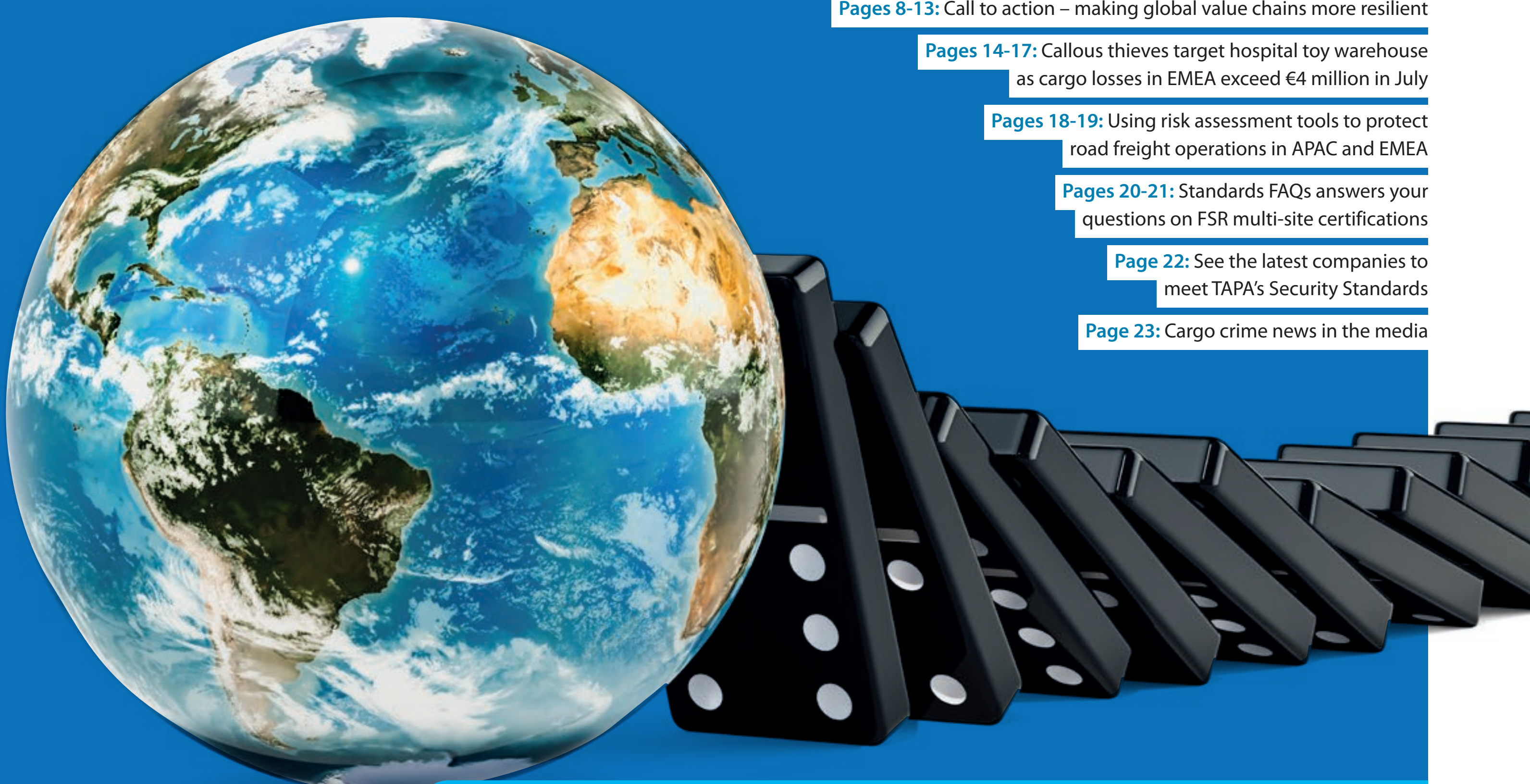
August 2020 | TAPA

vigilant

THE MONTHLY CARGO CRIME UPDATE FOR TAPA'S GLOBAL FAMILY

CALL TO ACTION

Disasters rarely spawn industry-wide changes but, post COVID-19, this time could be different for global value chains, says new McKinsey report



TRANSPORTED ASSET PROTECTION ASSOCIATION

welcome

A TESTING TIME FOR BUSINESS AND SUPPLY CHAIN LEADERS

There are some very profound and thought-provoking statements in McKinsey Global Institute's (MGI) new report on '*Risk, resilience and rebalancing in global value chains,*' which we feature in this month's issue.

One comment that particularly resonated is: *'When companies understand the magnitude of the losses they could face from supply chain disruptions, they can weigh how much to invest in mitigation.'* This is undeniably true, even at a time when pressures on costs and investments will all be subject to greater scrutiny and companies rebalance their strategies for operating in a post-COVID world.

Managing the disruption caused by the coronavirus pandemic is a full-time occupation in itself… but, so is the thought process of 'what if this happens again?'

McKinsey estimates shocks to value chains lasting a month or more occur, on average, every 3.7 years. When they happen across the global stage, as we have seen in recent months, the shockwaves for those in the frontline of supply chain resilience, will feel not only extremely powerful but also longer-lasting than anything we've seen before.

Experience tells us that disruption and change can also be greater drivers of innovation and new ways of working. That is bound to be the case in the future when we look back on this time. Investments in new technologies and greater automation of people-driven processes, for example, will be shifting from the 'nice to have' to 'must have' agendas of business recovery strategies of major corporations across the world.

Changes, however, must clearly take into account not only the way big business work but, just as importantly, their dependencies across the entire value chain. The 'you're only as good as your weakest link' mentality has never been more accurate. McKinsey looks at some of the world's biggest manufacturing brands and their reliance on global suppliers. The sheer numbers involved serve to qualify how big a task it will be to make changes to improve supply chain resilience. One of the world's biggest automotive brands, for example, has 856 Tier 1 suppliers, according to the report, and they, in turn, work with a further 18,000 Tier 2 suppliers. They all have supply chains and are all susceptible to a future COVID-type disaster.

It is one thing to acknowledge the need for change as well as to identify the actions you need to take to protect your business, but it is something else altogether to then implement these changes and ensure they are resilient. In the months ahead, we will see how major corporations intend to tackle this huge challenge – if, indeed, they choose to. I certainly encourage you to download and absorb the full McKinsey report as I am confident you'll find it of value.

In this issue, we also look at the latest data on truck hijackings in South Africa, report last month's recorded crime statistics in the EMEA region, discuss the rise in illicit trade, and remind you of the tools available to improve the security of your roadfreight operations… because, along with everything else, the day-to-day threats from cargo criminals are as prevalent as ever.

Let's keep talking and sharing information and intelligence.

'The 'you're only as good as your weakest link' mentality has never been more accurate.'

MARCEL SAARLOOS
Chair
TAPA EMEA

PANDEMIC RESTRICTS THE ACTIVITIES OF TRUCK HIJACKERS IN SOUTH AFRICA BUT ANNUAL DATA SHOWS A 1.7% RISE IN INCIDENTS TO 1,202

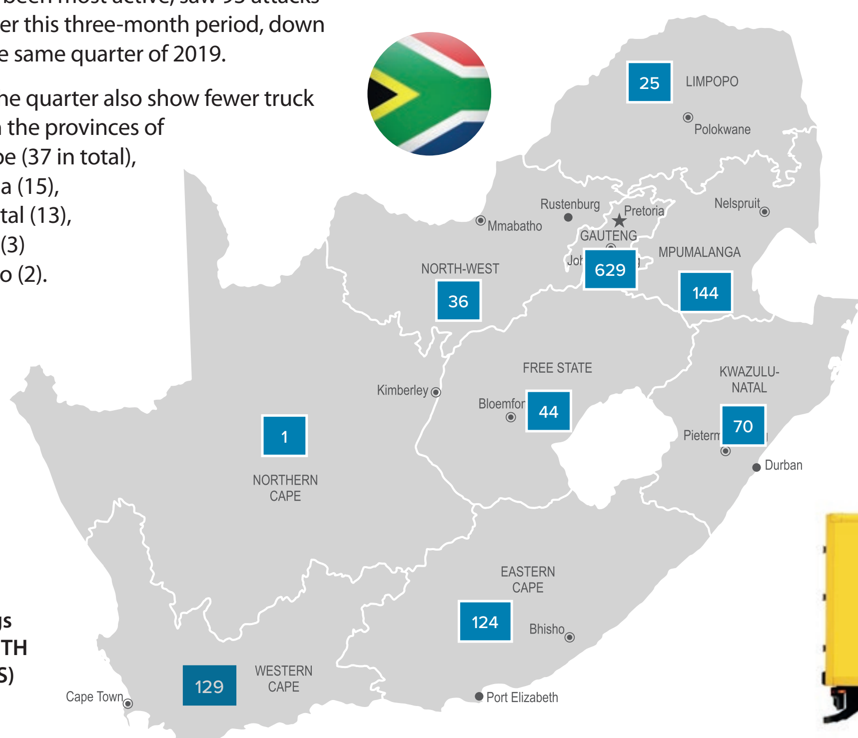
COVID-19 restrictions appear to have had a similar effect on cargo crime levels in South Africa during the peak of the pandemic as TAPA's Incident Information Service (IIS) has seen in other traditional theft hotspots across the Europe, Middle East & Africa (EMEA) region but annual crime figures continued to grow.

