

**U.S. Maritime Administration
Administrator David T. Matsuda
Remarks to Working Group 3 of the
United Nations-Sponsored Contact Group on Piracy off the Coast of Somalia
February 28, 2011**

Thank you for being here today and taking part in this important initiative.

As you all know, last week we saw the tragic and senseless murder of four U.S. citizens aboard the SV QUEST at the hands of pirates. This devastating attack brought the looming crisis of piracy sharply into focus for many Americans and many others around the world.

We mourn the loss of our countrymen.

This was just the latest in a series of escalating incidents. It is why, two years ago, The Contact Group and Working Group 3 were established. The objective remains clear—to ensure that ship operators and crew members can conduct business and do their jobs without the constant threat of theft, kidnapping, violence, and even death.

The economic significance of our work cannot be overstated. International trade is fundamental for the U.S. and all of our global partners. We also share a common commitment to provide humanitarian aid to those countries in need. Both of these efforts require seas that are safe from piracy.

We continue to address this problem cooperatively and with seriousness of purpose. Yet it is lost on no one in this room that the scourge of piracy remains despite the substantial resources brought to bear by many of the world's navies. We're seeing an uptick in the number of attempted attacks, ships seized and crews held. The International Maritime Bureau reports that more than 1000 seafarers were taken hostage in 2010 - more than any other year on record. As 2010 ended, more than 800 seafarers were still being held aboard captured vessels. The magnitude of ransoms paid has also sharply increased, from an average of \$150,000 five years ago to \$5.4 million last year.

Moreover, recent reports indicate that pirates have shifted to using barbaric torture practices and have executed at least one crew member. And, the geographic scope of pirate activity has measurably increased in 2010 -- south to Mozambique and east to the Indian Ocean close to the shores of India itself.

It is clear more must be done to achieve our objectives—paid ransoms continue to fuel this threat. The industry's Best Management Practices are a good start. The document is a product of excellent multinational industry collaboration. And we're committed to updating it frequently to reflect changing conditions and the need for new responses to the ever-changing threat. But at the end of the day, if they aren't being implemented, these written standards are only as good as the paper they are written on.

It is clear that following these standards is effective in reducing the risk of a successful pirate attack. That benefits everybody- from the operators, to the insurers, to the crews and their families. But we know there are companies not adhering to the Best Management Practices. So we need to step up efforts to disseminate these best practices widely and find ways to encourage more wide-spread compliance.

One way to help improve compliance is to make it worth the operators' bottom line. Maritime Administration staff has been working with our colleagues in the U.S. Coast Guard to engage with representatives of the marine insurance industry, both in the UK and US. We are pleased with what we have heard so far.

It is clear that the marine insurance industry endorses the Best Management Practices and agrees that they serve to prevent and deter acts of piracy. Marine insurers share the goal of maximizing compliance by ship owners and operators, reducing their risk of costly payouts associated with a successful pirate attack. Some are aiding this cause by offering rebates based on a lack of pirate attacks. But marine insurance is a highly competitive industry, so these actions might be seen as harming an insurer's own competitiveness.

Insurance industry leaders can play an enhanced role here by formulating a standard insurance rate reduction to companies who incorporate basic Best Management Practices. This will help encourage more ship owners and operators to take these practices seriously. For example, actions such as reporting to anti-piracy operations centers—including the UK Maritime Trade Operations (UKMTO) and Maritime Security Centre – Horn of Africa (MSCHOA)—are simple to do and easy to verify.

A standard rate reduction would provide a significant financial incentive to shipowners and would have a corresponding positive impact on anti-piracy efforts. I am pleased to note that we have at least one insurance representative in attendance today and we look forward to any insight you can share.

As always, we look not only to establish greater acceptance of anti-piracy practices that work, but to find new ideas as well. As today's meeting of Working Group 3 progresses, I hope you'll share your ideas for other measures that can be taken to gain more widespread compliance with Best Management Practices.

Another step we've taken at the U.S. Maritime Administration is to fund an anti-piracy training video. Working with our partners at the Ship Operations Cooperative Program, this video is now available, and we seek your help in getting it translated into languages (other than English) which the world's mariners use.

A third project we are carrying out with the Government of the Philippines involves anti-piracy training and post-incident debriefing with experts at the U.S. Merchant Marine Academy at Kings Point, New York; our state maritime academies; and our union-operated training institutions.

We continue to work with some of your countries on bilateral anti-piracy cooperation where it makes sense. There are other steps we can and should take as well. We must continue to ask if the parties most affected by piracy - carriers, insurers, labor, and governments - can do more to reverse the increase of successful pirate attacks.

I am encouraged by our continued dialogue and efforts to combat piracy. The work being done here is critical to our global economy, to the safety of our mariners, and now almost anyone who takes to the high seas.

We are here today because piracy impacts each of us. I know we will continue to work to make a difference.