



## Supply chain protection in Latin America

### A broad approach to securing and facilitating air cargo trade

#### Introduction

Transborder trade within Latin America presents challenges that potentially have significant economic, regulatory, and security impacts on the transportation system. The growing volume of global trade, increased number of air cargo entities, and increased demand for scarce security resources are signs of increasing complexity within the market. As air freight trade routes from Latin America to the United States increase, challenges are compounded to include issues like: diverse cargo types and shipping forms; high-volume of shippers and vendors; and non-uniform reciprocal agreements.

These dynamic risks create urgency for governments and industry to advance data analytics, reassess and adapt policies and business practices related to the movement of goods to remain competitive in a growing global market. The ability to collect and interpret data offers the key to addressing these risks by building an efficient risk-based security infrastructure. A focus on a three-phased approach to manage, sense, and protect against risk for supply chain improvements will help facilitate efficient and secure trade.

#### Phase I: Risk Management

Latin American carriers and shippers must attempt to mitigate risks such as: theft, insider threat, human and narcotics trafficking, and terrorism. Past events, such as the printer cartridge plot, indicate that terrorists seek to use air cargo as a means to execute attacks. Insider threat also poses a risk to air cargo because employees often have increased access to the cargo itself and the ability to offload or transport the cargo without necessary authorization. To proactively combat and manage these risks, cargo entities should consider first prioritizing the threats in order of potential impact to the aviation system and define risk appetite and prioritization. From there, cargo entities can allocate resources accordingly.

One risk management area of particular interest to air cargo is insider threat. Insider threats pose a unique challenge to the aviation industry given the broad ecosystem of contractors, vendors and employees that operate across the country's aviation landscape. In theory, each of the individuals involved with the movement of goods could have the opportunity to tamper with shipment, thereby breaching the chain of custody on which secure movement of goods depend. An insider threat can have a negative impact on any aspect of an organization, including employee and/or public safety, reputation, operations, finances, national security, and mission continuity. In order to successfully prevent, detect, and respond to insider threat vulnerabilities, companies must promote stakeholder coordination while adopting an approach that transcends the traditional focus on technology and takes a holistic and risk-based approach inclusive of business processes, policies, technology, and training.

#### Phase II: Sense

Many risks in the air cargo supply chain emanate from lower tier suppliers. Whether theft or other criminal activity, much of the damage may already be done by the time a shipment reaches the freight forwarder. Targeted risk sensing investigates specific supply chain components to identify vulnerabilities. Leveraging automated business intelligence and data mining tools can help leaders efficiently aggregate commercial information about companies within their supply chain. Publicly

available and open source information can be used to identify an entire company's corporate network of key personnel and subsidiaries, financial health and nefarious information. Risk indicators can be expanded to address emerging threats and develop forward-looking solutions.

### Phase III: Protect

As the global air cargo market continues to grow and expand in complexity, public and private entities must develop relationships with key air cargo stakeholders and understand what activities best protect against supply chain risks. Regional harmonization, for example, provides an opportunity to boost both security and speed along the international air cargo supply chain.

Government and industry can compound the current benefits of Latin America's tightly connected markets through data-facilitated regional harmonization. To quickly establish new trusted partners, public and private entities need to access and use available data. Once sufficient data is collected to build comprehensive shipper profiles, this information can segment risks according to shipper. Established trusted and low-risk partners will be able to bypass rigorous and labor-intensive security measures and transport goods more efficiently allowing scarce resources to be focused on goods and entities that are high-risk. Regional harmonization, with the support of data standardization and analysis can help expedite the legitimate flow of goods across the border and allow security resources to focus efforts where issues are more likely to occur.



Source: Deloitte Risk Sensing Tool  
For illustrative purposes only

### Conclusion

The global trade market is growing rapidly, and the Latin American market has an opportunity to capitalize on this growth. By specifically structuring its supply chain strategy according to the three-phased methodology of risk management, sensing, and protection, air cargo stakeholders can work together to thread supply chain efforts through exchanges between government and commercial entities across borders to facilitate safe and secure movement of goods.

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