



# SUPPLY CHAIN SECURITY

## Mexico and the Border

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## Agenda



- Supply Chain Security
- Regional Risks
- Border Cities
- CTPAT/FAST/Volume
- Best Practices
- Conclusion



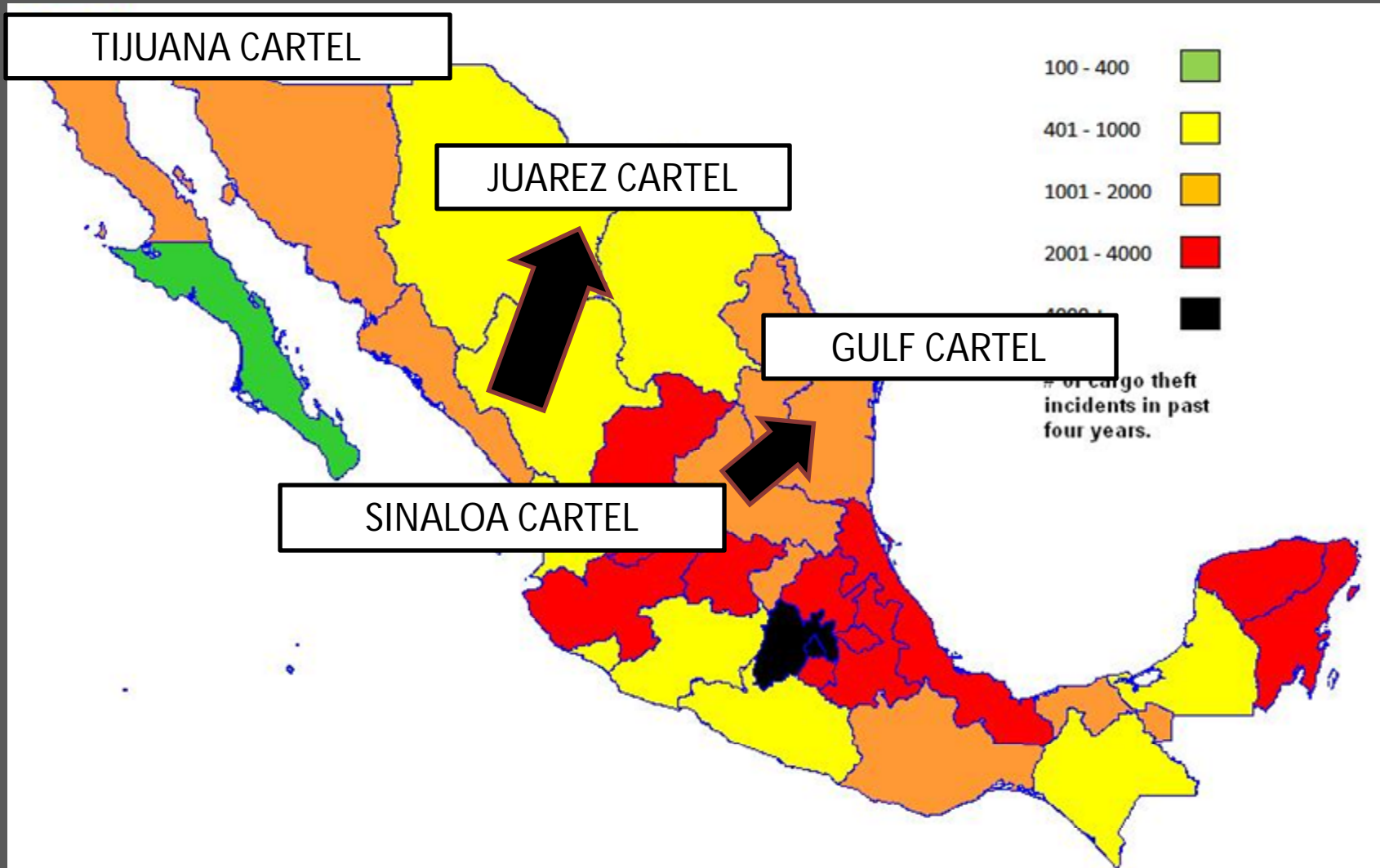
## Introduction



- **Cartel control of the border:**
  - Mexican drug cartels operate some level of control over ports of entry between the two countries, in order to efficiently transport drugs into the United States.
- **Corruption on both sides of the border:**
  - Due to the enormous amount of money involved in the drug industry, cartel members been able to successfully bribe police and government officials in Mexico in order to operate effectively.
- **US Senate panel to examine violence on border:**
  - Announced Feb 26, the panel will examine increasing violence along the border and implications for safety and terrorism



# DRUG WAR !





## Introduction



- **Violence crossing the border:** There are now indications that the trends of violence associated with organized crime in Mexico have entered the southwestern United States. A list of such illicit activities common in Mexico includes the following:

