



# DEPARTMENT OF TRANSPORTATION

# NEWS

## OFFICE OF THE SECRETARY WASHINGTON, D.C. 20590

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Phone: (202) 426-4321

Secretary of Transportation Claude S. Brinegar said today that work is underway in the Department's Office of Transportation Security to develop a Cargo Security Advisory Standard to aid the transportation industry in strengthening its defenses against cargo theft.

Transportation Department figures derived from an analysis of truck and air carrier losses in 1972 indicate that lost, strayed, or stolen cargo would amount to more than \$900 million in direct and indirect costs to carriers, shippers and consignees that year. The analysis (figures in millions) shows:

<u>Hijacking or Robbery Losses</u>	<u>Other Known Theft</u>	<u>Shortage Theft</u>	<u>Other Losses</u>	<u>Total Losses</u>
Truck: 12.7	45.4	365.8	476.1	900.0
Air: .1	1.0	10.5	9.2	20.8

The amount of shortage theft versus known theft highlights a key fact: Industry cannot solve the major portion of its theft problem until it knows what is missing, when it is missing, from where it is missing, and who is probably responsible. The DOT Cargo Security Advisory Standard is expected to provide for the first time guidelines and recommendations for safeguarding shipments from point of origin to final destination by close freight accountability at all enroute and transfer points.

Shortage theft is a large drain on potential industry profits. A DOT study (DOT P 5200.4, Increased Profits Through Freight Claim Reduction) has shown that the elimination of each dollar in claims adjustment can add as much as 50 cents to profits. In addition, shortage theft claims are a continuing nuisance to both consumers and industry because they frequently take much longer to settle because of the absence of specific facts. The lack of pertinent details -- where, when, and how much -- hampers police investigation, with the result that very little lost cargo is recovered.

To date, the Office of Transportation Security has prepared Advisory Standards on Seal Accountability and Procedures, and High Value Commodity Storage. The Standards are not mandatory but are an authoritative aid to all parts of the transportation system, including shippers, consignees, and carriers in the prevention of theft and pilferage of cargo.

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