

BSI and TT Club 2023 Cargo Theft Report

April 2024



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in progress



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Introduction

TT Club and BSI have been collaborating for several years to deliver this annual cargo theft report. Our strategic approach of collating and analysing relevant global data sources remains. This enables the identification of trends and spikes in criminal activity, while empowering logistics operators with vital information to better manage risk.

The risk landscape is constantly evolving and becoming more dynamic, with attributes such as macroeconomic factors, geographic influences, commodity prices, and peaks and troughs in freight volumes all playing an intrinsic role. Bad actors are also changing their ways, with their needs, level of organisation, deepening knowledge of the supply chain, usage of technology to facilitate access to cargo, and deployment of countermeasures to security devices all stressing the importance of this annual study.



Global cargo theft trends



While the conversation has shifted from COVID-19-related disruptions and subsequent trade congestion, supply chains continue to face a myriad of challenges, ranging from geopolitical tensions and conflict, to worsening natural disasters, to digital-powered disruption. As we see new effects of inflation on cargo crime, we are also tracking historical patterns of thefts that preceded, and followed, the COVID-19 era.

For instance, the usage of deception in thefts in South Africa or violent cargo thefts in South America are not new issues but nonetheless continue to pose an evolving threat to the supply chain, especially as they intersect with newer issues like inflation.

Looking more closely at inflation, or the loss of purchasing power, we can track the effects of this macroeconomic factor on crime patterns. We have noted a steady increase in thefts targeting Food and Beverage over the past few years, increasing from 16 percent in 2022 to 21 percent in 2023. Parallel to this gradual shift in the theft of basic goods are sustained thefts of higher-valued goods like electronics.

BSI and TT Club highlight in this report the cargo crime trends that characterized 2023 supply chains and provide mitigation recommendations to combat these threats and better anticipate emerging risks in 2024. These threats include shifting crime patterns against the current macroeconomic backdrop, new fraudulent methods of thefts perpetrated by criminal gangs, and historical patterns of geographic risk.

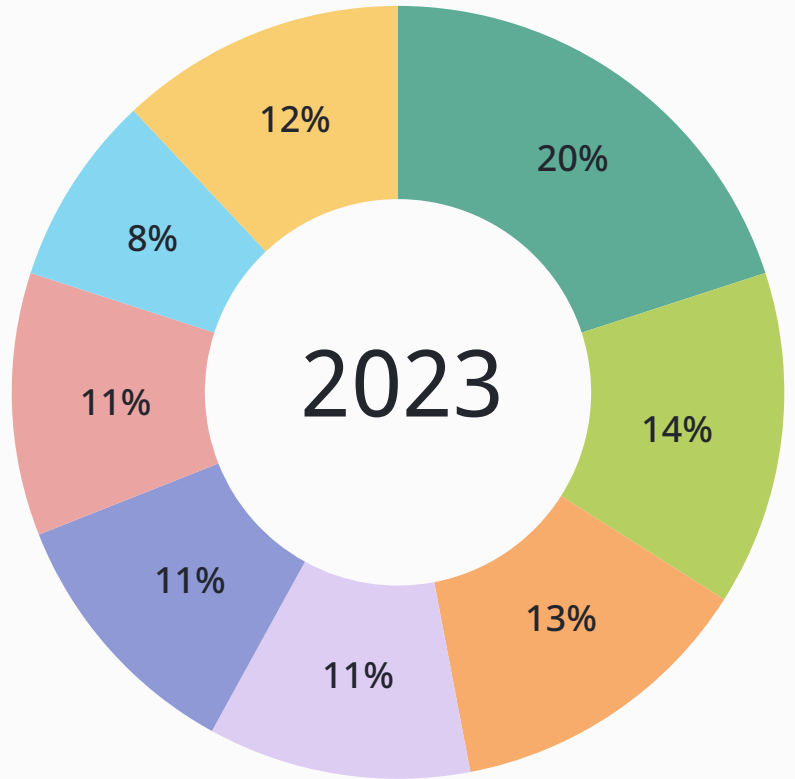
To explore these themes, we will present several case studies including credit fraud in Europe, “blue light gangs” in South Africa, fraudulent thefts in the United States, and others. As we look ahead, we provide mitigation recommendations throughout the report to reduce the threats we explore.

