

# A Review of Cargo Crime in 2022

2022 Data Trends  
and Mitigation Advice

# A Review of Cargo Crime in 2022

## EXECUTIVE OVERVIEW

In 2022, we tracked a gradual return to pre-pandemic levels in cargo crime. Other changes include increasing thefts from facilities and a decline in truck hijackings. These shifts are primarily due to the gradual decrease in global demand for goods returning to pre-pandemic levels in 2019. As demand eases, so does the volume of trade. However, this reduced demand, coupled with alleviated port congestion, is not leading to a drop off in cargo crime. Instead, it leads to shifts in target goods, tactics, and how criminal organizations infiltrate the supply chain to steal or tamper with these commodities. In this report, Roanoke and BSI collectively assessed cargo crime in 2022 compared to previous years. In addition, we identified essential mitigation advice that companies could implement to prepare for the current trends and emerging risks of 2023.

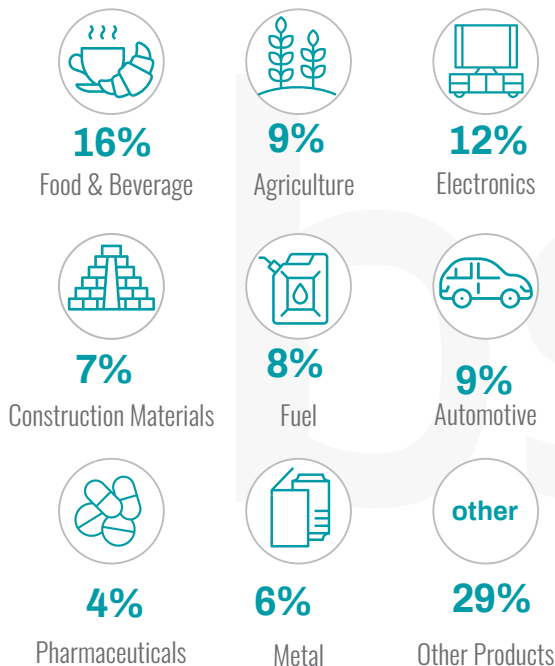
# Global Cargo Theft Trends

In 2021, the world was figuring out how to balance COVID-19 restrictions and policies associated with reopening economies. Whereas in 2022, particularly in the second half of 2022, we followed changes in consumer demand, the global economy, and criminal behavior. Thieves adopted new methods and tactics to acclimate to the evolving technological, economic, and social environments. In 2022, as the volume of goods moving slowed, and port congestion eased, we noted upticks in thefts from facilities and containers/trailers juxtaposed with a global drop-off in hijackings. Likewise, as the delays that characterized supply chains in 2021 and early 2022 eased, so did the thefts involving idle cargo at unsecured parking lots or container yards near port facilities.

To better understand this global trend, consider the impact of supply and demand on the flow of goods and the subsequent shift in cargo crime patterns. For example, in 2021, cargo crime was characterized predominantly by port congestion. This congestion led to cargo at rest and upticks in criminals targeting goods at unsecured lots, parking spots, and container yards outside ports.

A decline in trade volume contributed to a reprieve in global port congestion in H2 2022. Consequently, as trade volume declines, so do the supply chain disruptions that characterized 2020 and 2021. While this isn't leading to a drop-off in cargo theft and smuggling, it is leading to a change in crime patterns. For example, in 2022, globally, top theft types include thefts from facilities and containers/trailers, hijackings, vehicle thefts and thefts from vehicles. However, in 2021, the leading theft type was hijacking, followed by facility and container/trailer thefts. In 2022, there was a significant drop-off in recorded incidents of hijackings globally. In South America, for example, BSI tracked a 27 percent decline in hijacking from 2021 to 2022, with a spike in facility and container thefts. These trends are partly due to cargo stoppages and evolving regional theft patterns influenced by labor strikes and social unrest. In Ecuador, for example, the Port of Guayaquil accumulated 300 cargo containers per day during an 18-day incident that severely impacted cargo transportation. While hijackings continue to be the top theft type, the decline marks the impact of regional issues, like social unrest, on cargo theft patterns.

