



# IDSS COMMENTARIES (52/2005)

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## **Malacca Straits: A High-Risk Zone?**

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4 August 2005

FOREIGN ministers of the three littoral states of Indonesia, Malaysia and Singapore met on Monday 1<sup>st</sup> August to discuss maritime safety and security in the Malacca Straits. They concluded their talks with a stronger commitment to addressing the issue of maritime security comprehensively, including the threats of piracy, armed robbery and terrorism. The meeting marked a recognition by the littoral states that much remains to be done in terms of improving the safety and security of the Malacca Straits, particularly concerning the problem of piracy.

However, the ministers hit back at the recent decision by Lloyd's Joint War Committee to declare the Malacca Straits an area that is in jeopardy of 'war, strikes, terrorism and related perils'. The ministers expressed their regret at the Committee's decision, which was taken without consultation with the littoral states and failed to take into account their existing efforts to deal with the threats to safety and security in the Straits. In a joint statement the ministers urged the Committee to "review its risk assessment accordingly".

The decision to add the Straits of Malacca to the Committee's list of high-risk areas was taken following recommendations by the private defence consultants, Aegis, who are said to have carried out risk assessments on the area. Others on the list are countries such as Iraq, Somalia and Lebanon. Although the Committee has a purely advisory role, the result of this declaration could be dramatically higher insurance costs for the 60,000 ships that transit the Straits on an annual basis.

While piracy in the Straits of Malacca has been taking place on a regular basis for the last decade, it is thought that the conclusions of the Aegis Report focused heavily on a number of worrying new trends which have emerged recently.

### **New Trends**

Despite measures introduced by the littoral states to curb the growing problem of piracy, the region has witnessed a massive rise in the number of kidnap-for-ransom cases taking place in the Straits. This tactic had previously been the reserve of terrorist groups like the Abu Sayyaf Group, which operates in and around the islands of the Philippines. In what is an alarming development, it now seems that pirate groups themselves have adopted this tactic. What is more worrying is that the demands for ransom being made by the pirates are in most cases met by the employers of those kidnapped in order to secure their release. Although this kind of response is likely to encourage the pirates to continue carrying out this type of attack, there seems little alternative at present.

In a typical operation of this kind the attackers perform an armed takeover of a vessel, followed by the abduction of two or three senior crew members who are held ashore pending negotiations. The result is often the release of the kidnapped crew members following the payment of a ransom by the crew's employers. Many of these attacks are likely to go unreported to the authorities as ship owners either want to avoid a backlash from the industry for giving into the demands of the pirates or they fear reprisal from their attackers.

Ransoms demanded for the release of crew members can range from US\$100,000 to US\$200,000. However, the sum of money eventually paid to the attackers following negotiations is usually substantially lower, somewhere in the region of US\$10,000 to US\$20,000. According to reports around one million dollars was paid out in total last year by shipping companies to kidnapers demanding ransoms.

Piracy has become more violent in the last few years and this has been reflected in the rising numbers of fatalities being reported. According to reports pirates can be armed with weapons ranging from knives to rocket launchers, AK47 and M16 rifles. Attackers are also showing greater sophistication and organization; for example, a number of attacks have taken place whereby a group of pirate boats intercept a vessel, forcing it to stop.

### **The Private Solution**

In the light of the apparent failure of the littoral states to guarantee security in this important international waterway, ship owners are increasingly looking elsewhere for ways to enhance their security. One solution that has rapidly gained popularity in recent months is the employment of private security companies who are offering armed escort services through the Straits. For between US\$10,000 and US\$100,000 a shipping company can have armed Gurkhas, escort vessels and helicopter scouts securing its passage through the Straits.

Despite assurances that the escorts merely act as a deterrent to potential attackers, the possibility of their deployment has provoked a strong response from the littoral states. Both Indonesia and Malaysia have declared that these companies should not provide armed escorts through their waters. Malaysia even announced plans to detain ships with private armed escorts. Subsequently, however the Malaysian defence minister stated that while armed escorts would not be able to operate within Malaysia's territorial waters, they would be allowed to pass through Malaysia's stretch of the Malacca Straits, provided that their passage is continuous and expeditious.

According to legal experts, international law is unclear regarding the legality of the escorts through the Straits and despite objections from Malaysia and Indonesia, many companies have continued to offer their escort services.

One problem with the rising numbers of private security companies that are providing their services in the region's waterways is that they are currently unregulated. While there is some effort amongst the more well-established of these companies to self-regulate, this is only in its early stages. This lack of regulation could have serious implications for the safety of shipping in the region.

## **Signs of Progress in State Cooperation**

Pressured by recent developments, it now seems that the littoral states are increasingly willing to cooperate on improving maritime security in the Straits. At the meeting on Monday, in what was a significant development, the ministers of Indonesia and Malaysia indicated their respective countries' preparedness to cooperate with an Information Sharing Centre which is to be established in Singapore. The establishment of the Centre, which was set out in the Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia, had been stalled due to disputes between the littoral states.

The chiefs of defence forces from Singapore, Indonesia and Malaysia at a meeting in Kuala Lumpur on Tuesday 2<sup>nd</sup> August also agreed to start coordinated air patrols over the Straits by September. It was hoped that the 'Eyes in the Sky' plan would show the international community that the littoral states are serious about securing the Strait. However, there was acknowledgement that the three nations have insufficient aircraft for the mission and would therefore welcome contributions by governments outside the region, in terms of planes and other equipment. This request for outside contributions echoes earlier calls from the littoral states that major users of the region's waterways must accept a greater responsibility for enhancing maritime security.

While these latest meetings represent a significant step in the right direction, if the problem of piracy in Southeast Asia is to be completely resolved, long-term solutions need to be found which address the root causes of piracy, which include poor socio-economic conditions.

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