



Cargo Theft in Latin America

Presentation for

IUMI



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Outline



I- Environment

II- Regional statistics on cargo theft

III- Hi risk Countries

- Mexico
- Argentina
- Brazil
- Colombia

IV- Recommendations and conclusions

Cargo Theft

Global Environment



- Epidemic problem
- Cargo crime cost US Economy:
12 Billion/year
- Inside jobs
- 90% of cargo theft occur while “on wheels”
- Criminal elements are moving toward cargo theft to fund other illegal activities

Latin America-Environment Transportation

- **Recent Events affecting trade**
- **Mercosur/Andes Treaty/NAFTA**
- **90% of the Inland transit goods are transported by trucks.**
- **Pacific/Atlantic**
- **Port privatization.**
- **Warehousing/Just In Time**
- **Economic crisis affecting the region**

Latin America Environment Threat



- “Hostile risk environment”
- Criminals are organized and well-equipped
- Corruption within legal establishment
 - ✓ Virtual impunity for offenders
 - ✓ Alleged participation by Law Enforcement Agencies (LEAs) in criminal activity
 - ✓ Investigation/recovery often hampered

Latin America Environment Scenario



- Recent Events
- High risk areas
- Weak law enforcement/corruption
- High rate of Unemployment
- Easy to sell in the black market
- Low/non-existent punishment for thieves

Latin America

Common weak points

Truck/cargo = Weak/easy prey

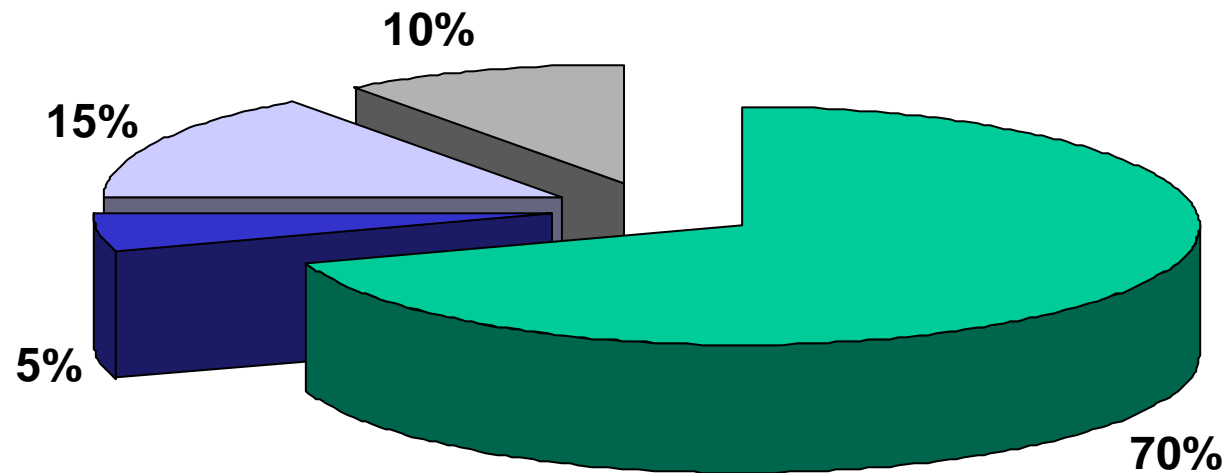
- **Packaging**
- **Supervision**
- **Handling of information**
- **Inland carrier quality**
- **Logistics / Warehousing**
- **Road**



