regions for cargo theft were Lower Saxony with 10% of all incidents, Hesse with 9%, Brandenburg with 9%, and Bavaria with 8%.

By Product Type

Building/Industrial products led the list of products most stolen in Germany in 2010, with 45% of the total. Thefts in this category more than doubled in 2010 when compared with 2009, when 21% percent of all thefts involved products from this category.

A spike in metal thefts accounts for a large percentage of this growth, due to price increases in metals in recent years. The metals most commonly stolen last year were copper and aluminum, although brass also was targeted.

On October 9, 2010, thieves forced open a freight door at a warehouse in Drolshagen (North Rhine-Westphalia) and made off with 40 tons of brass blocks and bars. The loss was estimated at €200,000 ($276,916 USD).

The Electronics category, most notably consumer products such as televisions, laptops and cell phones, saw the second highest percentage of overall thefts in 2010, at 25%, while Food/Drinks, at 9%, rounded out the top three.

By Location and Modi Operandi (M.O.)

As in the rest of Europe, most cargo thefts occur in Germany while products are in-transit, most notably while they are parked along highways or at rest areas. However, thefts from warehouses, especially those containing metal products, are more common in Germany than any other country in Europe.
The most common M.O. seen in Germany is intrusion, such as breaking into a trailer through its doors or slicing its curtain, or breaking into a warehouse. Theft of entire trailers also occurs in Germany.

While the number of reported incidents involving weapons decreased in 2010, an emerging M.O. was theft by deception/fraud — possibly due to thieves’ growing sophistication.

For example, after apparently setting up a fake trucking company, thieves stole a load of coffee valued at €145,085 ($188,555 USD) in July. The theft reportedly occurred in Germany after a Hungarian forwarder subcontracted an Austrian shipping company via a well-known online freight platform to deliver the load from Vienna to Rangsdorf in Germany’s Brandenburg region. The Hungarian forwarder realized the goods were missing 19 days after the load shipped.

**Logistics Performance Index (LPI)**

LPI survey respondents were asked in 2009 to rate 155 countries on a series of international logistics issues. The latest LPI, released in 2010, is a composite of a country’s rating on six attributes:

- Efficiency of the customs clearance process.
- Quality of trade and transport-related infrastructure.
- Ease of arranging competitively priced shipments.
- Competence and quality of logistics services.
- Ability to track and trace consignments.
- Frequency with which shipments reach the consignee within the scheduled or expected time.

**France**

Cargo theft in France appears to have increased once again in 2010, according to the government’s Central Office for the Fight Against Itinerant Delinquency (OCLDI). The latest OCLDI report estimates that cargo crime last year surpassed 2009 numbers, when no fewer than 1,600 cargo thefts were reported at a total loss of €31 million ($40.7 million USD).

Although France is known for its under-reporting of cargo crime figures, it is nonetheless clear that the country remains a high threat area for cargo crime in Europe, due to factors such as its size, geographical location and high level of economic development. Continued incidences of cargo theft in 2010 made France a hot spot within the European Union again.
Cargo Crime Trends and Techniques

The majority of cargo thefts occur in Northern France, especially in Ile-de-France (Paris metropolitan area), Champagne-Ardenne and Picardy, although the Languedoc-Roussillon region and the Rhone Valley in the south are also affected by this type of crime.

Thieves also are known to run a truck off the road or force the driver to stop by other means. In some cases drivers are forced to stop by criminals dressed as police or customs agents. At other times trucks are halted by thieves who have blocked the road using two or more vehicles.

Finally, some sophisticated criminals have been known to create fake transportation companies, get hired for a job, and then simply drive off with the merchandise once it is loaded.

As in other areas of Western Europe, violence occurs occasionally during the commission of cargo thefts.

For example, on October 8, 2010, a truck driver hauling 24 pallets of cigarettes was hijacked in Croissy-Beaubourg. According to reports, two armed assailants forced the driver to stop by waving guns at him. The driver was then kidnapped by one of the assailants while the other drove the trailer to another location, where accomplices were waiting. Although police arrived on the scene, the thieves managed to escape with 12 pallets of cigarettes. The driver was released unharmed.

Products types most targeted by cargo thieves in 2010 were Electronics, Building/Industrial (including metals), Clothes/Shoes and Consumer Care Products. As in other European countries, thefts of metals increased last year. Most of the incidents were thefts from vehicles parked in rest areas along motorways and national roads, with thefts from warehouses coming in second. In seven out of 10 incidents, the thieves slashed the trailer’s curtain or cut off the rear door...
bolts while the driver was either away from his vehicle or sleeping inside of it.

**Countermeasures**

In one 2010 effort to put the brakes on cargo crime, local investigators in Orleans sought the support of the government’s National Gendarmerie Intervention Group. On November 4, 50 officers and 30 investigators surrounded a warehouse, capturing half a dozen men armed with shotguns as they prepared to steal a load of perfume.

