

Alumni Perspectives

Cost-effective Maritime Security Cooperation

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Executive Summary

From the mid-1990s to 2000s, piracy and armed robbery directed at ships was concentrated in East Asia, particularly in the waters of the South China Sea and the Straits of Malacca. Between 2006 and 2007, just when the amount of Southeast Asian incidents had begun to wane, the number of reports relating to Somali piracy began to rise dramatically. To manage this shift, several nations took both military and non-military initiatives under the UN mandate. These initiatives have had an additive effect in making collective counterpiracy efforts a success. In the wake of this success, the overall cost of these initiatives decreased. In 2013, the estimated cost of counterpiracy activities was \$999 million, down 8.4 percent from the 2012 estimate of \$1.09 billion. The slight decrease is largely due to a gradual drawdown of forces from the major multinational missions of the European Union Naval Force (EU NAVFOR) Operation Atalanta, the North Atlantic Treaty Organization (NATO) Operation Ocean Shield, and the Combined Maritime Forces (CMF) Combined Task Force 151 (CTF 151). These reductions can be contrasted with the slight increase in the presence of independently deployed naval forces. While the sharp decline in Somali piracy throws into question the level of deployment of naval forces needed in the region, it should not be cause for a complete withdrawal. If the conditions that first allowed piracy to take root in Somalia remain, a prudent pirate need only wait for warships to go home and the shippers to let down their guard before returning to terrorizing the sea. In order to maintain permanent effective control over the sea in this region, all maritime players should cooperate in a systematic way to achieve this objective in a suitable cost-effective manner.

Introduction

From medieval to modern times, mankind has relied primarily on trade to improve its living. The quest to explore the oceans not only led to discovery of new homelands but also paved the way for trade. Today, the world is considered to be a global village. All nations are intimately linked with each other based on their numerous mutual interests, of which trade is the most significant. Trade is not only an economic necessity; it also assures monetary stability worldwide.

Since the sea is the most cost-effective conduit for trade, today, 90 percent of world trade is routed through the oceans. In the modern era, the world economy runs on oil found mostly in the Gulf region. Europeans and nations of the Americas are dependent on Sea Lines of Communication (SLOCs) lying across the Gulf of Aden (GoA). Given that the

demand for fuel is increasing every day, the number of oil tankers at sea has risen exponentially. Consequently, this major commercial thoroughfare of the world has also become a hot bed for miscreants to accrue illegitimate benefits.

From the mid-1990s to 2000s, piracy and armed robbery directed at ships was concentrated in the Far East, particularly the waters of the South China Sea and the Straits of Malacca. Between 2006 and 2007, just when the amount of Southeast Asian incidents had begun to wane, the number of reports relating to Somali piracy began to rise dramatically. Somali piracy was initially perceived to be a desperate and opportunistic response to poverty by Somali fishermen whose livelihood was threatened.

However, statistics indicate that piracy would soon become a highly organized and sophisticated business. Throughout 2011, when piracy was at its peak, 31 ransoms, valued at \$160 million, were paid to Somali pirates. This marked an average of approximately \$5 million per ship. Within this time frame, piracy off the coast of Somalia increased to such levels that it was considered a form of transnational organized crime, complete with established procedures and a successful business model supported by well-organized and well-funded backing.

This evolution and the response from the international community demonstrated that no single nation can independently counter transnational maritime crimes. Piracy, combined with human and drug trafficking, seriously affects all nations. Therefore, collective efforts of nations and international organizations are essential to countering these threats.

Counter Piracy Operations

Piracy has an exorbitant economic and human cost. Thus, in order to manage the situation under UN mandate, several nations have taken both military and non-military initiatives.¹ These activities have had an additive effect in making collective counter piracy efforts a success. Salient non-military efforts include:

1. **Best Management Practices (BMPs):** BMPs constitute a mixture of proactive and reactive actions undertaken by merchant ships to counter piracy. These practices are strictly adhered to by merchant ships when transiting through high risk areas. Among BMPs are:
 - Installation of physical barriers on ship hulls, such as barbed wire, fire hoses, etc.;
 - Transit at higher speed, including manoeuvring;
 - Registration with Maritime Security Centre Horn of Africa (MSC HOA) and United Kingdom Marine Trade Operations (UKMTO).
2. **Embarked Security Team (EST):** An EST consists of armed guards carried by merchant ships transiting through high risk areas. An EST does not have a standard

¹ UN Security Council resolutions 1816, 1838, 1846, 1851, 1879, 1981, 1950, 1976, 2015 and 2020, accessed April 17, 2015, http://www.un.org/depts/los/piracy/piracy_documents.htm.

complement, but rather the number of personnel depends upon size of ship, type of cargo, and demand of the hiring company.

