

Cargo Crime on the Road in Malaysia: Targeted Shipment

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Abstract The element in logistics has always been fundamental to the manufacturing, storage and movement of goods and products. However, some threat and risk had difficult the process. Some important shipments could not or failed to be handed on the particular time. Therefore, the purpose of this study is to identify the type of shipment that was targeted in the case of cargo crime on the road in Malaysia. The methodological approach in this study was through focus group and a structured interview. From the findings in both approaches, the top five targeted shipments in Malaysia were agreed by the respondents includes, electronic item, pharmaceutical item, petrol, and latex. Lots of journals and articles regarding cargo crime was studied based on European country and United State. However, there is very few written information regarding cargo crime in Malaysia. Therefore, this study is perhaps one of the first to be carried out as a medium of information regarding cargo crime in Malaysia.

Keywords Cargo Crime, Hijacking, Type of Targeted Shipment

1. Introduction

Logistics and transportation industry has become a major generator for production line and distribution channel. Without logistics and transportation, process in production line and distribution channel could be paralyzed.

The increase in logistics management was seen as a source of competitive strength. Its effective use provides potential for cost reduction and opportunity for attracting the shareholders[1]. The element in logistics has always been fundamental to the manufacturing, storage and movement of goods and products[2]. Now, the role of logistics was a major part in the success of many different operations and organizations. Logistics can also be referred as “physical internet” for its ability to connect all the goods from supplier to the customers with predictable, timely, and cost-effective way[3]. Its ability makes logistics to become a key determinant of country’s competitiveness.

The rapid development of the logistics industry has unfortunately invited the threat of cargo crime, which recently has become a divisive issue. There are few types of cargo crime includes hijacking, warehouse theft, lost in transit and much more.

Since cargo crime is a wide topic and issues, the study is focusing on the cargo crime on the road specifically in

hijacking and theft of legal shipments during transit.

Cargo crime on the road can be defined as any theft with shipment committed during its road transportation or within a warehouse or premise[4]. The most popular cargo crime on the road is hijacking. Vehicle hijacking of trucks with freight is one of the guises robberies, which made the hijacking, is under the same crime as robbery[5]. This statement was agreed when the hijacking trucks defined as the unlawful and intentional forceful removal and appropriate of a truck[6].

The prime targets of cargo crime are freight containers, trucks, and railcars that traverse the country daily[7]. It is not surprising if the cargo crime keeps on increasing each year as estimated RM 90 to RM 150 billion in cargo is stolen worldwide each year[8].

In Malaysia specifically, the overall crime index in the first nine-month in 2010 has declined 16% worldwide, but there was not let-up in the number of burglaries premises and lorry hijackings[8]. The number of cargo crime was flexible as it can be increased and decline anytime without our notice. This was proven when the latest report by Transported Asset Protection Association - Asia (TAPA) estimated RM7.7 million worth of goods was stolen from Malaysian ports, airport, warehouses, and trucks from 2007 to 2010. In fact, the first four months of 2011, there have been 21 incidents of cargo crime were reported[9]. In 2012, Malaysia was listed as the second highest level of cargo crime in Asia Pacific region in term of the value of goods stolen. While, the first highest level is Hong Kong[9][10].

The purpose of this study is to identify the type of shipment that was targeted in the cargo crime on the road in

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Malaysia. There are lots of journals and articles regarding cargo crime, but the majority of it was based on European country and United State. However, there is very few written information regarding cargo crime in Malaysia. Therefore, this study is carried out as a medium of information regarding cargo crime in Malaysia.

2. Background of the Study

Cargo crime is conceded from air cargo facilities, railyards, and ocean freight terminals, pilfered from supposedly secure warehouses, hijacked off trucks, boosted off of freight trains, or pirated cargo ships on the high seas. Most of the stolen goods are during the transshipment process from factory to warehouse[11]. From a warehouse, hijack of lorries, store break-in and staff theft, and in transit from store to customer place.

The main target shipment in cargo crime involved the goods with high market value. High value merchandise is obviously the most popular target included computer chips, perfume, athletic shoes, and even seafood. The standardization of intermodal shipping containers and the electronic exchange of data, two of the revolutions facilitating the worldwide boom in trade and transportation, also make it easier for thieves to identify and attack the most vulnerable and valuable cargo[12].

