

1ST QUARTER ISSUE /2022

TAPA

THE QUARTERLY UPDATE FOR THE AMERICAS

THE TRANSPORTED ASSET PROTECTION ASSOCIATION
THE AMERICAS



CHAIRMAN'S MESSAGE



W. Allen Gear, Chair of The Americas

Dear Members,

We entered the year hopeful of recovering from the pandemic, an economic rebound, and human recovery. We have moved ahead in many ways over the last 24-months. However, we cannot return to a sense of normalcy when we now share a global concern over the war in Ukraine. The humanitarian crisis the Ukrainian people are experiencing is heartbreaking.

Many of our members have pivoted from "pandemic mode" to "humanitarian mode" while continuing with our day jobs of protecting the supply chain. It truly is inspiring to know how our membership continually comes together to support each other and the world in times of crisis. I am humbled and thankful.

Membership Growth & Retention

We experienced continued strong growth in Q1. Our membership grew by 15% over the same period last year, and our member retention and engagement rates remain very strong. We believe that we continue to add value to our membership.

Training & Professional Education

Under the leadership of our Education Committee and new Training Committee Leads Scott Sullivan and Carlos Berrios, we will launch our TAPA TSR / FSR Standards training in early April. This year, we anticipate new training initiatives regarding the vehicles for delivering our training (more to come soon).

Our "Trade School" series presented by Pete Mento offered members and non-members bi-monthly episodes on current events and trends impacting the global supply chain, economy, and logistics.

We have also relaunched our webinars for 2022. We are collaborating with the Midwest Cargo Security Council to host Cyber Security Webinar featuring a cyber-crime expert from the FBI. The Education team has been working hard behind the scenes, and there will be more to come from various experts later this year.

Cyber Security Standards

Our members expressed a need for cyber security standards, and we worked hard to create best-in-class Cyber Security Standards to help the supply chain against cybercriminals. These Standards will add to the suite of our existing standards to decrease vulnerabilities in the supply chain. We will initiate training for our TAPA Cyber Security Standards training in early Q2. Site certifications will follow shortly after that.

New Standards Developments

Our committee leadership teams have worked on the Freight Broker Standards and Parking Security Standards. We are encouraged that the progress has been so substantial. We anticipate releasing them soon.

TAPA T1 National Cargo Theft Conference *(formerly T1-Meeting)*

We will be holding our T1 National Cargo Theft Conference (formerly T1-Meeting) on June 14 and June 15 at The Peabody Hotel in Memphis, Tennessee. We are looking forward to getting together in person. Our agenda will present some fantastic content from our guest speakers and board members and, most significantly, allow networking opportunities to catch up with each other. There will be a formal networking event after the first day, and we may have a few quick announcements.

In Closing

I want to thank everyone for their friendship, membership, and continued support to help make our association a continued success. I know the board is as energized and excited for our upcoming meeting and for the rest of the year to continue supporting our membership and the TAPA Americas mission.

If you have ideas on any subjects, or presenters for webinars, please reach out to our team.

Most sincerely,

W. Allen Gear
Chair, TAPA AMERICAS

2022 T1 National Cargo Theft Conference

(Formerly the TAPA T1-Meeting)

June 14 - 15, 2022

THE PEABODY MEMPHIS

149 Union Avenue, Memphis TN 38103

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THE UNCERTAINTY OF CARGO THEFT

TAPA: What shifts have you seen in Q4 2021 into the beginning of 2022?

Scott Cornell: According to the TAPA Annual Cargo Theft Report, thefts of electronics in 2021 increased 56% from the 2020 rate. In Q4 2021, organized groups in Southern California were actively targeting electronics. While we saw some cases of full-load theft, pilferage was most common.

Electronics were carried into the first quarter of 2022 as the most targeted commodity but then tailed off. However, as we start to hear rumblings about computer chip shortages again, the theft of electronics may pick back up after only a short reprieve. Food & Drinks and Home & Garden goods were the second and third most common items targeted, respectively.