Meanwhile, it appears that companies themselves are increasingly taking an active role in protecting cargo. The installation of high fences and/or CCTV systems at remote warehouses and the placement of GPS tracking devices in trucks appear to be on the rise. Some frustrated companies are wrapping their merchandise in black plastic before transport in an effort to conceal the contents from potential thieves who might be looking for a particular product.

**Other Supply Chain Risks**

The winter of 2010-2011, one of the worst in recent history, illuminated a serious problem facing logistics operations in the country. Snow, ice and freezing temperatures severely disrupted rail, road and air networks late in the year, leaving hundreds of thousands of travelers stranded and forcing the National Federation of Road Transport to ban truck traffic for a few days in the Ile-de-France area due to high congestion and blocked roads.

The weather’s impact, especially on rail and air traffic, resulted in a call from EU Transport Commissioner Siim Kallas for France to “get serious” about planning for severe weather. “We have seen in recent years that snow in Western Europe is not such an exceptional circumstance. Better preparedness, in line with what is done in Northern Europe is not an optional extra, it must be planned for and with the necessary investment, particularly on the side of the airports,” Kallas said. He expressed the possibility of introducing minimum service requirements for EU airports, a proposal that is expected to be presented by mid-2011.

In addition, frequent strikes and demonstrations in France continued to affect logistics operations in 2010. Although last year’s strikes were mainly concentrated in the oil distribution and transport sectors, such work stoppages affect other sectors as well. It is imperative that cargo transporters consider interruptions due to strikes and labor disputes when planning supply chain operations.

**The Netherlands**

Strategically located, in fact calling itself “the front door of Europe,” the Netherlands is one of the better ways for shippers to access the European Union. However, the intense interstate
traffic, by air, land and rail, also makes the Netherlands one of the riskiest countries in Europe for cargo transporters.

Given this condition — and the importance of logistics operations to Holland’s economy — perhaps the most significant occurrences related to cargo theft in 2010 were the concerted efforts among government and industry members to combat it. The appointment of a special prosecutor dedicated to the fight against cargo crime and the signing of the Covenant on the Prevention and Reduction of Cargo Crime in the Netherlands were two important measures taken in 2010 to increase security and efficiency within the nation’s supply chain.

As FreightWatch reported in last year’s Global Threat Assessment, Holland’s National Police Agency (KLPD) already had been conducting surveys of drivers that reported falling victim to any kind or cargo theft, with the goal of gathering information that could be used to improve driver safety. In addition, the KLPD began placing bait trucks on the main roads of large cities in order to apprehend cargo thieves.

With this new covenant, the Netherlands aims to improve the monitoring of freight crime, develop measures to reduce such crime, reduce threats to drivers and address the international impact of freight crime. Time will tell whether these efforts will pay off in a significant reduction in cargo theft.

**Cargo Crime by Location, Product and M.O.**

Theft incidents are mainly concentrated in North Holland, including Amsterdam’s Schiphol Airport, and in the southeast province of North Brabant. The Electronics product type, especially consumer electronics and computer hardware, is the most popular among thieves.

Given that the Netherlands serves as a logistics hub for Europe rather than as a main manufacturing center, the majority of supply chain thefts occur while products are in-transit, as opposed to at manufacturing sites or during the initial movement phase. Hence, theft from trailers and theft of entire trailers (especially while parked) are the most common. Violence sometimes occurs, but is not considered common.

Similar to other European countries, intrusion was the most common M.O. in the Netherlands in 2010, accounting for approximately 75% of all theft incidents. That is not to say there were no incidences of armed hijackings or of fraud involving the brazen M.O. of deception, as the following Case Studies demonstrate.

**Case Studies**

A container loaded with 2,250 laptop computers was stolen by a fake driver on January 15, 2010, in the North Brabant city of Eindhoven. The thief claimed to have been contracted by a well-known freight forwarder to deliver the container to its intended destination in Germany.
The forwarder detected the theft when it tried to track the load. Calling the contracted carrier to confirm, the forwarder learned that a legitimate driver had not picked up the load. It was later learned that the fraudulent order confirmation had been faxed from a gas station.

On February 12, 2010, after a driver offloaded his cargo and departed a warehouse in the Schiphol-Rijk industrial area of the Amsterdam airport, an apparently amateur gang of thieves attacked the truck, breaking the passenger window and threatening the driver with a knife. The driver was then forced to drive to a secondary road, where the suspects opened the trailer. Upon discovering it was empty, the gang fled the scene.

**Other Supply Chain Risks**

Another factor affecting shipping in the Netherlands is its unsafe roads, due largely to widespread congestion. For several decades now traffic has increased at an alarming rate, outpacing efforts to expand the country’s highway system and improve infrastructure. The congestion is not all a result of shipping volumes; according to statistics, the Dutch people themselves spend a greater amount of time commuting by road than do their European neighbors.

**Italy**

There is a demarcation between Italy’s well-developed industrial north and its less-developed agricultural south. It is no wonder, then, that the majority of cargo thefts occur in the northern region as Italian goods — especially electronics and designer clothing/footwear — make their way into Switzerland, Austria and France. Hence, Lombardy, Liguria and Trentino-Alto Adige tended to see the most incidences of cargo theft in 2010. Tuscany also is considered a risk area, though to a lesser degree.