3. **Maritime Security Centre-Horn of Africa (MSC HOA):** MSC HOA is an EU NAVFOR initiative. This organization is the EU NAVFOR link to the non-military merchant community. MSC HOA remains in contact with this community through an internet chat room known as Mercury. Merchant and naval ships operating in a high risk area keep Mercury chat available throughout their tour. It is a prime venue for exchanging piracy-related information. MSC HOA is also a main hub for convoy coordination in the Internationally Recommended Transit Corridor (IRTC) in the Gulf of Aden and promulgates what is known as a vulnerable shipping list. These information sources help naval ships build situational awareness in the operating area.
4. **United Kingdom Marine Trade Operations (UKMTO):** UKMTO was created in 2001 as part of the United Kingdom's response to the 9/11 attacks. It served the principal purpose of providing information and a point of contact with industry on security issues in the region. Since April 2007, UKMTO has moved its focus towards counter piracy and Maritime Security Operations (MSO) and is now the primary point of contact for merchant vessels in the event of pirate attacks.

Non-military efforts alone cannot handle the piracy menace. Therefore, to apprehend, arrest, destroy, and deter piracy, the following military forces are already operating in the Somali region:

1. **Combined Task Force 151 (CTF 151):** CTF 151 is an initiative of the Combined Maritime Forces set up in 2009 to counter piracy in its area of responsibility (AOR). All 30 CMF countries, except Japan, Malaysia, and Gulf countries, are part of CTF 151. The CTF 151 command is mostly afloat with an average force of two to four ships. The following countries are among the most active participants:
 - United States
 - United Kingdom
 - Australia
 - Singapore
 - South Korea
 - Thailand
 - New Zealand
 - Pakistan
 - Denmark
 - Holland
 - Turkey
2. **Combined Task Force 508 (CTF 508):** CTF 508 is a NATO initiative with its headquarters in Northwood, England. CTF 508 is vested with the responsibility of handling piracy in its AOR, which is the same as that of the CMF. At all times, the Standing NATO Maritime Group One (SNMG1) remains in the area with a counterpiracy mandate. Generally, two to four ships are deployed in CTF 508. The NATO mandate also

includes destruction of all piracy paraphernalia. Therefore, they maintain an aggressive posture as compared to the CMF. CTF 508 has a greater focus in IRTC and near the western coast of Somalia. Due to the non-availability of air assets, CTF 508 is dependent on air reconnaissance conducted by CTF 465 from EU NAVFOR and CMF.

3. **Combined Task Force 465 (CTF 465):** CTF 465 is the naval force of the European Union with its headquarters also in Northwood, England. EU NAVFOR was established under a UN mandate to escort World Food Programme (WFP) ships transiting near the Somali Coast. Over time, EU NAVFOR, apart from supporting WFP ships, has become the most capable and resource-intensive counter piracy force off the coast of Somalia. EU NAVFOR generally has four to six ships in the area with air elements stationed at Djibouti and Seychelles. Apart from these air and sea assets, EU NAVFOR maintains a high level of intelligence networks on land in Somalia. As a result, they are able to generate good surveillance efforts on land, which is vital for successful counter piracy operations. CTF 465 also has a mandate to fly its air assets over the Somali mainland.
4. **Independent Deployment:** In addition to these forces, many other countries also maintain their presence in the IRTC, under their national mandates, to safeguard their interests. These countries only operate in the IRTC and conduct convoy escorting. South Korea, as a part of CMF and CTF 151, occasionally provides its ships deployed in IRTC for patrolling under CTF 151. Those nations involved in independent deployment include:
 - South Korea (also part of CMF)
 - Japan (also part of CMF)
 - Malaysia
 - India
 - Russia
 - China
 - Iran

Cost of Counter Piracy

In order to safeguard SLOCs and ensure a safe navigation environment at sea, the international community has mobilized to combat the surge of piracy off the Horn of Africa. Over 40 countries are involved in military counter piracy operations. The UN Monitoring Group on Somalia was established by a UN Security Council resolution in 2003 to document violations of the arms embargo.² Its mandate has since expanded to include piracy monitoring. Similarly, the Contact Group on Piracy off the Coast of Somalia (CGPCS) was established in 2009, pursuant to UN Resolution 1851, to facilitate cooperation between 60 countries and 20 international organizations working to prevent piracy.

