



## **Piracy and Maritime Terrorism – Common Threats to South Korea and Germany**

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### **Abstract**

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A glance at the guidelines of the Ministry of Defence in May 2011 reveal one of the core interests of the Federal Republic of Germany: “Free trade routes and secure natural resources are of vital importance to Germany and Europe in the future ... Interruption of the supply chain through piracy and other form of sabotage are a significant threat to both security and prosperity ...”

Terrorists will ask themselves where they can hit the infrastructure of the industrialised world most effectively and will focus their attention on so-called *choke points* and mega harbours. Looking at piracy we can see that South Korean and German ships are facing the same threats. According to a report of 19<sup>th</sup> January 2012 by the International Chamber of Commerce (ICC), Maritime Bureau (IMB) the greatest threat for international shipping still comes from activities of Somali pirates.

The US think tank *Oceans Beyond Piracy* has published a report in February 2012 in which it comes to the conclusion that the economic costs of Somali piracy has resulted in costs of between 6.6 to 6.9 billion U.S. dollars. We also should have a look at the increasing tensions between Iran and the West. Tehran has threatened to block the Straits of Hormuz. The U.S. have made it clear that the blockade of the Straits of Hormuz is unacceptable.

What are the conclusions? Combating piracy and maritime terrorism exclusively at sea will not result in success. Measures taken on land will also be required and these measures need to be embedded in a coherent policy including security, foreign policy and economic measures. With regard to Iran the West needs to continue the political dialogue and maintain the ability for robust measures if required. A military response must remain an option.

### **About ISPSW**

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The Institute for Strategic, Political, Security and Economic Consultancy (ISPSW) is a private institute for research and consultancy. The ISPSW is objective and task oriented and is above party politics.

In an ever more complex international environment of globalized economic processes and worldwide political, ecological, social and cultural change, bringing major opportunities but also risks, decision-makers in enterprises and politics depend more than ever before on the advice of highly qualified experts.

ISPSW offers a range of services, including strategic analyses, security consultancy, executive coaching and intercultural competency. ISPSW publications examine a wide range of topics connected with politics, economy, international relations, and security/ defense. ISPSW network experts have worked – in some cases for decades – in executive positions and possess a wide range of experience in their respective specialist areas.



## ANALYSIS

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### Preliminary Remarks

Chairman, Excellencies, Colleagues, Ladies and Gentlemen,

It is a great pleasure and honour for me to continue today the strategic dialogue between the Yonsei University and the Konrad Adenauer Foundation which started on 16<sup>th</sup> February 2011 here in Seoul. Thanks also to the new representative of the Foundation in South Korea, Dr. Eschborn, that our institute and our speakers are able to participate in this high level conference.

In the meantime we have been active in Germany. Immediately following the state visit of your President Mr. Lee Myung-bak, the German-Asian Business Circle organised an event in Frankfurt on 11<sup>th</sup> May 2011 at which numerous representatives of the South Korean business community participated. At this event, Ambassador Dr. Seidt gave an account of the results of this state visit and also spoke of the political and economic perspectives of our respective countries. As a member of the advisory board of the German-Asian Business Circle I delivered a speech on the subject of *Piracy and Maritime Terrorism – Common Threats to South Korea and Germany*.

With our institute we also continue to exchange views with South Korean delegations and political foundations.

In my contribution I would like to talk about the threats to trade routes by maritime terrorism and piracy, but also about the increasing tensions between Iran and the West. These potential threats pose risks and challenges for business protection in the 21<sup>st</sup> century to our export-oriented nations and to the international community.

### Threats to Trade Routes

A glance at the guidelines of the Ministry of Defence in May 2011 reveal one of the core interests of the Federal Republic of Germany:

“Free trade routes and secure natural resources are of vital importance to Germany and Europe in the future ... Interruption of the supply chain through piracy and other forms of sabotage are a significant threat to both security and prosperity. Therefore supply chain and energy security and all related questions will play an increasingly important role in the provision of our security.”

Terrorists will therefore ask themselves where they can hit the infrastructure of the industrialised world most effectively. Maybe they will focus their attention on so called *choke points* and mega harbours as 75 % of the international sea transport is conducted by around 50,000 ships in 2,800 ports. The strategically important Straits of Malacca is one of the critical choke points. It connects the Indian Ocean with the South China Sea and the Pacific. It is the most significant trade route between the Far East, the Gulf states and Europe. 90,000 ships use the Straits every year and a third of the world trade, 80 % of oil exports to East Asia and two thirds of LNG exports pass through the Straits of Malacca.



Should a super tanker be sunk in the Straits of Malacca it would block all traffic and ships would have to use the Indonesian Sunda and Flores passage. This would result in at least a detour of 1,000 km and 2 extra days at sea. The resulting increased costs would be in the region of 8 billion US dollars per year.