New data from the South African Police Service (SAPS) shows the number of recorded truck hijackings fell by 30% year-on-year in the three months ended 30 June 2020, with 198 incidents in total – the lowest level in five years.

Gauteng province, where hijackers have consistently been most active, saw 93 attacks on trucks over this three-month period, down 37.9% on the same quarter of 2019.

Figures for the quarter also show fewer truck hijackings in the provinces of Western Cape (37 in total), Mpumalanga (15), KwaZulu-Natal (13), North West (3) and Limpopo (2).

Annual statistics for the 12 months ending 31 March, however, show a more familiar picture. Truck hijackings across South Africa recorded by SAPS rose 1.7% over the corresponding 12 months to 1,202. This compares to the highest annual rate in the past decade of 1,279, seen in 2014/15.



Truck hijackings (12-MONTH ANALYSIS)

By province, the 12-month data reveals:

- Gauteng – 629 truck hijackings, down 2.8% YoY
- Mpumalanga – 144 incidents, up 24.1%
- Western Cape – 129, up 10.3%
- Eastern Cape – 124, up 12.7%
- KwaZulu-Natal – 70, down 12.5%
- Free State – 44, up 12.8%
- North West – 36, down 33.3%
- Limpopo – 25, up 66.7%
- Northern Cape – 1, down 75%

Of the top 30 SAPS stations across the country recording truck hijackings over this period, 21 were in Gauteng province. Overall, six stations reported 20 or more incidents in the year:

- Delmas, Mpumalanga – 42 incidents, up 27.3%
- Kempton Park, Gauteng – 32 incidents, up 39.1%
- Alberton, Gauteng – 25, no change YoY
- Heidelberg, Gauteng – 22, down 29%
- Mondeor, Gauteng – 21, up 40%
- Brackendowns, Gauteng – 20, up 100%

If you have intelligence on cargo thefts in South Africa to share with TAPA's IIS team, please contact **iis@tapaemea.org**

TAPA EMEA AGM announcement

The TAPA EMEA Annual General Meeting will be held on **15th October 2020**, commencing at 09.00 CET. This will be a 'virtual' meeting conducted by webinar. Further details will be sent to all TAPA EMEA members. For more information, please contact **info@tapaemea.org**

BUILDING THE TAPA BRAND WITH EMEA REGION STAKEHOLDERS

Thorsten Neumann, President & CEO of TAPA for the Europe, Middle East & Africa (EMEA) region, shares the latest update on some of his and the Association's latest activities aimed at accelerating TAPA EMEA's growth, development and influence, and delivering more benefits to our growing membership…

TWO GREAT SPEAKERS TO KICK-OFF

We've had some outstanding speakers and panellists at our TAPA EMEA conferences in recent years and I am delighted that two of them are rejoining us to kick-off our webinar series in September.

If you've heard Pete Mento or David Benford address our conferences previously, I am sure you'll have already registered to take part but, if not, check out your inboxes to find out how to register for:

- **3 September** – *Geopolitics and trade in a complex time*
  Hosted by Pete Mento, Managing Director Global Customs and Duties, Crowe LLP
- **17 September** – *Open Source Intelligence – Online Investigation Opportunities & Risks*
  Hosted by David Benford, Managing Director, Blackstage Forensics

These 60-minute presentations are not to be missed – and more will follow. And, a special thank you to Pete and David for their continuing support.

We also welcome ideas for future webinar topics and presenters. Contact us at **info@tapaemea.org**

READY TO HELP

The latest truck hijacking statistics from the South African Police Service (SAPS) reveal an average of 100 incidents per month over a 12-month reporting period, and another annual increase. If you have partners or suppliers in South Africa that are not yet members of TAPA EMEA or work with companies you feel will benefit from adopting our Security Standards, please give us their details because the risks they are facing are not going to go away.

YOU'RE WELCOME …

Four new member companies in Germany, Lithuania, the Netherlands and the United Kingdom have joined the TAPA Family in EMEA this month. That's over 40 new members joining us in 2020 already, taking the total to an all-time high in the region as we've also added members in Denmark, France, Hungary, Poland, Romania, South Africa, Spain, Sweden and Switzerland. I'll be reaching out to more potential members in September …. any contacts, partners or suppliers you'd like to add to my list? Let me know at **Thorsten.Neumann@tapaemea.org**

IN THE MAIL

In my previous role at Microsoft, I always made sure I shared each issue of TAPA's *Vigilant* e-magazine with my team and colleagues, and I know many of you do the same. As we look to increase our reach, let us do that job for you. Just send us a list of who you want to add to our mailing list and we'll ensure the latest issue drops into their inbox every month. Forward contact details to us at **info@tapaemea.com** and we'll do the rest.

DIGITAL DATE

Our new TAPA EMEA website and CRM system remains on schedule for launch by the end of Q4 and promises a new and simplified user experience for our members. As part of our digital transformation process, we're also looking at how we can enhance the statistical capabilities of our Incident Information Service (IIS) and how we can combine lists of companies with TAPA FSR and TSR certifications alongside our cargo crime intelligence and PSR safe parking databases. This will be especially valuable for our Manufacturing members in helping them identify Logistics Service Providers meeting our industry standards for secure warehousing and trucking – and also provide added value for the TAPA members who are so actively engaged in adopting our industry-leading Security Standards.

IN THE DIARY

My schedule for September includes meetings with the Board of ASW, the German Security Association, to look for more ways to enhance our partnership. I'll also be speaking with Volkswagen, DHL Resilience360, Risk Intelligence and BSI on other initiatives to benefit our members, and will be meeting our new TAPA EMEA Advisory Board in Amsterdam. Plus, I have another German TV interview scheduled in mid-September to talk about cargo crime, supply Chain resilience and the role of TAPA. For me, every conversation inspires new ideas and opportunities for TAPA EMEA. As I always say, if there's someone you recommend I should make contact with, I'll always follow up your leads and introductions.

INTERESTING TIMES AHEAD…

The first six months of 2020 were probably more challenging than most of us can remember in our supply chain careers. The impact of the coronavirus has meant major disruptions to the production and movement of goods and, in many cases, has often meant switching modes of transport or routings to maintain inventory levels and meet customer orders across the EMEA region.

We all hope the worst days of the pandemic are now behind us and we can begin to focus on our respective recovery strategies. A lot of change has been forecast to supply chains but, on many occasions previously, everything has continued as before once the dust has settled. The new McKinsey report on global value chains concludes that this time might be different and I think most of us sense changes are on the way which will have a knock-on impact on supply chain security and resilience. This time, lessons have to be learned and changes will have to be made to help businesses manage future global disruptions. So, an interesting few months ahead… at least.

Next month, we will share a review of cargo crime statistics and trends in the EMEA region for the opening six months of 2020, a period in which we know cargo thieves' activities were severely impacted by lockdowns and restrictions across our region. We must not let any reduction in crime statistics as a direct result of COVID-19 in H1 lull us into a false sense of security. As our members' businesses prepare for whatever the 'new normal' brings, cargo thieves will be doing exactly the same thing. We must be ready for them and use all the tools at the disposal of TAPA members to make our future supply chains even more resilient to any new threats which emerge. If you become aware of any new types of criminal M.O. please share this information with us.

FLEXIBLE TRAINING

It has been our intention for some time to develop remote training courses which help our members adopting TAPA's Security Standards. In this regard, our response to support members during the COVID lockdown as we've rolled out the 2020 revisions of our FSR and TSR Standards has been a valuable proof of concept in terms of the feedback we've received from our new and updated virtual online training sessions.

The next step is to add more flexibility into the process so members are no longer bound by the need to commit to one of our 'live' online training events. This will involve filming our training courses and making these easily accessible so TAPA members can run through the FSR and TSR modules whenever and wherever is most convenient. We will be able to see when all the modules are completed and, at this stage, TAPA will take 100% control of the final exam process to uphold the integrity of our training programme.

Once this initial recording phase is completed, we will also produce subtitled versions to offer multilingual training options. I am confident the final outcome of this greater accessibility and flexibility will be even more TAPA certified supply chains across our EMEA region.

