



TT Club Loss Prevention

Supply chain security bulletin

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TAPA TSR Locking System Guidance

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Supply chain security bulletin

This bulletin considers all aspects of supply chain security. It highlights TT Club claims statistics along with a range of other industry data and provides an invaluable insight into the current risks facing those tasked with managing security through the supply chain. The Club has produced a number of reports and guidance documents related to this area of risk across numerous media platforms.

This bulletin gathers a selection of TT content and publications as well as highlighting collaborative work undertaken with other like-minded organisations in this space.

The entire library of TT's loss prevention guidance can be found at www.ttclub.com/loss-prevention and you are invited to email us at riskmanagement@ttclub.com or get in touch with your usual contact should you have any queries, ideas or suggestions.

Foreword

In this inaugural edition of TT Club's supply chain security bulletin, we explore various aspects of supply chain security, identify global trends, focus on particular areas of concern and offer practical guidance and solutions for those impacted by freight crime in the global supply chain.

The risk landscape is constantly evolving; the criminal organisations providing the threat are getting ever more sophisticated and knowledgeable. World events including the COVID-19 pandemic and the more recent events in Ukraine continue to exert unwelcome pressures on the global supply chain.

The operational impact of these disruptions has forced many organisations to adapt their supply chains, in some cases creating vulnerabilities. Significantly increased idle times, congestion and a lack of secure parking locations provide a rich feeding ground for criminals.

In an ever-changing environment, one thing remains certain, criminals are constantly monitoring activity, building operational profiles and when they identify a change, a weakness, a vulnerability, they will strike.



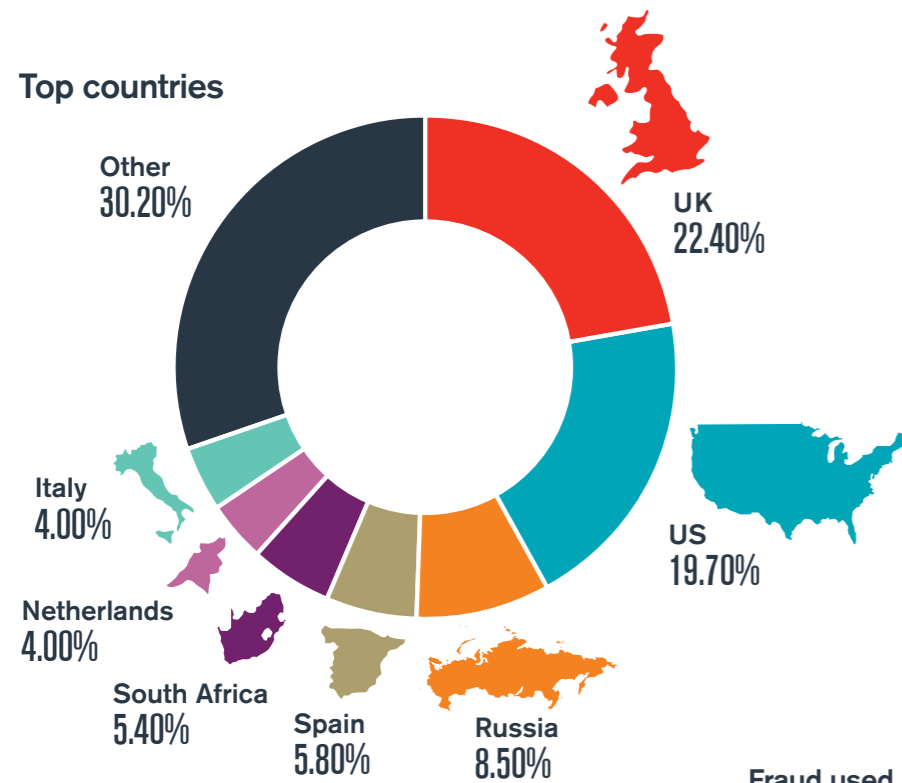
TT Claims data for 2021

These infographics depict TT Club's global cargo theft claims data for 2021.