Global Cargo Theft Trends 2023

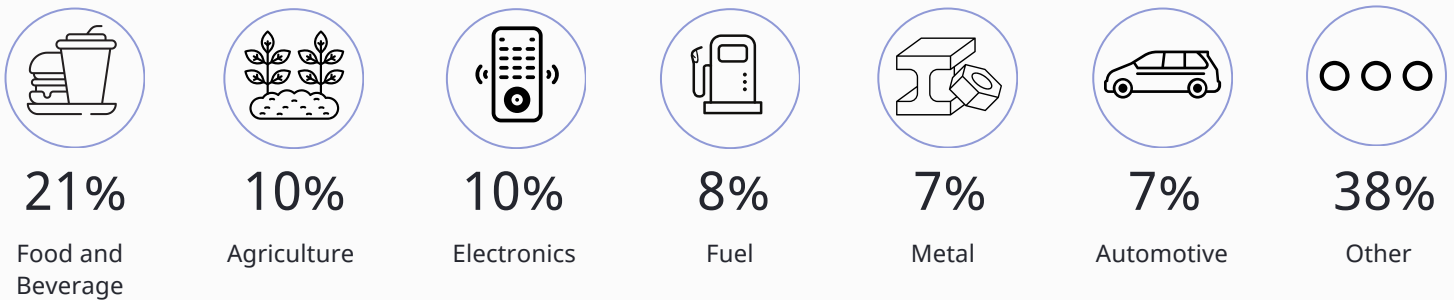
Based on recent incident data via collaboration and partnerships with law enforcement, government, non-government, commercial partners, trade associations, open-source media reports, and input from BSI advisors and expert consultants.

Cargo Theft Types

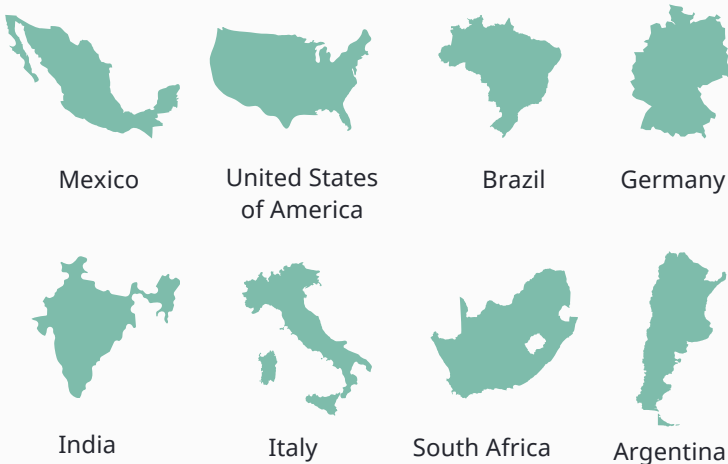
- █ Theft from facility
- █ Theft of vehicle
- █ Theft from container/trailer
- █ Theft from vehicle
- █ Hijacking
- █ Theft of container/trailer
- █ Theft of employee belongings/truck parts
- █ Other