APAC NEWS

CRACKING DOWN ON ILLICIT TRADE

The COVID-19 pandemic has brought about drastic changes in global supply chains. One of the consequences of this disruption has been to create greater vulnerabilities which allow illicit trade activities to flourish; smuggling, counterfeiting, mislabelling, fraud and tax evasion, all of which undermine the activities of legitimate businesses and can expose consumers to unregulated or substandard products.

Transnational illicit trade and organized crime is an US$870 billion a year 'industry' according to the United Nations Office on Drugs and Crime, and as companies adopt post-COVID recovery strategies, there is concern these new priorities may overlook such supply chain risks.

An ASEC webinar hosted by Hazem Ibrahim, Founder & CEO of Asia's Security Group, entitled '*Cracking down on Illicit trade activities: recovering strategy from COVID-19 pandemic'* discussed ways to suppress all forms of illicit trade and reduce losses for legitimate firms. It gathered input from:

- Tony Lugg, former Chair of TAPA APAC
- Heath Michael, Managing Director for Retail and Trade Brand Advocacy (RTBA)
- Rodney J. Schaddee Van Dooren, Director for Illicit Trade Prevention Asia Pacific at Philip Morris International
- Dr Deborah Elms, Executive Director of the Asian Trade Centre

Drivers and impact of illicit trade

Those involved in illicit trade are quick to react to market opportunities, as highlighted by the rise in illicit counterfeit drugs and Personal Protection Equipment (PPE) as demand soared following the COVID outbreak. Heath Michael also described the impact on the food industry, saying: "Food fraud costs the global food industry **€25** to **€33 billion** every year. Up to 70% of all wine sold in China, for example, is counterfeit and 33% of all fish sold in the U.S. is fraudulently labelled. Millions of consumers are at risk of adverse reactions to unknown ingredients and food products."

"Smuggling and counterfeiting of tobacco products results in losses of US$40 to US$50 billion a year, according to the World Health Organization," added Rodney J. Schaddee, while Tony Lugg highlighted another social impact on supply chains where modern slavery in factories and human trafficking across borders occur to support these illicit trade activities.

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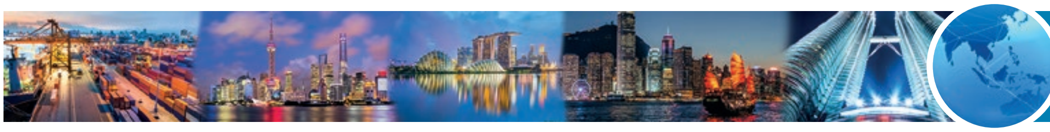

Collaboration and data sharing to disrupt illicit trade

Illicit trade has been largely driven by the lack of regulation and collaboration between corporations and governments. Dr Deborah Elms commented: "The difficulty in some markets is that the enforcement of the movement of goods in and out of free trade zones is not happening. This becomes a magnet for illicit trade activities. Local authorities and governments need to collaborate and ensure that these zones are properly regulated and these requirements are enforced."

The Organisation for Economic Co-operation and Development (OECD) has produced a code of conduct and toolbox of information to help address these issues. Similarly, the World Free Zones Organization (World FZO) have safe zone initiatives with international standards for compliance management and security. Rodney J. Schaddee suggested a collaboration between these two organizations and similar stakeholder bodies is key to preventing the misuse of free trade zones and illicit trade activities.

Corporations should lobby governments with data intelligence and information on these illicit trade activities, Tony Lugg emphasized, adding: "Rather than going as individual entities, we have gone as an association that represent companies that want to act in a Corporate Social Responsibility (CSR) way. Our voice is much stronger as a trade association. Illicit trade is a danger on a global scale but everyone is working in their own silos, focusing on their own goals, objectives, and areas. This is where we need collaboration to try to find solutions together."

Establish internationally recognized standards

"In addition to the need for a recognized code of conduct for how free trade zones should operate, there is also a requirement for an independent assessor to measure the performance of each zone," Rodney J. Schaddee said. Authorities need to look at strengthening border controls and implementing appropriate regulations to protect the interests of corporations. Rodney added that best practices should be shared and amplified across governments.

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Commenting on the best strategies for companies to adopt, Tony Lugg pointed to the value of implementing standards that provides a degree of auditing and control as well as adopting technologies such as blockchain. Blockchain creates traceability of paperwork down to its point of origin and improves visibility across supply chains. "We need to get together as a community to help legitimate members who are operating in these free trade zones to raise the bar and expose those who are not adhering to the security protocols. Certification is a form of identification and a self-policing strategy to drive out illicit trade," he believes.

As brands continue to reduce costs to protect tight cashflows, and with consumers even more cost-sensitive in the aftermath of COVID-19, the potential combination of lower corporate governance and price-sensitive buyers is only expected to fuel the market for counterfeit goods. The panel of experts participating in the webinar emphasized the need to activate security standards for resilience and to build a multi-stakeholder approach to combat illicit trade.

CALL TO ACTION

Cautionary tales about past disasters have rarely spawned industry-wide changes. 'As the old saying goes, everyone talks about the weather, but nobody does anything about it,' states a report by McKinsey of the resilience of value chains. But as the world begins to slowly recover from the social and economic disruption of COVID-19, this time, the company says, the outcome might be different.

If you had a dollar or a euro for every time the words 'supply chain' and 'resilience' have been quoted in the media and boardrooms across the globe since the COVID-19 pandemic took over all of our lives, you'd probably be looking forward to a sun-drench retirement free of all of the headaches and hurdles facing business leaders right now and, let's be honest, probably for many years to come.

Supply chain resilience continues to occupy the minds of the great and the good – and, it seems, there's plenty of advice on offer if you're looking for some new directions to head in. There's certainly no shortage of 'top 5 tips' types of articles to set global commerce on the road to recovery. If only it was that simple.

In a world where we now seem to be tripping over a literal army of new-found 'supply chain experts' where can you go to find the most considered, logical, viable and most thought-provoking analysis of supply chains now and in the future; a virtual insight into the mindsets of the real supply chain experts.

A smart place to start might be McKinsey Global Institute's (MGI) new report on *'Risk, resilience and rebalancing in global value chains,'* published this month. Unlike many of the two-minute quick fixes made available elsewhere, it's a detailed and fact-based analysis that may well inspire some fresh thinking by those who invest the time to consider the findings shared across the report's 112 pages.

It follows on from earlier surveys which found…

- Even before COVID-19 struck, businesses were reevaluating risk. When McKinsey surveyed 600 global executives in December 2019, 70% of them reported that they were reconsidering their supply chain strategies and global footprint. Indeed, at the time, US–China trade tensions and the United Kingdom's pending withdrawal from the EU were major sources of uncertainty.

'In a world where hazards are occurring more frequently and causing greater damage, companies and policymakers alike are reconsidering how to make global value chains more resilient.'

- In May 2020, a survey of supply chain executives reported that an overwhelming 93% planned to take steps to make their supply chains more resilient, including building in redundancy across suppliers, nearshoring, reducing the number of unique parts, and regionalizing their supply chains

In this article, *Vigilant* shares extracts from the August 2020 report…

Manufactured goods take lengthy and complex journeys through global value chains as raw materials and intermediate inputs are turned into the final products that reach consumers. But global production networks that took shape to optimize costs and efficiency often contain hidden vulnerabilities - and external shocks have an uncanny way of finding and exploiting those weaknesses. In a world where hazards are occurring more frequently and causing greater damage, companies and policymakers alike are reconsidering how to make global value chains more resilient. All of this is occuring against a backdrop of changing cost

structures across countries and growing adoption of revolutionary digital technologies in global manufacturing.

In recent decades, value chains have grown in length and complexity as companies expanded around the world in pursuit of margin improvements. Since 2000, the value of intermediate goods traded globally has tripled to more than $10 trillion annually. Businesses that successfully implemented a lean, global model of manufacturing achieved improvements in indicators such as inventory levels, on-time-in-full deliveries, and shorter lead times. However, these operating model choices sometimes led to unintended consequences if they were not calibrated to risk exposure. Intricate production networks were designed for efficiency, cost, and proximity to markets but not necessarily for transparency or resilience. Now they are operating in a world where disruptions are regular occurrences.

Averaging across industries, companies can now expect supply chain disruptions lasting a month or longer to occur every 3.7 years, and the most severe events take a major financial toll. This report explores the rebalancing act facing many companies in goods-producing value chains as they seek to get a handle on risk. Our focus is not on ongoing business challenges such as shifting customer demand and suppliers failing to deliver, nor on ongoing trends such as digitization and automation. Instead, we consider risks that manifest from exposure to the most profound shocks, such as financial crises, terrorism, extreme weather, and, yes, pandemics.