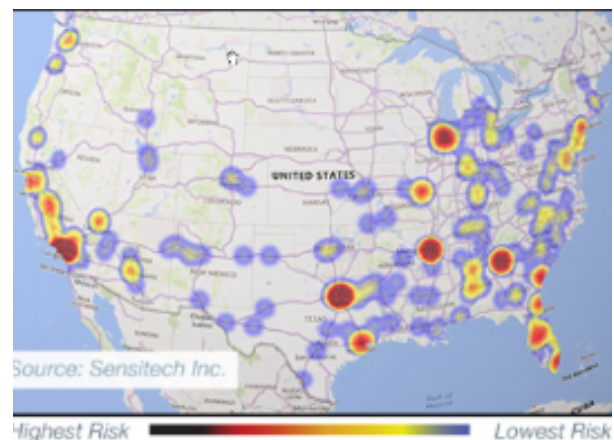
We also saw the average theft loss value increase in 2021. This rise is likely tied to the fact that electronics were the most targeted commodity, and they have a higher value than Food & Drinks and Home & Garden goods. So, while the number of thefts decreased slightly last year, the average loss value increased for 2021 due to electronics being targeted so frequently and their higher value. For example, in 2021, the average loss value from an electronics theft was \$407,247, compared with the average loss value from 2020 of \$292,095, according to the TAPA Annual Cargo Theft Report.



Scott Cornell, Vice Chair - TAPA Americas
Crime & Theft Specialist

TAPA: Are there only certain areas where cargo theft occurs or is all cargo at some level of risk?

Scott Cornell: Cargo theft is traditionally concentrated in California, Texas, Florida, and Georgia, but now more than ever, it is also spreading into some of the nontraditional areas.



This heat map shows some of the traditional areas where cargo theft often occurs, but the entire eastern corridor and even the center of the country are showing lots of nontraditional spreading.

The Pacific Northwest is usually sporadic when it comes to cargo theft activity, but now we are also seeing a concentration in that area. Usually, groups out of California travel to the Northwest to steal goods and then take them back down to the Golden State to sell.

We regularly remind our customers that just because you aren't in an area on this heat map, it doesn't mean you aren't at risk for cargo theft. And it's important to remember that cargo theft is voluntarily reported, so even though an area may not show up on this heat map, it doesn't mean that cargo theft isn't happening there.

Also worth mentioning is an increased concern around cyber threats surrounding the supply chain. TAPA has just released its cybersecurity standards, which are very thorough and well thought out, and we would encourage members to utilize them to help identify any cyber vulnerabilities or address any concerns they have.

We know from past thefts that cargo thieves will use cyber breaches to obtain information such as delivery times, appointments, and the name of the person picking up the loads to help them execute fictitious pickups. The TAPA cybersecurity standards help mitigate these risks and prevent thieves from being able to steal or misdirect cargo.

TAPA: What are the latest most targeted commodities and how are they being stolen?

Right now, Food & Drinks and Home & Garden are the two most targeted commodity types. We expect things to shift as the year progresses, possibly reverting to electronics as the most targeted commodity.

The most common type of cargo theft is pilferage, when thieves steal part of the load, making it harder to investigate or recover the loss. While pilferage levels may have recently shown a slight decrease, they are still roughly the same as 2019 levels, just not as high as 2020 and much higher than 2018.

Strategic theft including fictitious pickup was slightly up in 2021 over 2020. Often when a strategic theft is committed, it may not be obvious at first. Later when it becomes clear what type of cargo theft occurred, victims often don't update their reports to reflect that.

About Scott Cornell:

Scott Cornell, Transportation Lead, and Crime and Theft Specialist, at Travelers, has more than 25 years of experience in the transportation industry. He helped create Travelers' Special Investigative Group, the industry's first and only dedicated cargo theft unit, and is the vice chair of the TAPA Americas board, leading its law enforcement committee.

QUARTERLY CARGO THEFT TRENDS...MEXICO

Sensitech recorded a total of 19,876 cargo theft events in Mexico during 2021. These numbers represent a 6% decrease in volume when compared to 2020. On average, there were 1,656 cargo thefts each month and 54 thefts a day.