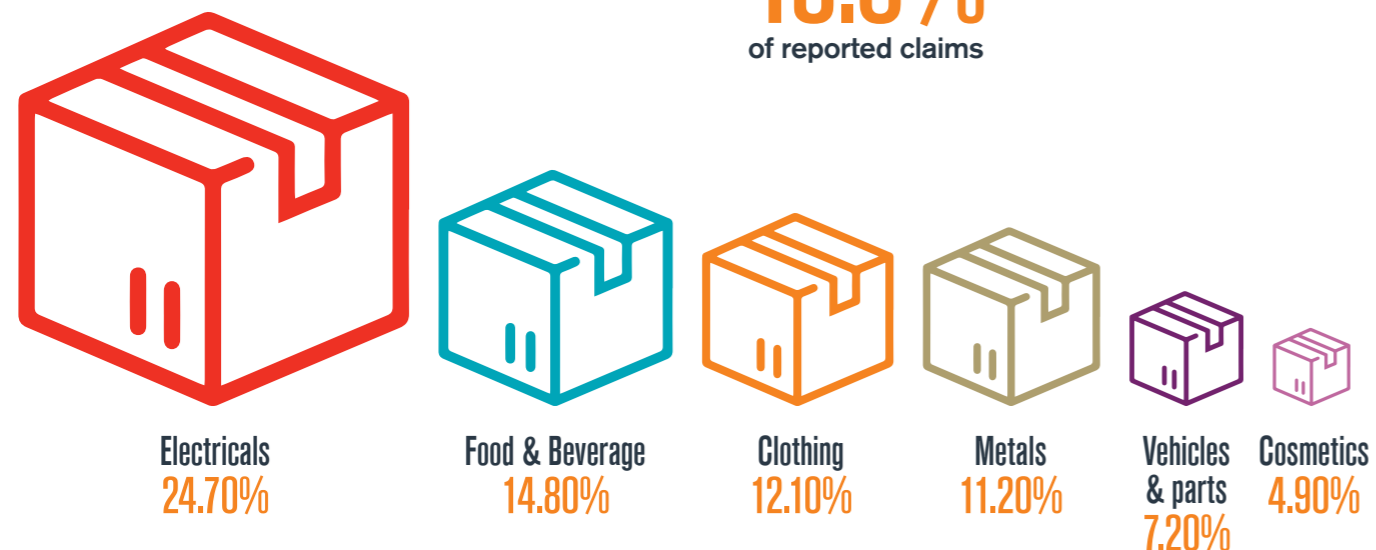
Stage of transit when cargo stolen



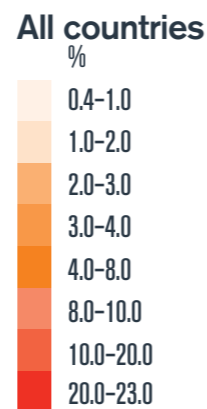
Top countries



Top commodities

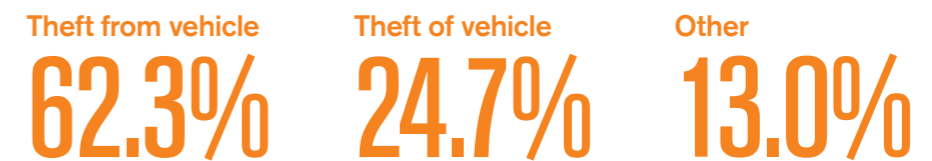


Fraud used as a strategy in **13.0%** of reported claims



Insider involvement suspected in **15.0%** of reported claims

Point of access to cargo



Where incidents by country are illustrated these trends are typically reflected in other industry body data; Transported Asset Protection Association (TAPA) statistics affirm that approximately 40% of all European reported losses occur in the UK. The central police unit dedicated to freight crime in the UK (the National Vehicle Crime Intelligence Service) received over 4,400 reported losses in 2021 totalling over £71 million in cargo value.

The type of goods being stolen is an interesting story and one that demonstrates that the criminals behind these thefts are well organised and very much driven by market forces. In 2020 as the COVID-19 pandemic took hold, there was a noticeable move away from the theft of high value, electronic, luxury goods. The uncertain economic circumstances meant that people were careful with their earnings and the market fell away for the criminals. The focus quickly turned towards essentials, food and beverage and medical supplies, items that they could easily sell through their networks. TT's claims data for 2021 suggests that the criminals' focus has once again shifted to electronics and more luxury goods.

An area of growing concern is fraud. The Club published a series of TT Talk articles through 2021 and an industry report focused on the Russian market last year and discovered that over 80% of cargo theft incidents in Russia involved acts of fraud and deception to access the cargo. While a prolific risk in Russia, the exposure appears to be growing in other countries including the UK as well as within the Americas regions with fake truckers or fake freight forwarders accessing cargo through seemingly legitimate transactions.

Insider risk, where a member of one's own operation facilitates access to cargo, continues to be a challenge, around 15% of reported claims in TT's data for 2021 had likely insider involvement. Vetting employees and temporary staff remains a vital risk mitigation tool.