CONTINUED ON PAGE 10 >

The risk facing any particular industry value chain reflects its level of exposure to different types of shocks, plus the underlying vulnerabilities of a particular company or in the value chain as a whole. We therefore examine the growing frequency and severity of a range of shocks, assess how different value chains are exposed, and examine the factors in operations and supply chains that can magnify disruption and losses. Adjusted for the probability and frequency of disruptions, companies can expect to lose more than 40% of a year's profits every decade, based on a model informed by the financials of 325 companies across 13 industries. However, a single severe shock causing a 100-day disruption could wipe out an entire year's earnings or more in some industries—and events of this magnitude can and do occur.

Recent trade tensions and now the COVID-19 pandemic have led to speculation that companies could shift to more domestic production and sourcing. We examined the feasibility of movement based on industry economics as well as the possibility that governments might act to bolster domestic production of some goods they deem essential or strategic from a national security or competitiveness perspective. All told, we estimate that production of some 16 to 26% of global trade, worth $2.9 trillion to $4.6 trillion, could move across borders in the medium term. This could involve some combination of reverting to domestic production, nearshoring, and shifting to different offshore locations. Moving the physical footprint of production is only one of many options for building resilience, which we broadly define as the ability to resist, withstand, and recover from shocks.

In fact, technology is challenging old assumptions that resilience can be purchased only at the cost of efficiency. The latest advances offer new solutions for running scenarios, monitoring many layers of supplier networks, accelerating response times, and even changing the economics of production. Some manufacturing companies will no doubt use these tools and devise other strategies to come out on the other side of the pandemic as more agile and innovative organizations.

Globalization after COVID-19

COVID-19 seems to be accelerating some of the trends that were already manifesting within the world's value chains, including the regionalization of trade and production networks, the growing role of digitization, and the focus on proximity to consumers. The increasing use of automation technologies in manufacturing is lessening the importance of low labor costs - and more automated plants could be more resilient in the face of pandemics and heatwaves (although potentially more vulnerable to cyberattacks). Companies and governments alike are reassessing the way goods flow across borders, and they may still make targeted adjustments to shore up the places where they see fragility. But the pandemic has not reshaped the world's production networks in dramatic ways thus far. After all, global value chains took on their current structures over many years, reflecting economic logic, hundreds of billions of dollars' worth of investment, and long-standing supplier relationships. A major multinational's supplier network may encompass thousands of companies, each with its own specialized contribution.

'Global value chains took on their current structures over many years, reflecting economic logic, hundreds of billions of dollars' worth of investment, and long-standing supplier relationships. A major multinational's supplier network may encompass thousands of companies, each with its own specialized contribution.'

Each value chain's exposure to shocks is based on its geographic footprint and factors of production

Pandemics, for example, have a major impact on labor-intensive value chains. In addition, this is the one type of shock for which we assess the effects on demand as well as supply. As we are seeing in the current crisis, demand has plummeted for nonessential goods and travel, hitting companies in apparel, petroleum products, and aerospace. By contrast, while production has been affected in value chains like agriculture and food and beverage, they have continued to see strong demand because of the essential nature of their products.

All in all, the five value chains most exposed to our assessed set of six shocks collectively represent $4.4 trillion in annual exports, or roughly a quarter of global goods trade. The five least exposed value chains account for $2.6 trillion in exports. Of the five most exposed value chains, apparel accounts for the largest share of employment, with at least 25 million jobs globally, according to the International Labor Organization. Even value chains with limited exposure to all types of shocks we assessed are not immune to them. Despite recent headlines, we find that pharmaceuticals are relatively less exposed than most other industries.

Shocks exploit vulnerabilities within companies and value chains

Shocks inevitably seem to exploit the weak spots within broader value chains and specific companies. An organization's supply chain operations can be a source of vulnerability or resilience, depending on its effectiveness in monitoring risk, implementing mitigation strategies, and establishing business continuity plans. We explore several key areas of vulnerability, including demand planning, supplier networks, transportation

and logistics, financial health, product complexity, and organizational effectiveness. Some of these vulnerabilities are inherent to a given industry; the perishability of food and agricultural products, for example, means that the associated value chains are vulnerable to delivery delays and spoilage. Industries with unpredictable, seasonal, and cyclical demand also face particular challenges. Makers of electronics must adapt to relatively short product life cycles, and they cannot afford to miss spikes in consumer spending during limited holiday windows.

Other vulnerabilities are the consequence of intentional decisions, such as how much inventory a company chooses to carry, the complexity of its product portfolio, the number of unique SKUs in its supply chain, and the amount of debt or insurance it carries. Changing these decisions can reduce - or increase - vulnerability to shocks. Weaknesses often stem from the structure of supplier networks in a given value chain.

Complexity itself is not necessarily a weakness to the extent that it provides companies with redundancies and flexibility. But sometimes the balance can tip. Complex networks may become opaque, obscuring vulnerabilities and interdependencies. A large multinational company can have hundreds of tier-one suppliers from which it directly purchases components. Each of those tier-one suppliers in turn can rely on hundreds of tier-two suppliers. The entire supplier ecosystem associated with a large company can encompass tens of thousands of companies around the world when the deepest tiers are included.

Even within the same industry, companies can have very different supply chain structures – and significant overlap

Companies' supplier networks vary in ways that can shape their vulnerability. Spending concentrated among just a few suppliers may make it easier to manage them, but it also heightens vulnerability should anything happen to them. Suppliers frequently supply each other; one form of structural vulnerability is a sub-tier supplier that accounts for relatively little in spending but is collectively important to all participants. The number of tiers of participating suppliers can hinder visibility and make it difficult to spot emergent risks. Suppliers that are dependent on a single customer can cause issues when demand shocks cascade through a value chain. The absence of substitute suppliers is another structural vulnerability.

Globalization has led to diversification of production across countries in some sectors, but others have grown more concentrated

Even in value chains that are generally more geographically diversified, production of certain key products may be disproportionately concentrated. Many low-value or basic ingredients in pharmaceuticals are predominantly produced in China and India, for instance. In total, we find 180 products across value chains for which one country accounts for 70% or more of exports, creating the potential for bottlenecks. The chemicals value chain has a particularly large number of such highly concentrated products, but examples exist in multiple industries. Other products may be produced across diverse geographies but have severe capacity constraints, which creates bottlenecks in the event of production stoppages. Similarly, some products may have many exporting countries, but trade takes place within clusters of countries rather than on a global basis. In those instances, importers may struggle to find alternatives when their predominant supplier experiences a disruption. Geographic diversification is not inherently positive, particularly if production and sourcing expands into areas that are more exposed to shocks.

When companies understand the magnitude of the losses they could face from supply chain disruptions, they can weigh how much to invest in mitigation. We built representative income statements and balance sheets for hypothetical companies in 13 different industries, using actual data from the 25 largest public companies in each. This enables us to see how they fare financially when under duress.

CONTINUED ON PAGES 12 & 13 >

93%
of global supply chain leaders are planning to increase resilience

16-26%
of global exports could conceivably move to different countries in the medium term

44%
would increase resilience even at the expense of short-term savings

3.7 yrs
Shocks lasting a month or more occur every 3.7 years

180
products are predominantly exported from a single country, opening the door to bottlenecks

80%
of global trade involves nations with declining political stability scores from the World Bank

23pp
A more prepared company can reduce the losses from a shock by some 23 pp

7-17x
Supplier networks may be 7– 17x larger than tier one alone

45%
Companies can expect to lose almost 45% of one year's profits over the course of a decade

$4.4trn
$4.4 trillion in annual exports flows through the five most exposed value chains

Source: *McKinsey Global Institute's (MGI) 'Risk, resilience and rebalancing in global value chains' report – August 2020*

Exhibit 1

Value chain risk stems from exposure to shocks and vulnerabilities in supplier networks and business practices.

Value chain risk = **Shock exposure** × **Vulnerability**

Value chain risk: Disruptions that cause operational and/or financial impact

Shock exposure: Sources of disruption
- *Force majeure* (eg, earthquake, hurricane, pandemic)
- Macropolitical (eg, conflict, financial crisis, recession, trade dispute)
- Malicious actor (eg, cyberattack, theft)
- Idiosyncratic (eg, supplier bankruptcy, IT outage, industrial accident)

Vulnerability: Characteristics that make a supply chain more or less resilient
- Demand planning
- Supplier network
- Transportation and logistics
- Financial health
- Product complexity
- Organizational effectiveness

Source: McKinsey Global Institute analysis

We explore two scenarios involving severe and prolonged shocks:

- **Scenario 1.** A complete manufacturing shutdown lasting 100 days that affects raw material delivery and key inputs but not distribution channels and logistics. In this scenario, companies can still deliver goods to market. But once their safety stock is depleted, their revenue is hit
- **Scenario 2.** The same as above, but in this case, distribution channels are also affected, meaning that companies cannot sell their products even if they have inventory available

Our scenarios show that a single prolonged production-only shock would wipe out between 30 and 50% of one year's EBITDA for companies in most industries. An event that disrupts distribution channels as well would push the losses sharply higher for some. Industries in which companies typically hold larger inventories and have lower fixed costs tend to experience relatively smaller financial losses from shocks. If a natural disaster hits a supplier but distribution channels remain open, inventory levels become a key buffer. However, the downstream company will still face a cash drain when it is time to replenish its drawn-down safety stock. When a disruption outlasts the available safety stock, lower fixed costs become important to withstanding a decline in EBITDA.

