



**UNITED STATE CONGRESS
HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**

HEARING ON INTERNATIONAL PIRACY ON THE HIGH SEAS

**TESTIMONY OF
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February 4, 2009

Good afternoon, I am Dr Peter Swift, Managing Director of the International Association of Independent Tanker Owners (INTERTANKO) which represents about 80% of the world's independent tanker owners.

I would like to thank you for inviting me to testify before this Sub-committee on this very important issue affecting the maritime industry.

INTERTANKO has been the voice of independent tanker owners since 1970, ensuring that the oil that keeps the world turning is shipped safely, responsibly and competitively. INTERTANKO has a vision of a professional, efficient and respected industry that is dedicated to achieving safe transport, cleaner seas and free competition. Its members are based in over 45 countries and own and operate more than 3000 oil and chemical tank ships. The Association and its members are committed to continuous improvement and to cooperation with all the appropriate stakeholders in the oil and chemical shipping community. (For further information please see www.intertanko.com)

Last year, the Wall Street Journal reported "The surge of piracy in the Gulf of Aden has turned it into one of the most dangerous passages in the world." I could not agree more. Unfortunately, the problem has expanded beyond the Gulf of Aden to more than 450 miles of the coast of Somalia, Kenya and Tanzania. These unlawful acts must be stopped as soon as possible.

The passage through the Gulf of Aden is strategically vital for the delivery of the world's supply of oil, gas and chemicals; with the Energy Information Administration (EIA), US Department of Energy, long recognising the Bab el-Mandab passage as one of the principal "choke points" for world oil and energy supply.

Unlike in other parts of the world* where pirates usually board a ship with the intention to rob the crew and the ship of any valuables, the main intent of the pirates operating off the coast of Somalia is to hijack the ship and demand large sums of ransom money for the release of the crew and the ship. Before I go any further, I want to unequivocally assure you all that our main concern, first and foremost, is the safety and welfare of our seafarers, both at sea and in port. Concern for the security of our ships and their cargo is secondary.

The International Maritime Bureau (IMB) reports that in 2008 there were more than 111 reported piracy attempts in this area, with 42 ships hijacked during the year and more than 800 seafarers taken hostage. It has been reported that in 2008 the pirates have received nearly \$50 million in ransom payments. The modus operandi has been that typically 10-15 ships are held at any one time pending the negotiations over the ransom payment which may extend over a period of several weeks. The number of ships held at one time appears to be a factor in the frequency of the attacks on transiting ships, as are the local weather conditions. It is noteworthy that following the recent release of several ships, and despite relatively adverse wind and sea conditions during January this year, the IMB has reported that 3 vessels have been hijacked in the past month

The consequences of this unlawful action on the high seas, which threatens to continue for some time to come, include substantial increases in insurance premia as well as manning costs, with seafarers' pay often doubling or even with the refusal of some seafarers to sail on ships transiting this region. In addition, a number of companies have made the conscious decision to have their ships avoid the area entirely and to re-route them around the Cape of Good Hope thus often incurring large time and cost penalties - in some cases more than two weeks and many hundreds of thousands of dollars on each voyage. The ultimate consequences of this defensive action are increased transportation costs of goods around the world - costs that ultimately are paid for by the consumer - something definitely unwelcome in today's economic and financial times.

This growing threat to global commerce has been widely known within the maritime industry for a long time and actively reported within the maritime press on a regular basis, but for the most part it had gone unnoticed by the mainstream press and the general public. It was not until the pirates took the Belize flag cargo ship *MV Faina*, carrying tanks, weapons and ammunition in September 2008 and then the Saudi Arabian-owned tanker, *MV Sirius Star*, carrying more than 2 million barrels of crude oil heading for the United States in November 2008, that this serious problem was finally brought to the attention of the general public through the international press and worldwide news media - and perhaps also through the increased involvement of the United States.