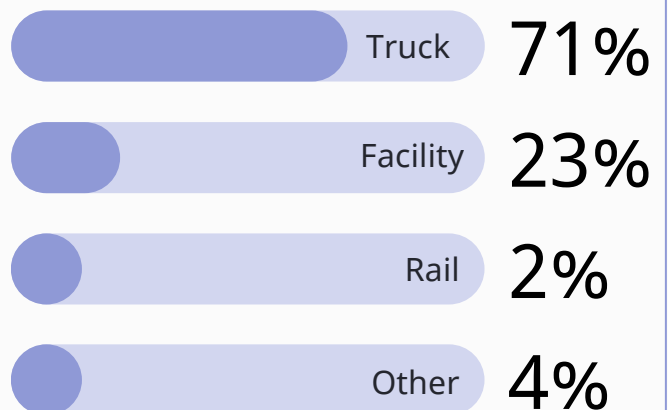
Top Commodities Stolen



Top Countries for Cargo Theft



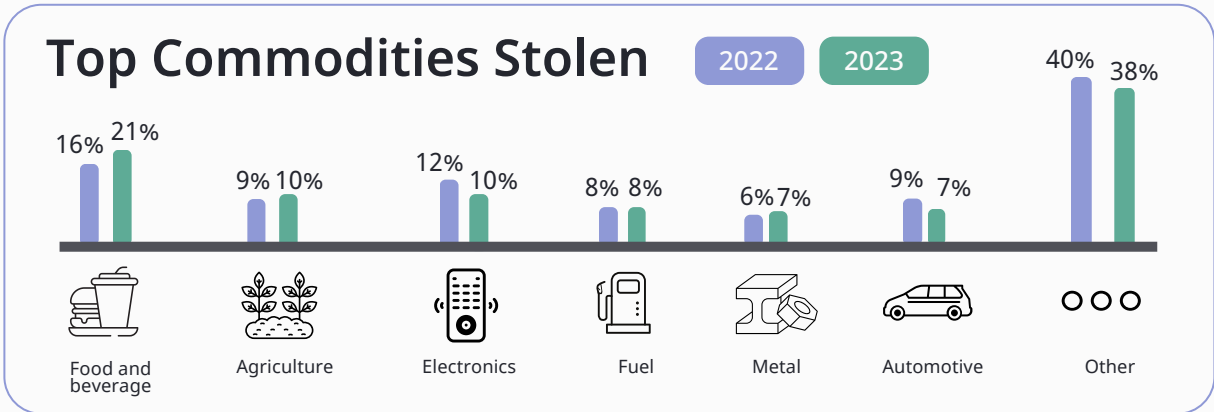
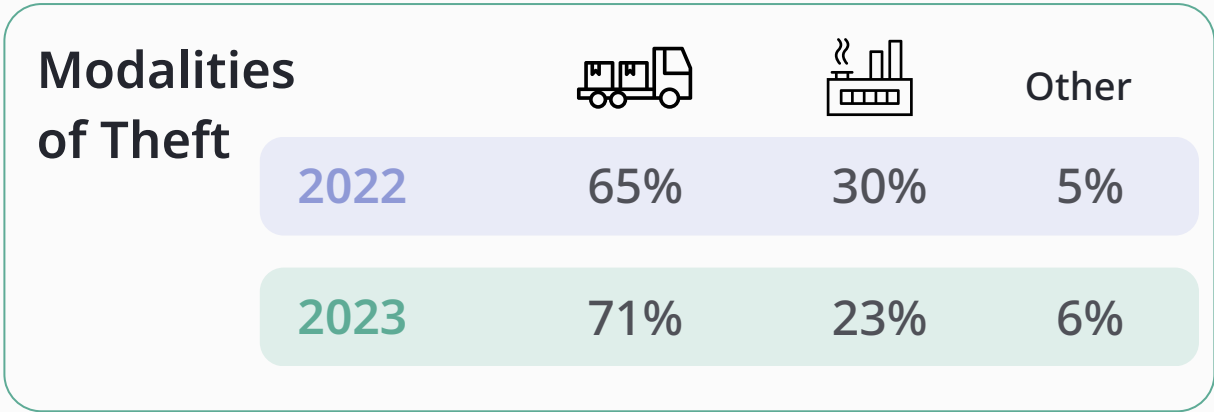
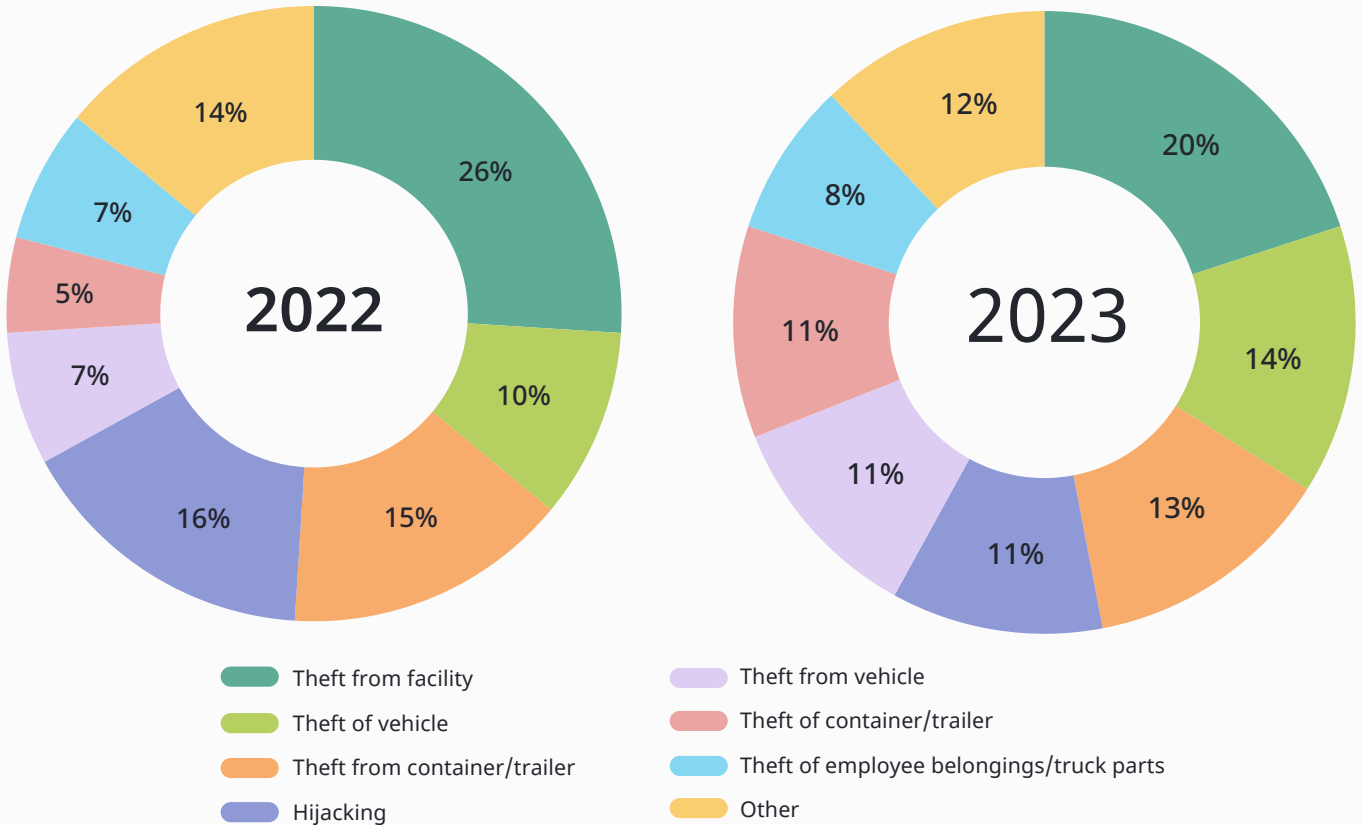
Modalities of Theft