Italy has a highly developed network of interconnected highways and lesser roads, particularly in the north, and most goods are transported by road. This fact, however, also makes the roads/highways the primary venue for cargo thieves. In most cases the thieves follow a truck and attack it once the driver stops, either at a rest area or a parking lot. However, thefts from warehouses, both at ports and in the interior, also were reported in 2010.

The M.O. preferred by thieves is intrusion. The criminals brandished weapons in about one-third of cargo theft cases reported last year.

Cargo thieves in Italy tend to travel in groups of three or more and, rather than hit trucks at random, they carefully choose high-value products that can easily be sold, such as electronics, clothing/shoes and luxury goods.
Case Studies

On March 22, 2010, three criminals driving a car with flashing lights and dressed in police jackets stopped a driver near Liscate (Lombardy region). Informed that the “police” were inspecting his load for drugs, the driver got out of his truck, but was then forced into the thieves’ vehicle. One criminal drove off with the truck and its load while the other two took the driver to a village some 50 minutes away from the crime scene and left him in the middle of the road. The load of consumer electronics was valued at €500,000 ($748,300 USD).

Just 20 miles from the French border in the town of Ventimiglia (Liguria region), a truck parked in an allegedly secure parking lot was broken into and 70 LCD televisions stolen on May 26, 2010. The thieves gained access to the load by slashing the trailer’s curtain as the driver slept inside the truck. The value of the load was estimated at more than €53,000 ($65,000 USD).

Thieves broke into a warehouse in Merano (Alto Adige) on February 16 and made off with 300 pairs of shoes valued at €7,000 ($9,500 USD).

Other Supply Chain Risks

Although Italy is connected to its northern neighbors by an extensive and sophisticated road network, the heavy traffic common nowadays can impede truck traffic, especially when coupled with accidents or severe weather.

There is no evidence to suggest Italian mobsters are attempting to control the trucking industry in general, though several arrests reported in 2010 related to mob involvement in controlling the wholesale produce market, including transport, in Italy’s central and southern regions. In some instances weapons were found hidden among the produce being transported, according to reports.

Spain

Thieves have somewhat altered the profile of cargo crime in Spain in recent years as they switch their focus to products that tend to net them higher profits and expand the repertoire of M.O.s known in the country. In Spain, for example, thieves are known for using aggressive and unusual tactics, such as stealing from trailers while the vehicle is in motion.

The regions reporting the highest number of cargo thefts in 2010 were Catalonia in the northeast, Madrid in the center and Andalusia in the south. Together these regions accounted for more than 50% of all cargo theft incidents in the country last year.

In Catalonia, for example, opportunistic thieves on January 8 forced open the trailer doors and stole a load of LCD televisions from a truck parked at a Figueres service station during a heavy
snowfall. Also in Catalonia, thieves stole an entire trailer loaded with consumer electronics on June 13 in the town of Terrassa. The theft occurred after the driver parked the truck less than a mile from his pickup location and stopped home for lunch. The driver discovered the theft only after police notified him that the truck was irregularly parked. The loss was estimated at €275,000 ($346,514 USD).

The product types most targeted in 2010 were Electronics, Clothes/Shoes and Building/Industrial materials. In the Electronics category, laptops, cell phones and televisions topped the list of most stolen products, while sporting apparel and footwear were most popular in the Clothes/Shoes product type. Copper and other metals, of course, led in popularity in the Building/Industrial category.

As in the rest of Europe, the most popular types of theft in Spain last year were theft from a truck, usually by breaking in, and theft of a truck, although warehouse burglaries continued to occur. Thefts often were committed around industrial zones and at service areas off of main roads.

**Cargo Theft Trends and Techniques**

As in other countries, Spain experienced a high increase in the number of metal thefts in 2010 (unofficially, as much as double the number reported in 2009). Copper was the main target, but steel, brass and other metals also were stolen. Like elsewhere, this new focus reflects the increasing price of copper and other metals. Cargo criminals were not the only ones in on this activity in Spain, however, as metals also were stolen from telephone lines and lighting systems across the country, particularly in Catalonia, Madrid and Valencia.

Police are actively working to combat this growing problem and in 2010 launched several operations that resulted in the apprehension of gangs operating in diverse areas of the country. The arrests provided authorities with valuable information regarding the relationship between metal thieves and the junkyards and recycling companies found to be on the receiving end of the stolen goods.

According to authorities, these junkyards and other recipients resell the material to brokers or smelter operators, who then combine the stolen metal with legitimately obtained material so as to conceal its origins. Police say most of these metals end up in the Chinese market, where the demand is high for copper and other metals. According to police, these thefts often are committed by Romanian and Spanish gangs that roam in search of copper, stealing from such diverse places as warehouses, construction sites and lighting systems.