1. Drug trafficking
2. Cargo theft
3. Extortion
4. Kidnapping gangs
5. Government and police corruption
6. Money laundering
7. Weapons trafficking
8. Human trafficking
9. Firefights in the streets
10. Gun and grenade attacks on government installations
11. Targeted killings of police and government officials





## Risk to Corporate Security



- Cartel violence
  - Cross fire
  - Use of supply chain for illicit purposes
- Corruption
- Employee collusion
- Border crossing delays
- Cargo theft
  - Does occur on the border, but not to extent seen in Mexico's interior
  - Checkpoints deter cargo theft on the border from being brought south



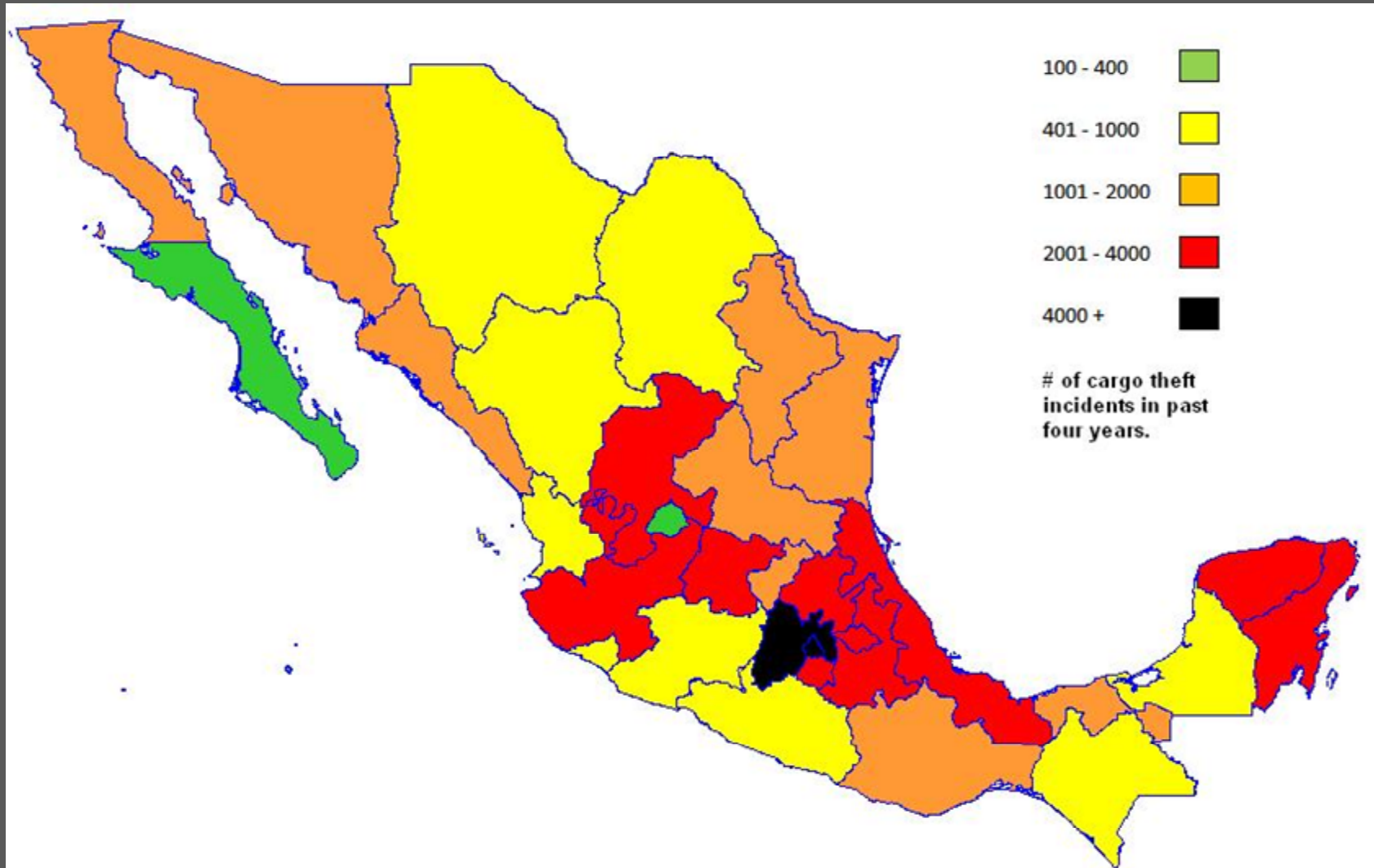
## Risk to Corporate Security



- Extreme violence along the border
  - Juarez recorded over 1,680 killings in 2008
  - Nuevo Laredo saw similar numbers until the Gulf Cartel won the turf war
- Supply chain used for illicit activity
  - Trailers and inter-modal containers often used for drug and weapons smuggling
  - Occurs without the shippers knowledge
- Loss of CTPAT/FAST certifications (121
  - 49 drug related)



