
Private Maritime Security Companies in the Strait of Malacca

Are they here to stay ?



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Introduction

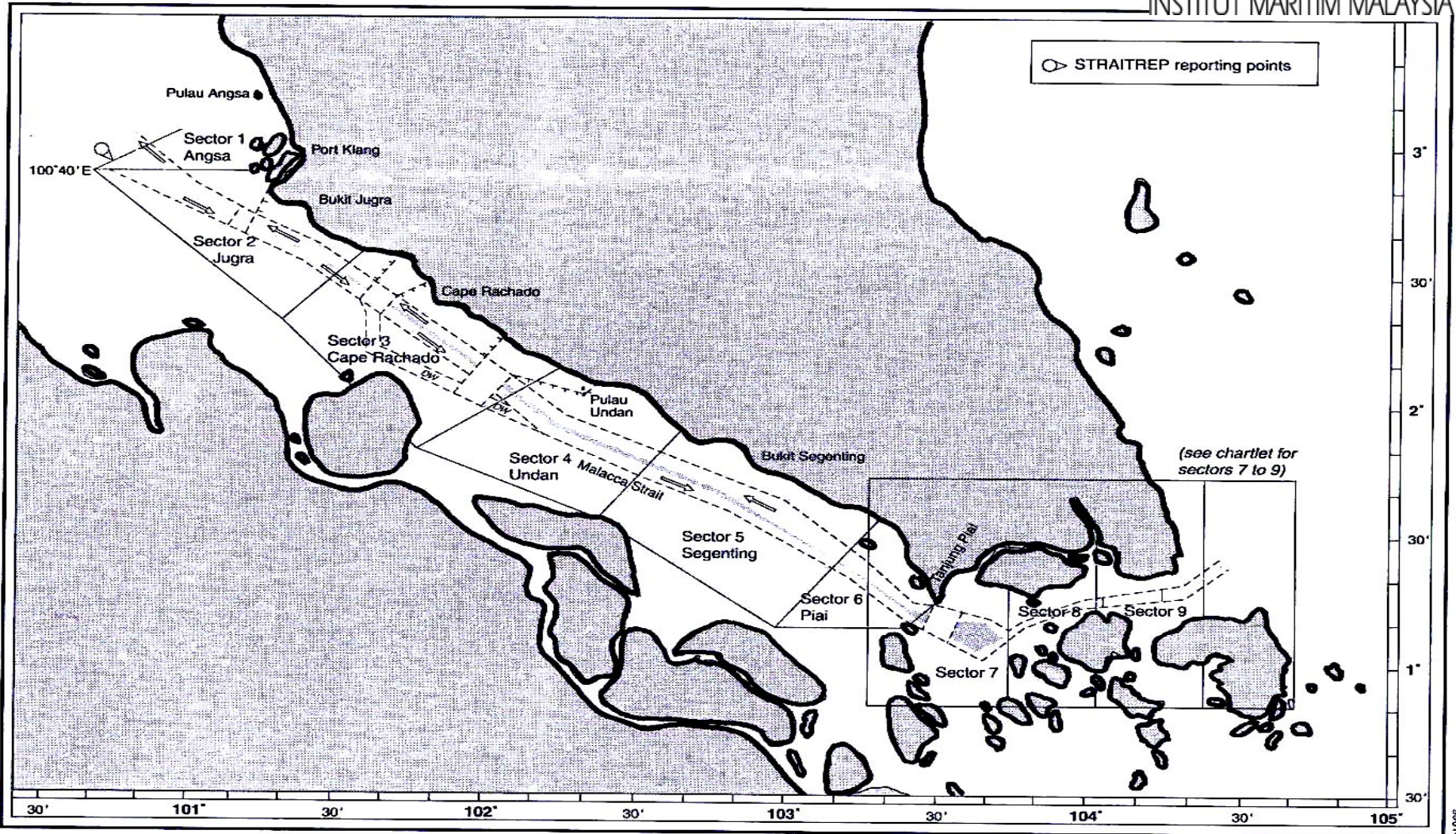


- Enhanced awareness on maritime security issues;
- IMO reports Strait of Malacca as among the most affected areas for piracy and armed robbery against ships;
- Perception that littoral States have not done enough to secure the Strait;
- JWC declare the Strait as “war zone”
- Straits users concerned for their safety & security;
- PMSC offered armed escort services to address this concern;
- Will PMSC be here to stay ?