Global Theft Trends 2022 vs. 2023

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.

Cargo Theft Types



Case Study: Olive oil thefts in Europe and how price increases for a product can result in higher theft levels

We recorded numerous thefts of olive oil in 2023, with qualitative reporting indicating that olive oil thefts increased, especially in the major olive oil production countries of Spain, Italy, Turkey, and Greece. The dynamics of this problem are representative of many of the challenges that the food industry currently faces, with inflationary factors and other issues leading to price increases, as well as thefts.

According to the European Commission, olive oil prices rose by 75 percent from January 2021 to September 2023. We typically see an increase in thefts of products that experience significant price increases coupled with limited supplies. For instance, in August, thieves in Cordoba, Spain stole 56 tons of extra virgin olive oil from the warehouses of an oil mill. The stolen oil was valued at over 540,000 USD. Many sources have begun referring to olive oil as “liquid gold,” highlighting its value.

Some important olive oil production countries, especially Spain, reported diminished harvests in 2023.

Spain reported the second worst harvest of the 21st century, following only the harvest of 2012. However, multiple factors, including a historic drought that emptied reservoirs, increased energy costs, and increased fertilizer costs, have reduced resiliency since this time. Spain produces more than 40 percent of the world's olive oil, resulting in a global cascade effect because of the diminished harvest. At the same time, countries such as Turkey, have reported successful harvests. However, Turkey has also enacted an export ban on olive oil, citing rising prices.

Overall, the challenges facing the olive oil industry highlight the impact that climate change coupled with theft can have on operational security, especially for the food industry. As climate change makes crop production in certain areas more difficult, the scarcity of these crops leads to increased demand and higher prices, which may incentivize thefts.





Europe – Fictitious pickups, cargo theft gangs, and slash and grabs, oh my!

While some organizations may be tempted not to invest in security practices for the European region because of historically lower levels of violence present in crime trends compared to those in the Americas, it would be amiss to think that cargo crime is not costly in Europe. High-value crimes occur regularly in the region. We have tracked fictitious pickups and organized cargo theft gang operations, in addition to the largest number of slash and grab thefts reported globally. This is due in part to the widespread usage of soft-sided trailers throughout Europe as well as a general lack of secure parking in the region.

Looking first at fictitious pickups, these thefts account for less than 2 percent of total cargo thefts in Europe in 2023 but still resulted in significant loss values. For instance, in November, in the Netherlands, a driver utilizing the fictitious pickup method stole more than 1.8 million USD worth of phones and other electronics from a freight company operating at the Schiphol Airport. We recorded the largest number of fictitious pickups in Italy, followed by Russia and the Netherlands. Incidents also occurred in Germany, Sweden, and France.