Container Theft without tampering with the seal



Latin America Theft and robbery





South America

- ✿ Areas of major exposure to hijacking



Mexico

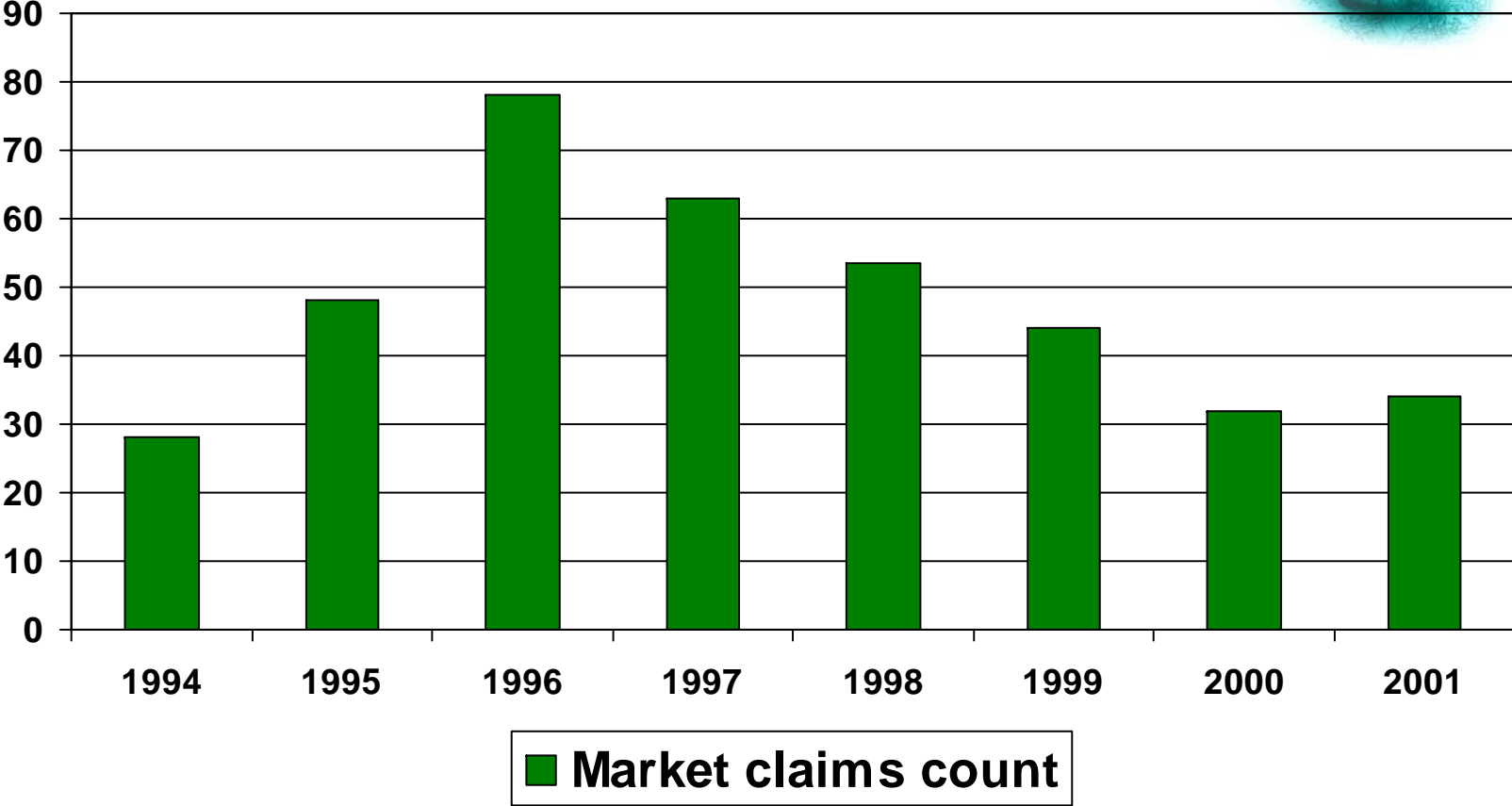