## Top Commodities Stolen in 2022



## Cargo Theft Types



Other emerging global cargo theft trends include the uptick in thefts of basic goods, like fuel and food. In 2022, the top products stolen globally included food and beverage, electronics, agriculture goods, automotive products, fuel, and construction materials. While food and beverage was the top product stolen in 2020 and 2021, from 2021 to 2022, it increased from 14 percent of recorded incidents to 16 percent globally. This increase is partly due to inflation reaching its highest level in decades for many advanced economies. Still, it is also likely influenced by significant weather events and rising energy costs triggering global product shortages and price spikes for certain goods. In Europe, similar to global trends, increasing food and beverage prices made these products more attractive to thieves in 2022. As a result, food and beverage thefts increased significantly between 2021 and 2022, accounting for 11.8 percent of total thefts in 2021 and 14.8 percent in 2022. These figures equate to nearly a 25 percent increase in the number of recorded food and beverage thefts year over year.

While actual inflation has eased in countries like the United States, the cost of living remains relatively high, and the loss of purchasing power for essential goods is reasonably significant. For this reason, and other factors like product shortages curtailing the production of new vehicles, crude oil inventories remaining low, and natural disasters leading to increased food prices, we will likely continue to track a large number of thefts of food and beverage products, automotive and truck parts, fuel, agricultural goods, and electronics.

Similar to previous years, thieves are leveraging technology and fraudulent practices to target specific types of goods. For instance, fictitious pickups are generally uncommon in Europe, typically accounting for less than two percent of total thefts. However, when these types of thefts do occur, they can cause significant product losses. In one case in Germany, a bicycle company unknowingly commissioned a phantom logistics operator to transport their goods. Initially, the phantom company carried out several orders without committing any thefts. However, upon receiving an order to transport four truckloads of high-quality bicycles worth more than \$1.7 million, the company stole the entire order. Along a similar vein, but regarding supply chain corruption in general, approximately 21 percent of all theft incidents recorded globally involved some form of insider participation, excluding incidents where the involvement was unknown. However, this oscillates by region. For example, 26 percent of cargo theft incidents occurring in Europe involved insider participation in 2022. In Asia, insider participation theft accounted for roughly 31 percent of recorded incidents in 2022. Meanwhile, in Latin America, the top countries of concern for insider theft in 2022 included Brazil, by a large margin, accounting for 65 percent of recorded incidents involving insider participation, and Argentina, which constituted roughly 21 percent of incidents.

Looking ahead to 2023 and its ever-changing risk environment, multiple factors, including the effects of a global economic downturn, the rising cost of living, rising costs to transport goods, social unrest, natural disasters, and black swan events, will have compounding impacts on global supply chains. These factors will likely result in an environment more conducive to threats such as insider participation in 2023.

## Top Countries for Cargo Theft



# Emerging Risks in 2023

As we look ahead to 2023, organizations should maintain awareness of the evolving security landscape. There are multiple lenses to see these profiles of security risk. However, for brevity, we've limited it to technology and economy.

The last few years have increasingly proved challenging for supply chains as cyberattacks targeted vital oil terminals in Western Europe and ports in Southeast Asia. Moreover, these cyberattacks are expected to increase in size, number, and damage to operations, sales, profits, and brand. And with advances in new technology come vulnerabilities associated with this digital transformation. As a result, in 2023, organizations increasingly put cyber vulnerability and ransomware attacks as the most significant emerging trend to track in the short and medium term.