We have also tracked organized cargo theft gangs operating in European countries such as Spain, Italy, Russia, Germany, the Netherlands, and the United Kingdom. In August, for instance, following an investigation into the theft of a truck loaded with merchandise in Mejordada del Campo, Spanish authorities uncovered and dismantled an organized cargo theft group that targeted transport vehicles. We have also noted in the greater Milan area of Italy two thefts with similar modus operandi by organized groups, likely pointing to an active cargo theft gang operating in the area, or multiple groups.

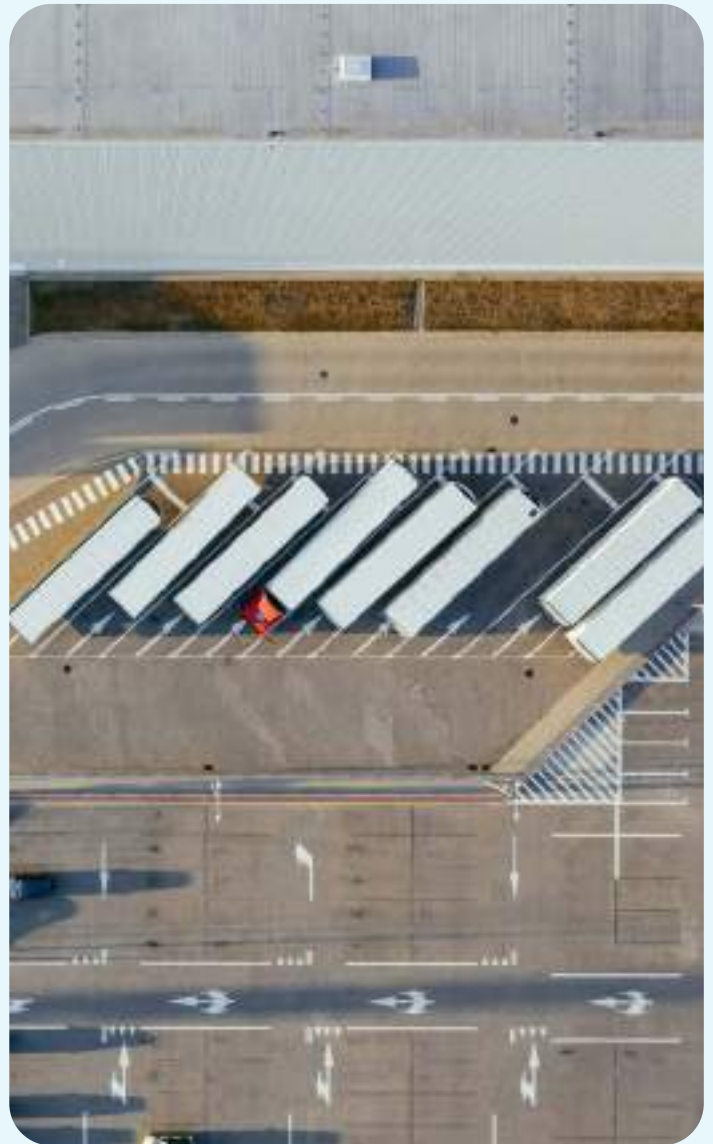
In Europe, slash and grab thefts accounted for only approximately three percent of total cargo theft incidents recorded in 2023, but the European region accounted for virtually all slash and grab thefts recorded globally during the year. More than half of all slash and grab incidents occurred in Germany, with smaller numbers occurring in the United Kingdom, Italy, Spain, and the Netherlands. The percentage of thefts affecting the trucking modality in Europe is due in part to the widespread usage of soft-sided trailers throughout the region, a general lack of secured parking, as well as stringent rest requirements. In one incident in May, police in Italy interrupted thieves unloading goods from a loaded truck at a transport company in Cassola. The perpetrators had attempted to steal more than 105,000 USD worth of branded glassware after slashing the tarpaulin of the vehicle.

Case study: Credit fraud in Europe using freight by truck followed by air

TT Club has regularly highlighted risks posed through the global supply chain related to the fraudulent activity of organised criminal groups. Typically, the industry has witnessed fraudulent documents, mandate fraud, fraudulent truckers, and trucking companies presenting themselves to collect cargo and more recently fraudulent freight forwarders or brokers, creating further smoke screens behind which the criminal's activity is disguised.

Such fraudulent strategies prove extremely lucrative to the criminal fraternity, typically being low risk and remote from the actual physical theft of goods.

