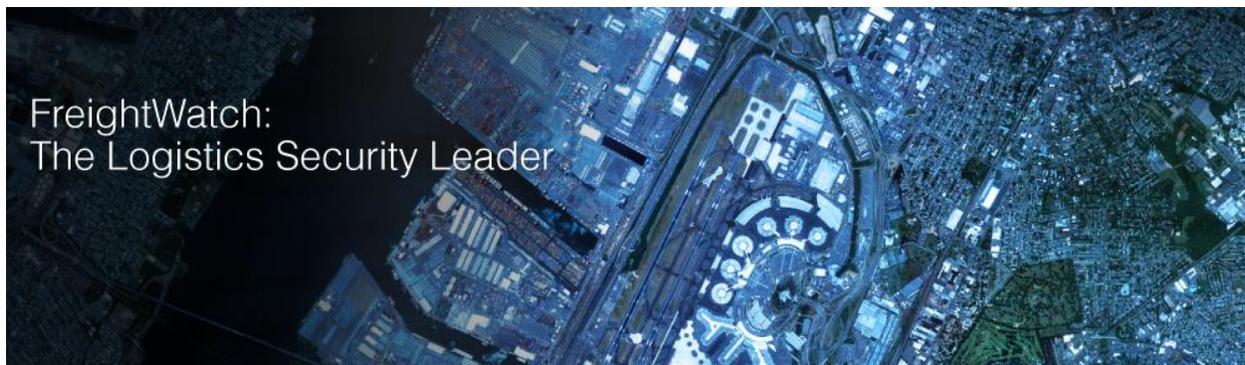


Latin America Theft Report

Brazil & Argentina

Second Quarter 2013



August 6, 2013

Latin American economies are among the fastest growing in the world. With more products being shipped in and out of the countries, cargo crime is an ever-present threat to the supply chain industry. The cargo crime environment, however, remained about steady in the second quarter of 2013 (Q2-13).

Brazil

On a national level, Brazil has yet to release cargo crime statistics for all of 2012 and the first half of 2013. Statistics from 2010 and 2011, however, suggest that Sao Paulo and Rio de Janeiro states claim 83% of all recorded cargo crime incidents in the country, with Sao Paulo incurring 59% of all thefts and Rio de Janeiro 24%.

Cargo theft reporting at the state and local levels remains inconsistent in Brazil, and the crime reports that are released do not always distinguish between cargo theft and other types of theft. In some states — including Acre, Amapa, Parana, Piaui and Roraima — cargo crime is not recorded at all.