Focus on rail

While still a small proportion of the total, there has been an increase in incidents of theft through the rail mode over the last two years in TT Club's claims data. There were high profile incidents that were picked up by mainstream media in Los Angeles earlier in the year, but also incidents reported in other locations around the US and Europe.



Guillermo Cancio is a Senior Claims Executive for Thomas Miller Americas based in New Jersey and handles TT Club Member claims. Guillermo has experience in a vast range of complex cases and sees first-hand the effects of these claims on individual businesses. Here Guillermo explores rail-related cargo thefts in greater detail.

When the incidents of cargo theft hit the mainstream media earlier in the year, the images and video footage were very emotive. While cargo theft is a constant threat to the global supply chain, people could relate to the packages that were visible on the rail tracks around the rail freight yard at Lincoln Heights, Los Angeles.

The packaging and parcels strewn across the rail tracks were the exact same parcels that would be expected to arrive on our doorsteps – so very relatable. The extent of those reported incidents was significant, with recent reports suggesting upwards of US\$5 million of losses recorded to date. Stories of individuals attacking freight trains even while in motion, breaking seals, and entering freight containers to access cargo were all too common.

While there was clearly a significant increase in theft activity in that particular area, with published statistics suggesting year-on-year increases of over 300% in some months through 2021, theft and security had always been considered a risk along this route.

So what changed? One aspect that appears to have changed through the COVID-19 pandemic period is the strategy toward the provision of security services. The rail operator, Union Pacific, has its own security department that has jurisdiction over the track that Union Pacific owns. It is understood that part of this security force used to patrol the particular stretch of track leading to and from the Lincoln Heights rail yard.

Through 2020 and 2021, decisions were made to reduce the security force dedicated to this area of the track infrastructure, and the result appears to have been the spike in theft activity witnessed across the mainstream media.

A reduced security presence coupled with greater cargo volumes and general congestion through the supply chain appear to have created a perfect storm and a rich feeding ground for those stealing the cargo.

The Lincoln Heights example in Los Angeles, while high profile is not in isolation, cargo thefts from freight trains occur elsewhere in the US and other regions such as Europe. In many instances,

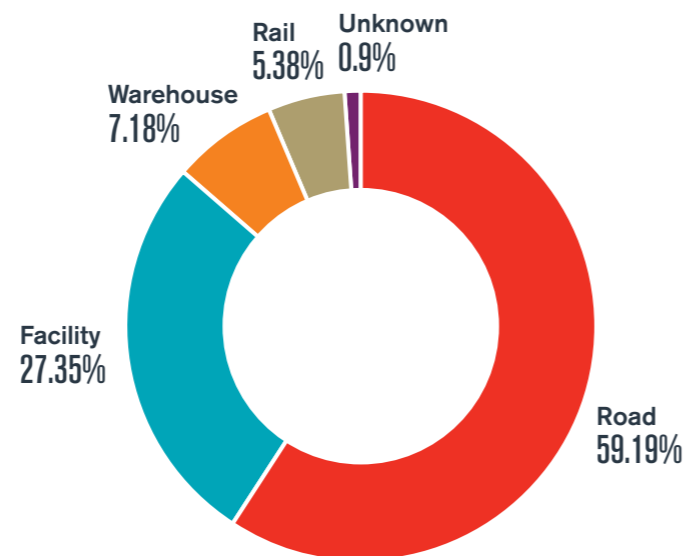
freight trains share the rail network with passenger services and often do not enjoy priority on the line. TT claims data has examples in Italy where freight trains are regularly held during the early morning rush hour, allowing priority for passenger trains. The freight train is held, often in rural locations where security provisions are generally lacking.

As the events in Ukraine continue to unfold, further disruption through the rail mode might be expected, with an estimated 70% of rail services from China to Europe ordinarily transiting Ukraine and/or Belarus. Where cargo becomes idle, the risk of theft is heightened.

The increase in witnessed thefts from the rail mode, I think, is an illustrative example of the agility and sophistication of the criminals involved. While there will inevitably be a degree of opportunism, typically, these are well-organised criminal operations with the ability to monitor, identify and then exploit vulnerabilities in the supply chain.

In recent weeks, Union Pacific has invested and installed new security surveillance cameras along the track where the prolific thefts were occurring and increased security presence. The thefts appear to have ceased almost entirely. The stark lesson to take away from the Lincoln Heights thefts is that if you think those with criminal intent are not watching and monitoring your operations, then you are likely to be badly mistaken. Take your eye off the ball or lower your guard where security provisions are concerned at your peril, thieves will be watching. They will identify vulnerabilities and strike.