High Risk Areas



Mexico

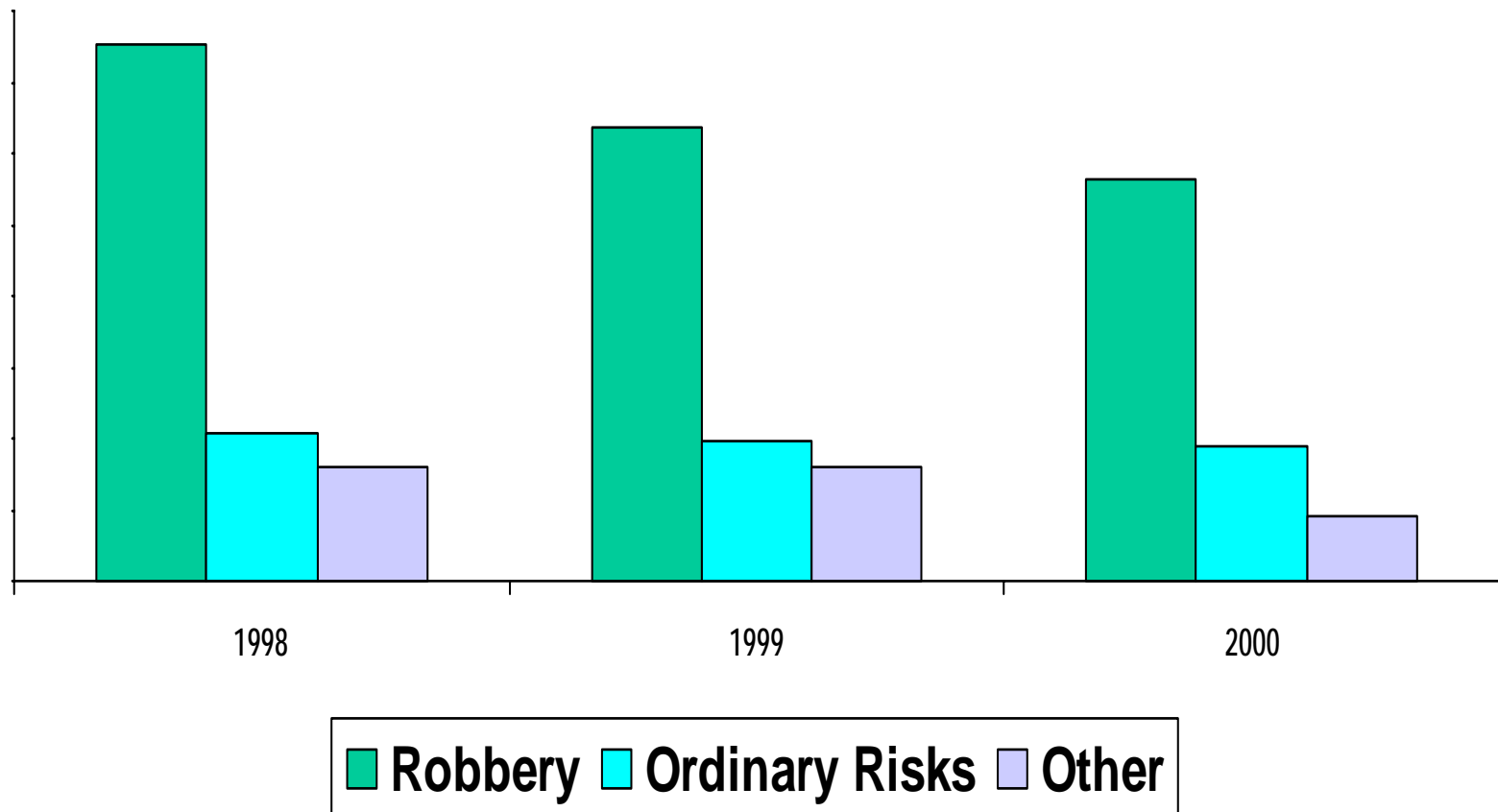


X 100



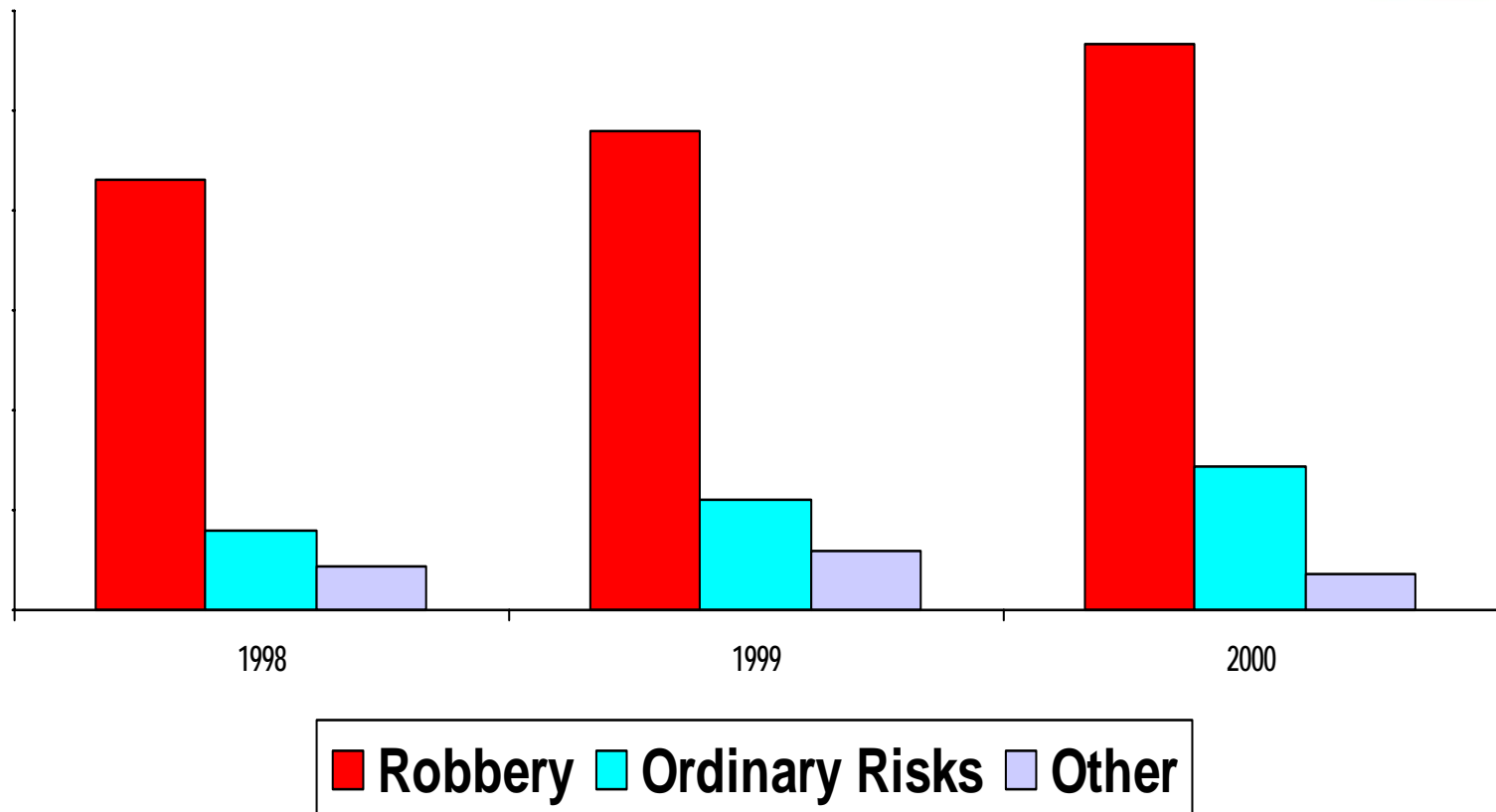
Source: Procuraduria General de Justicia

