



# Taming the pirates

*Armed guards, razor wire, secure citadels and more naval intervention have led to a fall in ships being successfully hijacked by Somali pirates, but ransom dealings are as complex as ever, reports Nigel Bance.*

**A** light aircraft chartered by Kenya-based KK Security is flying in low and slowly approaches the 22,835-tonne *MV Hoang Son Sun* (see photos). Extra wing tanks have been fitted and at the controls are two experienced pilots. Also onboard are two 'bagmen', the couriers used by KK Security who are responsible for the safe delivery of \$2.6mn, the ransom publicly declared later by the Vietnamese owners of the vessel.

Running the entire operation from his operational base in Haiphong, Vietnam, the kidnap negotiator is in direct communication with the master on the bridge. Armed pirates stand impassively on the decks. On one of the higher walkways, a pirate in a white shirt is seated with his back towards the aircraft; laptop open, he is probably in touch with his base onshore or even in contact with investors that could be located anywhere in the world, including London.

The order is given for the 23 Vietnamese crew members, apart from the master, to assemble on deck to join hands for the 'proof of life' count. Once details are confirmed with the negotiator, the couriers are given the instruction to drop the ransom money, all in unmarked \$100 bills and tightly

wrapped, by parachute into the sea. Once dropped, the bag is collected by skiff, taken onboard and counted by the pirates. The negotiator remains in contact throughout the well-honed procedure.

The *MV Hoang Son Sun*, which was carrying scrap metal, was hijacked by pirates on 19 January 2011, some 520 nautical miles south-east of the port of Muscat, Oman. It was then moored close to the Somali shoreline. The vessel was subsequently released on 20 September. Once ships are released, refuelling is often necessary and occasionally crews are changed. However, the *MV Hoang Son Sun* limped into Salalah, southern Oman, with half a tonne of fuel to spare. There had been no violence to the crew – a relief to the negotiator given the increasing level of hostility shown in recent months, in particular to Indian and Korean crews, which have been beaten up and held as barter for Somali pirates held captive by the respective authorities. There has also been a worrying new trend for pirate commanders to break their word to negotiators.

The first payment demand for the release of the *MV Hoang Son Sun* was in excess of \$5mn. It was rejected out of hand by the owners, who repeatedly

insisted they had no recourse to such funds. Eventually, a payment of \$2.6mn was agreed. However, over the next five weeks, that arrangement almost unravelled.

First, the US Office of Foreign Assets Control (Ofac) had to clear the ransom payment as the incident had flagged up as a 'terrorist act'. Second, the question of money laundering had to be addressed, as Vietnam is on the watch list for such activities. But it was the final hurdle that had the potential to scupper the deal altogether. The scrap metal cargo was Iranian-owned and as a number of major nations have recently imposed sanctions against Iran over its nuclear secrecy, this particular ransom transaction could be viewed as breaking sanctions agreements. Thankfully, the ransom negotiator in Haiphong, an expert in the safe release of crews and cargoes, overcame these difficulties and set in train the procedure for the ransom drop and subsequent release of the *MV Hoang Son Sun*. The pirates would later falsely claim \$4mn had been paid to secure the vessel's release and safe return of the crew.

## Counting the cost

Some piracy cases, such as the hijacking of the *MV Zirku*, a Kuwaiti-owned 105,000-tonne crude carrier on its way to Singapore from Bashayer in Sudan, can be settled in a shorter timescale. This vessel was taken on 28 March 2011 and released after 73 days. The ransom was expensive, but worth it as the cargo saved had a value of \$160mn – and there were no expensive refuelling costs on the release of the vessel. That wasn't the case for another oil tanker, the *MV Savina Caylyn*, which was released on 20 December 2011 after 11 months and a ransom of \$11.5mn. Refuelling was necessary and, before it could sail out of Somali waters, divers and engineers were needed to make essential repairs. This particular hijacking had been fraught with danger given the mainly Indian crew and the ransom having to be paid in two instalments.

Compass Risk Management\* estimates that an average payment of

**Some 23 crew onboard the *MV Hoang Son Sun* join hands on deck for a 'proof of life' count (left); the armed pirates are clearly visible to the pilots of the low flying aircraft bringing in the ransom drop (right)**

Source: Compass Risk Management and KK Security, with kind permission of Hoang Son Shipping Co, Vietnam

\$4.8mn was made for some 31 ransoms in 2011; however, that figure is skewed by the lower ransoms paid in the first half of the year. On a six-month moving average basis the more typical ransom was between \$5mn and \$6mn. But with fewer ships now being taken, the demands have risen for even modest sized vessels – for example, on 13 January this year, the 52,455-tonne *MV Fairchem Bogey*, carrying methanol, was released for \$7mn. The highest ransom paid to date was \$12.5mn in April 2011, for the release of the *SL Irene*, a 319,247-tonne supertanker laden with 2mn barrels of Kuwaiti crude destined for the US.

