

PIRACY - IT IS GETTING WORSE - A LOT WORSE

IUA Market Briefing

28TH NOVEMBER 2011
Captain John L. David

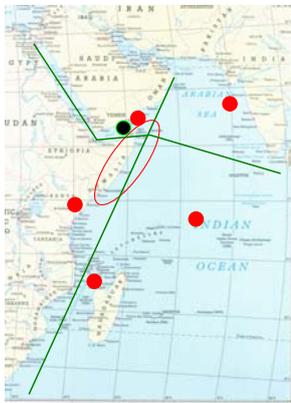
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OVERVIEW

- ▶ Complex + deeply frustrating problem
- ▶ ICS: "...control of Indian Ocean been ceded to pirates.."
- ▶ Pirates: East Africa: West Africa + Asian
- ▶ Somalia: The numbers
- ▶ Somalia: Progress?
- ▶ Somalia: Current pirate practices
- ▶ Somalia: Victims
- ▶ Piracy: The rest of the world
- ▶ **None of them should be called pirates**

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LAST YEAR, WITH TWO OF THESE



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SOMALIA: THE NUMBERS 2011

- ▶ Attacks up, (surge), but successes down
 - ▶ 2010: Attacks 126, versus 35 successes (28% success rate)
 - ▶ 2011: Attacks **199**, versus 24 successes (12% success rate)
 - ▶ 1 in 1,000 chance of being hijacked (23,000 +7,000 transits?)
- ▶ Average ransoms: \$6-7 million
- ▶ Average hostage period; over 6 months
- ▶ Currently: 242 Hostages held + 10 ships
- ▶ (Plus Mrs Tebbutt; 3 Mine clearance men; 2 Aid Workers)

- ▶ **62 dead; murdered; died, or committed suicide whilst in pirate captivity in last 10 years (8 killed this year)**

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SOMALIA: THE POSITIVES

- ▶ Navies on top of GoA; but are victims of their own success – piracy has spread across Indian Ocean
- ▶ K+R Cover is working/making ships do the right thing
 - ▶ Condition Precedents: Armed Guards; Razor wire; etc.
- ▶ BMP4: now 80% compliance
- ▶ Longer hijack periods (+ higher ransoms = "Positive"???)
 - ▶ Higher daily pirate costs; wages; food; fuel; logistics
 - ▶ "Experienced" pirate gangs tied up longer, so not back out plying their trade for 6 months
 - ▶ Investing in a pirate gang not so profitable
 - ▶ The "Robin Hood" model wearing thin

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AN ATTACK SKIFF



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CITADELS

- ▶ Master's equivalent of hiding under the duvet
 - ▶ Driven by desperation + fear
 - ▶ Too late, the baddie is already in bedroom
 - ▶ "Where's my Daddy?" + "Has he gone yet?"
 - ▶ Force you out in an hour
 - ▶ "I never did like him"
- ▶ Pirates are learning how to breach

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ARMED GUARDS

- ▶ ICS: like "putting a band-aid on gaping wound"
- ▶ A precedent for ship's to defend themselves? No need Navy?
- ▶ Foreign vigilantes/mercenary culture: on sovereign territory
- ▶ Who is in charge? Master SOLAS V: 34-1 – crew are "nervous"
- ▶ **Must** be regulated + Ex-Marines (sea sick!)
- ▶ Need to communicate with warships
- ▶ About \$50,000, for 4 men, for 10 days
- ▶ (2 seamen cost about \$10,000 for 365 days!!)
- ▶ Not enough armed guards to go around
- ▶ Armed guards working (for now)
- ▶ BUT: Pirates think guards will not really shoot to kill
- ▶ Evolving arms race with increasingly desperate pirates
- ▶ **Without doubt, pirates will fire back** (US Warship example)