Mexico 98-00: Claims Count



Mexico 98-00

Claims Paid



Latin America

Alleged Corruption and lack of professionalism

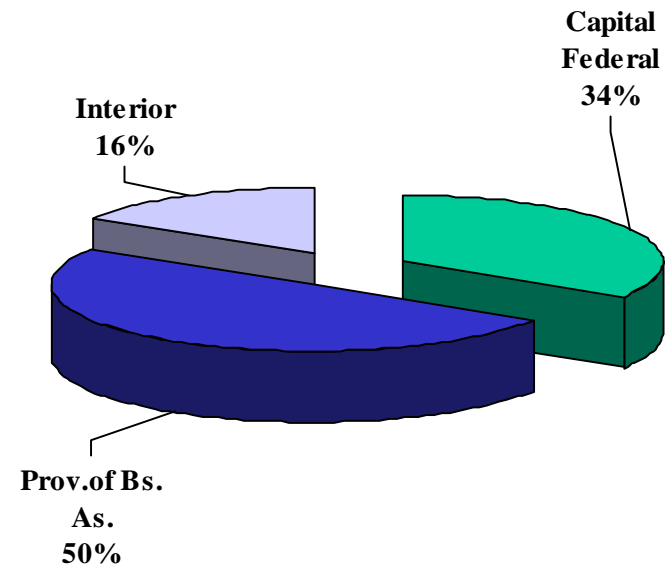
Turning a blind eye to crime

- **Customs Agents**
- **Customs Officers**
- **Law Enforcement: Police, Coast Guard**
- **Border Guards**
- **Courts System**
- **Government**

Argentina

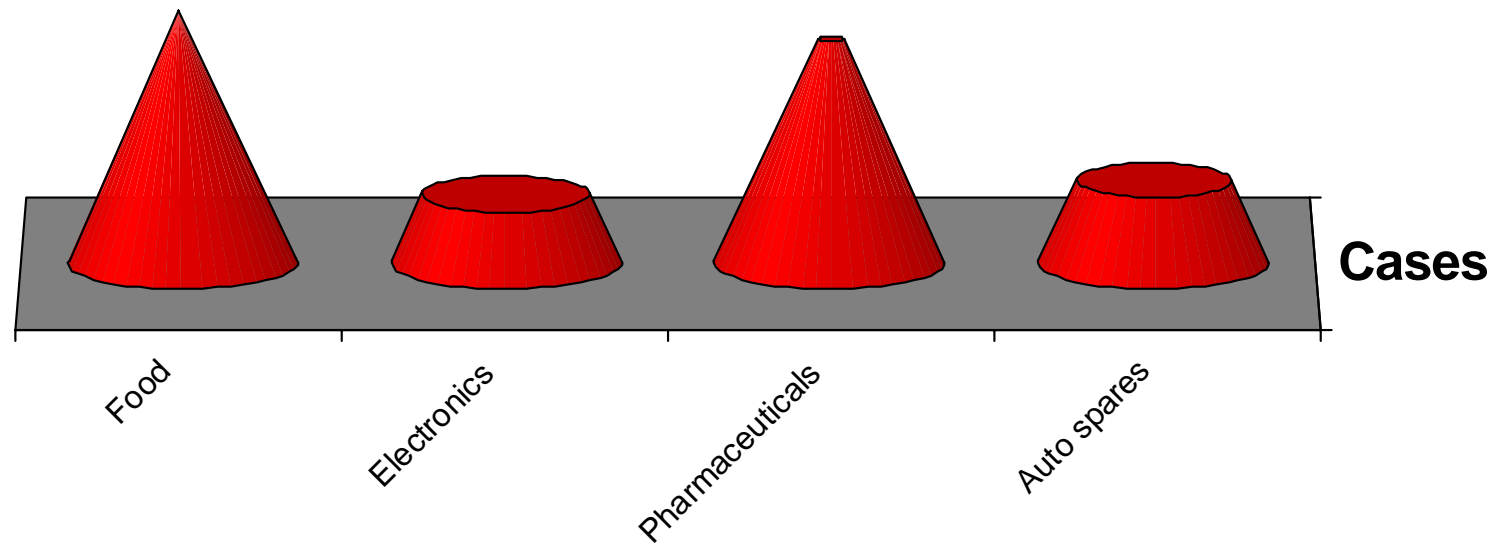
Major risk areas

- US\$ 300M per year on cargo theft
- Stolen cargo is typically sold before the crime
- Main routes with access to major cities

