



# IDSS COMMENTARIES (49/2005)

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## **Malacca Straits Security: A Private Affair?**

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FOREIGN ministers of the three littoral states of Indonesia, Malaysia and Singapore on Monday (August 1) began a two-day meeting on Batam island, Indonesia to discuss maritime security, amid piracy in the Straits of Malacca showing little sign of abating. Not surprisingly, piracy was a key issue on the agenda as the ministers discussed the broader challenge of ensuring the safety of the Straits.

Piracy in the strategic waterway is continuing to take place on a regular basis. Although there was a brief respite in the two months following the devastating tsunami last year, piracy in the Straits has now returned to its previously high levels.

At the top of the ministers' agenda therefore were measures to enhance anti-piracy cooperation, not only between the littoral states but also with other key stakeholders. The discussions also covered strengthening the exchange of information, the other user states in the Straits and the role of the International Maritime Organization. This meeting marked a recognition by the littoral states that much remains to be done to improve the safety and security of the Malacca Straits, particularly concerning the problem of piracy.

### **New trends**

It has become increasingly clear that disturbing new trends have emerged despite measures introduced by the littoral states to curb the growing problem. 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 an alarming development, it now seems that pirate groups themselves have adopted this tactic. What is more worrying is that the demands for ransom 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 the 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 kidnappers demanding ransoms.

### **Private security escorts**

In the light of the apparent failure of the littoral states to guarantee security in this important international waterway, ship owners have increasingly been 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, they have provoked a strong response from the littoral states. Both Indonesia and Malaysia declared that these companies should not provide armed escorts through their waters. Malaysia even announced plans to detain ships with private armed escorts, although this tough stance was subsequently softened. The Malaysian deputy premier and defence minister Najib Tun Razak 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. 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 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.

A development, which will only add to an already complicated situation is the declaration by Lloyd's Market Association's Joint War Committee that the Malacca Straits is an area that is in jeopardy of 'war, strikes, terrorism and related perils'. Others on the list are countries such as Iraq, Somalia and Lebanon. The decision was based on recommendations from the private defence consultants, Aegis, who are said to have carried out risk assessments on the area. The result of this declaration could be dramatically higher insurance costs for the 60,000 ships that transit the Straits on an annual basis.

### **Sluggish cooperation?**

Among the measures that the three littoral countries have introduced to curb piracy are the trilateral coordinated patrol launched by the navies of Indonesia, Singapore and Malaysia last year and the creation of the Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia, which will establish an information and intelligence sharing centre in Singapore. These notwithstanding, security in the Straits of Malacca seems to be gradually slipping out of the hands of the littoral states. Ship owners are negotiating directly

with pirates for the safe return of their crew, without informing the authorities and turning to private security companies to guarantee their safety. Is the security of the Straits becoming a private affair?

A glance at the progress being made by the regional states to establish the information sharing centre in Singapore helps to shed some light on the reasons why ship owners are looking elsewhere for security solutions. Despite the decision to set up the centre in Singapore as opposed to elsewhere, progress has been excruciatingly slow. Disputes amongst the participating states have meant that the Agreement has only been signed by four out of the ten states needed before the centre can be set up. Concerns over maintaining sovereignty, resource constraints and differing political and security priorities have meant that cooperation amongst the region's states, when it comes to enhancing maritime security, has been sluggish and to some extent superficial.

Although the full details of the Batam talks this week have yet to be released, the meeting may represent an increasing willingness by the littoral states to move forward with the implementation of the Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia and the establishment of the information centre.

Until significant progress is made to improve maritime security in the Straits by the states concerned, kidnappings of crew members and sea robbery will continue. As long as this situation remains, alternative private solutions will be seen by the industry as one of the only options for ensuring the security of shipping in the Malacca Straits.

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