



## Crime



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**Mexico Analysis: Threat of cargo theft likely to continue to increase, raising operational costs for businesses transporting goods by road**

## Executive Summary

- The rate of cargo theft has increased in recent years. The threat is especially high in central areas of Mexico, particularly in the State of Mexico and Puebla.
- Current trends will remain unchanged, with cargo theft being more frequent between 06:00-12:00 (local time) on weekdays, targeting products that are easily resold on the black market, and using sophisticated techniques such as signal inhibitors that disrupt the truck's GPS location.
- The threat of cargo theft entails a rise in operational and human costs for businesses, including more investment in private security, more costly insurance policies, as well as a shortage of drivers due to the growing insecurity they face.
- Cargo theft will remain one of the primary threats to industrial multinational companies moving goods by road due to it being a highly profitable diversification revenue stream for criminal groups.
- **Those carrying cargo via road in Mexico are advised to review security protocols and security monitoring for units circulating in the country to minimize the threat of cargo theft.**

## Overview

- Official statistics indicate that cargo theft has increased by 11.5 percent between January-May 2023, compared to the same period in 2022.
- According to the Asociacion de Transportistas Nacionales (ANTAC), the association of national transporters, cargo theft costs the country approximately 2.3 billion pesos (USD 134 million) each year. However, some businesses claim that the amount is actually higher, with some estimating a loss of USD 300 million worth of cargo each year.

## Characteristics of Cargo Theft

### Targets



### Modus operandi

The theft is usually carried out by gangs of six to eight gunmen, who in most cases have links or are funded by drug cartels. Some of the most frequently used methodologies to conduct the theft of cargo are the following:

- **Blocking of highway with vehicles:** The assailants block the truck's path with three to four vehicles, forcing the driver to pull over and either unhook the cargo trailer and reattach it onto another vehicle, steal the goods and transfer them into their own truck, or steal the truck altogether.
- **Fake checkpoints:** The assailants wear official uniforms and set up checkpoints impersonating the authorities, making it easier for them to get the drivers to stop. Once they stop, they use one of the robbery methods mentioned in the previous point.
- **Simulation of accidents:** The assailants pretend to have been involved in a traffic accident to get the drivers to slow down. Once they stop, they use one of the robbery methods mentioned in the first point.
- **Agreement between criminals and drivers to fake robbery:** Criminals take advantage of truck drivers who are resting in parking areas to obtain information about the cargo they are transporting and offer them a small amount of money for the whole truck, including the merchandise. If the driver accepts the offer, the driver then fakes having been a victim of a robbery. *\*This methodology has only been recently reported as an emerging one in Mexico State and it is not widely used nationwide.*

### Locations

## MOST AFFECTED STATES



Some of the routes and highways reporting the highest threat of cargo theft are the following:

- **Carretera Federal 15** (Toluca-Zitacuaro, specifically in Almoloya de Juarez).
- **Carretera Federal 55** (from Toluca to Palmillas and towards Tenango del Valle)
- **Autopista Mexico-Toluca**
- **Carretera Federal 57D** (between Mexico City-Queretaro City in Hidalgo)
- **Circuito Exterior Mexiquense** (the toll road in Mexico City)
- **Carretera Federal 85** (between Mexico City and Mexico-US border, near the states of Nuevo Laredo, Tamaulipas).
- **Federal Highway 150D** (toll highway between Mexico City and Veracruz City via Puebla City)
- **Federal Highway 132D** (toll highways paralleling Mexico City-Tuxpan highway corridor, bordering Tulancingo City in Hidalgo and Tihuatlan in Veracruz)
- **Carretera Federal 45** (specifically, at kilometer 0-970 of Saltillo-Torreón highway and between Celaya-Salamanca).
- **Carretera Federal M40D**, also known as Arco Norte (links the Mexico-Puebla toll road on the east with the Mexico-Guadalajara toll road on the west)

## Assessments & Forecast

### Current trends likely to remain unchanged

1. While some reports point to the trend of cargo theft emerging in the northern states of Sonora and Chihuahua, central states will remain the primary hotspots of cargo, particularly the State of Mexico and Puebla. This is due to the central region having a large number of warehouses and distribution centers from which goods are moved across the country.
2. The main targets of cargo theft are expected to remain unchanged, with carriers carrying basic basket products liable to be the most targeted, followed by auto parts, construction materials, and

other electronics products. This is due to the ease with which these types of products are sold on the black market and the high and timeless demand for it among the population. In particular, grains such as corn, wheat and soy tend to be very attractive for robbers as they are sold fast in the black market and at all times.