Top States for Cargo Theft

2010–2011

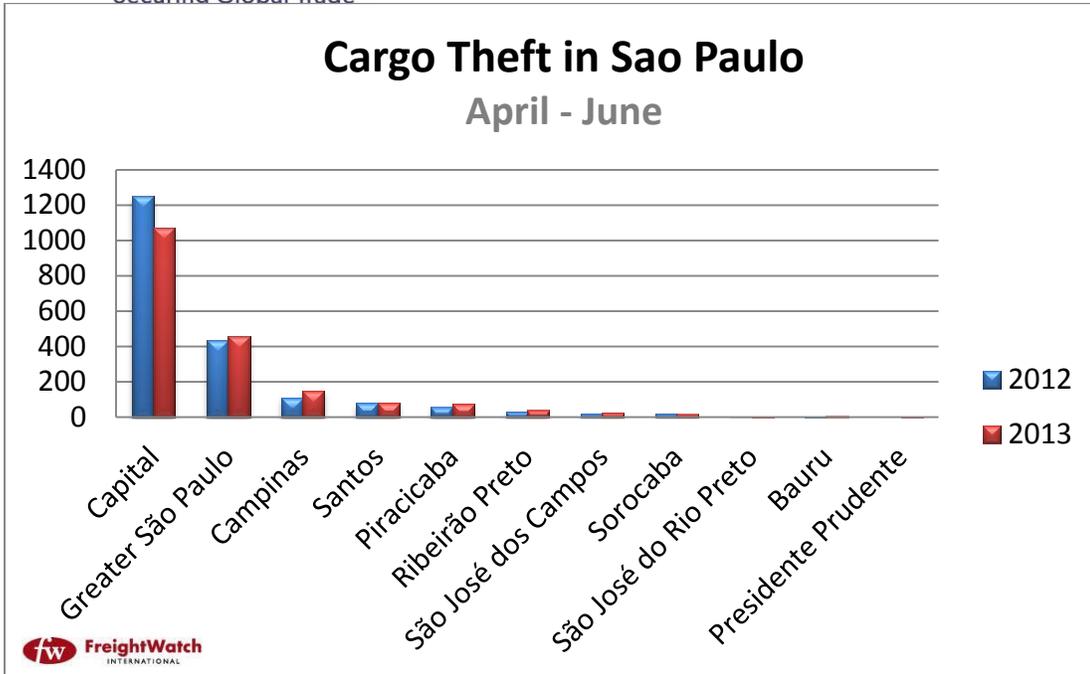


By Location and Product Type

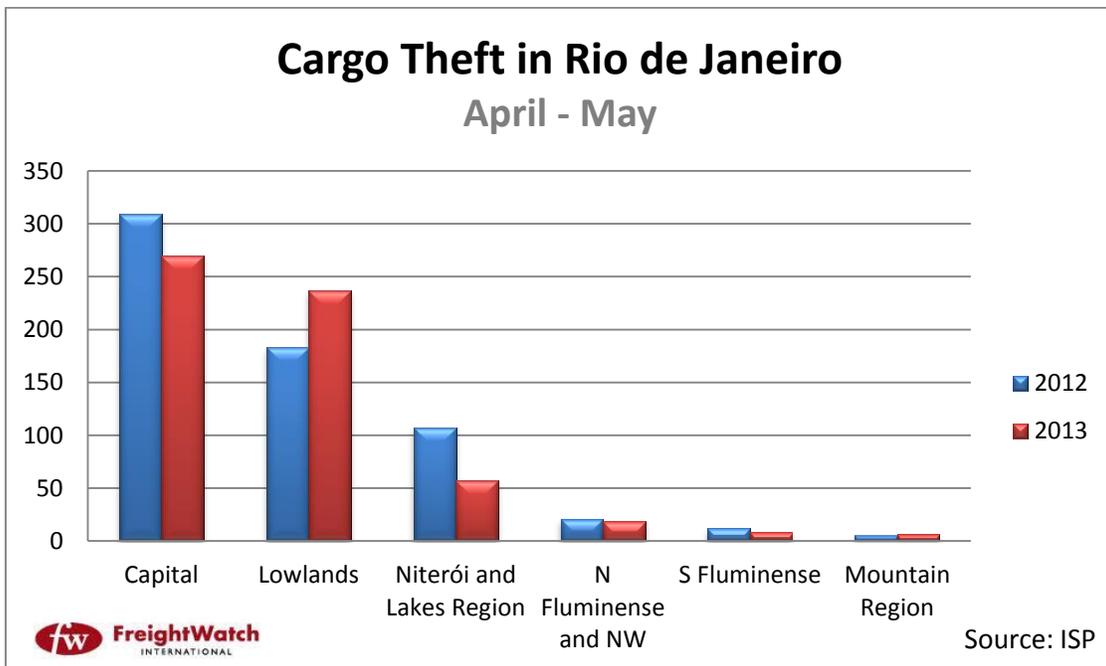
While hard numbers are unavailable on the types of products stolen, the Union of Transportation Companies of Sao Paulo (Sindicato das Empresas de Transportes de Cargas de Sao Paulo – SETCESP) reports the Food/Drinks sector is targeted most often, with 37% of the total. In second place, at 28% of the whole, is the Electronics product type.