The country has an assigned risk level of SEVERE, according to the SCIC five-point risk scale, due to the total number of thefts, the spatial concentration of thefts in the Central and South-East regions, and the use of violence in 96% of the thefts.

Some of the most notable trends covered in this report are as follows:

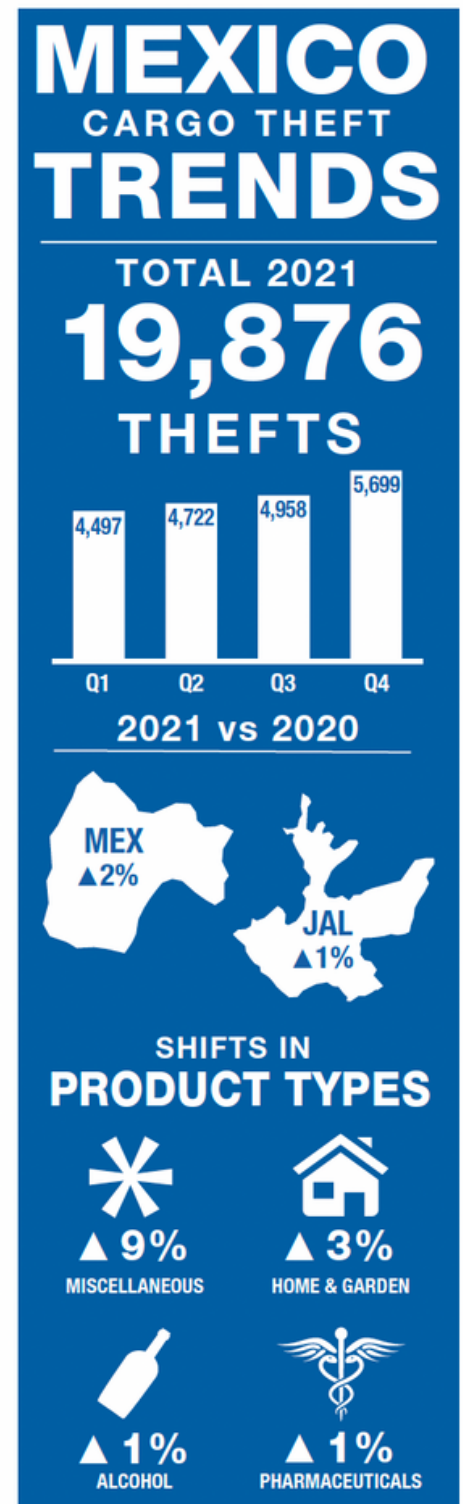
- A decrease in cargo theft incidents for the second year in a row.
- An increase in the events in the Hijacking but a reduction of pilferage thefts.
- The increase in the number of thefts regarding Miscellaneous products.

MAJOR TRENDS

The year 2021 was characterized by the rise in thefts of Miscellaneous products. Due to the increase of exchanges in online commerce, this product type rose 10% compared to 2020. The states with the most significant number of thefts continue to be the State of Mexico (36%) and Puebla (11%), both belonging to the central region.

For the second consecutive year, the total cargo theft volume decreased. In 2020 total thefts decreased 9% from 2019, and in 2021 they dropped 6% from the year before. 2021 also saw an increase of 16% in the number of thefts during the second half of the year.

The number of thefts where Hijacking occurred remained the most common type of event with 87% of the total. This represents a 6% increase from 2020. On the other hand, Pilferage saw a decrease from 8% in 2020 to 4% in 2021.



QUARTERLY CARGO THEFT TRENDS...BRAZIL

The states of São Paulo and Rio de Janeiro together represent around 75% of the cargo theft records in Brazil. Analyzing the total data for 2021, there was an upward trend in cargo thefts in Brazil compared to 2020, but it did not exceed the numbers recorded in 2019. The state of Rio de Janeiro showed a decrease in cargo theft numbers while São Paulo followed the same trend as the country. By 2022, a reheating of the Brazilian economy is expected, with forecasts of GDP and Trade Balance growth coupled with a rise in freight volume and cargo movement. In this context, there is a possibility of increasing cargo theft in the country in 2022.