# Cargo Theft Risk: Mexico



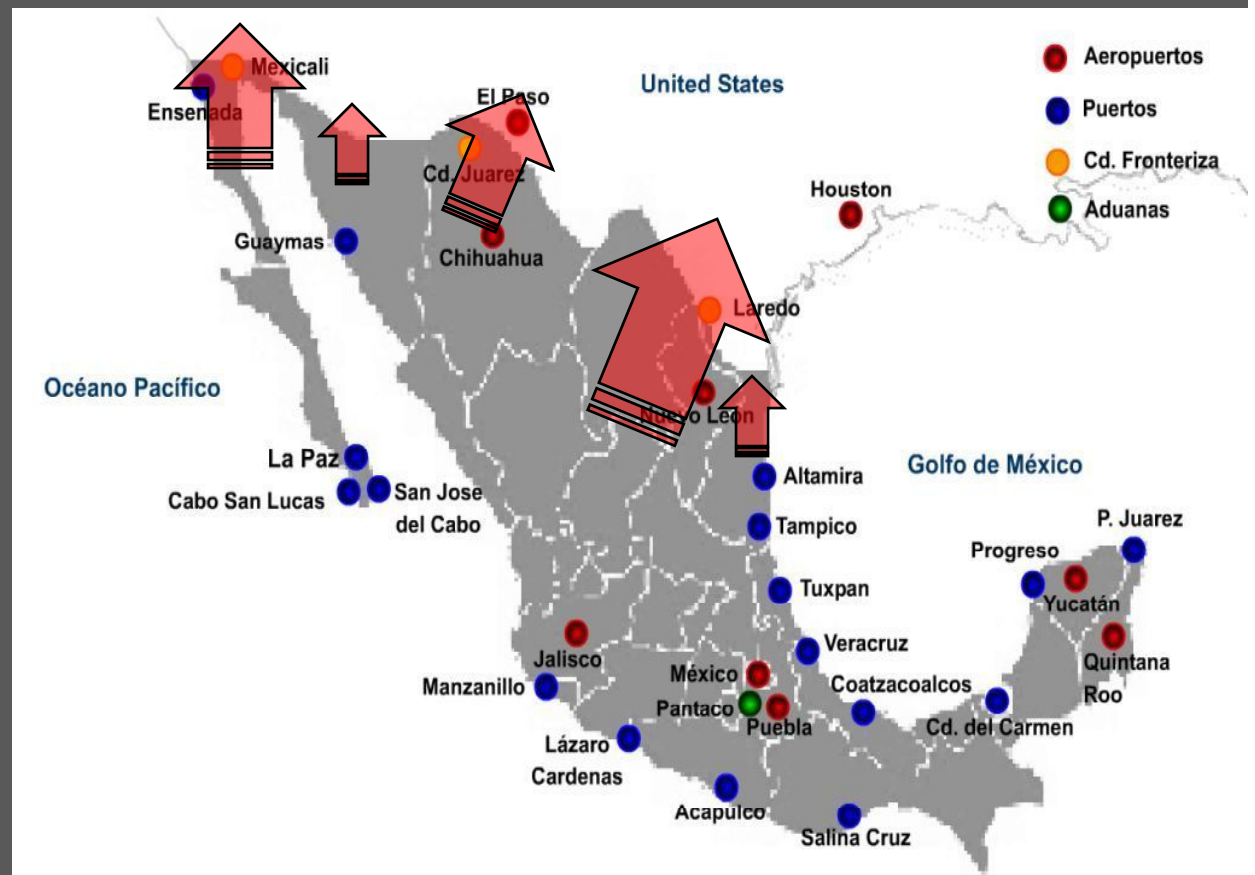




# Major Ports of Entry



- Tijuana/Otay/Mexicali
  - 25% of Volume
  - Maquiladoras
- Nogales
  - Maquiladoras
- Ciudad Juarez
  - 20% of Volume
  - Maquiladoras
- Nuevo Laredo
  - 40% of Volume
  - Most from interior maquiladoras
- Rio Grande
  - Maquiladoras





## Juarez – El Paso, Texas



- Juarez is steeped in cartel violence as Juarez and Sinaloa cartels fight for control
- Until one emerges, violence levels will remain high
- Cartels use kidnapping and extortion to control police





## Juarez – El Paso, Texas



- February 25, 2009: an unexploded bomb discovered outside of Juarez Airport
- Directly across the street from Foxconn facility





## Chihuahua State



- Nov 22, armed gunmen opened fire on a motorcade transporting the state Governor
  - One bodyguard was killed, and two were injured along with one of the gunmen
- Feb 20, Police Chief stepped down after two police were murdered, and a note was issued stating more would be murdered daily until he resigned