Primary targeted goods are illegal goods in the black market[13] which consists of places and situation for trading doubtful products with money, such as drugs, product piracy, and fire guns[7]. The growing number of cargo crimes is linked to money laundering and drug running where 70% of internal and external losses are drug related[7]. The reason behind the shipment's popularity is both link was high demand and can be considered as high value shipment. After all, the mastermind of the type of goods to be theft was the customer instead of the theft opportunities[14]. When the cargo crime involving drugs or money laundering, then it is automatically involves gang. For gangs, the main target in cargo theft will be the drug trade and so offers higher returns[15]. The contraband markets in otherwise legal products and the logistical methods used to supply them, including cargo crime, smuggling, counterfeiting and product piracy[16]. Above all, they represent a multi-billion-dollar transfer of wealth from the legal to the illegal economy and indirectly it has promoted the growth and development of organized crime, supports terrorism, distorts legal markets and reduces government revenues.

Other than drug and money laundering, high-value consignments, such as electronic goods, have been on the top the list of preferred goods[11].

The goods that always become the main target in cargo crime was called as Hot Products[12]. In the year 1994, most popular product that always be the main target in cargo crime are concealable, removable, available, valuable, enjoyable, and disposable (C.R.A.V.E.D)[12].

An item that was targeted in a theft shall consist all of the

five characters (C.R.A.V.E.D), as the item that was hardly concealed are more difficult to the theft to remove and less to be stolen[12]. Therefore, concealable item will always become one of the most targeted items, which could also hide the identity of the theft. Larger quantities of measurable item are less likely to be stolen as it is hard to be concealed for theft[17]. Generally, in order to steal something, it must be easy to remove from the original location. Hence, items which are large, bulky, heavy, and items that physically attached to something / other items, are less to be stolen as it is difficult to remove[18]. Some merchandise is more attracted the theft if it easy to remove and highly demanded in the market[19]. Thieves also tend to steal enjoyable things which are highly demanded by end consumers[18]. Items that usually consist the C.R.A.V.E.D had high demand and costive such as mobile phone, television, video recorder, camera and many more. Most of enjoyable items that highly demanded by end consumer must be branded.

A thief will select the item that is easy to sell and must able to be converted into cash or can be traded with the desirable items[12][18]. The faster the item to be sold after they are stolen is more preferable by the thief[20].

3. Methodology Approach

There are two types of methodological approaches in this study. The methodological approach in this study was through workshop and interview.

3.1. Focus Group

A focus group discussion had conducted at Universiti Teknologi MARA by on the 28th October 2010. The concept of the focus group is more to the discussion between respondents participated based on the topics that was brought up in the session.

Respondents from various industry players such as government, logistics industries, associations, and manufacturers were invited to share their experience and thought regarding the issues. There are 30 participants that attended the discussion. From the discussion, all the data and information will be recorded and reported in a document as a preliminary data in subtopic 4.1.

3.2. Interviews

A structured interviews were conducted in order to keep on updating the latest scenario and frequency of cargo crime occurred in Malaysia. Interviews were done as one part of a preliminary study. The area discussed based on the respondents' experience toward cargo crime, the type of shipment targeted in cargo crime, and their action to overcome the issues.

All the questions were set up before the interview begin based on the overview of the study and to compare with Malaysian environment. The average duration for each interview is around 30 to 45 minutes.

There are eight (8) respondents involved in the interview.

The respondents are from both industrial and government-linked companies which familiar with cargo crime and also logistics industry. The respondents randomly selected from logistics player list in Malaysia Logistics Directory 2010/2011. List of the respondents as in table 1:

Table 1. List of Respondents

No.	Respondents	Working Experience	Position
1	A	11 years	Executive Director
2	B	7 years	Head of Logistics Operation
3	C	7 years	Manager of Transport Department
4	D	9 years	Senior Manager
5	E	6 years	Executive – Project, Haulage Services
6	F	5 years	Purchasing Executive
7	G	2 years	Operation Officer
8	H	10 years	Senior Marketing Manager - Job experiences in warehouse operations and container operation.

Both data from interviews and workshop were used as the finding for the objective of the study.

4. Findings

This section discusses on the findings from both research approaches by comparing the data collected from each approach.