Security on Merchant Ships

- Modern ships are designed for cargo not security;
- Is more concerned with safety than security;
- No specific defense mechanism and manned at the lowest possible levels;
- Carries valuable items (cash) that attracts perpetrators;
- Security becomes more prominent after 9/11 – **“safe, secure & efficient shipping on clean oceans”**

Strait of Malacca



STAITREP operational area (sector 1 to 9)

Response to Security Threat

- Passive response – security plans and checklists;
 - No move to arm or for physical training;
 - Use pressure hoses to deter boarders;
 - Promotes use of technology i.e. electrified fence system and sonic devices;
 - Merchant ships victimized twice – one by the pirates and two by the regulators.
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Security in the Strait of Malacca



- Vital strategic shipping lane;
 - In 2004, 63,636 ships pass through, a 3% increase from 2003;
 - Any disruption will have widespread consequences on world trade;
 - Collision, grounding as an aftermath of pirate attacks;
 - Forced closure by terrorists ?
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Major Security Initiatives



- Formation of MMEA;
- MALSINDO – coordinated patrols;
- Eye in the sky;
- Increased capacity and scope of sea surveillance, vessel traffic and ship reporting system;
- MECC record only 13 incidents in 2005 !
- IMB figure stands at 12 in the Strait of Malacca, 7 in the Strait of Singapore and 3 in Malaysia.

International Perspective

- MSC 81 list the Strait as most affected areas for piracy and armed robbery in 2005 - (**5** incidents reported or more);;
- General downward trend world wide;
- IMB raises concern over increasing kidnapping for ransom;
- Member States including Malaysia has not responded to IMO's request for official piracy data.

Significance of IMO

- It is a UN agency tasked to regulate and monitor the worlds merchant ships;
- Those 60,000 ships using the Strait are “MERCHANT”;
- Their output are official, accepted and implemented by member States and ships;
- E.g. the LRIT – must be implemented;
- In piracy – IMO says the Strait is most affected – this fact (perception) accepted by worlds merchant fleet.

Commercial Response

- JWC Hull War, Strikes, Terrorism and Related Perils Listed Areas (3rd March 2006) include the Malacca Strait;
 - On the North Western End between Laem Phra Chao and Ujung Baka; and
 - On the South Eastern end between Tanjung Piai and the light on the Sumatran mainland coast.
 - Will remain until it was clear that measures planned by government and other agencies had been implemented and were effective.
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Laem Phra Chao
7°45'.5 N, 98°18'.5 E

JWLA003
3rd March 2006

Ujung Baka
5°39'.5 N, 95°26'.0 E

12

Tanjung Piai
1°15'.9 N, 103° 31.0 E

South Westward
Sumatera Mainland
0°48'.0 N, 103°8' .2 E

7

Source:
Joint War Committee:
Hull War, Strikes, Terrorism and Related Perils:
Listed Area
3rd March 2006

Joint War Committee
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Tel: (+44) 020 7327 3333 Fax: (+44)
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**JWC Hull War, Strikes, Terrorism and
Related Perils
Listed Areas (20th April 2006)**

Indonesia / Malaysia

The island of Ambon (Seram)

The port of Balikpapan (SE Borneo) including waters out to 25nm

Borneo, but only the north east coast between the ports of Kudat and Tarakan inclusive

The port of Jakarta

The port of Poso (Sulawesi)

The Malacca Strait, as defined overleaf

Definitions:

- Named Countries** shall include their coastal waters up to 12 nautical miles offshore, unless specifically varied above
- Named Ports** shall include all facilities/terminals within areas controlled by the relevant port authority/ies (or as may be more precisely defined by Insurers) including offshore terminals/facilities, and all waters within 12 nautical miles of such but not exceeding 12 nm offshore unless specifically stated.

Malacca Strait

The area enclosed between:-

- a) on the North Western end, a straight line between Laem Phra Chao (7°45'·5N, 98°18'·5E) and Ujung Baka (5°39'·5N, 95°26'·0E), and
- b) on the South Eastern end, a straight line between Tanjung Piai (1°15'·9N, 103°31'·0E) and the light at (0°48'·0N, 103°8'·2E) (and continuing therefrom South Westwards to the Sumatra mainland coast).

