



Securing Global Trade

**FWAPAC Sdn Bhd**



**FWA GRAYS SECURITY Sdn Bhd**

Integrated Security Solutions



**2013**

**Global Cargo Theft  
Threat Assessment  
Executive Summary**

Prepared by:

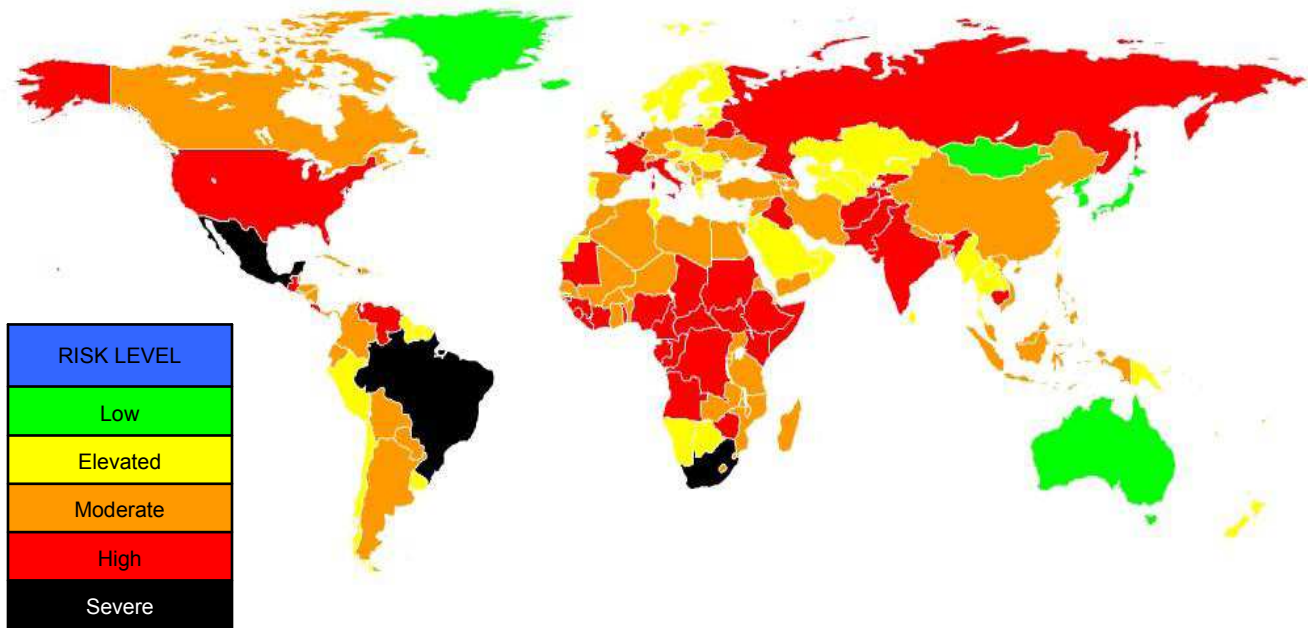
Freightwatch International

Supply Chain Intelligence Center

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Global Heat Map

Global cargo theft risks as shown on the above map vary greatly from country to country. Even within individual countries, risks can vary from region to region. On a country-by-country basis, cargo theft threats, as most other criminal activity, are typically rooted in social, economic and cultural conditions. The prevention of cargo theft on a global scale requires intimate knowledge of incident trends on a regional basis, as security programs and mitigation techniques do not always transfer successfully from region to region.

Organizations must diligently gather intelligence and adapt their anti-theft programs to address local threats. The purpose of this report is to outline the risk of cargo theft on a global level, highlighting significant countries in the global supply chain in order to assist industry decision-makers in determining their supply chain security needs.

According to data collected by FreightWatch International from numerous sources across the globe, including but not limited to FreightWatch International's own databases, its customers, law enforcement agencies, industry organizations, insurance industry sources and news reports, Mexico, Brazil, South Africa, the United States and Russia are the countries most at risk for cargo theft globally.

Unless otherwise noted in this assessment report, when specific theft statistics are noted in this assessment report those statistics are derived from FreightWatch International's own data based on cargo security services provided by FreightWatch International to its customers. As such, total theft figures for a particular country or region are likely higher than stated.

Please note that this assessment report expresses the opinions of FreightWatch International based on the specific data reviewed. Global cargo theft circumstances and risks can and do change, sometimes frequently and/or quickly, and in ways that may make the facts and opinions expressed in this assessment report no longer complete or valid. As such, the extent to which you rely on the facts and opinions expressed in this assessment should be made entirely by you, in your sole discretion, only after careful analysis of all relevant facts applicable to your business.

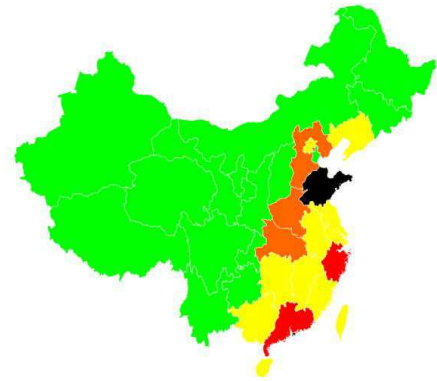
## ASIA

When examining large-scale cargo theft on a global level, the Asian continent is the safest of the seven, presenting moderate levels of overall risk to supply chain operations. However, cargo theft is prevalent, and difficult to control, in some Asian countries and regions. Malaysia and the Philippines both report frequent incidents of in-transit cargo hijackings, with violence or the threat of violence involved in the commission of crimes. In China, on the other hand, small-scale pilferage of cargo is considered rampant and logistics yard burglaries are at the core of multinational business concerns. India is becoming noted for large-scale theft incidents, including truck hijackings and warehouse robberies.

