

Shipment thefts

Challenges galore

The premier association of recycling industries has secured support of International Maritime Bureau to prevent fraud and theft from container shipments

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- Mr Mukundan



The results of a recent survey conducted by the ICC International Maritime Bureau (IMB) in conjunction with Bureau of International Recycling (BIR) have served to underline the challenges associated with container security and theft from containers.

The survey of BIR membership found that thefts occurred from consignments carried by all of the major container shipping lines, on shipments originating in many countries. The common factor was that the thefts occurred in consignments almost exclusively bound for southern China- though this is more a reflection of the fact that the country is by far and away the biggest importer of scrap metals. Losses were however also reported in other parts of the world.

IMB Director Pottengal Mukundan commented: "We share the concerns of the BIR over the scale and nature of the theft of scrap metals in certain parts of the world. The results reveal that all too often valuable cargoes - notably copper scrap exports- are removed from shipping containers before they reach their intended recipients. The reported losses run into millions of dollars, with one BIR member reporting losses in excess of USD 1 million in a 12

'In today's market, frauds and defaults thrive'

From IMB Director **Pottengal Mukundan**
Recycle Now tries to get some insights into maritime fraud

Other than piracy, which are major types of crimes afflicting maritime industry?

The other major maritime crimes include smuggling weapons and drugs, illegal immigration, illegal fishing and the dumping of toxic waste. The areas in which we are involved in include cargo and vessel theft, use of containers for fraud and crime, fraud in the financing of international trade and frauds in the contract of carriage.

How prevalent is forgery of shipping documents?

Most commercial systems, including shipping, depend upon the trust and honesty of the participants. These systems would simply be unworkable if they were designed primarily for the prevention of fraud. It follows that every commercial system is vulnerable to manipulation by the dishonest player, who is experienced in the trade. As shipping goes beyond national jurisdictions, the avenues for recovery are

more complex than fraud within the borders of country. Cross jurisdictional fraud is thus attractive to those who have the knowledge and resources to commit them. The presentation of false documents under documentary credits is an old modus operandi which has been improved upon by the fraudsters. There are recent cases where millions of dollars have gone adrift in a single series of transactions leaving banks with substantial losses. Easily available technology today makes the production of convincing documents a simple process.

Compared to other modes of commerce, how soft are shipping consignments for criminals to prey upon?

It is no different to other modes of commerce. In today's market of desperately uneconomic freight rates, frauds and defaults thrive. The internationality of shipping makes it more difficult and expensive to chase the defaulters and recover losses.

month trading period."

Most of the respondents reported that usually a small proportion of the goods carried in the containers were stolen, often between one and five percent of the total container-load, though there were cases where entire container loads had gone missing. Whilst in isolation such losses may appear to be negligible, the overall losses experienced are significant, given the relative price increases that such commodities have experienced over the last couple of years.

In some of the cases where a part of cargo was stolen, it has been reported that the container seal (designed, in theory, to indicate whether or not a container has been opened between parties in different locations) remained intact despite the fact that someone had clearly gained access. In

one case, torches and shovels were found inside the container once it reached its intended destination!

The IMB has investigated cases where organised gangs have found ways to obtain information on the contents of containers in transit, compromise individuals working in port authorities and haulage firms using incentives and threats, organise the theft of the goods in the container and have it spirited away or sold before the victims can mount an investigation.

Mr Mukundan continued: "Each individual loss is small and may not by itself spur the authorities to allocate resources to investigate and prosecute. It is essential therefore to collect data on all similar losses in an area. This pooled information could well indicate a much larger crimi-



Logistics support

In an effort to reduce losses from container shipments for BIR member companies, BIR has subscribed to the services of the International Maritime Bureau (IMB) in London for a first trial period until June 2013.

The IMB is one of three bureaux that form Commercial Crime Services, the anti-crime unit of the International Chamber of Commerce, the world business organisation.

Under the special arrangement with BIR, the IMB will collate incidents with regards to container shipments, in particular fraud and theft, experienced by BIR members. The timely sharing of such information has been extremely effective in reducing risk in other membership sectors of the IMB such as trade, finance, banking and shipping. Once reports have been verified and recorded, details will be available to BIR members upon checking. Any information passed to the IMB will be treated in strict confidence and the anonymity of the BIR member maintained. IMB will circulate warnings / alerts in some cases.

BIR therefore requests all members to forward reports of fraud and theft from container shipments to the IMB, marked for the attention of the director, identifying themselves as BIR members, with a copy to the BIR office. Reports to the IMB should consist of a short summary and supporting documentation.

nal activity which the authorities can focus on. This will lead to a meaningful investigation and identification of the methods and hauliers/truck drivers who may be involved in the conspiracy. Organisations such as the IMB are well suited to putting together such data augmented by other sources of relevant information which the IMB works with on a daily basis. The collection of data is the first essential step in the response chain."

Over more than 30 years, the IMB has investigated numerous cargo thefts of many types, including recently several cases of goods going missing from containers. **RN**

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