Impact

- Additional premiums – 0.05% for base war risk cover and 0.01% for each transit;
- Potential cost for 1,100 TEU feeder ships – USD 12,500 for war risk and USD 2,500 per transit;
- Negotiable based on case to case basis;
- Singapore shippers pay about USD 5,000 per trip.

- Offer solution by providing secure passage using armed escorts;
- Based in and licensed by Singapore;
- Claimed to be sanctioned by Malaysia and Indonesia but not Singapore;
- Raises issues of legality and impact on sovereignty.

BARS – photographs from recent maritime piracy suppression operations in Asia



Quick Response Escort Vessel



On patrol north of Sumatra



On patrol north of One Fathom Bank



Watch duty South East Asia

... Armed escorts are serious operations that are complex to execute. We have developed a comprehensive process to evaluate the threat to our clients, design an appropriate security configuration and then deliver a seamless escort operation that allows our clients to go about their business... Navies, Coast Guards and Marine Police are a vital part of securing the world's oceans. We work closely with these governmental agencies to ensure that our operations are conducted in support of their necessary duties. We frequently attend major conferences and discussions to build relationships and share ideas...



Clearance drills



Escorting a semi sub

- Innocent & transit passage – will most likely, no longer apply;
 - Impinge on sovereignty as legitimate use of force in security matters lies with State;
 - The right of private citizens to bear arms;
 - Accountability – to whom ?
 - What happens if the PMS wrongly shoots a Malaysian fisherman ?
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Overview

- Malaysia has been emphasizing the importance of its sovereignty; yet
- No actions have been made on PMSC who publicly claim to be carrying out armed escorts;
- PMSC taking advantage of apparent weakness in Malaysian governance over the Strait of Malacca;
- Malaysia risk losing sovereignty in the Strait.

Option 1

- Do nothing:
 - Status quo continues, market forces dictate the response;
 - Implies that Malaysia agrees to PMSC companies being present in its waters;
 - In the long term, this provides historical precedent that foreign forces may use to enter and control the Strait.

Option 2

- Allow & regulate PMSC operating in Malaysian waters:
 - Malaysia implicitly agrees to the need for PMSC in the Strait;
 - Immediate need for proper and legally sound framework to monitor & regulate;
 - Must arrest unlicensed PMSC;
 - Also provides historical precedent; and
 - Resource intensive and legally exhaustive.
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Option 3

- Total ban on PMSC in Malaysian waters:
 - Require considerable resources to ensure PMSC is kept out;
 - Will need proper legal framework to uphold ban;
 - Ban must be legitimized through IMO;
 - Maritime commerce may not be satisfied;
 - Will take decades to institute or accepted by the international community.
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Option 4

- Eliminate the source of the problem:
 - Must eradicate pirates, hijackers & kidnappers in the Strait;
 - Must expand and enhance efforts to include fast response, hot pursuit, arrest and conviction;
 - Must restore confidence of maritime community;
 - Pressure JWC to take the Strait off the war risk list;
 - Malaysia could be celebrated as a responsible nation, serious in fulfilling its obligations and able to protect its sovereignty.
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Consequences

- Options 3 & 4:
 - In line with Malaysia's emphasis on maintaining its sovereignty;
 - Will require strong political will and persistent efforts; and
 - Will require substantial resources to implement.
 - Options 1 & 2:
 - Reflect weakness in Malaysia's governance;
 - Malaysia agrees to its sovereignty being compromised in the interest of commercial security;
 - Will provide grounds for other nation to intervene.
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Summary

- Currently, Malaysia appears to be implementing option 1;
- Though actions have been taken, they seem to be insufficient – the Strait is still on the list;
- Some are even viewing PMSC as acceptable counter measures against piracy;
- If Malaysia is serious about maintaining and protecting her territorial integrity and sovereignty – this issue need to be addressed;
 - i.e. internationally declare a stand or policy on PMSC in Malaysian waters and the agency that is responsible, subsequent to formulating a cohesive, efficient and effective action plan.

Are PMSC here to stay ?

- This is a business consideration;
- Current perception creates demand;
- Strait of Malacca is acknowledged as a “war zone”;
- Littoral states action has not been formally endorsed/acknowledged internationally;
- However; armed escort fee still high; IF
- PMSC can link to insurance providers and structure their fee attractively;
- YES, they are here to stay.

THANK YOU

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