

**DEPARTMENT OF TRANSPORTATION**  
**MARITIME ADMINISTRATION**  
**STATEMENT OF ACTING DEPUTY ADMINISTRATOR**  
**JAMES CAPONITI**  
**BEFORE THE**  
**SUB-COMMITTEE ON COAST GUARD AND MARITIME TRANSPORTATION**  
**OF THE**  
**COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE**  
**UNITED STATES HOUSE OF REPRESENTATIVES**  
**ON**  
**INTERNATIONAL PIRACY**  
**FEBRUARY 4, 2009**

Good afternoon, Mr. Chairman and Members of the Sub-committee. I am pleased to have the opportunity to appear before you today to discuss the serious threat stemming from maritime piracy. Throughout 2008, the global piracy situation grew substantially worse— particularly in the Gulf of Aden off the Coast of Somalia. The impact of piracy has been very significant. Acts of piracy threaten freedom of navigation and the flow of commerce. Off the Horn of Africa, piracy disrupts the flow of critical humanitarian supplies. Pirates frequently demand millions of dollars in ransom for the release of hostages, ships and cargoes. The Washington Post recently reported that pirates made an estimated \$30 million hijacking ships for ransom last year. In 2008, 42 vessels were seized by pirates operating off the Coast of Somalia. Globally, 889 mariners were held hostage (815 in Somalia) as part of ransom demands. The International

Maritime Bureau (IMB) reports that in 2008, globally, 11 mariners were murdered by pirates and another 21 are missing and presumed dead. Particularly, the IMB also reports that, off the Horn of Africa, four mariners were killed and 14 are missing and presumed dead.

The vessels most vulnerable to piracy are those traveling slowly and with low freeboard – that is to say, there is not much height between the water and the deck level. At any given time during the past six months, close to a dozen or more vessels and their crews have been held hostage off the Somali coast. Currently, ten commercial ships are being held for ransom by pirates in Somalia, along with approximately two hundred crewmembers. Just last Thursday, the LONGCHAMP, a German tanker, was captured in the Gulf of Aden – the third ship to be taken this month in what is one of the world's busiest shipping lanes. The ship is registered in the Bahamas. Its crew includes 12 Filipinos and one Indonesian. One reason for the success of seajackings and ransom taking is that the government in Somalia is ineffective and this has enabled pirates to operate with relative impunity. Further, there have been press reports opining that some local officials are on the pirates' payroll.

The Gulf of Aden, which links the Mediterranean Sea and the Suez Canal with the Indian Ocean, is one of the busiest shipping choke points in the world. An average of 50 commercial vessels transit the Gulf daily. Many of these vessels are potential targets. More than 3.3 million barrels of oil pass through

the Gulf of Aden every day. This represents 4% of the world's total daily production and 12% of all the oil transported by water daily around the world by sea. In addition, numerous other cargoes and container freight pass through the Gulf daily.

Approximately 80% of the vessels transiting the Gulf of Aden carry cargo destined to and from Europe, East Africa, South Asia, and the Far East. However, a significant portion of cargoes is also destined to and from the United States. In addition, U.S. citizens serve as crew or are passengers on internationally registered vessels transiting the area.

On average, at least one U.S. commercial vessel transits the area each day. Many of these US-flag vessels carry Department of Defense cargo bound for Operations Iraqi and Enduring Freedom. U.S.-flag vessels transiting the region also carry humanitarian cargoes generated by U.S. AID or international organizations to the Horn of Africa, including Djibouti, Somalia and other countries in East Africa or South Asia.

As mentioned, seajackings off the Horn of Africa significantly increased in 2008, with more than 100 attacks and 40 successful seajackings. Although only one-third of one percent of all the vessels transiting the Gulf of Aden are seajacked, the cost and disruption to the flow of commerce overall is significant. There is also a serious risk of an environmental disaster should a vessel be

damaged or sunk during a hostile attack. Press reports indicate that numerous merchant mariners have been killed or are presumed dead and that hundreds more have been traumatized by being attacked and held hostage.

Ship owners and operators are also negatively impacted by rising daily operating costs due to increased insurance premiums and operational delays caused by longer transit times or diversions to avoid the area. In many cases, there are additional costs related to the higher wages which must be paid to crew transiting the higher risk area. Both the shipper and the consumer are ultimately impacted due to these higher operating costs and the delays in the supply chain. This is particularly true where vessels are diverted around the Cape of Good Hope in an effort to avoid the Gulf of Aden altogether, which also increases fuel consumption and the carbon footprint of marine transportation. Higher shipping costs also raise the costs of commodities for local populations. The Horn of Africa is currently experiencing its most severe food security crisis since the early 1990s.