Another type of fraud has once again been identified in the last months which is equally problematic for the logistics operator, that of credit fraud. Credit fraud is an exposure to all in the global supply chain and a strategy that ought to be considered through the risk management structure of your business. This is primarily a financial risk, and the associated costs of such incidents can escalate quickly.



How does the risk manifest?

In this scenario, a new customer approaches with a single, spot hire consignment of goods typically to ship internationally. In our example here, we will use a cargo of clothing from Bangladesh to Spain. The shipment will be completed by road at source and destination and by ship for the maritime leg. This first shipment is suggested to be the start of a potentially large and lucrative contract.

A rate is agreed upon, and a 60-day credit facility arranged. The cargo is collected, shipped, and delivered in line with expectation. Within the 60-day credit period the freight account is settled as expected, building confidence.

The customer then approaches with four more consignments of clothing, in line with the earlier suggestion that the contract could be large. Based on the existing and agreed 60-day credit facility and based on the initial successful experience, the logistics operator duly starts to arrange the shipments.

Not long after the order for the four additional consignments is placed, plans change, and there is an urgent consignment from the customer. Due to the urgency, this consignment must be shipped immediately by air. Eager to please the new customer, a rate is agreed, and arrangements are made. This urgent consignment is followed by several further air freight shipments which become the norm over a three-week period.

A total of eight air freight shipments are completed, arrive and are delivered to the consignee without issue. Once the air freight shipments are delivered, the new customer goes quiet, there are no new shipments placed. Communications to the customer go unanswered for several days. The 60-day credit period expires, and the customer has not settled the account.

Further attempts to contact the customer fail and the freight account goes unsettled.

The importance of due diligence



Undertaking sufficient due diligence particularly when dealing with new customers is vital. This is a primary risk management tool for your business. Knowing your customer is critical on all levels including regulatory compliance, safety, and security. The cash flow of your business of course is also of importance so verifying the customers' credit worthiness before extending credit is prudent.



Whilst not exhaustive, the following risk mitigation strategies could be considered.

Identifying the customer's:

- Full legal name and registered address.
- Contact details, including telephone and email. Note that mobile phone numbers and free email addresses could be a red flag.
- Website address.
- The main (or registered) activity of the customer.
- Ownership verification (taking account of regulations, such as sanctions, as appropriate).
- Legal form (limited company, sole trader, publicly limited company).
- Company registration number.
- Tax (e.g. VAT) registration number.
- Governmental or similar audit scheme (e.g. AEO) membership.
- Key personnel and their roles.
- Authority of the individual to sign on behalf of the customer.

Additional credit worthiness checks:

- Financial reports.
- Copies of the latest annual accounts.
- Use a credit rating agency to establish the credit worthiness of the customer.
- Request confirmation of any cargo insurance policies in place (where possible verify any warranties on the insurance policies).
- Verify acceptance of your standard terms and conditions.

Practical commercial considerations:

- Establish exactly what services are required and define what will be provided (volumes/mode).
- Verify that the services required realistically rest within any agreed credit limit.
- Establish the reasons for credit to be required.
- Assess and verify how much credit is requested.
- Confirm credit policies relating to Duty/Tax.
- Detail credit policy timelines.
- Obtain full banking account details, including IBAN, and SWIFT codes where applicable.
- Verify the identity and contact details of the person responsible for payments (mitigating the risk of mandate fraud).

There is an old adage in business, "if it seems too good to be true, then it probably is".

Rising strategic thefts in the United States

Shifting now to examine theft trends in different regions of the world, we will start with a look at the United States. The increasing risk of fraudulent cargo theft practices continued from 2022 through 2023, particularly in the United States. BSI Consulting and TT Club recorded an uptick in this risk throughout the country, including in California, Texas, Florida, Tennessee, Pennsylvania, and Illinois. Fictitious thefts rose from 1 percent in 2022 to 17 percent in 2023, with a significant increase in recorded strategic theft patterns, where thieves used identity theft and fraud, alongside fictitious pickup, as well as brokering schemes to secure loads at freight locations, such as warehouses and freight facilities.

Bad actors are increasingly shifting toward strategic cargo theft, as evidenced by the substantial uptick in theft involving fraudulent means, as we have observed in the United States throughout 2023. For instance, in June, authorities reported the cargo theft of copper wire valued at 119,000 USD in McKinney, Texas.