Cargo theft by mode – TT Club claims statistics



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The organisation of cargo crime

It's an unfortunate reality that in the world of cargo theft, "organised" crime has rarely been so organised. Unsurprisingly, there are ever increasing numbers of criminals seeing lucrative opportunities in this type of low risk, high reward crime. There exists a whole network of active thieves and handlers of stolen goods operating across the globe and they conduct their activity much as legitimate businesses do.



David Thompson joined Signum Services in January 2013 following his retirement from the Metropolitan Police. Signum Services is the in-house investigative team that conducts criminal investigations on behalf of the Members of the TT Club, UK P&I Club, the UK Defence Club and ITIC. David most recently participated in the second season of TT's podcast "TT Live" discussing supply chain security.

The criminal gangs that operate in the cargo crime arena are quick to seize on any chance or moment that comes their way and are adept at altering their practices either to avoid capture by the long arm of the law, or to find new moneymaking opportunities. That said, Signum still see a number of methods that have been in common use for many years, such as curtain slashing for example.

These organised criminals are adaptive and are now moving to areas such as the internet to find information, locate targets and become more streamlined. Their operations are becoming ever more sophisticated and efficient.

These organised crime groups or 'OCGs' have dedicated roles, intelligence networks, vehicle fleets, logistical systems, warehouses and outlets to dispose of goods wholesale. They have a detailed and intimate knowledge of how supply chains operate;

they have inside agents and other informants in shipping lines and logistic companies to provide information and tip offs.

The OCG will have core members and many affiliates to be called upon when required. They have qualified lorry drivers and links into transport companies who conduct a legitimate or semi legitimate trade as well as being involved in cargo theft. Just as legitimate trucks will take a load from one location and return with another, these thieves do the same. It's not unusual for stolen cargoes to be re-distributed in a matter of hours following a theft.

Criminals use the latest technology to aid their operations, such as trackers, GPS jammers and encrypted mobile phones. They know the primary highways, motorways and service areas. They use spotter vehicles to both identify possible targets, accompany stolen loads and watch out for the police.

Fraud is another strategy used by criminals to good effect, with fraudsters impersonating a freight forwarder, a trucking company or sometimes an authority to access their target cargo. Impersonating police officers is not new and indeed, it is an offence in its own right.