With the leadership of the Secretary General of the United Nations' International Maritime Organization (IMO), Mr. Efthimios Mitropoulos, and with the assistance of the United States, the United Nations Security Council has addressed piracy off the coast of Somalia through the adoption of UN Security Council Resolution 1816 (June 2008) and more recently, Resolutions 1838 (October 2008), 1846 (December 2008) and 1851 (December 2008). We, within the maritime industry, very much appreciate these positive steps by the UN Security Council and were very pleased to see the establishment of the United Nations' Contact Group on Somali Piracy which is being led by the United States. All of these efforts have been helpful, but more needs to be done to end this damaging criminal activity.

In addressing what necessary measures need to be taken, let me start out by saying that I firmly believe that the establishment of law and order on the high seas is an issue for governments and not one that industry can solve on its own. That said, we recognise that the shipping industry has a part to play in this matter. I firmly believe that, in addressing this problem, there is a shared responsibility between the industry and governments.

From the industry perspective, the international shipping industry played a major role in the development of the most recent version of the International Maritime Organization (IMO) Guidance to Shipowners, Ship Operators, Ship Masters and Crew on Preventing and Suppressing Acts of Piracy and Armed Robbery Against Ships. This guidance was adopted unanimously by the IMO Maritime Safety Committee as an MSC Circular in May 2002. The recent developments off the coast of Somalia have prompted the IMO Maritime Safety Committee to initiate a review and update of this MSC Circular and, as in the past, the international shipping industry is working closely with the IMO member states to improve these guidelines based upon practical on-the-spot experience.

More recently, at the request of the U.S. Maritime Administration, INTERTANKO took the lead in coordinating a wide variety of international shipping and industry associations in preparing a list of Best Management Practices to assist ships in avoiding and deterring piracy attacks, and in delaying attacks, that may nevertheless still be successful, in the Gulf of Aden and other waters near the Horn of Africa. These Best Practices were developed as input to the UN Contact Group's first meeting which took place last month. We were very pleased to see that this United Nations meeting acknowledged the efforts of the industry including the development of the Best Practices guidance. In particular, the communiqué "...applauds the work of the maritime industry...to establish self-defence standards for commercial vessels transiting the region. International maritime industry groups have taken efforts to address the piracy threat. Of note is the adoption by the world's leading shipping, cargo, and insurance organisations of a set of common best practices..." I can assure you that the maritime industry is committed to working with the governments to solve this very serious problem and will continue to improve its practices to avoid piracy acts based upon experience gained.

While the industry is doing its best to advise its ships how best to avoid, deter and delay piracy attacks, it is the industry view that governments must take the appropriate action to eliminate pirates from the region. In this regard, I believe that there are five main governmental functions that must be addressed and enhanced to solve the problem. These include:

1. Providing and maintaining sufficient assets, both naval and aviation, in the area;
2. Establishing a coordinated approach;
3. Ensuring single, or at least compatible, rules of engagement;
4. Developing the necessary legal authorities to prosecute pirates when captured; and
5. Developing a long term solution to the Somalia problem on land.

All five of these functions are clearly addressed in the UN resolutions and in some of these areas action is currently being taken by governments. However, there needs to be a firm commitment by all governments to address all of the issues to ensure a long term, lasting solution to this piracy problem. I would like to briefly touch upon each of these areas.

1. Up until recently, I believe that there was a general consensus within the maritime industry that there were woefully inadequate naval assets in the region to properly solve this problem. Over the past few months, this situation has changed. Russia, Malaysia, India, China and the Republic of Korea have committed military resources to the region, and will soon be followed by Japan, to join those of the United States, the United Kingdom, France and other European states which were already in the region. In addition, the Combined Maritime Force (CMF) operating in this region of the world has just recently established Combined Task Force (CTF) 151 to focus specifically on piracy off the coast of Somalia while the European Union, in November 2008, established an EU Naval Force (EUNAVFOR) and operation "Atalanta". We hope that these increases in assets and operations in the region will continue to be effective. This will, however, largely depend on continued support by all governments.