Cargo Theft by Product Type

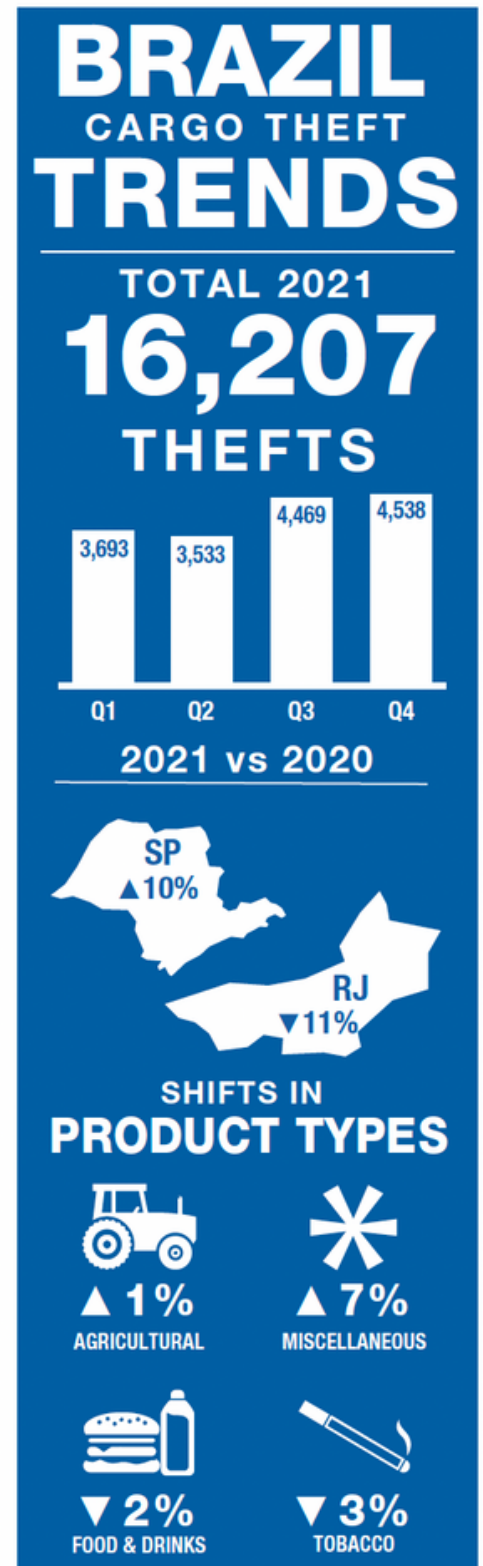
Miscellaneous was the most stolen product type for a full calendar year, recording 49% of total thefts with an increase of 7% compared to the same period in 2020. Food & Drinks followed behind with 15%. In this category, we can highlight the meat industry with the highest incidence of thefts. Tobacco ranked third with 9%, consisting primarily of cigarette thefts. Electronics ranked fourth at 7%, with most stolen products within this category consisting of computers.

Cargo Theft by Event Type

Criminals are typically armed and use violence to threaten the driver. The type of event most used by gangs was Hijacking (direct threat to the driver), representing 93% of the cases. The interception occurs when cargo is in transit, using a vehicle to force drivers to stop. It is also widespread that the approach of criminals occurs when the vehicles are stopped for a delivery or at gas stations.

Cargo Theft by Location

Criminals act more frequently in urban areas, using the geographic region to their advantage and opting most of the time for places with easy access to expressways and highways for their escapes. Cargo theft in urban areas represents 70% of the information collected.



Upcoming Event

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(Formerly the TAPA T1-Meeting)

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THE PEABODY MEMPHIS

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Tuesday, June 14, 2022

Welcome Breakfast and Opening Session

Seminar Sessions

Networking Luncheon

Evening Networking Reception, The Peabody Hotel, Memphis

Wednesday, June 15, 2022

Welcome Breakfast

Seminar Sessions

Networking Luncheon

Law Enforcement Awards Ceremony



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