

A Review of Cargo Crime in 2021

2021 Data Trends
and Mitigation Advice



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A Review of Cargo Crime in 2021

In 2021, the evolving supply chain landscape, characterised by a pandemic, an opening up of the economy, and shifting cargo crime, cumulatively forced companies to solidify their ability to adapt to new challenges. As goods travel through global trade hubs, like Los Angeles and Yantian, they are susceptible to a variety of cargo crime risks, including theft, insider participation, fictitious pickups, pilferage, and counterfeiting, to name a few. As global trade rebounds and freight rates stifle, adding yet another layer of risk to companies transporting goods throughout last year and carrying into 2022. In this report, BSI and Roanoke collectively evaluate cargo theft threats in 2021, comparing these to what was seen in 2020 and highlight key mitigation techniques that organisations can implement to mitigate these emerging risks.

Global Cargo Theft Trends

Thieves adopted new tactics in 2021 as the world continued to grapple with changing lockdowns and restrictions relating to pandemic.

Last year, several critical global cargo theft trends emerged. These trends included both the overwhelming targeting of cargo trucks for theft compared to all other modalities, despite the continued higher-than-normal number of facility thefts that has been seen since the beginning of the pandemic in early 2020. Around 32 percent of all thefts occurred in-transit, while 7 percent occurred at rest areas and 6 percent at unsecured roadside parking. Theft from warehouses rose significantly in 2020 and remained steady in 2021, accounting for 25 percent of all theft locations in both years. In line with theft locations, thieves stole cargo from containers and trailers, accounting for the most common theft type, followed by hijacking and theft from facility.

Regarding strategies and tactics used to conduct thefts, thieves are increasingly leveraging technology and fraudulent means to target specific types of goods. Criminal organisations are also increasingly infiltrating supply chains, bribing or coercing warehouse workers or truck drivers to steal cargo or divert shipments from their assigned delivery routes.

Looking forward in 2022 and its ever-changing risk environment, multiple factors, including the effects of inflation, rising transport costs, and black swan events like the pandemic, will have compounding impacts on global supply chains. This will likely result in an environment that is potentially more conducive to threats such as insider participation in 2022.

The growth of idle times encountered by shippers worldwide contributed to cargo theft risks, as criminals shifted their focus to cargo at rest. For example, delays at ports and border crossings have led to cargo being left at unsecured parking lots and container yards near port facilities, leaving that cargo more vulnerable to tampering by thieves and smuggling.

Goods stockpiled in warehouse facilities and a change in demand for certain types of goods continued to be targeted for theft. This shift in theft trends that included an increase in warehouse and facility theft, coupled with cargo at rest, underscores the importance of re-assessing risk exposure and investing in security infrastructure at facilities to mitigate the potential for theft.

In 2020 and 2021, food and beverage products remained the top commodities stolen globally, accounting for around 16 percent of all incidents, followed by agricultural products at 13 percent. Similar to 2020, electronics accounted for a significant portion of thefts last year, with the highest number of thefts recorded in Brazil and India. In 2021, however, the United States also saw an increase in theft incidents involving electronics, in part, due to the increase in idle times and rise of rail thefts.