Chihuahua has become the country's most violent state, with over 160 murders in February alone





## Reynosa – McAllen, Texas



- Reynosa - Three hour firefight resulted in five soldiers and five gunmen dead, Feb 17
- Across the border from McAllen, Texas
- Reports stated gunmen had assault rifles, grenades and RPGs
- Gunfights becoming common on border





# Mexican Customs Border Delays



- With the increase in drug smuggling, Mexican Customs is stepping up interdiction by randomly searching more loads before they cross into the US
- This then exposes high value loads when offloaded
- Unlike US customs, Mexican Customs Yards are not very well secured and are very susceptible to surveillance

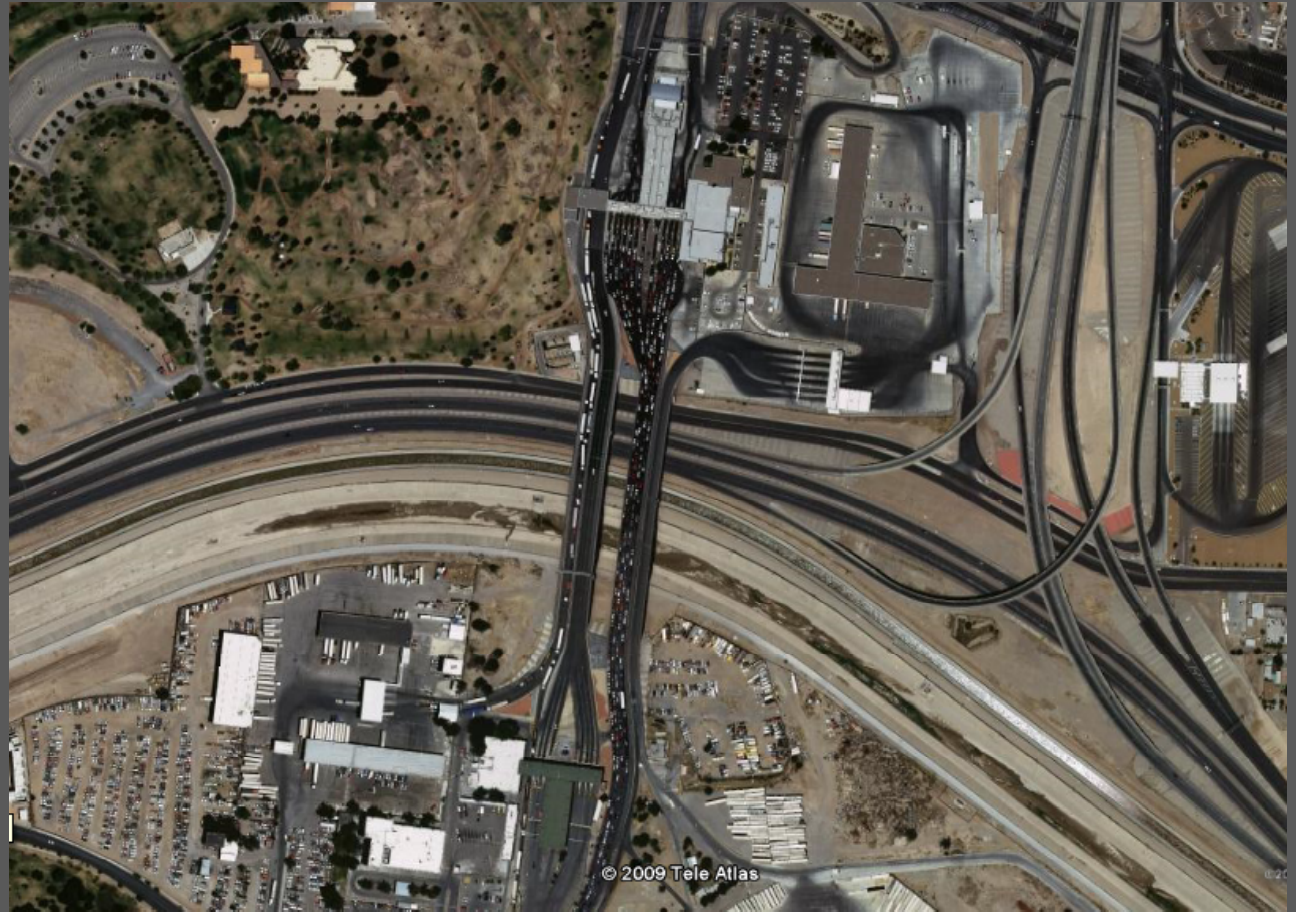




# Juarez Cordova Border Crossing



- One of four crossings between Juarez and El Paso





WHY?



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