As the largest ports of the world are in South and East Asia terrorists will focus their planning on ports such as Kobe, Tokyo, Yokohama, Pusan, Shanghai, Kaohsiung, Hong Kong and Singapore. But also mega ports in the U.S.A. and Europe such as Los Angeles and Rotterdam could be in the focus of terrorists.

Let me remind you of a number of successful maritime attacks:

#### **October 2000**

Successful attack on the US destroyer *USS Cole* in Yemen. 17 US sailors were killed, 39 wounded.

#### **October 2002**

The French oil tanker *Limburg* was attacked by a terrorist group with connections to Al Qaida off Ash Shahir. One member of the crew was killed and 90,000 tons of oil spilled into the Gulf of Aden. The monthly container traffic in Yemen shrank from 43,000 to 3,000. The economy of the country declined by 1 % of GDP and 3,000 dockers lost their job.

#### **February 2004**

The Abu Sayyaf Group attacked a ferry in the Philippines, 100 people lost their lives.

#### **July 2010**

Suicide attack on the Japanese oil tanker *M. Star* in the Straits of Hormuz by Abdullah Azzam Brigade, a militant group with connections to Al Qaeda. One member of the crew was injured and the hull severely damaged.

Also in the future we can expect such maritime terror attacks.

Let me briefly turn to the subject of piracy. Maritime terrorism, as all forms of terrorism, has a political, ideological or religious background. In the case of piracy monetary reasons prevail.

Let me give you a few examples which illustrate that South Korean and German ships are facing the same threats.

In January 2011, South Korean commandos from the destroyer *Choi Young* which had been shadowing the hijacked South Korean chemical carrier *Samho Jewelry* for a week, boarded the ship, killing eight pirates and arresting five others, with no loss of life to crew members. The surviving pirates were brought to South Korea for trial.

On February 10<sup>th</sup>, the South Korean cargo vessel *Daisy*, which had been chased by multiple speed boats in the Gulf of Aden, was rescued by the Chinese navy. The Chinese frigate *Xuzhou*, operating 40 nautical miles away from the incident, was instructed to act. A helicopter took off from the warship and reached the Korean ship within 20 minutes.

While hovering over the merchant ship the helicopter sent warnings to the pirate boats and the cargo vessel continued to move away from the pirates.



Let's have a look at the German side: On 5<sup>th</sup> April 2010 six special forces, marines from the Dutch navy, rescued the German ship *MS Taipan*; 10 pirates were arrested and jailed in the Netherlands. On 21<sup>st</sup> November, the Somali pirates went on trial for piracy in Hamburg, charged with attempting to seize the German container ship.

A disastrous attempt to free the *Beluga Nomination* from the control of Somali pirates failed in January 2011. On January 22<sup>nd</sup> the German multipurpose heavy-lift project carrier was overtaken by pirates approximately 435 miles north of the Seychelles. The 12 crew members locked themselves in the vessel's citadel, sending out emergency signals. On 25<sup>th</sup>, the pirates were able to cut their way in the safe room and capture the crew. A Seychelles coast guard patrol boat reached and attacked the *Nomination* but was not able to recapture the ship from the pirates.

One crew member was shot dead by the pirates. Seven were being held hostage. Others could flee in a rescue boat and were rescued by NATO ships. On April 13<sup>th</sup>, the pirates left the ship at the Bay of Haradere and the ship with seven seafarers on board left Somalia. I think that a ransom has been paid.

But it should be said that using the "citadel" has been a successful tactic by crews in 2011. In all the 16 cases the pirates abandoned the ships or were captured when naval forces arrived.

The good cooperation between Singapore, Malaysia and Indonesia has in the last couple of years successfully combated piracy in this region. Piracy once rampant has been largely exterminated.

Quite in contrast, however, the situation off the coast of Somalia. According to a report of 19<sup>th</sup> January 2012 by the International Chamber of Commerce (ICC), Maritime Bureau (IMB), the greatest threat for international shipping still comes from activities of Somali pirates. Let me therefore concentrate my remarks on this threat.

The total number of incidents have increased from 219 in 2010 to 237 in 2011. In contrast, however, the number of hijackings declined in the same period from 49 to 28.

The main reason for this improvement were naval activities of a number of nations and improved security measures taken by shipping companies. There has not been a single case reported of a ship carrying armed contractors being hijacked. Pirate activities contracted also considerably along the Indian coast because last year the Indian navy increased their naval patrols, enhanced surveillance and joint patrols.

Most of the attacks took place at the crossroads of the Arabian Sea and the Gulf of Aden. For the first time, however, Somali pirates attacked an anchored vessel in Omani waters. This shows that the security of ships at harbours in the region needs to be improved.