Like their counterparts in the United Kingdom and Germany, thieves in Spain are becoming more sophisticated as they improve their organizational skills and meticulously plan their operations. For example, before its apprehension in March 2010 following a police investigation of several months, one highly sophisticated gang was believed responsible for stealing up to
one million euros in goods, mainly in the far northeast province of Girona. This gang operated successfully for several reasons: First, it formed three groups, with two of the groups specializing in committing the thefts and transferring the stolen goods to warehouses, and the third providing logistical support in the form of trucks and vans. Second, the gang created its own transport company, combining legal merchandise with stolen goods. Third, its M.O. was to break the seal on a trailer, steal the goods and then expertly reseal the doors, making it difficult for the driver to detect the intrusion. Finally, a lead vehicle accompanied thieves transporting the stolen load to warn of any police checkpoint up ahead.

 Modi Operandi (M.O.)

The operating methods used by cargo theft gangs in Spain are among the most varied in Europe. Among the most brazen seen again in 2010 was the M.O. (discussed in our last Global Threat Assessment) of theft while the target truck is in motion, often at night. As depicted in the illustration from the Spanish newspaper El País, one of the thieves’ vehicles moves in front of the target truck and then slows down so the truck also is forced to slow. Then, thieves traveling closely behind the target truck in a pickup or similar vehicle jump from the hood of their vehicle to the back door of the target truck, where they saw or force open the lock. (In some reported cases last year, the thieves actually harnessed themselves to the target truck).

The thieves then pass the boxes from the target truck to their accomplices in the cargo bed of the pickup, repeating this action until several pickup trucks are loaded with the goods. These thefts often are discovered only after the trucker arrives at his destination. Loads of computers/televisions and hams were reported stolen by thieves using this M.O. in 2010.

A new M.O. reported in 2010 had thieves renting vans and then traveling, sometimes great distances, in search of parked trucks or unattended logistics centers. Once a target was identified, the thieves would break into the truck or center using crowbars or other tools to force the locks. Once inside, they selected the goods of greater value (e.g. computer equipment, perfumes, televisions) and loaded them into the rented vans. Spain’s Civil Guard launched a two-month investigation after several freight companies alerted authorities to thefts committed this way. The result was the arrest of gang members who had been operating in the cities of in Madrid, Alava, Navarra, Burgos, Zaragoza and Vallad.
Russia

Russia is one of the hot spots for cargo theft in Europe. Well-organized, heavily armed and at times well-connected gangs operate throughout the country, often hijacking trucks and kidnapping drivers at gunpoint. In addition to cargo crime, endemic corruption and infrastructure deficiencies remain as serious impediments to the supply chain.

In its 2010 Corruption Perceptions Index, Transparency International, an independent organization monitoring business corruption worldwide, ranked Russia as the most corrupt nation among the developed economies — and among the 25 most corrupt around the globe.

For the logistics industry, corruption can affect the flow of goods along every step of the supply chain, as organized crime has penetrated both business and government. Good relationships with government and customs officials are essential to those companies wanting to avoid losses.
Media reports from the country last year indicate that government efforts to fight crime and corruption are growing. In this climate, more than 50 international companies operating in Russia signed a pact in April pledging intolerance to bribery. Later in the year, Russia and Europol started negotiations on a cooperative plan to combat transnational crime.

Also hindering logistics operations in Russia is the lack of serious investment in Russia’s aging road and rail networks. Overcrowded and poorly maintained roads/highways pose a special threat to transporters.

**Cargo Theft Trends and Techniques**

Cargo theft in Russia regularly involves guns and/or violence, as armed hijackings and robberies are common types of incidents. As in other parts of Europe, most thefts occur while cargo is in-transit. However, unlike their European counterparts, Russian thieves attack parked trucks less often than they force drivers to stop, often by pretending to be police or customs officials.

That is not to say parked vehicles are ignored by cargo thieves. For example, five masked and armed men stole 13 tons of caviar from a truck parked in an unsecured area near St. Petersburg on May 24, 2010. The driver and a security guard were kidnapped and released later in a St. Petersburg suburb. The loss was estimated at $648,218 USD.

Incidents like that which occurred on February 2, 2010, however, are more common. In that case thieves disguised as traffic police stole a truck loaded with pharmaceutical products near Moscow. The thieves stopped the driver and ordered him into a “police” vehicle to produce his documents. The criminals then placed a bag over the driver’s head and drove off, releasing the driver several hours later near the Moscow ring road. The loss was estimated at $319,203 USD.

Overall, the Electronics product type is most targeted by thieves in Russia, followed by products in the Food/Drinks category. Cargo thefts occur across the country, although the areas in and around Moscow and St. Petersburg reported the highest number of incidents in 2010.

**Austria**

This is the first appearance for Austria as a separate listing in the annual Global Threat Assessment. While not a hot spot for cargo crime in Europe, increasing theft incidents, especially of copper and other metals in 2010, make Austria a country to watch. Cargo theft reporting will need to improve throughout Austria, however, before data can be thoroughly analyzed and trends determined.

According to Austria’s Federal Criminal Police Office, thefts involving copper and other metals soared in 2010 from 318 to 898 reported cases. However, these statistics are not necessarily all
related to cargo crime, as metal thefts from railroads and from the premises of companies that use metals for their own purposes also were reported.