Several other institutional, national, and regional initiatives, such as the Djibouti Code of Conduct, the Regional Anti-Piracy Prosecutions & Intelligence Coordination Centre (RAPPICC), and the Indian Ocean Commission Anti-Piracy Partnership Program, complement the international mobilization. As per statistics through 2012, approximately

² Do, Quy-Toan. "THE PIRATES of SOMALIA: Ending the Threat, Rebuilding a Nation," Washington D.C., The World Bank, Regional Vice-Presidency for Africa, 2013, 1.

3,741 crewmembers of 125 different nationalities fell prey to pirates with detention periods as long as 1,178 days.³ Reportedly, roughly 90 seafarers died either during the attacks, in detention following poor treatment, or during rescue operations.

Apart from human tragedy, Somali piracy has also imposed significant global costs, particularly on neighboring economies. Increased insurance premiums, expenditures for on-board security measures, and rerouting or cancellation of shipments have resulted in an estimated \$18 billion yearly loss to the world economy.⁴

The most significant and perhaps surprising development for Somali piracy in 2013 was the decrease in the number of attacks on ships. Following the lowest number of reported attacks by Somali pirates since 2004, some observers in the international maritime and counterpiracy community have begun to contemplate the idea that Somali piracy has largely come to an end.

Operation Atalanta and Operation Ocean Shield have been extended until the end of 2016. Yet, as the economic cost assessments for 2013 have shown, it appears that some countries are beginning to cautiously withdraw their naval vessels from counter piracy operations. As a result, the overall percentage of vessels employing armed guards and the size of privately contracted armed security personnel (PCASP) teams are steadily decreasing. The economic costs of avoiding piracy off East Africa, rerouting and increased speeds in particular, have decreased substantially. This suggests a concomitant atrophy in vessel-hardening measures as the perceived threat of piracy decreases. In broader terms, we can evaluate cost of piracy in following categories:

- Military operations
- Security equipment and guards
- Rerouting with increased speed
- Labor
- Prosecution and imprisonment
- Insurance
- Counterpiracy organizations

When each of these categories is broken down by cost, they reveal the following total expenditures on Somali piracy in 2013⁵:

Military operations	\$998,586,838
Security equipment and guards	\$1,177,302,507
Rerouting with increased Speed	\$276,154,781
Labor	\$462,134,710
Prosecutions and imprisonments	\$12,187,694
Insurance	\$185,703,266

³ Ibid, p. xxii – xxiii.

⁴ Teo Kermeliotis, “Somali pirates cost global economy ‘\$18 billion a year,’” *CNN*, April 12, 2013, accessed on April 19, 2015, <http://www.cnn.com/2013/04/12/business/piracy-economy-world-bank/>.

⁵ Oceans Beyond Piracy, “The State of Maritime Piracy 2013,” accessed on April 19, 2015, <http://oceansbeyondpiracy.org/sites/default/files/attachments/SoP2013-Digital.pdf>, 9.

Counter piracy organizations	\$44,708,922
Total	\$3,156,778,718

This analysis reveals that the total cost of piracy, as of 2013, was reduced to half of that in 2012, when the cost of Somali piracy alone was estimated at up to \$6.1 billion. If we closely evaluate the above statistics, we will see that military expenditure is the dominant factor in total cost of countering piracy. These expenditures are arguably unsustainable in an era of reduced piracy and military budget cuts across the alliance.

There now appears to be a diminished need for naval forces to provide a robust response and disruption capability, given that pirates are launching fewer attacks and the majority of vulnerable vessels now carry armed guards. As contributing states must bear the costs of their own operations, they are understandably hesitant to deploy naval assets when they no longer seem as necessary.

Another important factor in the lack of sustainability of current naval operations is their inability to address many of the factors contributing to piracy, including poverty, lack of opportunity, as well as weak political, security and judicial institutions within Somalia. These issues combined with historically low levels of maritime security capacity across the region have contributed to the persistence of this threat, even as it has begun to diminish. According to a recent World Bank assessment, the only channel of impact that naval operations have on the piracy business model is in decreasing the probability of success and increasing the probability of capture.