Building resilience

Today, much of the discussion in advanced economies about resilience revolves around the idea of reverting to domestic production as a "flight to safety." The geographic footprint of production and supply chains does need to be re-evaluated periodically as the environment changes, and heavy dependence on one geography can be a vulnerability. But companies and countries have a wide range of options at their disposal. Increasing local production is only one of them – and it is not a guarantee of robustness in and of itself, nor is it always feasible. The toolbox is much bigger than the current debate would seem to indicate. Practical strategies for making supply chains more transparent and resilient have been widely discussed for years, yet only a small group of leading companies have taken decisive action. Cautionary tales about past disasters have rarely spawned industry-wide changes. As the old saying goes, everyone talks about the weather, but nobody does anything about it.

Yet this time really might be different.

To download the McKinsey Global Institute's (MGI) new report on *'Risk, resilience and rebalancing in global value chains,'* and read its full findings **CLICK HERE**

This report looks at:

- Will global value chains shift across countries?
- Strengthen supply chain risk management and improve end-to-end transparency
- Minimize exposure to shocks
- When a shock does hit, companies need the ability to respond quickly
- Understanding shocks and evaluating exposure
- Vulnerabilities within companies and value chains
- The high cost of disruptions
- Geographic rebalancing of trade flows
- Building resilience

About McKinsey Global Institute

Founded in 1990, the McKinsey Global Institute (MGI) has sought to develop a deeper understanding of the evolving global economy. As the business and economics research arm of McKinsey & Company, MGI aims to help leaders in the commercial, public, and social sectors understand trends and forces shaping the global economy. MGI research combines the disciplines of economics and management, employing the analytical tools of economics with the insights of business leaders.

To learn more, visit **www.mckinsey.com**

EUROPE, MIDDLE EAST & AFRICA REGION

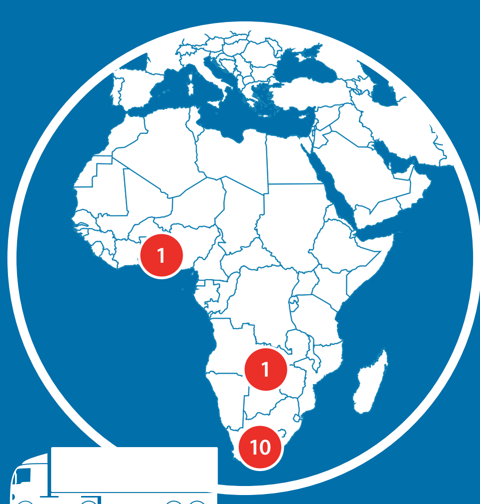
CARGO CRIME MONITOR

CARGO THEFT BY COUNTRY

JULY 2020

JULY 2020

Benin	1 (0.6%)
Czech Republic	1 (0.6%)
France	6 (3.3%)
Germany	49 (27.5%)
Italy	5 (2.8%)
Netherlands	2 (1.1%)
Norway	1 (0.6%)
Russia	1 (0.6%)
South Africa	10 (5.6%)
Spain	2 (1.1%)
United Kingdom	99 (55.6%)
Zimbabwe	1 (0.6%)



€822,877

Average loss for the 3 major cargo crimes reported to TAPA's Incident Information Service (IIS) in July 2020

€4,043,683

Total loss for the 101 or 56.7% of crimes stating a value

17

Number of TAPA IIS product categories recording losses in July 2020

178

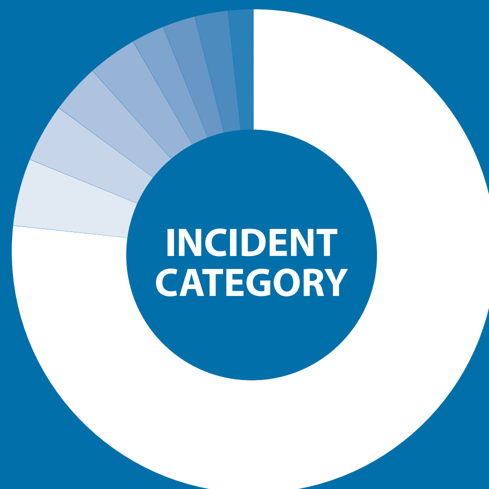
Number of new cargo crimes recorded by TAPA's IIS in July 2020

€1,700,000

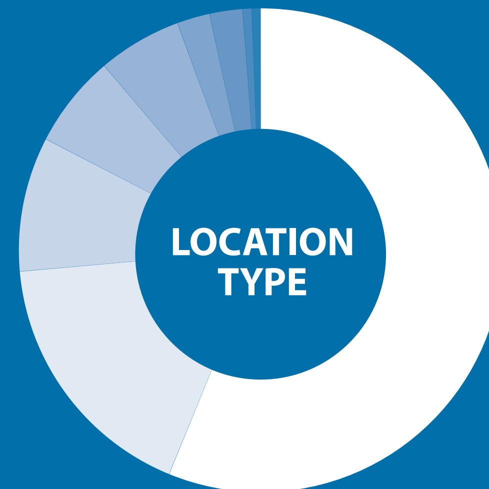
Biggest single loss - Theft of phones from a Services 3rd Party Facility in Île-de-France on 14 July

Number of countries in EMEA reporting incidents

12



Theft from Vehicle	136 (76.7%)
Theft from Facility	8 (4.5%)
Robbery	7 (3.9%)
Theft of Vehicle	6 (3.3%)
Truck Theft	6 (3.3%)
Theft	4 (2.2%)
Hijacking	4 (2.2%)
Fraud	4 (2.2%)
Theft of Trailer	3 (1.7%)



Unclassified Parking Location	100 (56.2%)
Unknown	31 (17.4%)
Destination Facility	16 (9.0%)
Services 3rd Party Facility	11 (6.2%)
En Route	10 (5.6%)
Road Transportation Facility	4 (2.2%)
Origin Facility	4 (2.2%)
Aviation Transportation Facility	1 (0.6%)
Authorised 3rd Party Facility	1 (0.6%)

3 Crimes in EMEA recorded a loss value of between €50,000 & €100,000 totalling a combined **€278,145**

3 – Number of major incidents with a loss value over €100k

€40,036 AVERAGE LOSS VALUE IN JULY 2020

56.2%

Or 100 of the recorded incidents took place in Unclassified Parking Locations

MODUS OPERANDI USED IN LATEST CARGO THEFTS:	
Intrusion	96 (53.9%)
Unknown	59 (33.2%)
Violent & Threat with Violence	13 (7.3%)
Deceptive Pick Up	4 (2.2%)
Theft from Moving Vehicle	3 (1.7%)
Forced Stop	2 (1.1%)
Internal	1 (0.6%)

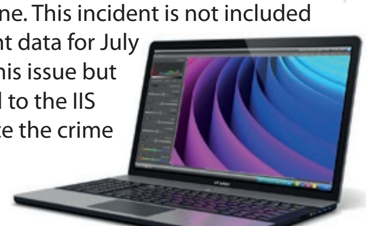
HEARTLESS THIEVES STEAL 18,000 BOXES OF TOYS DESTINED FOR CHILDREN IN HOSPITAL AS 178 CARGO THEFTS IN EMEA IN JULY PRODUCE LOSSES OF MORE THAN €4 MILLION

Every cargo theft is distressing for the victims but, every now and again, an incident takes place which attracts even greater condemnation because of the callousness of the crime.

One such incident was reported to TAPA's Incident Information Service (IIS) in the United Kingdom on 12 July when thieves broke into a Road Transportation Facility in Moldgreen near Huddersfield, West Yorkshire, and stole 18,000 boxes of toys and games from a charity which supports children in hospitals. The offenders reportedly entered the building late on the Sunday night or in the early hours of the following morning and loaded their own vehicle with toys before making their escape. They later returned for a second load – taking the total loss value to **€439,081** - and also stole the vehicle used by the charity to make its deliveries. The empty van was later recovered after the charity issued an appeal, but it is unclear if any of the stolen goods have been traced.