Sao Paulo state authorities reported a total of 1,916 cargo theft incidents in Q2-13. This number represents a 5% decrease from the 2,002 incidents recorded for the quarter a year earlier. Contributing to the overall decrease was the 14% drop in cargo thefts in the Capital during Q2-13. At the same time, three municipalities in Sao Paulo state experienced significant increases in cargo thefts: Campinas (35%), Piracicaba (36%) and Sao Jose dos Campos (37%).

Average Thefts Top 10 States 2010 & 2011	
São Paulo	7126
Rio de Janeiro	2846
Minas Gerais	604.5
Rio Grande do Sul	249.5
Bahia	222
Pernambuco	155.5
Ceará	142
Santa Catarina	119.5
Pará	97.5
Alagoas	81.5



Rio de Janeiro state has not yet released cargo crime statistics for June 2013. Compared with April and May of 2012, cargo theft decreased over the same two-month period this year by 13% in the Capital and by 47% in the Niteroi and Lakes Region. The downward trend was not across the board, however, as the Lowlands experienced a 30% increase in cargo crime over the same period.



The high risk of cargo theft on overland routes in Brazil has forced some shippers to opt for sea transport. This mode, however, is not for everyone, as transport by sea almost triples the travel time. With insurers now helping to cover the cost of security measures, companies that choose to ship by land may consider employing some of those methods to protect their cargo.

Cargo Theft Trends

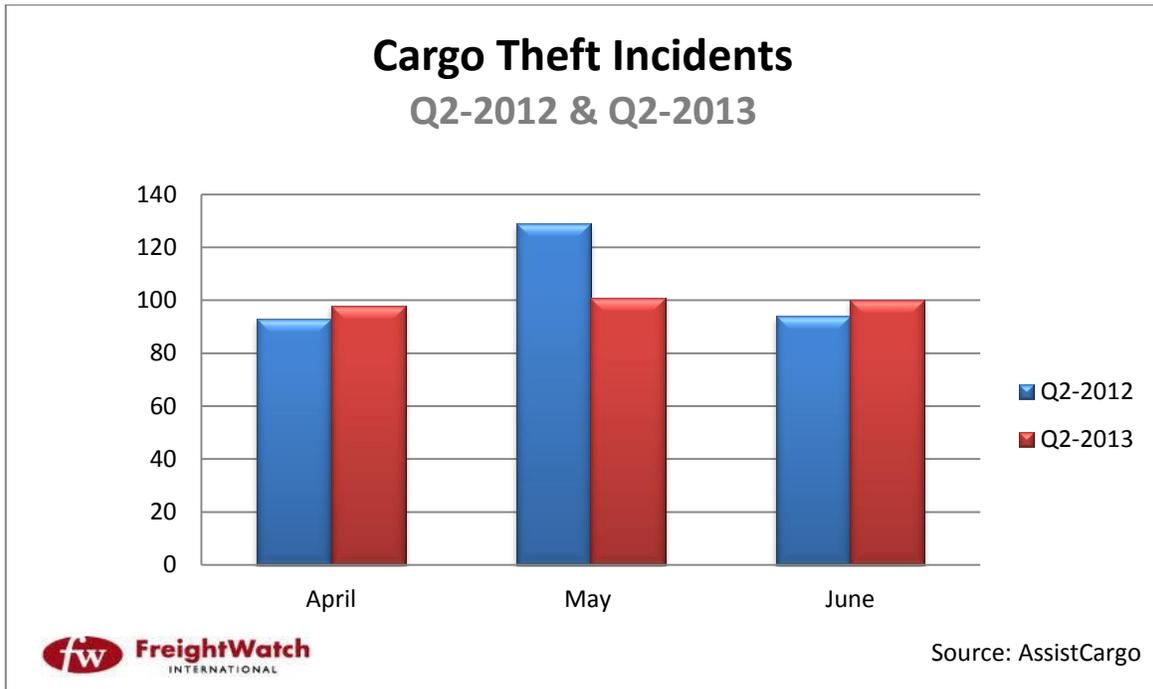
Although no new cargo theft trends emerged in Brazil this quarter, driver kidnappings and assaults committed during theft incidents remained a serious threat. Several temporary delays in the flow of cargo occurred on some highways, the result of ongoing protests.