2. Now that there are more assets in the region, coordinated action amongst governments needs to remain the focus. From a ship operator's perspective, it is important that position reporting and communications are streamlined. On position reporting, I wish to record that recent experience with Gulf of Aden transits has demonstrated the value of operators registering their vessels' movements with EUNAVFOR Atalanta, through the coordinating Maritime Security Centre – Horn of Africa (MSCHOA) web site, and reporting (regularly but not excessively) ship's position, course and speed to a voluntary reporting system, such as UKMTO Dubai or MARLO Bahrain. On communications, it is important that appropriate communication mechanisms are in place to ensure that information received by the contact point will be passed without delay to all of the appropriate military headquarters and deployed units. As a result of this activity, coordination and communication among the multinational naval units, as well as with commercial shipping, is improving and its effectiveness is increasing

3. While more governments are sending assets to the area, which is indeed a positive step, each government's navy has its own national rules of engagement when confronting the pirates. Some are allowed to engage upon arrival on the scene, while others cannot unless they are attacked. I am optimistic that the establishment of CTF151 and EUNAVFOR will improve the situation but I believe that there needs to be as much consistency as possible, hopefully along the lines of engaging upon arrival of the scene

4. A further major concern has been that after any capture of pirates, the governments concerned have lacked the national legal authorities to prosecute them. Whilst there are now several bilateral agreements in place to progress the prosecution of arrested pirates (for example the UK and USA with Kenya), there must be more willingness by governments to accept and prosecute pirates who have been arrested.

I am therefore pleased to note that, at the recent high-level meeting convened by the IMO in Djibouti with the states of the Western Indian Ocean, Gulf of Aden and Red Sea, this was addressed. The Code of Conduct, which was adopted and became effective on January 29, confirms that each signatory intends to review its national legislation with a view to setting in place laws to criminalize piracy and armed robbery against ships, and adequate guidelines for the exercise of jurisdiction, conduct of investigations, and prosecution of alleged offenders.

5. Of course the long term solution to ending piracy off the coast of Somalia is the establishment of a stable national government able to put an end to the lawless behaviour

of pirates that operate out of Somalia. I fully recognise that this is the desire and objective of all governments and fully understand that this will take time.

INTERTANKO as an association and our industry partners are working hard and cooperating fully to ensure that our respective ship-owning members are taking all necessary precautions to avoid and deter piracy attacks and are cooperating and reporting fully with the military forces and reporting centres in the region. Our respective Guidance notes on Best Practice are widely distributed, backed by regular communications and updates. We are also committed to extending these to the several - perhaps as many as 30% of – other ships which transit the Gulf of Aden or Somali waters, and which are not routinely appraised of relevant facts, the risks involved and the measures that ships can take to avoid, deter or delay piracy attacks.

Currently the principal industry associations are studying the mechanisms available to them which will assist routine updating of advice and guidance to **all** ships and shipmasters on best practices, lessons learned, etc.

One of several reasons for our focus on those ships outside of the large net of well informed, and responsible operators, is the recognition that while there exist relatively “soft” targets, the potential rewards for pirates remain great and **all** shipping remains vulnerable to piracy attacks. Hence the industry representatives are strengthening their combined efforts to heighten awareness and to provide topical guidance on best practices. Without doubt any successful attack on any target provides encouragement to those perpetrating these maritime crimes and raises the risk level for all shipping.

In closing, I would like to reiterate the total commitment of the maritime industry to take the best practical steps to avoid piracy attacks and to cooperate fully with the governments operating in the region. We, the shipping industry, welcome and appreciate wholeheartedly the recent efforts that have been taken by governments to address this very serious problem, but we believe that these efforts need to be sustained as well as fully coordinated until this problem is eliminated.

I hope these comments are helpful to your Sub-committee's deliberations. Thank you again for the opportunity to participate in this hearing.

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* Other areas of concern remain:

- the continuing high level of attacks, involving armed robberies (including regrettably several killings) and kidnappings in and adjacent to the Gulf of Guinea, in particular in the Niger Delta
- the Malacca Straits, where, in large part as a result of increased cooperation between the littoral states, there has been a continuing downward trend in the number of attacks, which have usually involved the theft of valuables from the crew and ship, and
- the seas in and around Brazil, where the majority of the attacks are also primarily focused on theft and robbery.

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