The United States has been a leader in international action to combat the current piracy crisis. Historically, it has been our Nation's long-standing policy to support freedom of the seas. In July 2008, the United States took a leadership role in the United Nations against piracy. This resulted in United Nations (UN) Security Council Resolution 1816 which authorized countries cooperating with the Transitional Federal Government of Somalia, for which advance notification

has been provided to the Secretary-General to take all necessary means within existing international law to repress piracy and armed robbery in Somali Territorial waters. This was followed by additional Security Council resolutions 1838 and 1846 in the fall of 2008. In December 2008, the United States drafted UN Security Council Resolution 1851 which authorizes countries cooperating with the Transitional Federal Government (TFG) of Somalia to take all necessary means to repress piracy and armed robbery in Somalia. In effect, this allows states that have received the authorization of the TFG to use Somali territory and airspace to conduct counter-piracy operations ashore.

UN Security Council Resolution 1851, which authorized all necessary means at sea and in Somalia, also encouraged the establishment of an international cooperation mechanism -- known now as the UN Contact Group on Piracy off the Coast of Somalia (CGPCS). The CGPCS has 24 nations as members and five international organization observers (the UN, NATO, EU, AU and the IMO). In addition, invitations have been extended to four other nations and the Arab league. The Department of State represents the United States on the CGPCS. The CGPCS will facilitate the sharing of information, coordinate activities, and reach out to the shipping and insurance industries. The first meeting of the CGPCS took place January 14<sup>th</sup> at the United Nations in New York City.

The CGPCS established four working groups which will provide recommendations to the CGPCS. Working Group #1 will address activities

related to military and operational coordination and will be convened by the United Kingdom. Working Group #2 will address judicial aspects of piracy and will be convened by Denmark. The United States has the lead for Working Group #3, which focuses on shipping self-awareness and other capabilities. MARAD is leading efforts on this Working Group in close collaboration with the Coast Guard. Working Group #4 will endeavor to offer recommendations to improve diplomatic and public information efforts and will be convened by Egypt.

The UN Security Council resolutions called for greater cooperation between governments and industry to reduce the incidence of piracy. In January 2009, former-Secretary of State Rice stated that, "Once a hostage situation develops, the stakes in military operations increase. Consequently, an important part of counter-piracy efforts must be measured in enhancing self-defense capabilities of commercial vessels, increasing the odds of success against pirates until warships arrive." This sentiment still holds true.

Because of its specialized knowledge, such as operation of our mobility sealift vessels, and established relationships with U.S. and international shipping, maritime unions, and marine insurance communities, the Department of Transportation's Maritime Administration (MARAD) has considerable experience in dealing with a diverse maritime industry and is actively involved in the fight against piracy. MARAD is perhaps unique among government agencies with regard to its interest in piracy issues and its ability to assist. MARAD operates a

fleet of Ready Reserve Force (RRF) vessels which have transited the Gulf of Aden region in support of Operations Iraqi and Enduring Freedom (OIF). As OIF winds down, RRF vessels may play a significant role again in support of the demobilization of forces, exposing vessels and crews to threats from pirate attacks. Further, many vessels supported by MARAD's Maritime Security Program (MSP), which participate in the Voluntary Intermodal Sealift Agreement (VISA), transit the Gulf of Aden on a routine basis. Finally, MARAD has oversight over government cargoes transiting the region – particularly aid and military cargoes that are carried mainly aboard U.S.-flag commercial vessels transiting the Gulf. As an interface between U.S. maritime labor and the federal government, the Maritime Administration also has great interest in protecting the welfare of U.S. mariners who sail aboard vessels in the region.

MARAD also provides operational advice to U.S.-flag owners and operators, including counter-piracy measures and awareness, on a regular basis through MARAD Advisories and through a comprehensive and frequently updated website. We play a key role in the training of merchant mariners through the development of International Maritime Organization (IMO) maritime security courses and workforce development. Working with the U.S. Coast Guard and IMO, Vessel Security Officer, Company Security Officer, and Facility Security Officer courses were developed by the United States Merchant Marine Academy. MARAD continues to certify maritime security training providers who meet the

criteria established by the U.S. Coast Guard. To date, more than 50 training providers have been certified across the country.

In late December, the State Department asked MARAD to assist with the CGPCS Industry Outreach Working Group. To this end, MARAD continues to meet with industry to help shape best management practices to counter piracy and to share industry concerns with U.S. government agencies. Also in December, the National Security Council published an action plan, the National Strategy for “Countering Piracy off the Horn of Africa: Partnership & Action Plan” (CPAP). MARAD and the Department of Transportation were actively involved in developing this Plan, and MARAD posted the CPAP on its website for the benefit of industry.