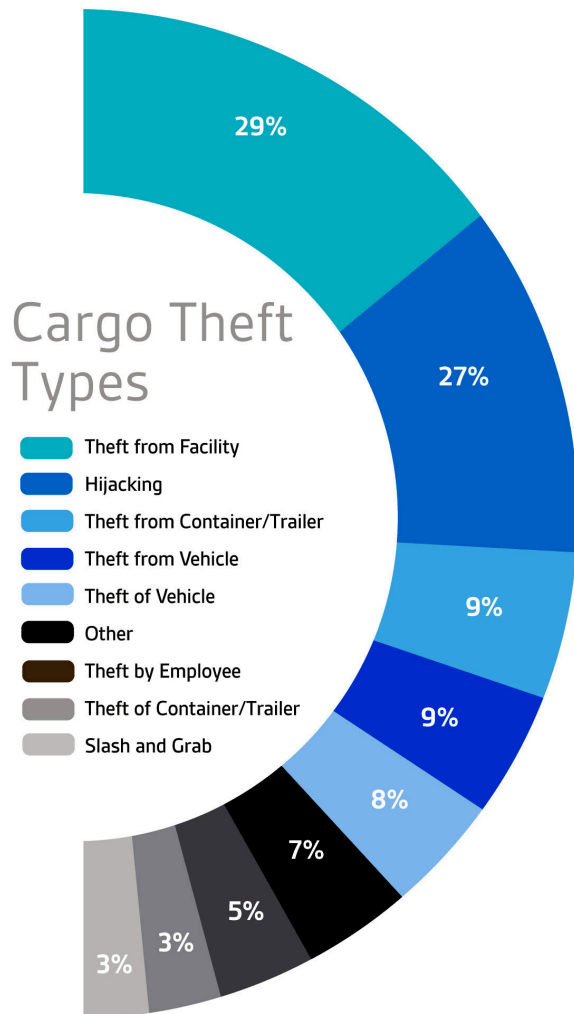
This trend likely continued into 2022 for multiple reasons, including a global shortage of electronics and the components, specifically semiconductors, used to produce them, and the subsequent increase in demand for these products. For example, in the case of North America, in 2020, as people spent more time at home, there was an uptick in demand followed by an increase in the theft of household goods. This similarly occurred with electronics in 2021.



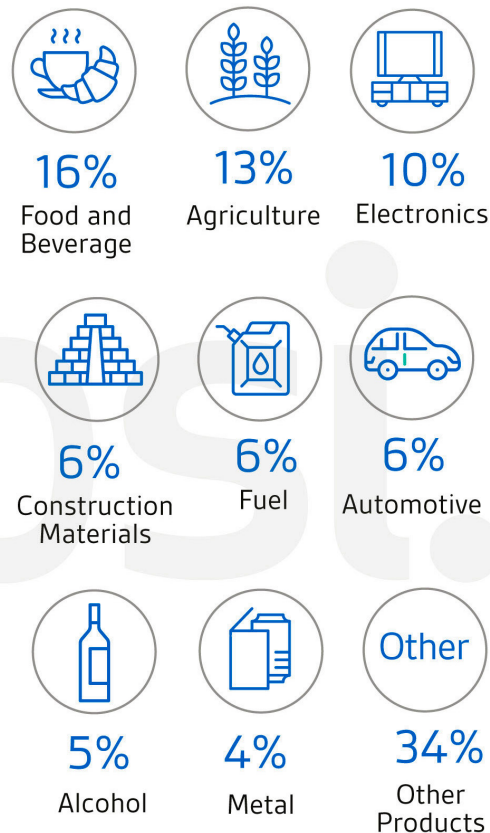
In 2020, BSI recorded an increase in thefts involving construction materials. This trend continued into 2021, with construction materials accounting for 6 percent of all incidents. As we look forward to 2022, organisations should remain vigilant of the evolving security risks presented by a changing security environment, including inflation driving higher prices for specific goods, a push pull market leading to increased trade through ports, and subsequent freight at rest, contributing to a diversification in theft types and an increased potential for insider participation.

Global Cargo Theft Trends 2021

Based on recent incident data via collaboration and partnerships with law enforcement, government, non-government, commercial partners, trade associations, open-source media reports, and input from BSI advisors and expert consultants



Top Commodities Stolen



Anticipated Trends for 2022

- Continued financial pressure on supply chains may lead to a lack of focus on security when transporting goods
- The increase in theft incidents involving electronics will likely continue due to the increase in idle times and rise of rail thefts.
- A continuous increase in regulation
- The effects of inflation
- Black swan events like the pandemic will have compounding impacts on global supply chains

Mitigating the Risk

To mitigate supply chain risks and better prepare for and be able to respond to emerging risks, organisations should consider the following mitigation recommendations to help build resilient supply chains and the protection of cargo:

Understanding Overarching Supply Chain Challenges

- A crucial step in managing supply chain risk effectively is understanding the dynamics and pain points in your supply chain. This understanding and appreciation allow robust control measures to be implemented.
- Tailor your risk management approach to combine the understanding of geographic risk exposure with an appreciation of gaps in supplier security protocols to build effective risk management programs.