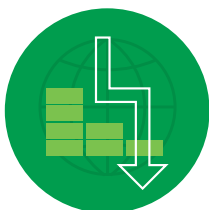
This last year, we saw the global economy's steepest decline since the 70s in many advanced economies. This decline is significant from a security perspective and a social perspective because macroeconomic risks manifest themselves in both direct ways, such as labor strikes and labor shortages, and indirect ways, like cargo theft and petty crime. For example, from a cargo crime perspective, as the economy slows and the cost of living rises, there is an increased demand for cheaper goods. This economic shift indirectly incentivizes cargo theft, robbery, and burglary as criminals can steal essential or high-valued goods and sell them on the black market for significantly cheaper. We are tracking this in various countries, especially with the proliferation of e-commerce.

Parallel to these technological and macroeconomic changes is an uptick in regulations and compliance. We are tracking this with the global movement of corporate behavior towards green legislation, reporting mechanisms, and social compliance initiatives. In general, the obligations of companies concerning sustainability are increasing. For instance, numerous countries now mandate climate disclosures for certain companies and, in some cases, supply chain auditing to assess the presence of forced labor. In the future, as the world works towards decarbonization and greater supply chain transparency, these obligations are likely to increase.

With the convergence of these multifaceted risks, we can see that the supply chain is vulnerable. This vulnerability spans from technology to the economy, as cyberattacks exploit an already stressed supply chain and cargo thieves adapt to what's in high demand and short supply. So, the risk has stayed the same. Instead, the nature and sophistication of the attacks have changed, and with that, a company's vulnerabilities. This gradual shift in risk topography generates a simultaneous change in vulnerability topography. As risk becomes more agile than before these shifts, so does the exposure to it and your company's approaches to prevent and tackle it.

Looking ahead, organizations can approach this ever-evolving landscape by investing in reassessing their risk exposure to these vulnerabilities.

## Decline in Global Economy



## Cyber Vulnerability & Attacks



## Uptick in Regulations & Compliance



# The Expert View

**DAVID FAIRNIE** | Principal Consultant-  
Supply Chain Security and Resilience  
David.Fairnie@bsigroup.com | 447879678485



As cargo crime evolves in response to changes in the global economy, supply chains face unprecedented risks in 2023. More than ever, organisations must proactively address these challenges to safeguard their operations. I urge businesses to take immediate action by reassessing their risk exposure and adopting comprehensive mitigation strategies. Implement background checks, access control policies, security training, and robust incident response plans to counter insider threats. Enhance cybersecurity measures, promote employee education on cyber threats, and regularly evaluate potential weak points. Organisations can protect their supply chains from these evolving risks and ensure the continuity of operations in a rapidly changing landscape. Don't wait; act now to secure your organisation's future.

## Mitigation Advice

### Mitigation to Counter Insider Threat:

- Conduct background checks on employees/vendors and implement access control policies to limit sensitive access.
- Adopt a policy of least privilege, establish security awareness training, and encourage reporting of suspicious behaviour.
- Regularly monitor/audit supply chain activities, implement whistle-blower protection, and enhance technical security controls.
- Facilitate communication and collaboration with suppliers/customers, sharing supply chain security best practices.
- Develop a robust incident response plan addressing insider threats, with procedures to mitigate damage and impact.

### Mitigation to Counter Fictitious Pick-Up Threat:

- Implement secure verification for personnel, use tamper-evident seals, and conduct background checks to minimise security risks.
- Employ GPS tracking for shipments, two-factor authentication, and train employees to recognise/report suspicious activities.
- Utilize data analytics and machine learning to detect fraudulent activities and perform regular security audits to identify vulnerabilities.
- Establish a comprehensive incident response plan to address security incidents and maintain supply chain integrity.
- Collaborate with law enforcement, industry associations, and stakeholders for information sharing, best practices, and increased transparency.

### Mitigation to Counter Cyber Threats:

- Implement multi-layered cybersecurity measures, including firewalls, intrusion detection systems, and regular software updates.
- Educate employees on cyber threats, safe online practices, and how to recognise and respond to phishing attacks.
- Employ strong password policies, multi-factor authentication, and encrypted data storage to protect sensitive information.
- Conduct regular risk assessments, vulnerability scans, and penetration testing to identify and address potential weak points.
- Establish a comprehensive incident response plan to efficiently detect, contain, and recover from cyberattacks, minimising their impact.