Given that piracy's financiers and political enablers remain untouched and captured pirates are easily replaceable, naval operations represent a sizable shock to the piracy enterprise, but are not sufficient to drive it completely out of business. It is pertinent to mention here that in 2012, international donors spent \$24 million on capacity building projects in Somalia while expending over \$1 billion on naval operations. An end state for counter piracy operations would require authorities within Somalia and the wider region to suppress crime without relying on international naval intervention.

A Viable Economic Option

Beyond suppressing piracy, counter piracy operations in the maritime domain have increased situational awareness among nations in the strategic Indian Ocean region. They have also improved relations among a number of intra- and extra-regional states. Most importantly, they have provided a practical forum for cooperation and interoperability with a host of new security partners. Operationally, better intelligence has led to more effective counter piracy operations.

Despite its shortcomings, the global response mounted against Somali piracy has displayed an unparalleled level of international cooperation. The primary vehicle for this is the CGPCS, which provides a forum for 62 nations and 21 international organizations to coordinate efforts through five working groups pertaining to:

- Military coordination and regional maritime capacity development
- Legal issues of piracy
- Self-protection for commercial shipping

- Public communications
- Disruption of pirate financial networks

The collaborative response of the international community against piracy has shown success. However, the possibility of reemergence of pirates with new or advanced attack techniques cannot be ruled out. At this stage, all naval forces of coalition partners and those engaged in independent deployment are well-rehearsed and experienced to respond to any piracy attack.

Therefore, the combined efforts of all these stakeholders can further reduce the cost of counterpiracy operations without compromising the security challenges in their respective maritime domain. Much of the coordination required to accomplish this can be credited to the efforts of the CGPCS, the Shared Awareness and Deconfliction (SHADE) coordination mechanism for navies, and industry efforts to coordinate ship self-defense through agreed best management practices.

Ongoing Challenges

As the international community gradually moves to the end of the fight against Somali piracy, sustaining this success implies widening the perspective and focus on the broader spectrum of maritime security challenges. Some of the critical challenges are:

- Poverty, lack of opportunity, weak political, security and judicial institutions within Somalia, as well as low levels of maritime security capacity across the region;
- Establishment of a safe and sustainable environment for merchant vessels and seafarers in the Red Sea, the Gulf of Aden, the Arabian Sea, and the Indian Ocean;
- Conflicting interests of major maritime powers in the region — the United States, China and India — hindering the establishment of a joint maritime security organization⁶;
- Growing amount of West African piracy⁷.

There is no doubt that the problem of Somali piracy can only be fully addressed by long-term measures to reinstate political, social and economic stability in Somalia. In terms of immediate relief, however, the multinational naval force assembled off the Somali coast has been and continues to be of vital importance. Enhanced cooperation can lead to defining well-articulated options that can be helpful in addressing this issue in the most cost-effective manner on a permanent basis. The following options are valid in this regard:

- Focused approach by the international community under UN supervision to address the land-based root causes of piracy in Somalia;
- Capacity building of regional navies to safeguard their respective maritime interests in an effective manner;

⁶ P. K. Ghosh, “Transnational Maritime Threats and Challenges,” in *Maritime Security in the Indo-Pacific: Perspective from China, India and the United States*, edited by Mohan Malik. Lanham, Md: Rowan & Littlefield Publishers, 2014, 163-168.

⁷ Ibid, p.54

- Establishment of a single joint task force in the region for effective and economically sustained presence in the region to counter piracy and other criminal activities in the maritime domain.

Conclusion

Efforts contributed by the international community against piracy — both military and non-military — have produced satisfactory results in the Somali region. Due to the decreased number of piracy incidents, naval forces are likely to reduce the number of patrolling ships in this area. However, at the same time, the growing number of piracy attempts within the western African region should be a point of serious concern. The present deployment methodology adopted by multiple task forces and independent deployments can be synchronized into a single joint force under a centralized command and control architecture. This approach will not only lead towards enhanced maritime security efforts in a wider region, but will also be cost-effective for all stakeholders. It will provide a great opportunity to build collaboration and cooperation for ensuring a peaceful navigation environment for all seafarers.

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