What is known is that the number of cargo theft incidents that are reported, both officially and unofficially, increased in 2010, with the Electronics product type topping the list of targets. The regions mostly reporting cargo thefts last year were Upper Austria and Lower Austria, followed to a lesser degree by Styria and Carinthia.

Additionally, an increase in truck hijackings, especially targeting the Pharmaceutical sector, was noted last year. Again, however, the cargo theft problem in Austria is not nearly as severe as that experienced in the neighboring countries of Germany or Italy.

Cargo Theft Trends

The types of cargo theft incidents and the M.O. preferred by thieves in Austria appear to mirror those in Germany and other European countries. Most thefts occur while the cargo is in-transit, so thefts from trailers and thefts of trailers are most common. This is especially a problem when trucks are parked overnight. However, warehouse burglaries also are of concern in Austria.

Intrusion is by far the most common M.O. seen in Austria. Violence in connection with cargo theft is rare in Austria.

Within the Electronics product type, the No. 1 type preferred by thieves, flat screen televisions and mobile phones were the items most stolen in 2010. This category was followed by Building/Industrial products, mainly metals, and then Food/Drinks, with meat and chocolate the main targets. As elsewhere in Europe, the rise in metal thefts is largely attributed to price increases fueled by increased demand. As noted elsewhere in this report, thieves shift their targets from year to year depending on ease of sale and profit possibilities.

Case Studies

On May 1, 2010, thieves stole about 3,000 mobile phones after gaining access to a Vienna warehouse by climbing an unsecured fire escape and then cutting a hole in the roof. Although four thieves were captured on the facility’s CCTV, the criminals managed to avoid setting off the alarm system. The loss was valued at €1 million ($1.3 million USD).

Thieves in Döllach, Carinthia, stole 3.5 tons of nonferrous metal on August 12, 2010, after gaining access to a company’s premises by cutting through a metal fence. The loss was valued at €51,000 ($64,794 USD).
On December 17, 2010, 28 flat screen televisions valued at €28,000 ($37,103 USD) were stolen from a truck in Upper Austria after thieves cut the canvas curtain. The theft occurred in the Schärdin District, municipality of Suben.

Fourteen 2-ton stainless steel joists disappeared from a company’s indoor storage site in Egglesberg, Upper Austria, on December 1, 2010. To facilitate the theft, the thieves are suspected of using a crane truck to lift the joists onto another truck. The loss value was not released.

Other Supply Chain Risks

Although only a mid-size country in geographical area, Austria’s location in Central Europe puts it at a crossroads for cargo traveling north to south and east to west. While the country has an extensive transportation network linking it to major Western European industrial centers and ports, improvements are needed to the system to and from Eastern Europe if Austria is to take full advantage of the increasing transit traffic from that region.

While there are certain restrictions on the circulation of heavy trucks on weekends and holidays in Germany and some other European countries, Austria perhaps has one of the more complex set of restrictions, as both national and local bans can apply. Transiting trucks also can be banned from roads on weekdays depending on the time of day, the type of vehicle and even the cargo it is carrying. Logistics operations should have full awareness of these restrictions in order to move cargo most efficiently.
Asia

Asia as a region is the safest globally and presents moderate levels of risk to supply chain operations. However, cargo theft is prevalent, and difficult to control, in some countries and regions. Malaysia and the Philippines both report frequent incidents of in-transit cargo hijackings, with violence or the threat of violence being used in the commission of the crime. In contrast, China experiences a far different form of cargo crime, with small-scale pilferage considered rampant and Intellectual Property Rights at the core of multinational business concerns.

There’s little question that cargo theft and supply chain risk have increased throughout Asia. As manufacturing and logistics functions continue to operate at high levels, the overall appetite for obtaining products at cheaper prices grows. India is becoming increasingly noted for large-scale theft incidents, including truck hijackings and warehouse robberies. While these trends continue to be of concern, it is important to note that the rate of theft experienced throughout Asia is at a significantly lower rate than the rates seen in countries such as Mexico, Brazil and South Africa.

China

China presents a wide array of security problems for manufacturing plants and distribution centers. Political, labor and social unrest are tightly controlled in a more reactive than preventive mode, while inconsistencies and unpredictability in regulatory enforcement are the norm. The central government’s limited control over the regulatory whims of regional and local governments, where corruption is rampant, exacerbates this problem.

The government is now reasserting its authority over directing energy and economic policy in certain strategic industries such as energy, aviation and possibly financial services. There is also a move to direct investment and trade relations from southeast to inland China.

China has long stood out as a country at very low risk for cargo theft. However, over the past two years corporations have seen a definite increase in theft numbers.

Cargo Theft Trends and Techniques

Pilferage has always been an issue in China, with items stolen in free trade zones or at seaports and airports prior to a load’s shipment overseas. Throughout 2010, however, reports of full-truckload thefts steadily increased, presenting logistics managers with a security problem that was largely unheard of in years past.