# The Expert View

**CYNTHIA GARBRECHT |**  
SVP Claims, Munich Re Specialty Group N.A.

The evolution of cargo theft methods is ongoing. Understanding the different schemes cargo thieves employ can help logistics service providers and their shipper clients develop mitigation tools to avoid the pitfalls of theft. The following are examples of specific theft types and tips for avoiding them. A modest investment of time and money in pro-active measures to reduce these risks can save thousands or more.

## Mitigation Advice

### Mitigation to Counter Unattended Cargo Threats:

Cargo at rest is cargo at risk. Cargo thieves stalk parking lots, truck stops, and drop-off lots for opportunities to steal cargo they can later sell.

- Make sure that high-valued cargo is not left unattended
- Tractor/trailers should be equipped with high-security door locks such as cuff locks, which prevent trailers from being detached from the tractor.
- Trailers should be backed into lots against a building or walls to limit access to hitches.

### Mitigation to Counter Fictitious Pickup

Today's cargo thieves use sophisticated tactics and methods to execute these costly crimes. First, they use stolen identities from legitimate truckers to commit the theft and then employ elaborate double brokering schemes to deceive and thwart efforts by law enforcement to catch them.

- Avoid the Friday afternoon rush. Thieves know that on this day, the focus is on meeting shipping deadlines and not as much on security.
- Shippers, warehouses, and freight forwarders must employ solid vetting processes and implement stringent procedures for their employees, i.e., vet all carriers or brokers and collect verifiable identification.
- To verify legitimacy, call the trucking company while the trucker is still at the loading point.
- Consider adding GPS tracking devices on all loads.
- Conduct periodic security reviews and process audits. Follow these best practices to identify any gaps in security or processes.

# Our Services: BSI Connect SCREEN



BSI Connect SCREEN is an integrated platform that employs a risk-based approach to supply chain risk management programs. It targets the biggest global supply chain threats to help organizations inspire trust and build resilience through data-driven insight. Our platform contains the largest proprietary global supply chain risk intelligence database that looks at more than 20 risk ratings in over 200 countries. BSI Connect SCREEN provides services and solutions to accelerate your understanding of supply chain risk and gain insight to empower decision making to build a more resilient supply chain.

## These services include:

- Custom Intelligence Services
- Custom Report Builder
- Advisory Services
- Powerful, Interactive Risk Mapping
- Supply Chain Incident Database
- Training Services
- Daily Updates and Notifications
- Connect SCREEN Auditing System

4150 Drinkwater Blvd. Ste 160, Scottsdale, AZ 85251 | [supplychain@bsigroup.com](mailto:supplychain@bsigroup.com) | [bsigroup.com/supplychain](https://bsigroup.com/supplychain)

## Contact BSI Connect SCREEN's Global Intelligence Analysts:



**Anna Lee Robbins**  
[Anna.Robbins@bsigroup.com](mailto:Anna.Robbins@bsigroup.com)



**Jason Willoughby**  
[Jason.Willoughby@bsigroup.com](mailto:Jason.Willoughby@bsigroup.com)



**Erica Bressner**  
[Erica.Bressner@bsigroup.com](mailto:Erica.Bressner@bsigroup.com)



**Marianna McMillan**  
[Marianna.McMillan@bsigroup.com](mailto:Marianna.McMillan@bsigroup.com)



## About Roanoke

Roanoke Insurance Group Inc., a Munich Re company, is a specialty insurance broker focused on surety bond and insurance solutions for logistics service providers, customs brokers and companies managing supply chains. Founded in 1935, Roanoke was the first provider of customs import bonds as well as the first appointed ATA Carnet provider in the United States. Roanoke has decades of partnership with the trade community as a trusted provider of insurance, surety bonds, ATA Carnet products and specialty services.

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