



Russian Cargo Theft Trends 2020

Report finds dominance of fraudulent activity as the cause of road freight losses as year-on-year incident volumes decline in 2020 by 35%. Food and beverages remain the chief targets, though type of goods stolen were more necessities rather than luxury items.

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The joint report published by international freight insurer, TT Club; IMPACT, a digital cargo theft information and prevention exchange and the Transported Asset Protection Association (TAPA EMEA) details trends in the prevalent modus operandi of thefts and the type of cargo commodities lost within the Russian road freight sector, analysing the data by month and federal region.

The COVID-19 pandemic that took hold through 2020 impacted historical cargo theft trends in a multitude of ways. Local and national restrictions on general movement affected the thieves' ability to move undetected when undertaking their activities, influencing how they operated. The economic impact of the pandemic influenced market forces and therefore the cargoes primarily targeted by criminals. The overall number of recorded incidents reduced year-on-year by approximately 35%, despite a 10% annual growth in the total road freight market. The average value of each loss also reduced to nearly US\$39,000 in 2020 from US\$43,000 in 2019.

As in the previous year the 2020 report pinpoints various methods of fraud as by far the most common modus operandi of thieves, with such methods once more accounting for around 83% of incidents. The balance was almost entirely theft from parked vehicles. Food and beverages also remain the most common type of commodity targeted. The volume of incidents fell by nearly a third, but these goods still made up 28% of total losses. Interestingly, the average value of goods taken fell by 22% indicating a focus on essentials rather than more attractive products of higher value.

The second largest cargo category remains metals but with much reduced share; 13% in 2020 against 24% the previous year. Once more there was a 'value shift' but this time to more valuable cargoes; the average per incident rising from US\$28,000 to US\$44,000. The year-on-year increases were seen in small increments across other categories including electronics, auto parts, household goods and clothing.

Kiril Berezov is Managing Director of Panditrans, TT Club's Network Partner in Russia. He emphasises the dominant role that fraud plays in losses overall. "In contrast with many

other countries, data from our 2020 report highlights that thieves in Russia rely heavily on fraud as a means of accessing cargo. The methodology of criminal organisations are distinct and fall into two primary categories: the driver being diverted by phone to unload at an unauthorized location and the use of fraudulent identities to access cargo. The ingenuity of the fraudsters is remarkable. They have sound knowledge of how the supply chain operates," he said.

The report contains detailed case studies that describe, step-by-step how such diversions are arranged and how types of fraud are employed to ultimately complete the thefts. Mike Yarwood, TT Club's Managing Director of Loss Prevention highlights the report's important role in mitigating these incidents. "Above all else awareness is crucial. Everyone within transport and supply chain service companies need a degree of knowledge of the risks and how perpetrators of theft operate. Our report is aimed at providing detailed data but also provides a wealth of guidance on creating this awareness as well as further actions to be taken by operators in avoiding loss and damage to their customers' cargoes and their own business reputations."

Thorsten Neumann, President & CEO of TAPA in the Europe, Middle East & Africa (EMEA) region, says companies can take action to increase the resilience of their supply chains in Russia. "TAPA's Incident Information Service (IIS) has recorded hundreds of cargo thefts and millions of euros of product losses, and this increases every month. In a high number of these crimes, losses could easily have been prevented by companies carrying out simple due diligence checks on the transport partners they are working with. There is now so much evidence of Fraud and Deception impacting supply chains in Russia, businesses should be well aware of the risks. This new report will help prevent losses."

Ilya Smolentsev is Co-founder of IMPACT. He comments: "Cargo theft in Russia is heavily under-reported as in many other parts of the CIS area and Europe. The accumulated annual losses exceed RUB 10 billion (US\$130 million) and exhibit a growing trend of producing negative influence on local and international businesses. IMPACT, as the leading independent cargo theft data source in Russia, created a unique risk management tool that helps the industry in understanding the magnitude of the problem in both Russia and the CIS region and in developing effective mitigation strategies."

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About TT Club

TT Club is the established market-leading independent provider of mutual insurance and related risk management services to the international transport and logistics industry. TT Club's primary objective is to help make the

industry safer and more secure. Founded in 1968, the Club has more than 1100 Members, spanning container owners and operators, ports and terminals, and logistics companies, working across maritime, road, rail, and air. TT Club is renowned for its high-quality service, in-depth industry knowledge and enduring Member loyalty. It retains more than 93% of its Members with a third of its entire membership having chosen to insure with the Club for 20 years or more.

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About IMPACT:

IMPACT is a partnership initiative for information exchange and industry collaboration to minimize risks in the supply chain and reduce cargo losses in Russia. Industry's first innovative digital platform for collecting and analysing intelligence on cargo theft, providing online vetting services to identify individuals, forwarding and transport entities, and vehicles that routinely take part in fraudulent pickup and full truck loss incidents. IMPACT was established in 2019 by leading experts in supply chain and corporate security with a vision to establish open collaboration within the industry for legitimate data exchange on cargo theft threats in Russia, as well as share intelligence and best practices with leading international institutions and companies who are active in security risk management, fraud prevention and cargo protection to enable effective incident data exchange, improve security awareness and theft prevention, referencing various consulting services and solutions.

www.impact.ru.com

About TAPA:

The Transported Asset Protection Association (TAPA) is a not-for-profit industry Association founded in 1997 to help Manufacturers/Shippers and their Logistics Service Providers minimise losses from their supply chains resulting from cargo thefts. Today, the Association provides a host of industry standards, training, incident intelligence, route planning and networking tools and opportunities which are used by its member companies as part of their own in-house supply chain security programmes to mitigate risk and optimise loss prevention. Its membership also includes Insurers, Security Service Providers and Law Enforcement Agencies.

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