This cargo theft scheme involved a complex arrangement in which legitimate carriers unknowingly participated in diverting the cargo to a warehouse in Fort Worth, Texas, where the thieves took possession. Similar to previous years, organized criminal groups targeting cargo were recorded operating throughout the United States, including in California, Illinois, and along the East Coast. These criminal operations have used fraudulent methods, including double-loading schemes and double/triple brokering, to steal shipments of food and beverages, electronics, alcohol, automotive, and apparel goods from companies.

In addition, companies are seeing a rise in the misdirection of goods from freight facilities, partly due to the theft of broker and carrier identities. Cargo loads may often go for periods of time before being reported stolen, reducing the likelihood of recovery. Logistics providers are attempting to combat these fraud attempts by vetting carriers and logistics providers. Looking ahead to 2024 and beyond, strategic theft groups may also attempt to target carrier vetting methods.



Thieves in South Africa leverage corruption and the use of deception

Cargo thieves continued to use corruption and other forms of deception to facilitate cargo thefts globally. One example is the persistent presence of organized criminal groups using fraudulent tactics to hijack trucks in South Africa.

South Africa remained the top region of concern for cargo theft in Africa in 2023. Goods transiting through South Africa face a significant hijacking risk, especially with the presence of “blue light gangs.” Blue light gangs impersonate police officers by disguising themselves in police uniforms and using blue lights on their vehicles to mimic police cars, tricking the drivers to pull over. The perpetrators then commandeer the truck and steal the cargo.

Thieves are also known to target in-transit vehicles using other deceptive tactics, including blinding the driver with a bright light, forcing them to pull over, and overtaking the vehicle. There have also been reports of thieves setting up fake roadblocks and using violence or the threat of violence to overtake the vehicle.

Leveraging the use of insider participation is another common tactic used to steal cargo. Truck drivers have been known to assist criminals in stealing goods, including staging hijackings.



Understanding the violent nature of cargo thefts in South America and the need for increased security measures



The trend of violent cargo thefts and hijackings remained consistent between 2022 and 2023, with criminals frequently conducting armed robberies to steal cargo transiting through several countries in South America. Hijackings were most common in Brazil and Chile; however, the risk was also present in Colombia, Argentina, and Peru, highlighting the need for enhanced security measures for cargo traversing the region. Additionally, increasing rates of violent crime in countries like Ecuador could further expand the risk of cargo theft in this country.

Over the last several years, criminal tactics for committing cargo theft in South America have remained consistent. Tactics for thefts in the region tend to involve elements of violence and can be characterized in a few ways. Thieves will typically conduct thefts in groups of two or more to overpower truck operators and will often brandish weapons to coerce drivers into pulling the vehicles over. Another characteristic concerning cargo thefts in South America is that drivers and their assistants are frequently harmed during robberies, with criminals taking truck operators hostage and abandoning them along roadways to delay detection by law enforcement.

Argentina, Colombia, Paraguay, and Peru were all countries that experienced notable increases in recorded rates of cargo theft in the region. Rates of hijacking remained fairly consistent across all countries with the exception of Brazil, which experienced about a 35 percent reduction in recorded hijackings as well as a decline in the overall recorded incidents of cargo theft; however, despite this reduction, Brazil remained the top country for the risk of hijacking, both regionally and globally in 2023. The median value of cargo lost from hijackings in Brazil was 73,500 USD, emphasizing the high potential for losses in the country.

Many cargo thefts in Asia likely an “inside job”

The importance for companies to vet employees and third-party workers is apparent in Asia. Compared to other regions, Asia records the highest rates of insider participation in cargo theft. In 2023, 26 percent of recorded cargo thefts in Asia involved insiders, with India, Indonesia, and Bangladesh being the top Asian countries for recorded insider participation. Corrupt warehouse employees, port workers, security guards, and truck drivers exploit their strategic position and often collude together or with cargo theft gangs to steal from their employers.

The desire of insiders to remain undetected informs the types of theft tactics they employ. To maintain their close proximity to cargo, corrupt supply chain actors in Asia often steal small amounts of cargo over a longer period of time, rather than the one-and-done hijackings seen in the Americas or the slash-and-grabs of Europe. Despite the smaller quantities stolen, the high frequency of thefts still amounts to significant financial losses to businesses. In one case, a truck driver and three accomplices in India stole a few cell phones during delivery on several occasions over five months, amounting to 36,500 USD in losses.