Incidents of Note:

- On June 10 a truck and its load of cement disappeared from outside a driver's home in Aracaju, Sergipe state. The driver, who had parked the truck at his home overnight, discovered it missing the following morning.
- A company in Vargem, Sao Paulo state, contacted authorities April 9 after a tracking device in one of its trucks indicated the vehicle had deviated from its authorized route. Police located the stolen vehicle and arrested the suspected cargo thieves, recovering a load of Consumer Care products valued at R\$186,258 (\$82,353 USD).
- On May 15 police in Franca, Sao Paulo state, recovered a load of stolen LCD televisions valued at R\$1 million (\$442,145 USD). The load, stolen from a truck in Goias state two days earlier, was found in a shed thanks to a tracking device hidden in the shipment. Those responsible for the theft managed to escape.
- Authorities arrested four suspects and recovered 2,645 pounds of meat shortly after a cargo theft in Juatuba, Minas Gerais state, on June 28. The thieves had forced the truck off the road to commit the crime and transferred the cargo to another truck to avoid detection. However, they left the driver at the scene of the crime, and he immediately reported the incident.

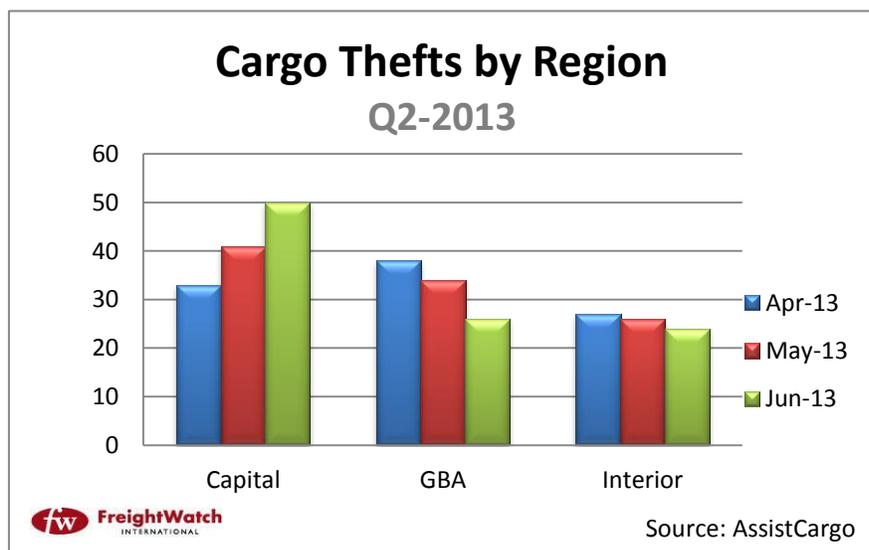
Argentina

Argentina recorded a total of 299 cargo theft incidents across the country in the second quarter this year (Q2-13). This represents a 5% reduction in cargo crime from the 316 incidents recorded for the second quarter a year earlier.



When comparing second quarter numbers from 2012 and 2013, cargo theft appears to be stabilizing in Argentina. However, thefts are on the rise since the beginning of the current year. Reported cargo theft incidents increased by 9% this latest quarter over the first three months of the year.

The increase in activity can be attributed to the 23% average monthly increase in the Capital during this quarter. The rest of the country, however, is still experiencing a decline in cargo theft incidents. Incidents in Greater Buenos Aires (GBA) dropped 32% from the first month to the last month of Q2-13. The Interior of the country experienced an 11% decrease in cargo thefts for the same period.