This, however, was far from the biggest loss last month. TAPA EMEA received information on three seven-figure losses in July, all in the Île-de-France region of France:

- On 14 July, offenders stole eight pallets containing 3,000 phones valued at **€1,700,000** from a Services 3rd Party Facility in Combs-la-Ville, Île-de-France, on the southern outskirts of Paris.
- As *Vigilant* went to press, TAPA's IIS team were also gathering new intelligence on the reported theft of **€5.8 million** worth of electronics products from a truck at the beginning of July in the north of Seine-et-Marne. This incident is not included in the incident data for July reported in this issue but will be added to the IIS database once the crime has been verified.



- The third seven-figure loss took place on 6 July and saw a group of 12 offenders attack a truck carrying a shipment of computer products and phones while it was en route in Saint-Witz. After smashing the windows of the cab while the vehicle had stopped at a junction, and overpowering the driver, the thieves later transferred the cargo into two vans before releasing the driver in a rural location and making their escape in the direction of Lognes. Police officers found the abandoned truck with some of the goods still inside but the gang still managed to steal 'several million euros' of products, according to the IIS intelligence report.

The other major cargo crime recorded by TAPA's IIS in July with a value of more than **€100,000** was the **€329,550** theft of cosmetics from a truck in Brinklow, Warwickshire in the UK, on 15 July.

Losses within the €50,000 to €100,000 loss range also included:

- **€93,220** – tractor screens and GPS units stolen from an Origin Facility in Klofta, Norway, on 25 July
- **€60,000** – 3,000kgs of copper and plastic processing equipment from an Origin Facility in Verderio in Italy's Lombardy region on 13 July

To date, TAPA's IIS database has received a total of 178 new cargo crime reports for July 2020. 101 or 56.7% of these provided a loss value, producing a combined total loss of **€4,043,683** or an average for all incidents last month with a value of **€40,036.**

TAPA EMEA's new MoU with NaVCIS, the UK's National Vehicle Crime Intelligence Service, is already helping to identify more cargo theft incidents in the United Kingdom.

In July, the UK recorded the highest number of crimes in the IIS database with 99 incidents, 55.6% of the monthly total. Cargo thefts or attempted thefts by thieves targeting trucks parked at UK motorway service areas remained a prominent feature of this latest data, with incidents recorded at MSA locations including Trowell in Nottinghamshire, Leeds, Doncaster, Leicester, Wetherby, Northallerton, Oxford, Sandbach, Potters Bar, Bishop's Stortford, Newport Pagnell, Stafford, Chester, Knottingley, Fleet and Beaconsfield.

Some reports indicate thieves are being very specific over the goods they are targeting. On 1 July, 29 HGVs had their tarpaulin curtains cut at a parking location in Ecclefechan in Scotland, and on 10 July the curtains of a further seven trucks were slashed open at a secured yard in Bury St. Edmonds in Suffolk. In both cases, no goods were stolen. Proactive responses by UK law enforcement also led to the arrests of five offenders seen taking goods from a truck at Trowell MSA at junction 24 of the M1 motorway as well as four people in connection with the theft of a truck loaded with a shipment of vodka from Birch MSA on the M62.

On 10 July, miscellaneous goods worth nearly €33,000 were also stolen from a Destination Facility in Saltey, Chester, in the UK after what turned out to be a bogus transport company which successfully bid for the delivery.

Of the 12 countries in the EMEA region recording cargo crimes in July, only two others saw double-digit incidents rates; Germany with 49 or 27.5% of the July total, and South Africa with 10 or 5.6%.

A total of 17 IIS product categories recorded losses during the month. These included:

- Food & Drink – 18 or 10.1% of the July total
- Tobacco – 11 or 6.2%
- Furniture/Household Appliances – 9 or 5.1%
- No Load (Theft of truck and/or trailer) – 8 or 4.5%
- Car Parts – 7 or 3.9%

In 96 or 53.9% of incident reports in this reporting period, the goods stolen were listed as unspecified or miscellaneous.

Unclassified Parking Location was the location recorded for 100 or 56.2% of July's crimes. The other known locations reporting 10 incidents or more were:

- Destination Facility – 16 incidents, 9% of the total
- Services 3rd Party Facility – 11 or 6.2%
- En Route – 10 or 5.6%

Theft from Vehicle was by far the most recorded type of incident with 136 cases, 76.6% overall.

The other most notable incidents during the month included:

South Africa

- 12 July – A gang of 12 offenders used access cards to enter a Services 3rd Party Facility in Boksburg, Gauteng province, and forced a security guard to open the main gate to allow entry for five vehicles. 10 pallets of medicines were stolen in the attack
- 18 July – Two offenders were killed in an exchange of gunfire with police officers after they targeted an Aviation Transportation Facility in Johannesburg and held staff at gunpoint while they stole face masks and phones. Seven other members of the gang were arrested and all of the goods were recovered
- 26 July – Two offenders accosted an employee entering a warehouse facility in Korsten, Port Elizabeth. In all, eight offenders had broken into the premises and forced the other employees to lay on the floor while they loaded two trucks with televisions, generators and tyres

Italy

- 9 July – A group of armed offenders fired gunshots into the air to force a truck driver to stop in the town of San Severo in the Apulia region. The driver was struck on the head with a weapon as the thieves stole the cargo of agricultural materials. No loss value was recorded
- 24 July – Eight attackers with firearms set fire to a truck they were using to block the A14 motorway in Apulia in order to intercept a cash-in-transit vehicle. Thanks to the rapid response of police officers, the potential loss of millions of euros was prevented as the gang fled. Police also recovered an excavator at the scene, which the gang were planning to use to force entry into the armoured truck

Germany

- 15 July – Thieves cut holes in the curtain sides of 12 trucks parked overnight at a location in Weeze, North Rhine-Westphalia before stealing 14 boxes of bicycles from the 12th vehicle. They were disturbed before they could escape with the entire load

France

- 13 July – After stealing a truck and its cargo of phones while it was en route in Saint Priest near Lyon, thieves set off a fire extinguisher in the driver's cab to try to destroy any forensic evidence. Another vehicle used in the attack was found burnt out.

PRODUCT CATEGORY	No	%
Unspecified	68	38.2%
Miscellaneous	28	15.7%
Food & Drink	18	10.1%
Tobacco	11	6.2%
Furniture/Household Appliances	9	5.1%
No Load (Theft of truck and/or trailer)	8	4.5%
Car Parts	7	3.9%
Cosmetics & Hygiene	6	3.3%
Pharmaceuticals	5	2.8%
Toys/Games	3	1.7%
Clothing & Footwear	3	1.7%
Tools/Building Materials	2	1.1%
Phones	2	1.1%
Metal	2	1.1%
Agricultural Materials	2	1.1%
Bicycles	1	0.6%
Cash	1	0.6%
Jewellery/Precious Metals	1	0.6%
Sports Equipment	1	0.6%

APAC NEWS

Securing post-COVID road freight across APAC & EMEA using risk assessment and data intelligence

COVID-19 has created drastic shifts in the supply chain landscape. Corporations have been forced to seek quick alternatives to manage closed borders, blank sailings, flight cancellations and quarantine requirements to keep their supply chains moving. As such, supply chains face new and often uncalculated risks emerging from adjusted cargo routes and switching of transportation modes across the APAC and EMEA regions. This has amplified the need to identify potential risks using proven methodologies and cargo crime incident data.

Poll results from TAPA's recent Incident Information Service (IIS) webinar *'Preventing Cargo Crime: Data Intelligence'* revealed that 60% of participants review the resilience of their cargo routes less than once-a-quarter, and a further 20% of respondents claimed to carry out no reviews.

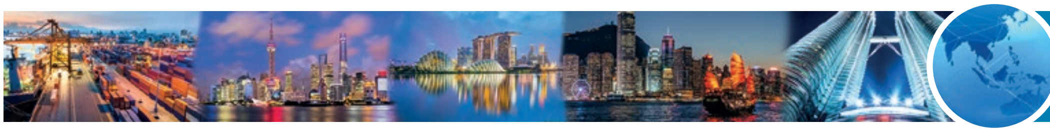
To assess new risks when companies shift cargo routes – a regular occurrence to try and offset COVID-related disruption – a follow-up webinar last month on the topic of *'Securing Post-COVID Road Freight Across APAC & EMEA: Risk Assessment & Data Intelligence'* invited speaker and TAPA member, Pana Laimos, Senior Director for Secure Operations Europe for G4S Telematix, to share an insight into in-house transportation risk assessment methodology based on PHA (Preliminary Hazard Analysis) and FMECA (Failure Mode Effects and Criticality Analysis) internationally-recognized risk assessment methodological approaches.