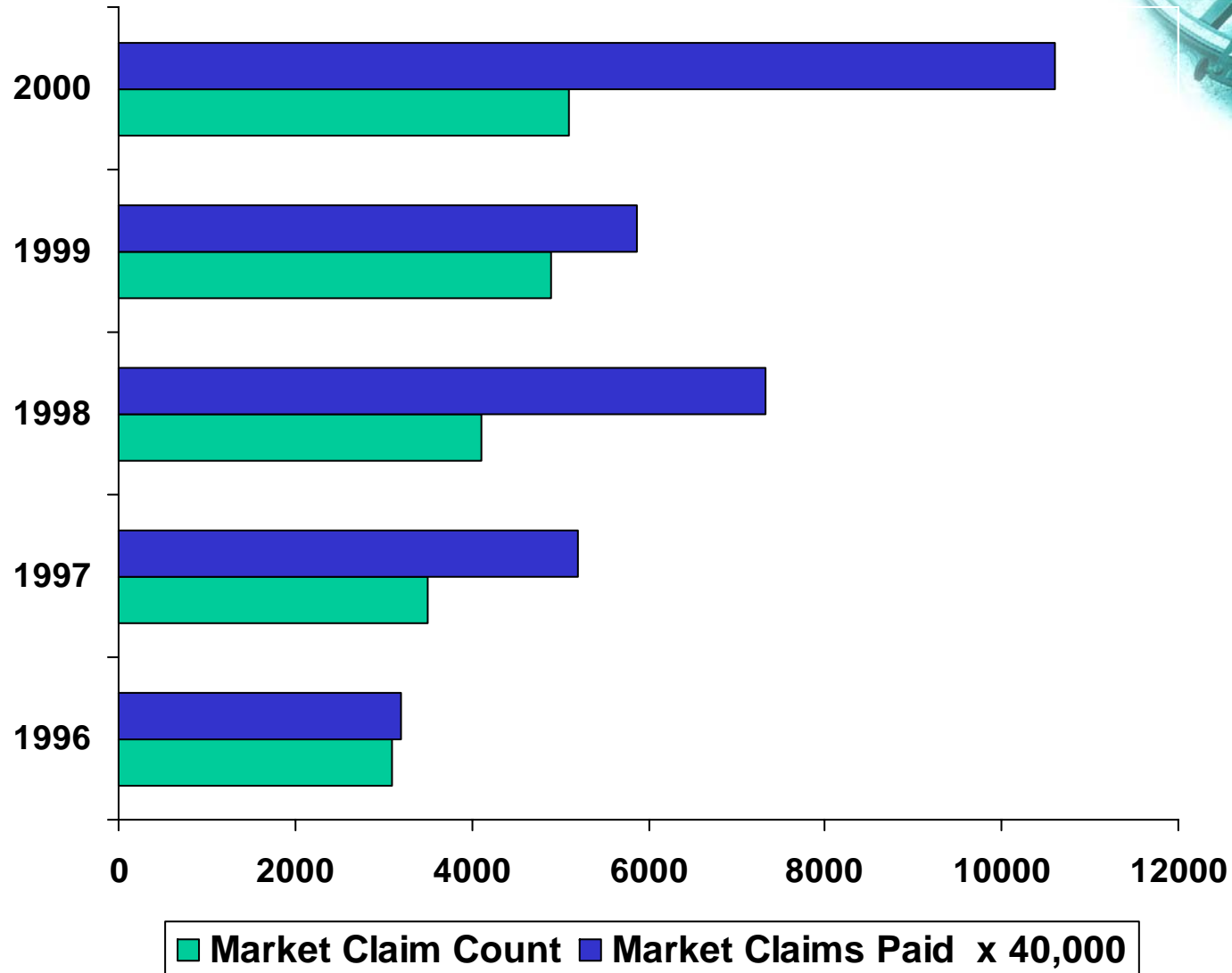


Argentina

Type of cargo stolen

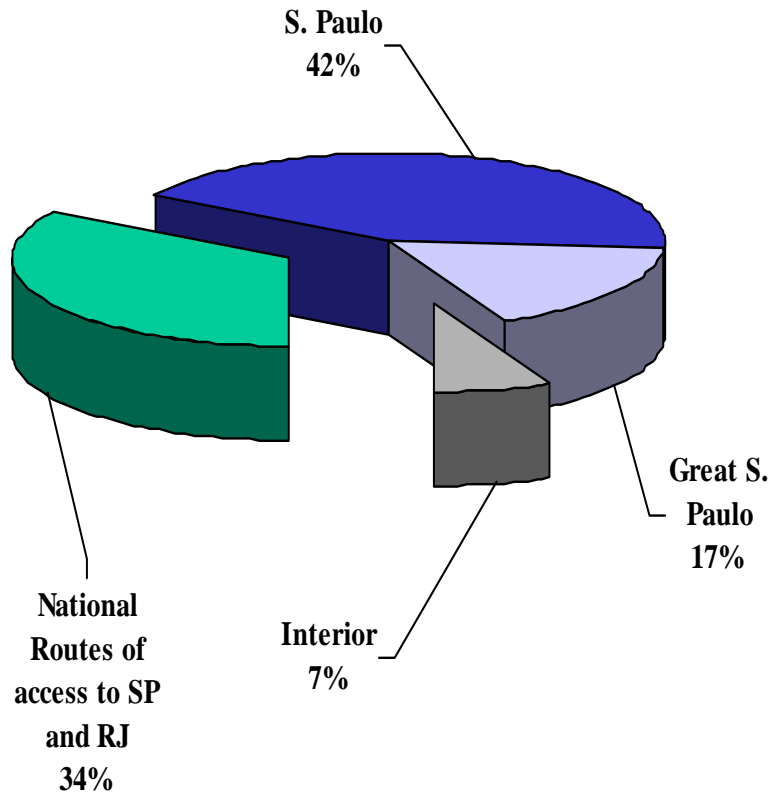


Brazil Cargo Theft “Growth Industry”



Brazil

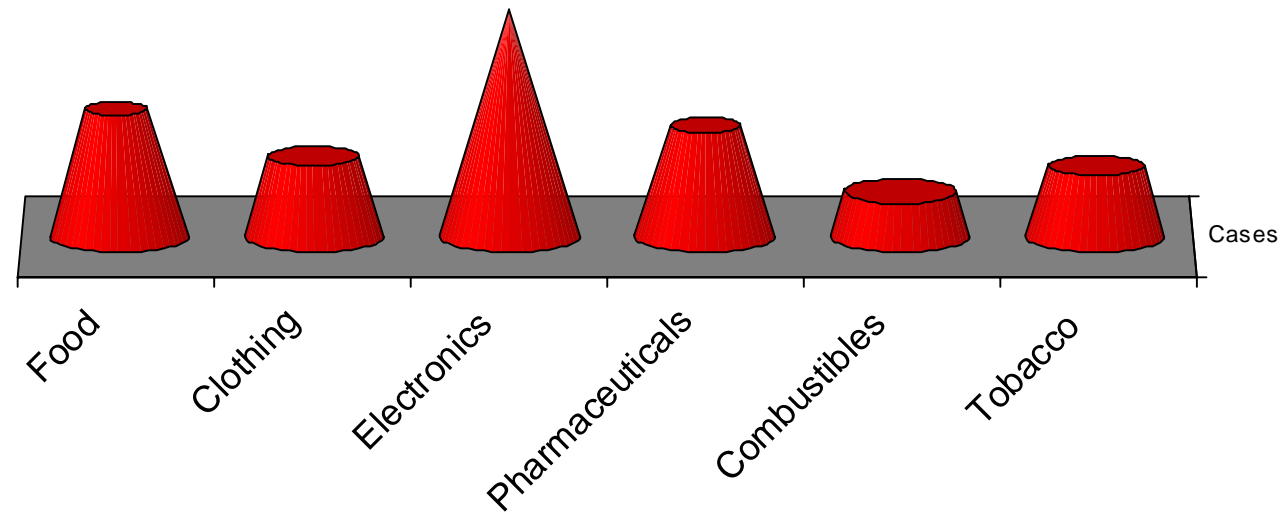