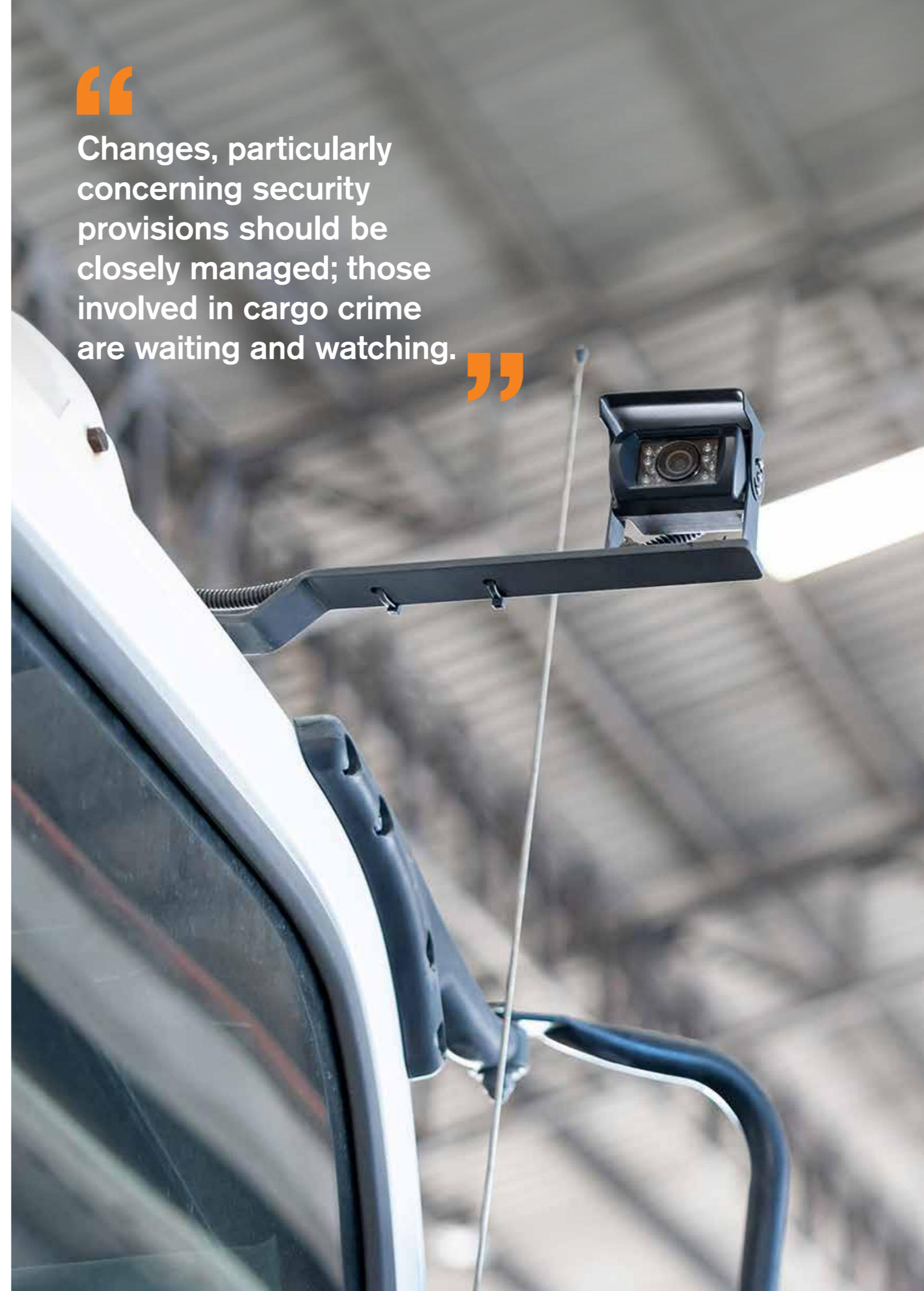
The perfect storm of labour shortages, the COVID pandemic and more recently events in Eastern Europe has resulted in large-scale congestion at many ports and unprecedented stresses through the supply chain. Businesses are likely to be under increasing pressures, whether operational or financial. Changes, particularly concerning security provisions should be closely managed; those involved in cargo crime are waiting and watching.



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TAPA TSR Locking System Guidance

TT Club claims data consistently highlights that the road journey is where cargo is at greatest risk of theft through the global supply chain, with virtually all types of goods now a target for cargo thieves. Members requesting guidance on available locking devices for cargo transport units (CTU) frequently approach TT. Similarly, many innovators and providers of such locking solutions have presented their products to the loss prevention team, outlining features and benefits

Of course, every supply chain, route, product and CTU will have its own unique security budget and requirements, and as a result, there is no one-size-fits-all solution to this element of security. Locking device innovators have developed a variety of advanced features as technology has developed. Batteries have become smaller and more efficient, GPS capabilities have increased, and sensors can now measure everything from light and temperature to the angle of the pallet and shock.