Participants also learned more about TAPA's Incident Information Service (IIS) database, which provides accurate and reliable information for this methodology to produce valuable risk assessment outcomes, based on intelligence including the locations of cargo crimes, modus operandi used, category of products targeted and loss values. This is further enhanced by the Association's route planning tool (SPOT: Secure Parking Online Tool) which helps users see both the numbers and types of incidents on specific routes as well as the locations of secure truck parking places in TAPA's Parking Security Requirements (PSR) database.

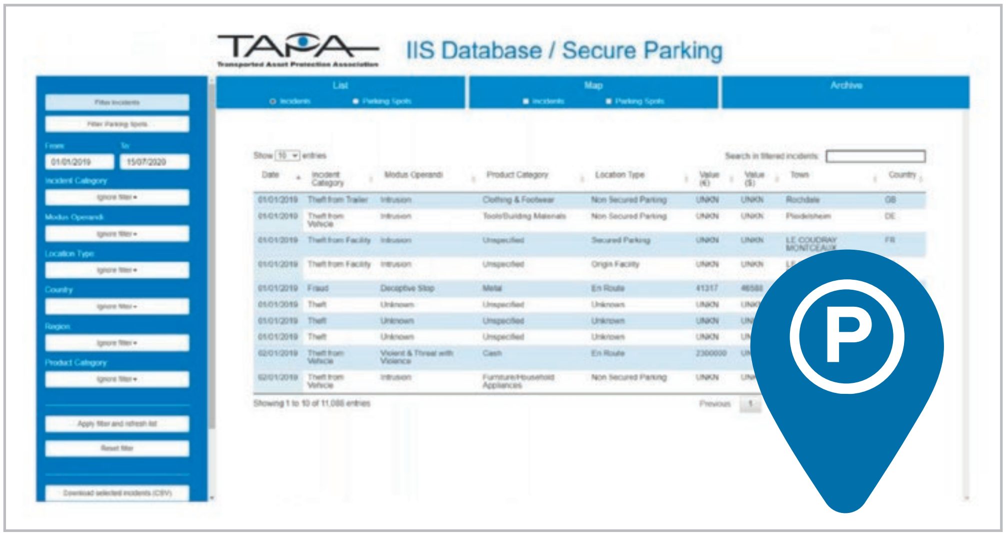
G4S risk assessment methodology uses four key factors to calculate the risk index of specific routes:

- **Criticality:** The severity and the consequences of a cargo loss can be estimated considering the value of the cargo and costs in the event of cargo loss
- **Frequency:** The measure of probability of past incidents using the G4S Likelihood Index
- **Threat:** The external factor independent from the supply chain activities that depends on the environment in which the operations of supply chain (transport, storage, etc) take place
- **Vulnerability:** The value that is proportional to the protection/security measures in place to cover various supply chain activities

60% of participants review the resilience of their cargo routes less than once-a-quarter, and a further 20% of respondents claimed to carry out no reviews.



APAC NEWS



Pana emphasized the value of a common model in assessing security risk for a valid, consistent, and objective approach based on the data sources and parameters selected to interrogate the model and produce an evaluation. TAPA's IIS enables members to access and customize incident data to support their own risk assessment programs, including the ability to use map visualizations.

TAPA's incident data is consistently being updated with new intelligence from law enforcement agencies, member companies, insurers and other stakeholders to deliver accurate and timely data as well as incident alerts. "TAPA's IIS is a data intelligence sharing tool that provides transparency and information for company members to identify cargo theft hotspots and conduct route risk analysis for an end-to-end supply chain solution. We never request company information because this is not the intention of the IIS tool. We just want to be able to share intelligence of where, when and how criminals are operating, alongside insight into the types of products they are targeting in these locations. If you look at the Dutch official police report on cargo crime for the Netherlands, for example, TAPA provide neutral national data to help our law enforcement partner create their official document," said Thorsten Neumann, President & CEO of TAPA EMEA.

"TAPA is the only global program in Europe and Asia that provides such incident data for risk assessment," added Pana, who advised member companies to use the unique benefits of TAPA's IIS intelligence to support the resilience of their supply chains.

How TAPA members can access the TAPA IIS database

Visit **www.tapa-global.org** using your member ID and password

Select the **'Intelligence'** option in the navigation bar and click on **'Incident Database'**

To report an incident, watch TAPA's explainer video – **click here**

WATCH THE WEBINAR REPLAY NOW

Zuellig Pharma Hong Kong achieves TAPA TSR certification

Zuellig Pharma Hong Kong, one of the largest healthcare services groups in Asia, has achieved TAPA Trucking Security Requirements (TSR) 2017 Level 1 certification, specifying the minimum acceptable standards for security throughout its supply chains utilizing trucking and associated operations.

Working with certification company, SGS, Zuellig already holds a TAPA Facility Security Requirements (FSR) certification.

Andi Umbricht, Chief Executive of Zuellig Pharma Hong Kong & Macau, said: "TAPA has developed worldwide FSR and TSR Standards that are designed to ensure safe and secure storage and transit of any TAPA member's assets worldwide. Our clients are looking for a reliable business partner who has the capability to comply with internationally-recognized security standards and is equipped with the respected security technologies in the entire supply chain quality system. TAPA's TSR outlines a set of standards and specifications not only for Zuellig Pharma Hong Kong to follow, but also as a reference tool for clients. By following the requirements stipulated in TAPA FSR, TSR and the ISO 28000 Supply Chain Security Management System, Zuellig and its partners and clients can benefit from improved processes along the supply chain."

STANDARDS FAQs #36

Mark Gruentjes

Steve McHugh

A monthly update by TAPA EMEA's Standards Lead, Mark Gruentjes, and Executive Director Standards, Steve McHugh

After receiving a steady stream of questions about TAPA's Security Standards from Audit Bodies and our members, we feel it will be beneficial to share some of the questions received and the responses given by the TAPA EMEA Standards Team. We aim to cover 3-5 questions in *Vigilant* each month.

We are continuing to see high demand for training and receiving enquiries regarding the updated TAPA FSR and TSR Security Standards we introduced on 1 July in the EMEA and APAC regions. Our audit bodies are also actively scheduling and completing their first audits for the FSR and TSR 2020 versions. In this issue, we continue to focus on some of the questions which are being raised at our Standards training events. Last month, we addressed questions relating to the Trucking Security Requirements (TSR) so, in this issue, we take another look at the Facility Security Requirements (FSR) and, in particular, the new multi-site certification option, which is attracting a lot of attention from some of our members at the moment.

If you would like to raise a new topic for discussion or ask questions about one of our published responses, please contact us at https://www.tapa-global.org/contact.html

Question 1.

For a multi-site certification, how often does the Independent Audit Body (IAB) need to audit the Logistics Service Provider's (LSP) facilities?

Answer: The IAB is required to audit the LSP's Central Function and complete audits (sampling) of 10% of the LSP's warehouse facilities that are part of the certification each year.

Question 2.

For a multi-site certification, what audits is the LSP required to complete?

Answer: In preparation for the certification audit, the LSP shall complete and submit self-audits for all their relevant facilities to the IAB. Thereafter, the LSP shall complete annual audits of their facilities. These are known as Interim Audits and are a requirement for all 3 certification options (multi-site, single site and self-certification).

Question 3.

How should an LSP prepare their operations for a multi-site certification audit?

Answer: Multi-site requires some detailed planning between the LSP and their chosen IAB. First, the LSP should ensure all the facilities they want to include in the certification meet the required standard by doing an assessment and resolving any issues. Pay particular attention to policies, procedures and records that will help you demonstrate to the auditor that you meet or exceed the TAPA requirements. Early engagement with your IAB is advised to plan the Central Function audit and to agree the locations and dates for the sites that will be sampled.

STANDARDS FAQs #36

Question 4.

Can I add and remove sites from a multi-site certification?

Answer: Yes, adding and removing sites is permitted. Inform your IAB whenever sites are added or removed. The IAB will update the section of your certificate that lists the sites that are included. For new sites, you are expected to have performed an audit to confirm they meet the requirements. The IAB will add the new sites to the list of possible sites for selection that may be sampled during the annual audits.

Question 5.

I have over 30 sites. They are all TAPA FSR certified. Can I have them all covered in a multi-site certification, as and when their existing certifications expire?

Answer: Yes, as explained in the response to question 4, adding sites at a later date is permitted. In fact, this is a more practical method to transition to a multi-site operation as the work and preparations can be phased over a number of years. Contact TAPA or your IAB if you have any questions on planning your transition to multi-site certification.