Unified Approach

- It is not uncommon to see organizational divides with internal functional groups working in silos and little interaction with other parts of the business. Organisations should adopt a unified and coordinated approach to managing overarching supply chain risks.
- Build working groups to include experts from supply chain, procurement, HR, logistics, trade compliance and security functions to resolve overarching supply chain challenges together.
- Train people to have the skills, knowledge and insight to make effective decisions.

The Value of End-to-End Risk Assessment

- Conduct a full risk assessment of your entire supply chain, including contractors, sub-contractors, suppliers and origins of raw materials to obtain an all-round perspective of risk and your suppliers' protocols and their ability to manage risk on your behalf.
- The risk assessment process should be a continual process as supplier relationships are ever evolving and require consistent assessment.
- Utilise the assessment process to identify risks, threats, opportunities and weaknesses to prioritise your company values early in the process.

Effective Communications across the Supply Chain

- With the supply chain landscape changing quickly it is important to communicate effectively with your suppliers to understand what plans suppliers have in place to manage supply chain events and disruptions.

Know your suppliers – Trust but Verify

- "You inherit the risks of your business partners" - Implement robust due diligence processes when onboarding new suppliers. This should include engaging with customs agencies within countries to confirm reputable logistics and supply chain companies.
- Work with your quality groups to visit and audit the supplier, particular focus should be to confirm their resilience capabilities.
- Conduct regular performance reviews to ensure your suppliers are implementing the appropriate risk mitigation measures for the environment they operate in.

The Expert View



DAVID FAIRNIE | PRINCIPAL CONSULTANT, SUPPLY CHAIN SECURITY

In 2021 global supply chains finally tipped over into the public consciousness to become headline news globally. This mainstream awareness of the critical importance of supply chains and the risks they are exposed to is not going to change in 2022.

Supply Chains will continue to grapple with the ongoing global pandemic and the convergence of supply chain risks and multiple business challenges across all sectors and geographies.

Looking to the future we can expect increasing regulation, the convergence of physical, cyber, and environmental risks and adaptation of mainstay threats posing an ongoing and evolutionary risk to supply chains.

It has never been more important for organisations to make the right decisions in terms of assessing potential risk exposures in their supply chains and take proactive measures to build more resilience in their business to manage these risks.

CYNTHIA GARBRECHT | SVP CLAIMS, MUNICH RE SPECIALTY GROUP N.A.

Cargo thieves continue to exploit vulnerabilities in the supply chain, so logistics service providers, warehouse operators, and cargo owners should consistently work to mitigate cargo theft risks. Developing best practices that include employee screening, third-party vetting, and promoting awareness is a good start.

Among some of the most concerning trends or influential factors we see today is the resurgence of organized cargo theft rings. Current targets include high-value cargo, including video game consoles and medical supplies. Supply chain woes make essential goods such as auto parts and tires more appealing to thieves. In addition, these criminals increasingly use sophisticated methods for their criminal activities, making investigation and recovery difficult.

Monitoring current trends such as target commodities, vulnerable routes, and theft methods are critical to staying ahead of cargo criminals. In addition, this information can help you better secure your supply chain and limit vulnerabilities.

Our partners at BSI offer tools and resources that include supply chain trend reports and best practice guides to further our clients' risk awareness. Additionally, Roanoke clients will also have preferred access to logistics operation assessments and support provided by BSI. These "health checks" are designed to identify the most significant risk areas, understand how those risks will impact business, and prepare for threats before they become losses.

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.

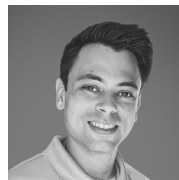
These services include:

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

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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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