The July blackouts in India and the typhoon that hit the Philippines in October are prime examples of factors other than cargo crime that can seriously impact supply chain operations and security. In addition to infrastructure weaknesses and natural disasters, contributing factors can include regulatory problems, worker strikes/demonstrations, and government readiness and response issues. While the FreightWatch Intelligence Division is focused primarily on cargo theft, we are increasingly looking at these and other issues that can lead to supply chain disruptions in order to provide our readers with a broader spectrum of information they can use to help keep their cargo secure throughout the global supply chain.

## CHINA

China is the second-largest economy and the most-populated country in the world, making it tremendously important for business and trade. From January through December 2012, China handled 5.4 million tons of cargo by air, 32.2 billion tons of cargo by highway, and 3.9 billion tons of cargo by rail. Despite the obvious opportunities for thieves, China historically has been a low-risk country for cargo theft. Companies doing business in and with China, however, have seen an increase in cargo theft in recent years. Furthermore, as domestic consumption among China's growing middle class increases demand for all kinds of consumer goods in the coming years, cargo thieves can be expected to fully exploit the opportunities.



China Heat Map

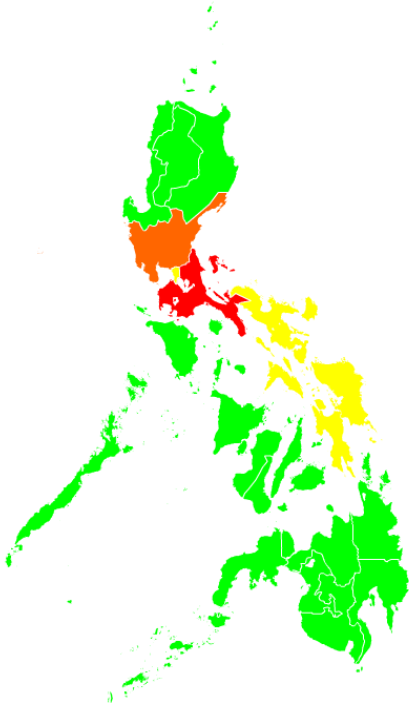
## Malaysia

A middle-income country today, Malaysia experienced a 5.1% increase in GDP in 2012, fueled by growing domestic demand. Both the International Finance Corp. and the World Bank rank Malaysia as one of the world's most business-friendly countries due to its easing of the registration time for property transfers and its unique liberalization of services sectors.

Malaysia's growing export sector, combined with the country's unique geographical position on the Malay Peninsula and Strait of Malacca, has allowed Malaysia to emerge as a major trading partner in the global market, with a trade surplus of \$2.66 billion USD in December 2012. With a focus on exports such as home appliances, electronic components, palm oil and natural gas, Malaysia's surging trade in the Asia-Pacific region, particularly Singapore, greatly enhances its importance as a trade route. This state of affairs, combined with increasing domestic demand, will put greater pressure on the supply chain to secure cargo against opportunistic thieves.



Malaysia Heat Map



Philippines Heat Map

## Philippines

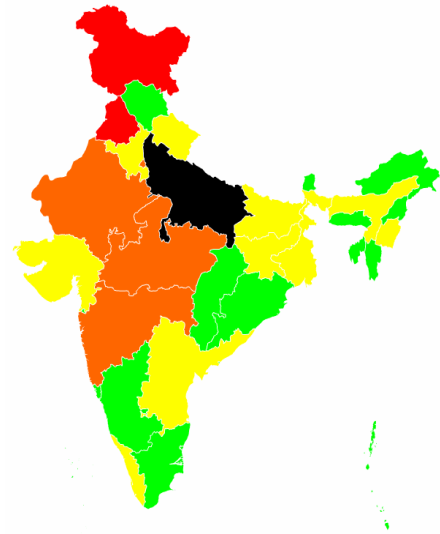
Fueled by strong domestic demand in 2012, the Philippine economy grew by 6.6% in 2012, surpassing the government's target of 5% to 6% growth. With the country's central bank keeping interest rates low, continued growth of domestic business sectors and the government's focus on infrastructure improvements, the International Monetary Fund estimates the country's 2013 growth will be around 5.6%.

Although the number of reported cargo incidents in the Philippines remained low last year, it should not be assumed that the country is any safer than others in the region. Thieves' aggressive nature, along with their ability to acquire police uniforms and to enlist the aid of rogue officers in hijackings, poses a high degree of risk to the supply chain.

## India

The Middle East and North Africa continue to be principal outlets for India's exports, helped by continued strong oil revenue-fueled demand from these countries. Despite Europe's slow recovery, the growing Asian markets, combined with India's wide range of export products and growing domestic demand for consumer goods, keep the supply chain and transport sector humming. This, in turn, provides more and more opportunities for cargo thieves to strike.

With the rapid growth of the economy, an emerging middle class and an increased focus on infrastructure development, India will continue to be an area of potential profit — as well as risk — for the supply chain.



India Heat Map

## Vietnam

Vietnam's transportation sector suffers from many of the same problems that plague other nations in Southeast Asia, including infrastructure development still in the early stage, government corruption and financial mismanagement. However, strong domestic growth, combined with China's latest effort to strengthen ties with its neighbors, has allowed Vietnam to experience impressive growth.

Vietnam's growing domestic economy, and rising profile on the Asian and international scenes suggest the supply chain industry is heading for livelier times, although underinvestment in infrastructure is a major hindrance. Additionally, problems of corruption and crime in the country will require a great deal of work if Vietnam is to take advantage of the economic growth in the region.

## CONTACT

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