The major high-tech manufacturing centers around Shanghai, Beijing and Tianjin started to see shipments targeted, mainly involving finished consumer electronics and microprocessors. Law
enforcement and media in these areas reported cases in which criminals followed loaded trailers in order to steal full or partial loads.

An M.O. seen before in China, and in certain countries in Europe, continued to be an issue in 2010, particularly in Southern China. In this M.O. criminals steal cargo from loaded trucks that are in motion on highways. As the diagram in the Spain section of this report illustrates, the criminals board the moving trucks, break into the trailer and then offload the cargo into a trailer vehicle — all without the driver’s knowledge that the theft is transpiring. One report indicated that this M.O. was used four times in quick succession on the highway system near Heyuan city.

Hijackings and thefts of trailers, as well as truck break-ins were also reported in 2010.

Also in 2010, Hong Kong saw increases in thefts of wine and other alcoholic beverages after this region eliminated all duties on wine. Criminal activity subsequently increased as thieves attempted to smuggle the stolen alcoholic beverages into mainland China.

**Other Supply Chain Risks**

As in the past, pilferage and larger thefts from ports and free trade zones in 2010 saw the products reintroduced into the Chinese market through means that avoid taxation. It is at this point that many counterfeit products are introduced into the supply chain to be sold as legitimate products.

It is well known, of course, that China’s massive counterfeiting operations reach well beyond the country’s borders. In 2010, US Customs conducted more than 14,000 seizures of counterfeited products originating in China, far more than from any other country. Additionally, a July report showed that 64% of all seized counterfeit goods in the European Union originated in China.

**Malaysia**

Malaysia, which manufactures a significant amount of goods, especially those of the high-tech variety, is one of the countries in Asia with the highest rate of cargo theft — and violence or the threat of violence is often involved. The major manufacturing centers around Penang and Kuala Lumpur especially have attracted organized criminals, including the long-active Mamak gang, which turned to cargo theft after high-tech manufacturing increased.

Facing increasing rates of cargo theft in the country, the Malaysian government stepped up law enforcement efforts, specifically monitoring heavily transited routes and cargo theft gang activity, and focusing on improving interagency coordination. In several cases, police presence in a certain area, and thus officers’ quick response to a theft in progress, prevented loads from
being stolen. For the same reason, some criminals were arrested, and the cargo fully recovered, within minutes of a theft.

Initial reports in 2010 indicated significant success by authorities in curbing cargo theft activity, as theft rates fell dramatically in the first half of the year. However, despite law enforcement efforts — and more stringent in-transit and facility security measures — cargo crime continues to be a significant problem, with hijackings occurring on a weekly basis.

Complicating the issue are reports of collusion between local police and criminal gangs, which thwarts efforts to curb cargo theft activity and creates a level of distrust between industry and some local agencies. According to the Asia Economic Institute, Malaysia remains one of the riskiest areas in Asia in terms of cargo theft. Although perceptions are beginning to change, further action to combat cargo crime will be necessary.

**Cargo Crime Trends and Techniques**

Thieves in Malaysia commonly target high-value products. Hence, the Building/Industrial, Electronics, Food/Drinks and Consumer Care product types were most favored by thieves in 2010. In the Building/Industrial category, precious metals topped the list, while cosmetics were most targeted in the Consumer Care category.

Thefts of precious metals occurred in-transit and at the site of delivery, suggesting that either loads were being followed for long distances or the thieves had previous knowledge of delivery times and the cargo being transported.

As in previous years, thefts across the country occurred both in-transit and at warehouses. Most in-transit thefts involved armed hijackings, with criminals either threatening violence or using violence in order to stop trucks and steal their cargo. Thieves also staged truck break-ins to get at cargo in 2010.

**India**

Among the many issues facing the supply chain industry in India are infrastructure deficiencies, including the lack of paved roads connecting major industrial cities with the rest of the country, cargo theft at the hands of well-armed thieves, and the corrupt law enforcement officials and industry employees who collude with cargo criminals.

Although the Indian government approved several projects for future improvements on roads and railways, and set up dragnets on some of the worst highways for cargo crime, little headway was made on any of these fronts in 2010. As in previous years, efforts to nab the worst of the cargo theft gangs and opportunistic criminals failed, and the number of incidents increased in some states.
Meanwhile, 2010 perhaps will be remembered for its outbreak of iron thefts, principally in the Central Indian state of Uttar Pradesh. Nationwide, thefts of iron in just the second half of 2010 were valued at $13 million. Although no figures were provided, this reportedly far exceeded such thefts in previous semesters.

**Cargo Theft Trends and Techniques**

Given that 65% of all cargo is transported by road in India, the nation’s roads — paved and unpaved — are hot spots for cargo criminals. However, warehouses and freight forwarding yards are also frequent targets. Furthermore, although stolen loads are often recovered in other countries, such recoveries are rare in India, even when authorities are alerted immediately to a theft.

The central and north-central regions of India, especially Uttar Pradesh and Madhya Pradesh states, reported increases in cargo thefts in 2010. Additionally, the risk remained high in regions throughout India’s upper half.