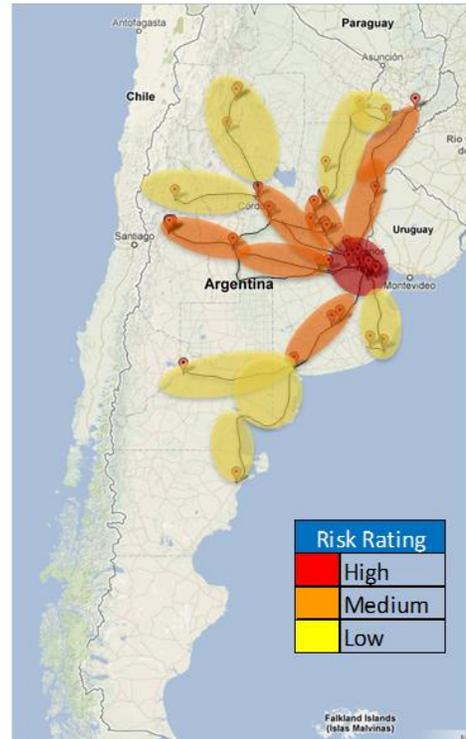
According to the Argentina Association of Corporate Logistics (Asociación Argentina de Logística Empresaria – ARLOG), an average of four cargo thefts occur each day in the country, with more than \$150 million USD in yearly losses. In addition, while most thefts occur during the week in Argentina, ARLOG reported an alarming increase in the number of thefts taking place on weekends.

By Location and Product Type

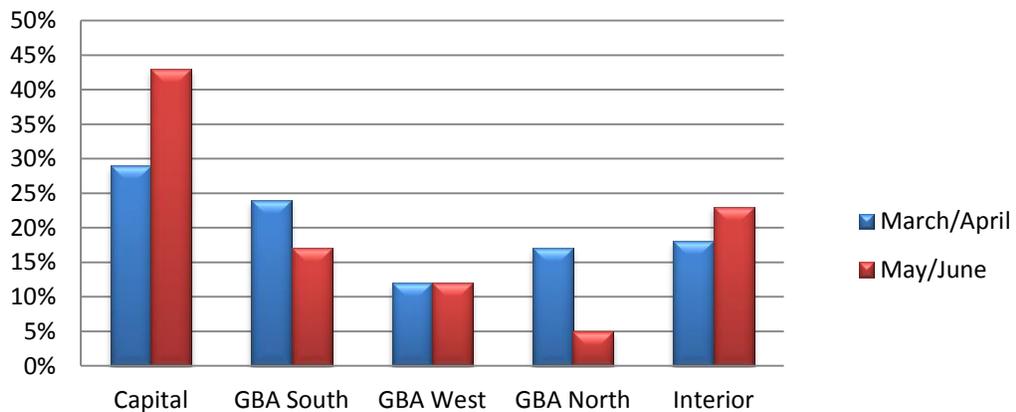
Buenos Aires Province — divided into the Federal Capital, GBA North, GBA West and GBA South districts — accounts for about three-fourths of all recorded cargo thefts in Argentina. Official theft totals for this province have not been released, although each district’s portion of the province’s overall cargo theft rate is provided on a bimonthly basis. Thus, of all cargo crime in the province for March and April, 29% occurred in the Capital, 24% in GBA South, 12% in GBA West and 10% in GBA North. For May and June, 43% occurred in the Capital, 17% in GBA South, 12% in GBA West and 5% in GBA North.

Other hot spots for cargo thieves in Argentina are Mendoza, Cordoba, La Rioja, Santiago del Estero, Santa Fe, Corrientes and Misiones provinces. In the first three months of the year, cargo criminals concentrated their efforts around Buenos Aires Province and provinces to the north and west bordering Chile and Brazil.