Cargo Theft



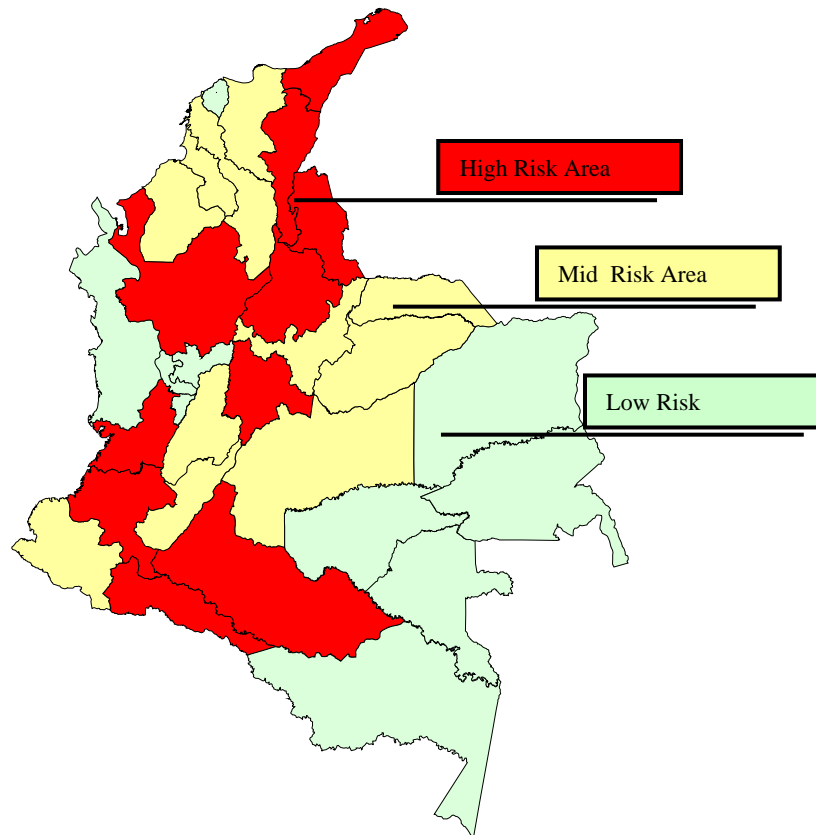
- 65% of GDP is moved by truck
- US\$ 400M per year
- Link with the illegal drug trade
- Only 6 Insurance Companies