The U.S. think tank *Oceans Beyond Piracy* has published a report in February 2012 in which it comes to following conclusions:

The economic costs of Somali piracy has resulted in costs of between 6.6 and 6.9 billion US dollars. The components are as follows:

2.7 billion \$ for higher oil consumption due to speed increases in high risk areas

1.3 billion \$ for military operations



1.1 billion \$ for security equipment and armed security guards

635 million \$ for insurance policies

486 to 680 million \$ for course changes along the West coast of India

195 million \$ for higher salaries and risk supplements

The average ransom increased from 4 million US dollars in 2010 to 5 million dollar in 2011. Although the total ransom paid in 2011 came to 160 million dollars, this only represents 2 % of the total economic costs caused by Somali piracy.

Organisations donated around 20 million U.S. dollars in order to improve the situation in Somalia and other regions affected by piracy. This sum represents a fraction of the funds spent on fighting piracy at sea.

Let me also remind you that the increasing tensions between Iran and the West pose risks and challenges to the international community.

The European Union has decided to increase the pressure on Tehran and will enforce an oil embargo from July 2012. The U.S. had already announced new sanctions against Iran end of 2011. Background is the non-compliance of Iran with IAEA regulations.

Tehran has threatened several times to block the Straits of Hormuz and has imposed on oil exports to the U.K. and France and has threatened to impose the same on Germany. The U.S. have made it clear that the blockage of the Straits of Hormuz is unacceptable.

According to the United States energy information administration 17 million barrels of oil were transported through the Straits of Hormuz in 2011, around 35 % of all sea traded oil.

Germany only imports a mere 1 % of its oil from Iran, Spain and Italy 12 respectively 13 %, Greece 30 %. China purchases 22 % of all Iranian oil exports, almost as much as the entire European Union. Together with India, Japan, South Korea and other countries in Asia purchase two third of all Iranian oil and not much will change in the near future.

Oil exports are hugely important to Iran as around 70 % of state income comes from crude oil exports. A blockade of the Straits of Hormuz would not be in the interest of Iran. Nevertheless, the U.S.A. and her allies have the potential to keep the Straits open in the event of military action.

Military experts are in agreement that Iran would be able to close the Straits of Hormuz for a limited period of time. Vice admiral Mark Fox, the commander of U.S. naval forces of the region, reminded us recently that the Iranian navy had a number of small ships with large war heads which would be suitable for suicide attacks in the Persian Gulf. This threat should be taken seriously.

Where, Ladies and Gentlemen, are the challenges for decision makers in fighting both maritime terrorism and piracy? Decision makers need to understand that fighting piracy and maritime terrorism at sea will not remove the threat. Suitable measures need to be taken onshore in order to achieve success.

With regard to Iran the West needs to continue the political dialogue and maintain the ability for robust measures if required. A military response must remain an option.



In conclusion, let me share with you some of the recommendations which we made in our ISPSW publication *Time to rethink the fight against maritime piracy in the Indian Ocean*, by my colleague Maxim Worcester:

- The first step should be a new look at the Maritime Laws which govern the use of force on the high seas and within the territorial coastal areas. These laws need to be taken into the 21st century and adopted to the threats of today.
- The Rules of Engagement of the naval units charged with protecting the trade routes needs to be coordinated and agreed. Furthermore, a close look needs to be taken at the kind of navel vessels might be required in order to combat piracy more cost effectively.
- The use of Private Security Companies should be regulated and agreed.
- Shipping companies need to conform the basic security requirements when operating in danger areas and should at all times comply with due care for the crew and cargo. They will need to invest in superior passive defence measures and adopt active measures if required.
- Police and the Security Services should actively combat those international crime groups involved in piracy at the earliest possible point in time in order to reduce the attractiveness of piracy. They should also ensure that piracy cannot be used by terrorist organisations to advance their aims.
- The banking community should take a much closer look at money laundering and report all suspicious transactions to the authorities.
- Long term plans to bring the beginning of stability to Somalia and the establishment of an effective Coast Guard need to be drawn up and funding made available. This could be a public-private partnership involving suitably qualified private security companies.

Thank you for your attention.

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**Remarks:** *Opinions expressed in this contribution are those of the author.*

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### About the Author of this Issue

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Since January 2006 Dr. Peter Roell is president of the Institute for Strategic, Political, Security and Economic Consultancy (ISPSW) in Berlin. Before, he served as senior advisor for foreign and security policy at the Permanent Representation of the Federal Republic of Germany to the EU in Brussels. In Germany, Dr. Roell served also as director of the Asia-Pacific, Latin America and Africa (Sub-Sahara) branch and at German embassies in the Near and Middle East and in Asia.

Dr. Roell studied sinology and political sciences at the universities of Bonn, Taipei and Heidelberg and holds a Ph.D. from the Ruprecht-Karls-University in Heidelberg.

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