3. Unconfirmed reports indicate that the rate of cargo theft is the highest between Tuesday-Friday and between 06:00-12:00. The risk is likely the highest between these time frames given that the scale of overall commercial activity and cargo traffic is higher during this period, thus increasing the potential for cargo thefts. This is also the case because criminal groups can capitalize on the predictable transit patterns of cargo trucks and ensure they come across a higher number of carriers. Based on the current trends, the incident of cargo theft is anticipated to remain the highest during the morning hours on weekdays. However, considering that the second quarter of 2023 recorded a slight increase of six percentage points in thefts conducted between 18:00-00:00, compared to the first quarter of the year, incidents may also transpire during this time frame.
4. As criminal groups become more sophisticated in terms of equipment, so will the techniques used to perpetrate cargo thefts. The perpetrators will continue to rely on dedicated surveillance teams to monitor cargo movements, with reports indicating that some groups are starting to use drones to carry out this task. Moreover, they will increasingly use the so-called jammers, signal inhibitors that disrupt the truck's GPS location to facilitate the robbery and the escape. The sophistication and upscaling of techniques will make it more difficult for transportation companies to rapidly respond to such incidents and recover the stolen goods.

### **Cargo theft will remain detrimental to businesses' operations due to rise in operational and human costs**

1. Considering that 84 percent of merchandise in Mexico is transported by road, the increasing threat of cargo theft entails a significant rise in operational costs for businesses. This is due to affected companies having to increasingly invest in private security (including security escorts to accompany drivers) to minimize the threat, as well as in legal procedures and costly insurance policies (since the premiums of their existing policies become higher) once their merchandise has been stolen. In addition, in the event that an insured truck has been stolen, the payment by the insurance company is not immediate. Some companies have pointed out that in some instances it takes three to four months to obtain compensation for the loss, which constitutes an additional immediate cost for businesses.
2. In most cases, the robberies are conducted with some element of violence towards the drivers (either intimidation, kidnapping, or killing). The threat of cargo theft is therefore leading to a shortage of operational carriers and drivers. This is evidenced by some reports estimating that there is a deficit of 600,000 workers in the commercial transportation sector because less individuals are willing to take the risk. As the trend of cargo theft continues on the rise, such instances will exacerbate the existing deficit and prompt delays in supplies due to the limited availability of drivers.
3. These sentiments are aggravated among "freelance drivers" who are the owners of their vehicles and obtain contracts to ship goods (as opposed to employees of commercial fleets, who are employed by companies), as they face growing security costs to protect their vehicle and their merchandise.
4. The insecurity faced by cargo carriers, which includes not only the threat of theft, but also extortion, has oftentimes prompted nationwide or statewide strikes and protests by members of the sector. For instance, in March 2022, drivers associated with the Alianza Mexicana de Organización de Transportistas (AMOTAC) transport drivers' association held partial blockades for ten hours on highways across the country to denounce the insecurity they face. In August 2023, AMOTAC called for a similar nationwide strike, which was ultimately postponed to a later date. Similar statewide strikes and associated protests have been recently held in State of Mexico in August-beginning of September.
5. While these strikes and protests have so far been held on a sporadic basis, their frequency is likely

to increase as the upward trend of robberies persists. Based on previous protest actions, such labor strikes and associated protests will carry the potential to lead to significant supply chain disruptions and delays. This is because during these protest actions, drivers do not work (thus delaying the transportation of the cargo that they are supposed to be carrying) and also set up blockades along main highways (thus impeding other vehicles to pass along).

### **Threat will continue to increase due to profitability for criminals, lack of deterrent security measures**

1. Cargo theft is expected to remain one of the primary threats to industrial multinational companies in Mexico that transport merchandise by road. Cargo theft constitutes a highly profitable revenue stream for criminal groups, as stolen goods are easily and quickly resold in informal markets, such as through street markets and social media. Considering cartels' efforts to diversify their sources of revenue, and expand upon their lucrative drug trade, they will continue to rely on other profitable activities such as extortion, robberies, and cargo theft as financial sustain for their operations.
2. The impunity with which these groups operate makes it a low-risk, yet profitable, type of criminal activity. This is because criminals involved in said activities are rarely apprehended by authorities, and even if they are, the current punitive measures have not proven efficient in deterring hijackings. This is supported by cases of car thefts continuing to see an upward trend, despite the Mexican government's decision to impose penalties of 6-12 years to those caught hijacking trucks.
3. Even when private companies have opted to hire security escorts to accompany drivers, these guards have often proven to be outnumbered and outgunned by criminal gangs involved in the robberies. Therefore, based on the enhanced capabilities of the perpetrators, who are usually backed by large cartels who possess heavy weaponry, vehicles, and other advanced technology to monitor cargo movement, criminal groups will continue to face limited resistance when attempting to carry out a robbery of a truck. This is exacerbated by the fact that some of the robberies are conducted on remote highways that are not often patrolled by security forces, further delaying authorities' response to these crimes.

## **Recommendations**

1. Those carrying cargo via road in Mexico are advised to review security protocols, including physical and electronic security measures in cargo vehicles, as well as security monitoring for units circulating in the country to minimize the threat of cargo theft.
2. Maintain an adequate private security contingent in order to secure transport plans.
3. Remain cognizant of local media updates regarding areas with a significant cartel presence, given the dynamic nature of the violence.