For instance, the number of theft incidents increased along National Highway 22 (NH22) near the city of Jabalpur, Madhya Pradesh. In this area thieves tend to target trucks traveling on unpaved roads connecting to the NH22. Most incidents occur late at night when police surveillance is limited. Although Jabalpur police were aware of specialized cargo theft gang operating in this area, efforts to capture any of the gang members or discover where they keep the stolen merchandise failed.

Cargo theft in this country is mainly the domain of opportunistic criminals who take advantage of isolated trucks or loads left unattended. However, there are also many sophisticated gangs that operate in an organized manner. In all cases, thieves are well-armed and can be violent.

Organized gangs are known to collude with corrupt police and/or employees of warehouses or freight forwarding yards. Employee payoffs in return of information regarding cargo arrivals and security measures in place allow thieves to plan their attacks.
Additionally, the organized thieves tend to store stolen cargo in illegal warehouses before selling it on the black market or distributing it to existing clients. Police in Dhule District, Maharashtra state, recently discovered several illegal warehouses reportedly operated by an extremely violent, powerfully armed gang. The outgunned district police apparently did not confront this gang.

**Significant Trend: Iron Thefts**

Within the Building/Industrial product type, steel and scrap iron were among the most targeted products in 2010. In fact, Indian government authorities recently expressed their concern over the $13 million in losses resulting from stolen truckloads of iron in the second half of 2010.

Placed on alert to this rising problem, police established security checkpoints to inspect commercial trucks on highways where the greatest number of iron thefts had occurred, including near the hot spot city of Varanasi, Uttar Pradesh state. Although several drivers were held for lack of proper documentation, none of the gangs targeting truckloads of iron was captured.

According to industry reports, some thieves have begun to target iron with the intention of selling it to state-owned Indian Railways (IR). In January 2011, an IR employee was apprehended in the midst of negotiating with a cargo thief. Both the thief and the IR employee were arrested. Police have been unable to determine whether the thieves responsible for the increase in iron theft belong to a single large gang or multiple independent gangs.

Regardless, iron thefts have continued into 2011. For example, a truck loaded with 13 tons of scrap iron was stolen in the city of Mandi Gobongarh, Punjab state in January. The truck disappeared from a restaurant parking lot while the driver was having a meal.
Australia

Cargo theft has been increasing in Australia in recent years, growing into a multimillion-dollar business that affects logistics providers along every step of the supply chain.

Cargo theft in this country is considered a low-risk, high-return crime, with high-end cargo often the target, arrests of key players low and jail sentences for convicted offenders relatively light.

The number of sophisticated cargo theft gangs is small in Australia, but those that have endured are well-established and experienced, and thus have proven largely elusive to authorities. These gangs are responsible for serious losses to local and international companies.

Although light on successes in fighting cargo crime, Australian authorities do not ignore the growing problem altogether. For example, members of street gangs who use sloppy methods can, and do, get caught, while in 2010 some leaders of an experienced gang operating out of Melbourne were taken into custody. Additionally, police are investigating a possible connection between six suspects caught leaving the Melbourne seaport with two stolen containers and the primary cargo theft gang in Melbourne. This gang is believed responsible for at least $12 million USD in cargo losses from the Port of Melbourne alone over the past five years.

Since the majority of cargo thefts go unreported in Australia, however, it is hard to track the number of loads stolen per year or to observe changes in the level of cargo theft risk in any particular region.

Cargo Theft Trends and Techniques

Most unofficial reports of cargo crime in 2010 came from the Melbourne and Sydney areas and to a lesser extent from Brisbane. Organized gangs operating out of Melbourne and Sydney tend to target containers of goods transported by truck from the docks to freight forwarding yards in the suburbs. In fact, reports indicate that container thefts increased in 2010 around Australian seaports, especially in Melbourne. Other gangs were identified operating close to Australia’s primary international airports in Melbourne, Sydney and Brisbane.

Costly cargo such as computers, televisions, brand name clothing/shoes, perfume, jewelry, cigarettes and pharmaceuticals is regularly targeted, although thieves will steal any other type of product that can be sold locally on the black market. In 2010 for example, automotive parts, mainly tires, were commonly stolen from shipping yards while awaiting pickup and delivery to distribution centers or other points along the supply chain.

Thieves targeting warehouses and freight forwarding yards — often arriving with their own towing equipment and trailers — most regularly strike as cargo is loaded or unloaded from trucks, or is transferred into the warehouse/distribution center. Violence is rare during these
thefts, as either the thieves wait until the cargo is unattended or they work in collusion with drivers or employees.

Furthermore, these gangs are known to receive insider information on the types of products coming in, the status of the cargo in-transit and its time of arrival. By either buy off existing facility employees or get one of their own gang members hired at the targeted location, the thieves also can obtain the information necessary to bypass alarms, cameras, security guards shifts and other security measures.
Africa

The continent of Africa is fraught with cargo theft. South Africa often gets the most attention for high rates of violence and cargo theft, mainly due to it being the most industrialized country on the continent, and therefore offering increased opportunities to measure and track crime. Based on numerous crime statistics and estimations, Western Africa (including Nigeria, Niger, Liberia, Cote d’Ivoire, Ghana, Togo, Benin, and Cameroon) has the highest risk of cargo theft.