MARAD also supports the Military Sealift Command’s proposal to create and implement “Anti-Piracy Assessment Teams.” These teams will consist of personnel from the Naval Criminal Investigative Service, the Federal Law Enforcement Training Center, and MARAD. On a voluntary basis, these teams will board U.S.-flag vessels and offer recommendations on how to improve a vessel’s physical defenses against piracy, and review tactics, techniques and procedures. The American industry has embraced this proposal, and we plan to share the process with the international community for similar implementation.



MARAD's continuing outreach to the maritime industry on the piracy issue has taken many forms. In addition to leading informal meetings and participating in international forums, MARAD has hosted several collaborative meetings with both the American and international maritime industry community. In October and November 2008, MARAD and the State Department sponsored meetings with representatives from the maritime industry to specifically discuss piracy in the Gulf of Aden. Participants included company security officers from major U.S. flag carriers, including American President Lines (APL), Horizon Lines, Maersk, Intermarine, Interamerican Ocean Shipping, American Roll On/Roll Off, Crowley, American Overseas Marine, and Ocean Shipholdings. Flag states with U.S.-owned vessels or with vessels serving strategic U.S. interests also participated, including representatives from Denmark, Marshall Islands, Liberia and Panama. The U.S. Navy's Maritime Liaison Office Bahrain and the United Kingdom's Maritime Transport Office were also included. Topics specifically addressed at these meetings were maneuvering and speed, illumination, communication, duress terminology, armed force protection, and self-defense devices which may be used to deter piracy.

At the request of the maritime industry, MARAD facilitated extensive discussions on piracy with the State Department, Federal Bureau of Investigation (FBI), Transportation Security Administration (TSA) and the United States Coast Guard (Coast Guard). In November 2008, MARAD participated in a public hearing hosted by the Coast Guard, focused on piracy initiatives being conducted

by the International Maritime Organization's Maritime Safety Committee (MSC). In December 2008, MARAD staff played an instrumental role in several other international planning events related to piracy. MARAD participated in the NATO Senior Civil Emergency Planning Committee meeting held in Brussels, Belgium, by the NATO Planning Board on Ocean Shipping. This Planning Board is chaired by MARAD.

On December 2, 2008, MARAD hosted a Piracy Round Table meeting to discuss industry "self-help" and best practices to counter piracy. This meeting brought U.S. government agencies together with the maritime industry to develop a mutual understanding of the problem and to develop best practices recommendations. Members of the industry included shipping associations, registries, carriers, marine insurance companies and representatives from the European Union. U.S. government representatives included personnel from the Coast Guard, State Department, Department of Defense, Office of Naval Intelligence, U.S. Agency for International Development, the National Security Council, and the Homeland Security Council. MARAD established an Anti-Piracy portal on the Agency's website, which is continuously updated. MARAD Advisories are posted on this site as are any recent developments and key contact information.

MARAD hosted an international maritime industry Piracy Summit on December 11, 2008, with representatives from more than 50 industry

associations, insurers, shipping companies, and labor to encourage them to further develop best management practices to combat piracy and to implement these strategies. Representatives from government included the Department of State (State Department), the Department of Homeland Security , Coast Guard, U.S. Transportation Command, Office of Naval Intelligence and Military Sealift Command.

In late December, MARAD joined the State Department for discussions in London between representatives of European Union navies and maritime trade associations. The purpose of these discussions was to further develop and implement best management practices and to improve communication between maritime companies and military forces in the Gulf of Aden region. MARAD continues to meet with industry to finalize best management practices and share industry concerns with government agencies.

In early 2009, MARAD intensified its efforts in the fight against piracy to further improve coordination between industry and the various navies participating in the Gulf of Aden, to provide voluntary assessments of security on U.S. vessels, and to further establish best management practices to prevent piracy. Additional industry meetings, UN meetings, meetings hosted by the Baltic International Maritime Council (BIMCO) and a counter-piracy meeting held in Dubai and hosted by the Maritime Liaison Office in Bahrain, have all pursued these objectives. Since maritime labor is such an important factor in pirate

attacks, and since mariners have been killed or held hostage as part of ransom demands, MARAD has included maritime labor in discussions and meetings, when feasible.

It is clear that combating international piracy is no small effort, evidenced by its long history. Much work has already taken place, but much remains to be done, before international piracy can be eliminated. Due to its unique and positive relationship with U.S.-flag and international vessel owners, MARAD has a vital role in the development of U.S. anti-piracy policy. Additionally, through its training role, MARAD provides a valuable service to the commercial fleet. Mr. Chairman, the Department of Transportation and the Maritime Administration stand ready to assist in any way possible to address piracy and any other issue that threatens the national and economic security of the United States and our allies.

I want to thank the members of this Subcommittee and Chairman Cummings for your leadership in holding this hearing today. I will be happy to answer any questions you might have.

##