The same pirate groups are responsible for multiple hijackings, their members' names and faces known to the international crisis response firms. One group that hijacked a Greek-owned vessel released 15 months ago used that vessel as a 'mother ship' to take the *MV Ems River*, a German-owned general cargo carrier. Later, the same group overpowered the crew of the *MT Liquid Velvet* on 31 October 2011, as it transited the Suez for India. It appears that this chemical tanker was then used as a 'mother ship' for further attacks. The pirate group that took the *SL Irene* also took the bulk carrier *MV Rosalia D'Amato*, which was released seven months later on 27 November 2011.

### Onboard security

Taking onboard armed security during passage through Somali pirate-infested waters remains controversial, but this deterrent has certainly led to a reduction in hijackings. One large Russian shipping company confirmed that it uses four-man armed units from either Russian or British specialised firms. Once aboard, these units erect copious barriers of razor wire throughout the vessel, which overhang the decks and block stair wells. In the event of being chased or shot at by pirates, these security personnel will respond with sustained automatic fire. Other units are typically armed with hunting rifles, which are accurate, long range and big calibre so pirates definitely know that they are being shot at. A shotgun is also used for close-quarter firing. Such weapons are much less an issue than automatic assault weapons in terms of licences and legality. If armed guards are properly trained, says one negotiator, warning shots are sufficient and pirates will turn their attentions to unguarded vessels.

There are real issues, however, when the ship has to dock and all guns onboard have to be declared or yielded before entry. Many ports now prohibit

	2007–2011	2011
Bulk carriers	369	100
Containers	302	62
General cargo	226	35
<i>Oil, gas, product and chemical sectors*</i>		
Product and chemical tankers	372	100
Crude oil tankers	200	61
LPG tankers	29	6
LNG tankers	2	–
Bitumen tankers	6	1
Offshore supply vessels	4	1
Seismographic vessels	3	1
Diving vessels	–	1
Pipelayer crane vessels	1	1
Offshore processing ships	3	–
Rig/platform	3	–
<b>Total number, all types</b>	<b>1,850</b>	<b>439</b>
<i>of which – Somalia/ Gulf of Aden/ Red Sea</i>		
	681	136

Note: \*compiled from ICC data

**Table 1: The main pirate victims – types of vessels attacked worldwide**

any vessels docking with armed personnel onboard, so security firms such as Drum Cussac maintain patrolling craft in the Gulf of Aden, Indian Ocean and Arabian Sea. These craft are staffed by former British Royal Marines that will deliver and collect weapons, ensuring that local laws are not broken.

Unfortunately, the number of fatalities has been rising as pirates have become frustrated as crews are trained to immediately retreat into the ship citadels in the event of a hijack. These can be sealed from the inside, and are equipped with their own communications and supplies. Compass Risk Management notes that in 2011 there were 32 crew fatalities compared to 14 the previous year and eight the year before that. There were 74 fatalities during the period 2007 to 2011 and, according to Compass, 32 of these were killed when the pirates clashed with intervention by the international naval force. A further 23 crew died during captivity, while eight were executed by pirates after the initial hijacking. Rescue operations accounted for the deaths of seven more crew.

In total, some 45 ships were hijacked worldwide during 2011, according to the ICC (Commercial Crime Services) in London – 176 were boarded and there were 439 attacks, of which 20 took place

in and around the port of Cotonou, Benin. The Gulf of Guinea is now extremely dangerous, with many crude oil tankers attacked and many more incidents unreported. Some 802 crew were taken hostage in 2011 by Somali pirates.

Encouragingly, the number of successful hijackings conducted by Somali pirates is falling, down from 49 in 2010 to 28 in 2011, thanks primarily to more intervention action by the international naval force and the extra security measures on ships. However, that doesn't mean the Somali pirates have stopped trying, as attacks during 2011 rose to 237, up from 219 the previous year. In the last three months of 2011, naval actions disrupted 20 attempted hijackings in the region. Not all governments are prepared to prosecute those captured, including the UK which has yet to prosecute a pirate in British courts. A recent UK government report did state, however, that the Royal Navy had transferred 28 pirates to Kenyan and Seychelles jurisdiction since 2009. That said, it also reported 60 suspects held by boarding parties from April 2010 to November 2011 had been returned to their boats, ostensibly through lack of confirmed evidence of piracy.

Recent analysis illustrates how well entrenched piracy has become in the economy of Somalia. The United Nations Office on Drugs and Crime has estimated that 3,500 Somalis have become involved, of which 1,000 are currently held in custody in 20 countries, either in jail or awaiting trial. In a study by London-based Chatham House, satellite imagery confirms the improvement in national infrastructure, housing stock and vehicle numbers in Somali settlements compared to pre-piracy days, especially in Puntland. As a result, the political elites are unlikely to move decisively to end piracy, it notes.

However, while Puntland and piracy investors prospered, kidnap and ransom cost the shipping industry – which has vessels making in excess of 42,000 trips through the Gulf of Aden and the Indian Ocean each year – some \$6.9bn in 2011, of which \$2.7bn was expended on extra fuel as ships speeded up while transiting these waters. There have been recent signs that ship owners have toughened up their collective stance over ransom demands; but piracy investors have just increased their expectations in response. ●

\*Compass Risk Management was the risk adviser to the Hoang Son Shipping Company, and managed three ship hijacks in 2011.