Anecdotal theft incidents have been reported from Egypt, Tunisia, Ghana, Togo and Zambia. The most commonly targeted product types in Africa include Food/Drinks, Electronics and Building/Industrial materials.

Crime throughout the continent is rampant, with numerous countries listed in the top of various corruption indices. As such, cargo, and particularly high-value cargo, is at constant risk when moving throughout Africa. Regional conflicts, political unrest, criminal elements and infrastructure problems can all result in significant delays and full losses.

South Africa

In South Africa, 80% of freight is moved by road, so highway/secondary road conditions and driver safety are of prime importance to effective supply chain operations. Both of these remain severely problematic in South Africa, however.

Although truck hijackings fell slightly during the most recent reporting period, South Africa continues to have one of the highest rates of cargo and truck theft on the African continent. The hijacking scourge, combined with warehouse and other robberies, the overall levels of crime and corruption, and severe infrastructure deficiencies, makes South Africa especially troublesome for logistics providers.

According to the National Freight Logistics Strategy, government investment in the road network is about half what it should be, while increases in truck traffic on roadways has led to inefficiencies and dangerous conditions. Investment in the rail network also is considered far below that which is needed to vastly improve the network, and thus convince more shippers to use the nation’s rail system.
Cargo Crime and Truck Theft

Cargo crime is severely under-reported and not officially tracked in South Africa. However, the South African Police Service (SAPS), the country’s national police force, does issue news releases on some successful recoveries of stolen goods and/or arrests, while media often report on other incidents. Additionally, SAPS judiciously tracks hijackings from year to year, and the most recent evidence indicates that nearly four trucks fall victim to this crime each day.

According to SAPS, 1,412 trucks were hijacked between April 1, 2009, and March 31, 2010, down from 1,437 over the same period the previous year. This, however, is after hijackings spiked considerably over the previous six years and police created a special anti-hijacking unit. Authorities believe organized syndicates are largely responsible for attacks against trucks.

Gauteng Province, the financial capital of South Africa and home to such major cities as Johannesburg, Pretoria and Soweto, is by far the province most affected by truck hijackings and cargo theft, with 860 of the 1,412 reported hijacking incidents occurring in that province. Within Gauteng, cities and towns such as Johannesburg, Midrand, Meyerton, Tokoza, Vereeniging and Katlehong were most affected by cargo theft in 2010. Mpumalanga, North West and Eastern Cape provinces also were areas with high theft rates.

For example, on September 27, 2010, police in Gauteng Province arrested two well-armed men who had hijacked a truck earlier in the day as it offloaded dog food at a pet store. The arrests followed a high-speed chase that ended when the thieves overturned the truck. Shots were fired at police during the pursuit. Earlier in the year, on March 17, authorities in Tokoza, Gauteng Province, raided a home and recovered most of a load of tobacco products that had been stolen in an earlier hijacking. Witnesses to the theft led police to the home of one of the thieves, where the goods had been hidden.

In Eastern Cape Province on February 16, 2010, three armed men hijacked a diesel transport truck and kidnapped the driver at the Tsolo junction near Mthatha. The truck was later found abandoned in Libode, while the driver was located in another area altogether. The value of the load was not reported.

On February 4, 2010, in Mpumalanga Province, thieves hijacked a truck hauling a load of electronics valued at $39,465 USD. The empty vehicle was later found and recovered. On November 23, 2010, thieves pretending to be police officers stopped a truck in Midrad, Gauteng Province, and stole a load of consumer electronics valued at $121,677 USD.

Modi Operandi (M.O.) and Product Types

While in some areas of the world, cargo thieves are tending to move away from violence as an M.O. (in favor of more sophisticated methods such as deception), South Africa’s thieves remain heavily armed and willing to shoot. In fact, thieves reportedly are armed in one of every two...
incidents in South Africa. (In November 2010, Police Minister Nathi Mthethwa outlined plans to decrease crime rates and violence in the country, among them rooting out corruption and getting control of firearm proliferation).

Next to hijacking, armed robbery (at times of kidnapped drivers) is the most common M.O. preferred by thieves, while forced stops and deception are also used. Forced stops can include such things as running a truck off a road, while deception can involve the use of actual police vehicles to get drivers to pull over. Media reports from the country suggest that thieves also will break into trucks that are in motion on the roads, similar to the method seen in Spain (see assessment for Spain).

The product types most targeted by thieves in South Africa mirror those of Europe. Electronics, Foods/Drinks and Building/Industrial (mainly metals) are the prime targets. However, there is strong evidence to suggest that thieves will attack a truck regardless of its cargo — perhaps because the load itself is not always the target. Media reports that heavy trucks are not uncommonly hijacked to be shipped out of the country or sold for parts. Additionally, parked trucks are at additional risk of having their wheels and batteries stolen.

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