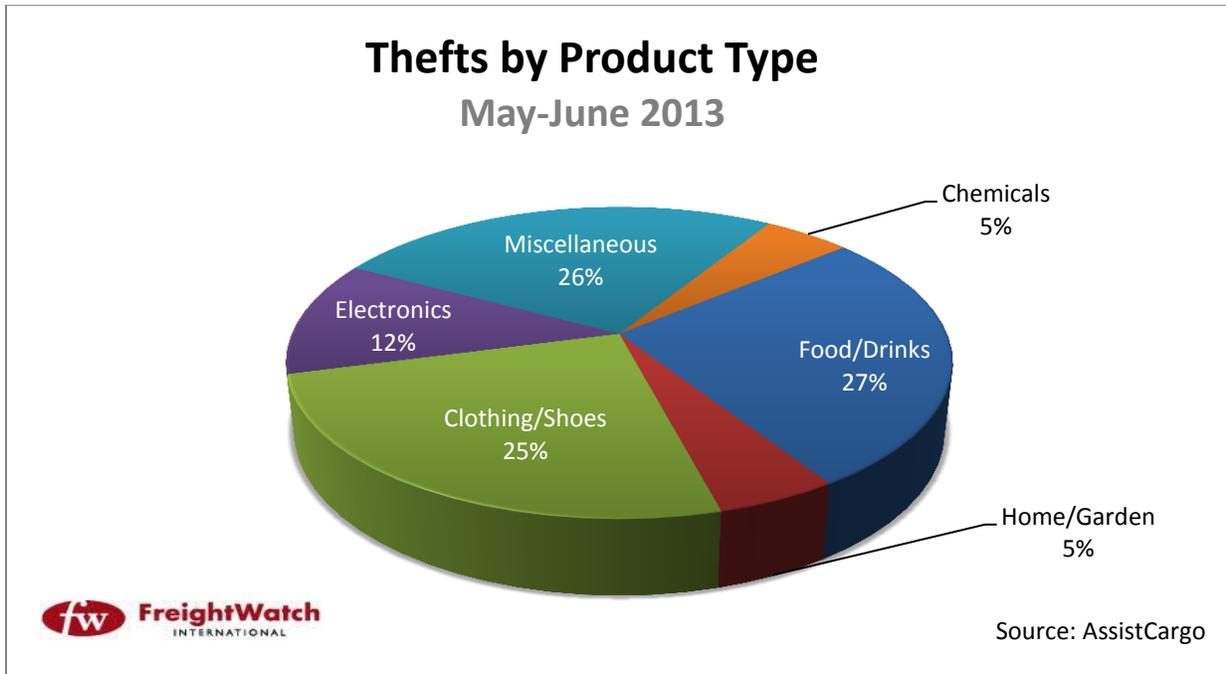
Argentina Hot Spots
Q2-2013



Cargo Theft by Area
2013



On a national level, thefts by product type are released on a bimonthly schedule. During May and June 2013, Food/Drinks was the most targeted sector, experiencing 27% of all recorded thefts. This is a significant increase over the same two-month period last year, when this sector had a 17% share of the total. The greatest jump from Q2-12 to Q2-13, however, was in the Clothing/Shoes industry, with thefts rising from 10% to 25% of the total.



Incidents of Note: Q2-2013

- In Las Heras, Mendoza Province, on April 18, hijackers attacked a truck transporting a load of household appliances to San Martin. The thieves released the driver several hours after the incident, and the abandoned and empty truck was found two days later. Evidence inside the truck led authorities to a warehouse, where they recovered nearly the entire load, valued at \$600,000 Argentine pesos (\$109,000 USD). No arrests were made during the warehouse raid, as the thieves had fled.
- Hijackers attacked a truck May 7 carrying more than 15,000 pounds of frozen chicken in Rio Cuarto, Cordoba Province. The thieves forced the driver into another vehicle and took both him and the stolen truck to Cordoba City, where the driver was released. Information provided to authorities led them to one of the vehicles used in the hijacking, and eventually to the location of the missing truck and the thieves' warehouse, where the stolen load was recovered. One suspect was arrested in connection with the theft.
- On June 4, thieves posing as police officers hijacked a truck transporting a load of clothing valued at about \$500,000 Argentine pesos (\$91,000 USD). The incident occurred in Lavalle, Mendoza Province. The drivers were released unharmed following the hijacking.