WELCOME TO OUR NEW MEMBERS

Please join us in welcoming the latest members to join TAPA EMEA…

Company	Country	Website
B.V. Arrow Electronics DLC	NL	www.arrow.com
UAB Nostrada	LT	www.rvtransport.lt
Cathexis EU Limited	UK	www.cathexisvideo.com
NextPharma Logistics GmbH	DE	www.nextpharma-logistics.com

Please join us in welcoming the latest members to join TAPA AMERICAS…

Company	Country	Website
Mitsui Sumitomo Marine Management	USA	www.msigusa.com
JJS Transportation and Distribution Co Inc	USA	www.jjstransportation.com

Please join us in welcoming the latest members to join TAPA APAC...

Company	Country	Website
GES Manufacturing Services (M) Sdn Bhd	Malaysia	www.venture.com
Ground Team Red Sdn Bhd	Malaysia	www.groundteamred.com
JJ Express Services Sdn Bhd	Malaysia	www.jjexpress.com.my
Karokam Sdn Bhd	Malaysia	www.karokam.com.my
Plus One Global Consulting Limited	Hong Kong	www.plus-one.com.hk
S.F. Express Co., Ltd.	China	https://www.sf-express.com/cn/en/
ShenZhen HuaCai Logistics Co., Ltd	China	www.656hc.com
Tiong Nam Logistics Solutions Sdn Bhd	Malaysia	http://www.tiongnam.com

STEP UP & STAND OUT

TAPA'S LATEST FSR & TSR SECURITY CERTIFICATIONS



In each issue of this newsletter, we publish a list of the TAPA members that have most recently gained TAPA Supply Chain Security Standards certifications.

The following companies and locations were audited by one of TAPA's approved Independent Audit Bodies (IABs) or, in the case of Class 'C' or Level 3 certifications, may have been completed by an in-house TAPA-trained person.

EUROPE, MIDDLE EAST & AFRICA REGION

FSR	Company Name	Country	City	Class
FSR	Agility B.V.	NL	Oude Meer	A
FSR	CEVA Logistics GmbH	DE	Leipzig	A
FSR	DHL Express Germany GmbH	DE	Dillenburg	C
FSR	DHL Express Germany GmbH	DE	Tuntenhausen	C
FSR	DSV Road Sp. z o.o.	PL	Wroclaw	B
FSR	Mohammed Said Tamer Logistics Services	SA	Jeddah	C
FSR	Mohammed Said Tamer Logistics Services	SA	Riyadh	C
FSR	Orphee Beinoglou International Forwarders S.A.	GR	Elefsina	A
FSR	Orphee Beinoglou International Forwarders S.A.	GR	Voiotia	A
FSR	Poste Italiane S.p.A.	IT	Verona	A
TSR	**Company Name**	**Country**	**Category**	
TSR	Boekestijn Transport Service	NL	Level 1,2 & 3 / Category Large	
TSR	SC Vio Transgrup Srl	RO	Level 1 / Category Medium	

ASIA PACIFIC REGION

FSR	Company Name	Country	City	Class
FSR	DHL Sinotrans International Air Courier Ltd.	China	Shanghai	A
FSR	TMC Metal (Malaysia) Sdn Bhd	Malaysia	Bandar Sri Sendayan	C
FSR	Shanghai Eastern International Logistics Co., Ltd.	China	Shanghai	C
FSR	Schenker Logistics (Malaysia) Sdn Bhd (147186-D) @ PLC 1	Malaysia	Penang	A
FSR	Sinotrans Logistics Ltd.	China	Shanghai	B
FSR	Sinotrans Logistics Ltd.	China	Beijing	B
FSR	Nippon Express Co., Ltd. Air Freight Business Branch (International Cargo Sales Division)	Japan	Chiba	A
FSR	Ingram Micro (China) Holding & Commercial Co., Ltd.	China	Shanghai	A
FSR	Just Right Int'l Logistics	China	Beijing	A
FSR	Schenker Logistics (Malaysia) Sdn Bhd (147186-D)	Malaysia	Shah Alam	A
FSR	S.F. Express Co., Ltd. - Zhejiang SF Express Co.,Ltd. Hangzhou Xiaoshan Runway DC	China	Zhejiang	A
FSR	SF Supply Chain (Hong Kong) Limited	Hong Kong	New Territories	A
FSR	Schenker Logistics (Malaysia) Sdn. Bhd. (147186 - D)	Malaysia	Kuala Lumpur	A
FSR	Schenker Logistics (Malaysia) Sdn. Bhd. (147186 - D)	Malaysia	Melaka	A
FSR	Evergreen Air Cargo Services Corp.	Taiwan	Taoyuan	A
FSR	Schenker Logistics (Guangzhou) Company Limited	China	Zhuhai	A
FSR	Cosco Shipping Air Freight (Shanghai) Co., Ltd	China	Shanghai	A
FSR	Schenker Australia Pty Ltd	Australia	Altona	A
FSR	DHL Japan, Inc.	Japan	Tokyo	A
FSR	Crystal Logistics Group Limited - (Holding company of Crystal Warehouse Ltd.)	Hong Kong	Yuen Long	A
FSR	Flipkart Internet Pvt Ltd	India	Hosur	C
FSR	Flipkart Internet Pvt Ltd	India	Hosur	C
FSR	Flipkart Internet Pvt Ltd	India	Hosur	C
FSR	Flipkart Internet Pvt Ltd	India	Guwahati	C
FSR	Flipkart Internet Pvt Ltd	India	Bhiwandi	C
FSR	Flipkart Internet Pvt Ltd	India	Bhiwandi	C
FSR	Flipkart Internet Pvt Ltd	India	Uluberia	C
FSR	Flipkart Internet Pvt Ltd	India	Valsad	C
FSR	Flipkart Internet Pvt Ltd	India	Hyderabad	C
TSR	**Company Name**	**Country**	**City**	**Class**
TSR	ShenZhen Huacai Logistics Co., Ltd	China	Shenzhen	Level 2



US CUSTOMS SEIZES $1.1M SHIPMENT IN CHICAGO

US Customs and Border Protection (CBP) officers seized counterfeit goods worth $1.16 million during an inspection of a shipment at Chicago O'Hare International Airport.

The newly-arrived consignment from Hong Kong was found to contain a wide range of fake products, including over 550 training shoes, more than 600 handbags, totes, wallets and backpacks as well as suitcases, headphones and in excess of 1,000 software security CDs. The offenders had used the names of well-known luxury brands on the goods. Poor manufacturing and packaging quality, as well as the lack of licenses for the freight, alerted officers to the counterfeiting operation.

THE WHEELS HAVE COME OFF

A report from Melfi in southern Italy stated that the wheels of dozens of brand new cars, which had just come out of a factory in the area, were stolen while they were on a freight train headed to northern Italy. By the time the theft had been discovered, the train had already made several stops, making it difficult for police to pinpoint where the crime had taken place.

POLICE MAKE ARRESTS IN $300,000 PISTACHIO INVESTIGATION

Police in California have arrested a man in connection with the theft of $300,000 of pistachio nuts from an Origin Facility in Tulare County.

The suspect allegedly stole the identity of a legitimate trucking company in order to take possession of two tractor-trailer loads of pistachios. One media report stated: 'The firm Apex Capital says identity theft of the type used to steal the pistachios is a common crime that is easy to carry out. The firm said deactivated Department of Transportation permits are sometimes purchased and reactivated to pull off the scams.'

Instead of delivering the nuts, the thieves took them to an abandoned property in Selma, where they were repackaged, and sold to an unwitting buyer in Madera County, according to the sheriff's office. Detectives reported that the suspects used a big rig to steal the two trailers but were intercepted because the trailers were equipped with GPS tracking devices, leading to the recovery of the pistachios and the trailers.

NEXT ISSUE:

- A special report on cargo crime trends in EMEA in H1 2020
- Why is Barcelona such a hotspot for supply chain losses
- The latest cargo thefts statistics from the US

How TAPA members can help us deliver more member benefits...

Share your incident data with TAPA'S IIS team

Encourage your transport providers to adopt TAPA's TSR Standard

Tell TAPA about truck parking sites that should join its PSR secure parking programme

Grow your number of TAPA FSR certified sites

Introduce TAPA to your local law enforcement contacts

Add a requirement for TAPA Security Standards to your logistics contracts

Send links to any cargo crime news stories you see to iis@tapaemea.org

PUT FORWARD IDEAS FOR CONFERENCE TOPICS OR VIGILANT ARTICLES

Encourage your partners and suppliers to join TAPA

2020 is another exciting year of growth and development for TAPA as our teams in the Americas, Asia Pacific and Europe, Middle East and Africa deliver more benefits to help improve the resilience of our members' supply chains.

You too can make a difference.

Please take a moment to think about what you can do to support our work and to progress our role as the world's leading Security Expert Network for everyone in the supply chain.

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