To cover their tracks, thieves falsify records, reseal open containers and packages, trick GPS systems, and replace the stolen weight with other less valuable goods. Regarding the latter, drivers in Asia have been known to use a weighting scheme during transit. For instance, five truck drivers in India stopped during their delivery and stole 500,000 USD worth of aluminum goods from the sealed containers they were transporting, replaced the goods with cement bags, and resealed the containers for export. We recorded that cargo in both trucks and facilities are nearly equally at risk of theft by insiders. With facilities, corrupt warehouse employees often steal cargo by colluding with drivers and loading additional goods for delivery, then altering records to hide the theft.

In several cases, authorities discovered that the hired employees had a criminal record of theft or were even members of a known cargo theft gang, illustrating the importance of company hiring practices that minimize the risk of corrupt insiders.



Risk Mitigation Strategies from BSI and TT Club

BSI Consulting and TT Club collaborated on this report to analyze threats faced by supply chains through 2023 and beyond. We offer these risk mitigation techniques so organizations can proactively understand their risk and build a resilient supply chain that is ahead of the criminal tactics, trends, and emerging threats detailed in this report.

Recommended mitigation methods to counter slash and grab thefts:

- Work with carriers to ensure they have mapped out routes to identify the safest parking locations available. Ideally, these would be well-lit, fenced, with staffed access gates.
- Review high-risk areas along the route and designate “no stop” areas for carriers.
- Ensure that drivers have security awareness training to recognize unsafe stopping areas and know how to respond if they suspect a theft is in progress.
- Consider the use of light sensors inside trailers to alert to slash and grab attacks; ensure that the carrier has an appropriate response and escalation protocol in place.
- Weigh the cost of additional fuel and convenience for soft-sided trailers against the risk of theft; in some areas, theft is so prevalent that the use of hard-sided trailers will save money.

Recommended mitigation methods to increase resiliency in areas prone to violent cargo thefts:

- Gain a better understanding of the specific region or cities where your company is operating, the risks your specific product types will face, and an understanding of the cost of security measures in comparison to these threats.
- Sort out the web of contracting and subcontracting that often takes place in trucking and transportation.
- Use a reliable partner for cargo tracking and recovery. This can provide your company with a valuable link to local law enforcement during a crisis.
- Understand which countermeasures are most often defeated by thieves to help determine which physical security technologies are likely to be most effective and provide a positive cost-benefit.
- Be aware of available technology that could assist in mitigating risk.

Recommended mitigation to counter the “Insider Threat” risk in the supply chain:

- Conduct thorough background checks on all employees and third-party vendors involved in the supply chain to identify potential insider threats.
- Develop a comprehensive access control policy that limits access to sensitive areas of the supply chain to authorized personnel only.
- Implement a policy of least privilege, granting employees and contractors access to only the information and systems they need to perform their job functions.
- Establish a security awareness and training culture among all employees and contractors, emphasizing the importance of vigilance and reporting suspicious behavior.
- Regularly monitor and audit employee and contractor activity in the supply chain to identify anomalous behavior and potential threats.
- Implement a whistleblower protection program to encourage employees and contractors to report potential insider threats without fear of retaliation.
- Implement technical controls such as firewalls, intrusion detection systems, and access controls to prevent unauthorized access to systems and data.
- Conduct regular security awareness training and simulations to help employees and contractors recognize and respond to potential insider threats.
- Establish strong communication and collaboration channels with suppliers and customers to share information and best practices related to supply chain security.
- Implement a robust incident response plan that outlines procedures for reporting and responding to security incidents involving insider threats, including measures to prevent further damage and limit the impact on the supply chain.



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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TT Club is the established market-leading independent provider of mutual insurance and related risk management services to the international transport and logistics industry. TT Club's primary objective is to help make the industry safer and more secure. TT Club's Risk Management team is committed to the ongoing development of advice and information underpinning this objective.

This includes:

- Providing support to reduce the risk of claims occurrence.
- Promoting 'best practice' opportunities.
- Helping to improve risk assessment, mitigation, and control.

Theft remains a top five area of claims cost in TT Club's global claims analysis. Analysis of incidents, increased data sharing agreements, collaborations, and widespread dissemination of findings, all serve to improve understanding of the underlying risks. This report demonstrates TT Club and BSI Consulting's shared goal of educating the transportation and manufacturing sectors about the dynamic cargo theft risks present globally.

With enhanced awareness of cargo crime trends, the industry will be able to engage in a proactive approach in preventing cargo crime, while minimising the resulting financial loss and brand reputation damage.



HIGHLIGHTING RISK, REDUCING EXPOSURE. ADVISING INSURED, SERVING THE INDUSTRY.



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