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A TRULY, TRULY, BRAVE MAN



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CAPTAIN SEOG

- › IMO Award for Exceptional Bravery at Sea 2011
- › Korean Master of "SAMHO JEWELLRY"
- › Vessel taken by pirates January 2011
- › He steered courses heading away from Somalia
- › He sabotaged his own ship + machinery
- › His arms + legs were brutally fractured
- › Communicated secretly of situation on board
- › Allowed Korean Military to get to him and rescue vessel
- › 8 pirates killed + 5 were captured
- › He was shot twice in abdomen in revenge

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A FEW LEGAL ISSUES

- › A pirate with AK47, is like an u/w with Porsche
- › 1,000 pirates in jail, more in the legal system
- › Ship's crews reluctant/unable to testify
- › In UK you CAN pay ransoms
- › GA is a piracy event
 - › "An act necessary for the common safety of ship + cargo"
- › GA: Is Hobyo a Port of Refuge?
- › Who pays when vessel sent around 'Cape?
- › And the big one: Armed Guards + their liabilities

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A SIGN OF THE TIMES?

- ▶ "ASPHALT VENTURE", 1991 built, worth \$6m?
- ▶ Cargo 3,500 mt of bitumen? Heated?
- ▶ After almost 7 months, \$3.5 million ransom paid
- ▶ Hire say \$10,000 per day? = \$2 million lost hire
- ▶ Only 8 crew were released with vessel
- ▶ 7 Indians taken ashore – now in their 13th month
- ▶ Who will pay for their release?

- ▶ After 15 months pirates released a fishing vessel + 13 crew – but 5 died of malnutrition first

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A SIGN OF THE TIMES II?

- ▶ "LIQUID VELVET": A small chemical tanker
- ▶ Taken in previously well protected IRTC corridor
- ▶ Single skiff with "6" (or "8"?) pirates
- ▶ 22 crew, including 1 (unarmed?) security man
- ▶ Pirates breached the citadel
- ▶ Taken by Mr. "Aw-kombe" (of 15 Acacia Ave..)
- ▶ What will the crew and their families be doing for Xmas? For Easter?

- ▶ You Tube: "ICEBERG" + "OLIP P" – the poor sods

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WEST AFRICA 2011

- ▶ \$ for \$, FAR more lucrative than Somalia
- ▶ 19 attacks with 8 successes (42% vs Somalia's 12%)
- ▶ "Cash + cargo" piracy
- ▶ Mainly oil cargoes + miles off-shore
- ▶ Very sophisticated, well planned operations:
 - ▶ Detailed intelligence
 - ▶ Well organised trans-shipment vessels
 - ▶ Yokohama fenders and support teams
 - ▶ Considerable seamanship + tanker skills – trans-ship twice?
 - ▶ Forged documents
 - ▶ Available market
- ▶ 3-10 day operation, plus rob the cash and crew

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TO DO LIST?

- ▶ Military: "No ship is completely safe"
- ▶ The world **has** to stop piracy
- ▶ Only 2 ways to stop it
- ▶ Take the party to Somalia?
 - ▶ Somali Piracy Laws + Courts
 - ▶ We know who the pirates and organisers are
 - ▶ Take their craft on the beaches
 - ▶ Deprive them of assets (mother ships)
 - ▶ Support local leaders
- ▶ More crew on ships
- ▶ Increase presence of World's Navies (17? +85)

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TITHE?

- ▶ Piracy costs the world \$7 to \$12 billion p.a.
- ▶ A tithe; 1/10 transit tax
- ▶ Loathe to call it "iPirate"
- ▶ 30,000 transiting vessels, p.a. in Indian Ocean
- ▶ Say the tithe is "only" \$5,000 per vessel = \$150 million
- ▶ 10 Pirate towns? - potentially \$15m p.a. each
- ▶ Give each of the town elders \$0.5m per month
- ▶ End of year pay the promised balance, but deduct TWICE the amount of any ransom paid
- ▶ To be collected by P+I Clubs or H+M u/w's
- ▶ Backed up with land "visits" - carrot + stick

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QUESTIONS?

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