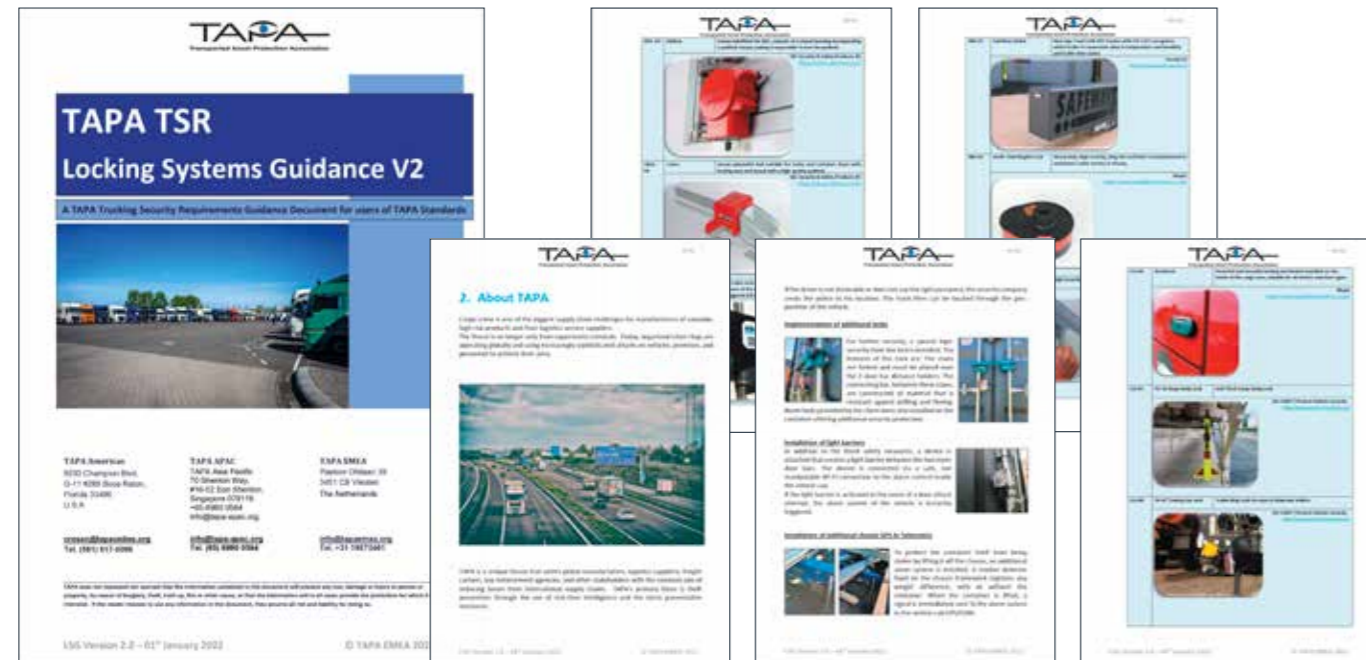
Challenges for the logistics operator in this context are varied. From a practical perspective, what security features are essential, who will bear the cost, when are alerts generated, who will monitor and, importantly, respond in the case of an alarm trigger. There might also be considerations around return logistics. Where an expensive locking device is required on a single shipment, who is responsible for retrieving the asset and returning it to the point of loading?

From a budgetary perspective, while the cost of technology continues generally to fall, typically the greater sophistication,

the greater the cost. Recognising these challenges, many providers have sought to offer a range of solutions from outright purchase to monthly subscriptions, making solutions more accessible.

While it is always essential for operators to carry out their own assessments of the best locking solutions for their needs, it is hugely valuable for logistics operators to have easy access to details which highlight the range of available solutions. To this end, the Transported Asset Protection Association (TAPA) has recently published the second and updated version of its [Trucking Security Requirements \(TSR\) Locking System Guidance](#).

While TAPA EMEA does not endorse any products, the guidance provides a succinct overview of locking systems and shares details of over 50 available solutions, affording the logistics operator opportunity to assess their needs, based on the risks shipments are exposed to, to make an informed choice from available locking device products.



"Locking devices are a vital component of supply chain resilience and are proven to help reduce the likelihood of cargo losses. This is why they are such a key requirement of our TSR security standard. However, we also have to recognise that with over 90% of cargo thefts in the EMEA region involving losses from vehicles, including more Last Mile attacks, and, we estimate, hundreds of millions of euros worth of products being stolen annually, cargo thieves are also becoming more active and sophisticated. The new edition of our Locking Systems Guidance is another tool which aims to help our Manufacturer and Logistics Service Provider members reduce the chances of becoming victim of cargo crime, and we are also making the guidance available to the industry-at-large on our website to help as many companies as possible."

THORSTEN NEUMANN, PRESIDENT & CEO OF TAPA EMEA

MOTORWAY BUDDY

MotorwayBuddy.com

Motorwaybuddy is the first and only complete guide to all of the truckstops that operate in the UK

IN ASSOCIATION WITH TT ✓

Drivers CABT Guide
CARGO AND ROAD TRANSPORT SECURITY GUIDE

Search Traffic

The complete freight crime solution

The Motorwaybuddy system is a suite of products recognised by UK trade organisations as the go-to truck-stop locator for the UK and European driver.

An application that has evolved from truckstop locator to complete freight crime solution, Motorwaybuddy takes cleansed data from UK police forces to assist UK and European hauliers remain vigilant and make educated decisions when considering their overnight parking.

Help prevent cargo crime

NaVCIS Freight | Membership

TT Discounts for TT Club Members

NaVCIS Freight members receive:

- 26 fortnightly bulletins
- 12 monthly reports
- Four quarterly reports
- Our annual freight crime bulletin

Annual fees* based on size of your organisation:

- Small business £700
- Medium business £2,500
- Large business £4,500

*Size of organisation determined according to published annual revenue. Fees correct as of September 2021. NaVCIS hopes to reduce the cost of fees in the future, as membership numbers increase.

For further details, contact us: freight@navcis.pnn.police.uk | 07388 859423

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