Brazil

Type of cargo stolen



Colombia



- US\$ 100M/Year in Cargo Theft
- Guerrilla involvement
- 1999- 2500 cases
- 2002- 3800 cases
- Food, Clothing, and Drugs

Colombia: Guerrilla attacks

Guerrilla & Paramilitary

- During transit
- During warehousing
- **Hijacking and theft**
- Deliberate fires
- Reprisals



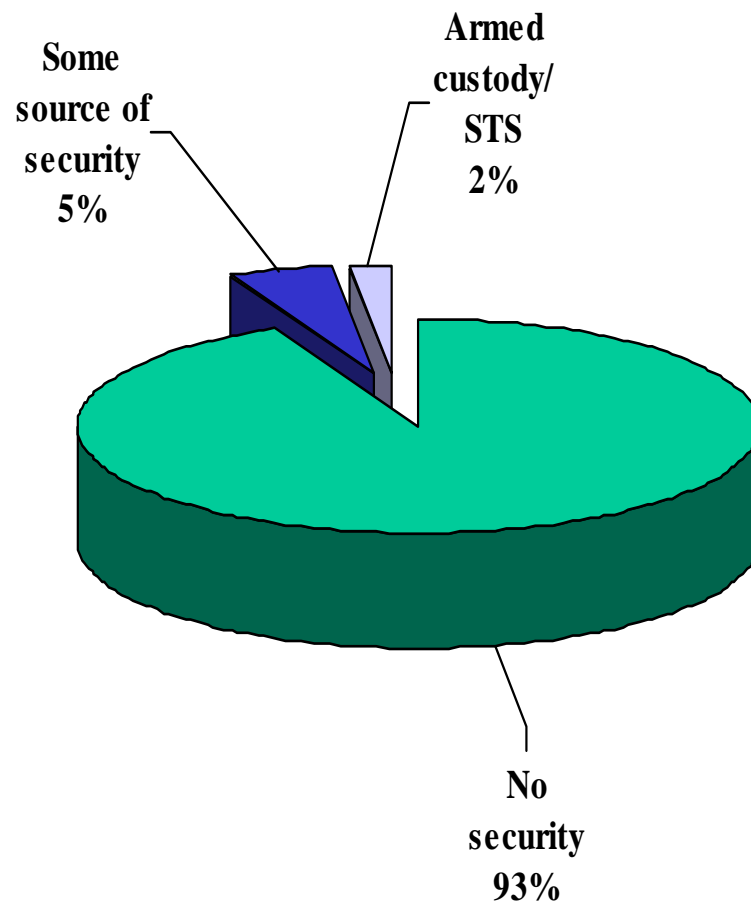
Colombia

Guerrilla attack



Argentina and Mexico Similarities

“Pirates of the Roads”



- 65% of hijacks are suffered by sub contracted trucks
- 100% of trucks are recovered
- 6% of cargo is recovered

Hijacking

Modus Operandi

Argentina/Venezuela/ Colombia/Mexico

- **Where:** Buenos Aires/Bogota/Mexico DF, Caracas-Valencia 60/70% of thefts.
- **When:** Mostly at night and at dawn.
- **How:** Interception of trucks with a fast car. 2/3 armed criminals
- Kidnapping of driver 2/3 hours in a separate car. No physical aggression to driver.
- Anonymous call reporting position of EMPTY truck



Brazil

- **Where:** Sao Paulo 60% and Rio de Janeiro 25% of theft. Including Highways
- **When:** At any time
- **How:** High tech theft: Communications/trained resources/automatic weapons.
- More than 2 cars to intercept the truck or convoy.
- Generally more aggression toward the driver
- Truck is not always recovered

Latin America

How to reduce the exposure



- Partnership between shipper and carrier
- Conscientious analysis
- Cost effective solutions
- Tailormade recommendations
- True involvement/Proactive participation

Lets review some basic guidelines



Important Note:

The following are just a few basic guidelines with the sole purpose of giving you an example and should not be considered as effective generic recommendations.