4.1. Focus Group Findings

During the discussion between the participants, the list of the type of shipments that are always targeted in cargo crime has been revealed in table 2.

Table 2. Type of Shipments targeted in Cargo Crime 2009 – Sept 2010

No.	Item
1	Consumer Goods, Food and Drink
2	Computers and Computer Components
3	Palm oil
4	Electrical and Electronics Goods
5	Plastic Resin
6	Hand phone and Accessory
7	Woods and Timber Products
8	Latex and Rubber
9	Metal and Scrap Metal
10	Beer and Liquors
11	Others (e.g. Tires / Paint / etc.)

Source: Anonymous, Workshop on Cargo Crime and Security Issues in Malaysia, Auditorium Perpustakaan Tun Abdul Razak 2, Universiti Teknologi MARA. (28th October 2010)

As shown in table 2, the most targeted items until September 2010 are consumer goods, food and drink, computers and computer components, electrical and electronics goods, handphone and accessory, metal and scrap

metal, and others. For the stolen of consumer goods, food and drink are normally higher during festive seasons such as Chinese New Year, Deepavali, Christmas, and etc. The items targeted are also depends on the market demands.

One of the logistics industry representatives mentioned that the most targeted items at their company are petrol, pharmaceutical and plastic. These three items are high demands by the market and offer high value in the market.

4.2. Interview Findings

As mentioned before, most of the respondents familiar and do experienced with the crime as least once in their service period. According to respondents A, B, C, and F the average of the case to happen in a year was one to two times. It is rarely happened, but when it happened it involved the high value shipment which cost over thousand of Ringgit Malaysia.

According to respondent B, the crime was well-planned by the culprit. As they stated:

"...in a year, the case of missing container will appear and we believe that the crime was perfectly planned by the culprit. There are also some cases where our haulage was stopped by the culprit that pretend as JPJ officer and asked the driver to leave the container on the road side. On the next day, when the driver wants to collect back the container, the container seal was unlocked and the container is empty..."

Respondent F once mentioned regarding the frequency of crime that:

"...There are few cases of lost shipment and also theft but it is rarely happened. However, between one to two years there will be at least one case appear in the delivery history..."

According to respondent H, most of the cases happened to involve the insider from various sides, such as port, freight forwarder, and manufacturer.

The main concern when the cargo crime occurred is the type of goods or shipment that they targeted and the criteria of the shipment. Responding to the questions, most of the respondents agreed that the types of shipments targeted by the culprit mostly are high value shipments such as, electronics, drug and pharmaceutical, cars, and latex products. Respondent D and H both mentioned that latex product was always targeted by the culprit. Other than that, respondent H also listed electronics, cars and condoms amongst the popular targeted items.

According to respondent F, the most popular product stolen was drugs and pharmaceutical, as they claim that:

"...most of the shipments stolen are drugs and pharmaceuticals. Generally, we do know that this kind of shipment was highly valued in the market, and most of the shipments stolen are in the raw figure..."

The other respondents do not know the cargo's content and could not elaborate anything regarding this section.

From the findings in both approaches, focus group and interview, the type of shipments that were targeted in the cargo crime in Malaysia are high demand and valuable in the

market. In both approaches the top five targeted shipments were agreed by the respondents includes, electronic item, pharmaceutical item, petrol, and latex.

Compared the findings to the other journals based in western countries, the differences are not too wide. However, compared to the western countries, the stolen goods are likely high during the festive season, especially consumer goods, food, and drink.

5. Conclusions

Cargo crime has been a never ending affair. The statistics keep on waving up and down when there are certain periods where the crime decreases to extremely low and there are also times that the crime increases without stop. This statement is supported by the findings with statistics from TAPA when it states in the early 2011 there has been 21 incidents happened in Malaysia.

Comparing types of shipments targeted in the cargo crime on the road in Malaysia and western countries, the difference are not wide. The difference of cargo crime situation between Malaysia and the western countries is it does not involve terrorism. However, a paper and journal regarding cargo crime on the road in Malaysia is very few and limited. Therefore, this study was conducted as a medium of information regarding the cargo crime issues and scenario in Malaysia. As a start, this paper only focuses on the cargo crime on the road. A further study on the other view of cargo crime such as on the sea and air are recommended.

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