Import/Export Shipments ISO Containers

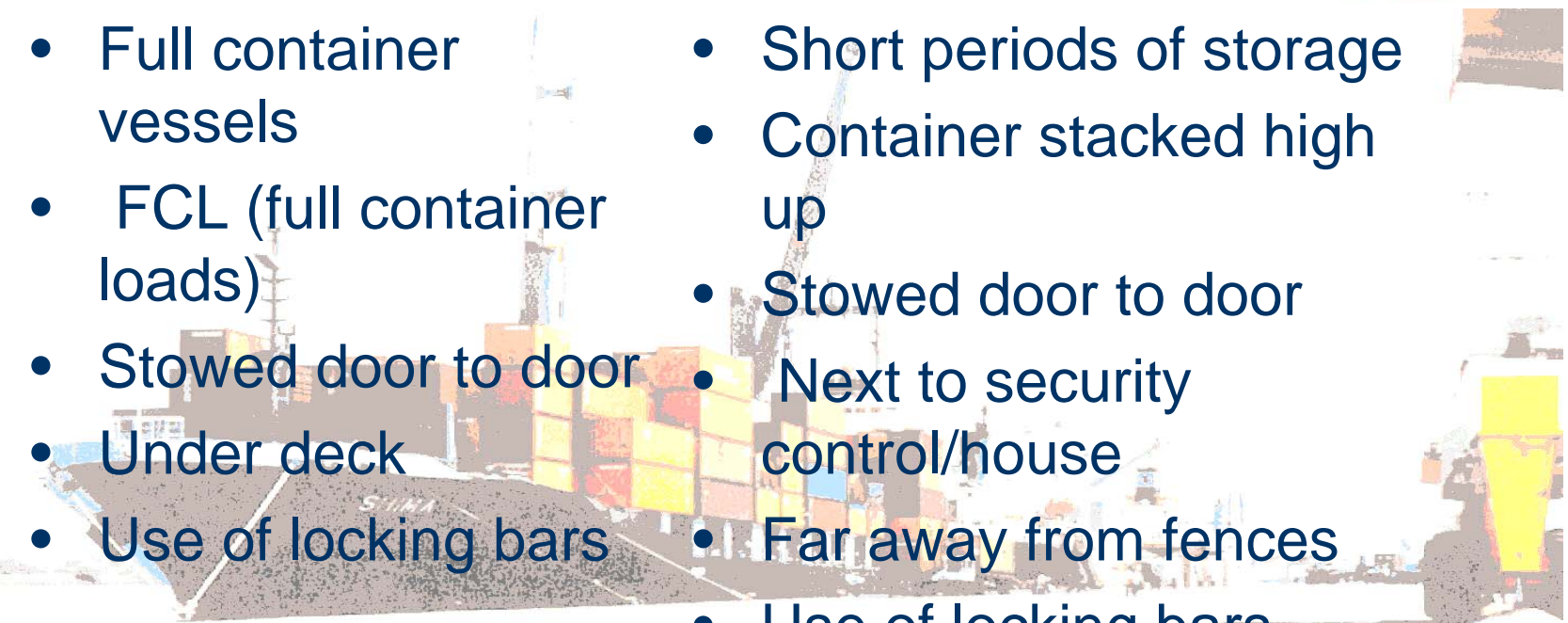


On board:

- Full container vessels
- FCL (full container loads)
- Stowed door to door
- Under deck
- Use of locking bars

Ashore:

- Short periods of storage
- Container stacked high up
- Stowed door to door
- Next to security control/house
- Far away from fences
- Use of locking bars



Locking Bars

Help but are not the solution



Packaging Considerations

- External packaging
- Unitized
- No advertising
- Security Tapes/straps



Security tapes and straps



Activated

Handling of information

80/85 percent of cargo theft involves inside information

- **Information distribution**
- **The chosen road**
- **ID Cards**
- **Background checks**

Inland carrier

Know your transporters!



- Solvent carriers
- Create a commercial commitment
- Avoid sporadic contracting
- Demand modern units
- Communication systems

Examples



Drivers/Logistic Personnel

Don't hire thieves!

- Experienced drivers
- Background checks
- Routes should be altered
- Avoid subcontracting



Warehousing/ Distribution Centers



The main source of information

- Specific areas for loading/discharge
- Access control.
- Waiting areas for drivers/Communication
- Background checks

Route, stops and time schedule

- Pre-determined
- Alternative routes
- Main/Toll roads
- Safe stopping places
- Two drivers during long-haul

Armed Guards

Deterrant or attraction?



- Legally licensed
- Background checks
- Weapons/Staff training
- Adequate vehicles
- Communication

Electronic Tracking Devices



Keep an eye on your cargo!

- For logistical and security reasons
- Accurate position GPS
- Data communication
- Panic button and automatic system triggers
- Effective contingency plan!!

Conclusions



- Theft losses are preventable under dynamic approach
- Inside jobs - main concern
- Identification of problem and tailor-made recommendations
- Implementation of a comprehensive program
- Background checks are essential
- Follow up

“To be cunning is the best line of defense”