DEPARTMENT OF TRANSPORTATION

MARITIME ADMINISTRATION

STATEMENT OF ACTING DEPUTY ADMINISTRATOR

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ON

PIRACY AGAINST U.S.-FLAG VESSELS

BEFORE THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
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Good morning, Chairman Cummings, Ranking Member LoBiondo and Members of the Committee. I am pleased to have the opportunity to appear before you today to discuss the serious threat stemming from the ongoing piracy problem in the waters off of Somalia, and the lessons learned from recent attempts at piracy affecting U.S.-flag vessels. Throughout 2008 and continuing into 2009, the global piracy situation has grown substantially worse- particularly in an ever expanding area off the coasts of Somalia, where more than 20,000 vessels transit the region each year. Although the impact of piracy has been very significant, the American public has only recently been made more aware of the situation with the attacks on two American flag vessels, the MAERSK ALABAMA and the LIBERTY SUN – both of which were carrying food aid for Somalia.

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. Press reports indicate that in 2008, pirates received an estimated $30 million dollars in ransom for the release of seajacked vessels. In 2008, 42 vessels were seized by pirates operating off the Coast of Somalia. Globally, 889 mariners were held hostage by pirates (815 in Somalia) as part of ransom demands. The International Maritime Bureau (IMB) reported that in 2008, globally, 11 mariners were murdered by pirates and another 21 are missing and presumed dead. The IMB also reported that during the same period, off the Horn of Africa, four mariners were killed and 14 are missing and

presumed dead. In 2009, the number of attacks continues to rise however the success rate (except for April) has been reduced. In total there have been more than 27 successful seajackings in 2009 with more than 476 seafarers captured. (15 vessels are currently being held with 229 seafarers.) One seafarer was killed by pirates last week.

The vessels most vulnerable to piracy attacks are those traveling slowly (with limited speed capabilities) and with low freeboard - that is to say, there is not much height between the water and the deck level. A primary reason for the pirates' success is the ineffectiveness of Somalia's government, enabling pirates to operate with virtual 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, and the Red Sea with the Indian Ocean, is one of the busiest shipping lanes 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 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 the U.S. Agency for International Development (USAID) or international organizations to the Horn of Africa, including Djibouti and Somalia and other countries in East Africa or South Asia.

As mentioned, seajackings off the Horn of Africa significantly increased in 2008 and 2009. 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 several merchant mariners have been killed or are presumed dead and that hundreds, including American mariners, have been traumatized by being attacked and held hostage, and even by the uncertainties generated by the growing instability of the region.

Ship owners and operators are also negatively affected by rising daily operating costs due to increased insurance premiums and, in some cases, 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 affected by 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 likewise raise the costs of commodities for local populations.

The United States has been a leader in promoting collaborative international action to combat the current piracy crisis. 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 fight against piracy. This resulted in United Nations (UN) Security Council Resolution 1816 which authorized countries cooperating with the Transitional Federal Government (TFG) of Somalia, for which advance notification has been provided to the Secretary-General, to enter Somali territorial waters to repress piracy. 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 TFG of Somalia to enter Somali territory to repress piracy. This resolution was adopted by the Security Council.

UN Security Council Resolution 1851 also encouraged the establishment of an international cooperation mechanism -- known now as the Contact Group on Piracy off the Coast of Somalia (CGPCS). The Contact Group for Piracy off the Coast of Somalia was created in New York City on January 14, 2009, and currently numbers 28 nations (Australia, Belgium, China, Denmark, Djibouti, Egypt, France, Germany, Greece, India, Italy, Japan, Kenya, Republic of Korea, The Netherlands, Norway, Oman, Portugal, Russia, Saudi Arabia, Somalia TFG, Sweden, Spain, Turkey, United Arab Emirates, United Kingdom, United States, and Yemen), and 6 international organizations (African Union, Arab League, European Union, North Atlantic Treaty Organization, United Nations Secretariat and International Maritime Organization) with seven additional countries (Canada, Cyprus, Liberia, Nigeria, Malaysia, Panama, Singapore) pending requests to participate. The Department of State represents the United States on the CGPCS. The CGPCS acts as a common point of contact between and among states, regional and international organizations on all aspects of combating piracy and armed robbery at sea off Somalia's coast. The CGPCS met in January at the United Nations in New York City and in Egypt in mid-March. The CGPCS will meet again in late May.

The CGPCS established four working groups to provide recommendations to the CGPCS. Working Group #I is addressing activities related to military and operational coordination and is chaired by the United Kingdom. Working Group

#2 is addressing judicial aspects of piracy and is chaired by Denmark. The United States has the lead for Working Group #3, which focuses on shipping self awareness and interaction with industry. The Department of Transportation's Maritime Administration (MARAD) and the Coast Guard have been co-leading this Working Group. Working Group #4 is tasked with offering recommendations to improve diplomatic and public information efforts and is chaired 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 today, and we saw evidence of this in the seajacking of the MAERSK ALABAMA.

Because of its specialized knowledge, such as operation of our mobility sealift vessels, and established relationships with U.S. and international shipping, maritime unions, the marine insurance community and global maritime industry associations, MARAD has considerable experience in dealing with the diverse interests of the global 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 that have transited the Gulf of Aden region in support of Operations Iraqi and Enduring Freedom (OIF and OEF). As OIF winds down, RRF vessels may be called upon to play a significant role again in support of the demobilization of forces, with a consequence of exposing the vessels and crews to threats from pirate attacks.

Further, many vessels supported by MARAD's Maritime Security Program (MSP), participate in the Agency's Voluntary Intermodal Sealift Agreement (VISA) and transit the Gulf of Aden on a routine basis. The MAERSK ALABAMA is one of the 60 vessels enrolled in the MSP. MARAD also oversees government cargoes transiting the region - particularly food aid and military cargoes that are carried mainly aboard U.S.-flag commercial vessels transiting the Gulf. Finally, as an interface between U.S. maritime labor and the federal government, we have great interest in protecting the welfare of U.S. mariners who sail aboard vessels in the region.

MARAD provides operational advice to U.S.-flag owners and operators, including counter-piracy measures and awareness on a regular basis through MARAD Advisories, through a comprehensive and frequently updated website, and through MARAD's electronic "MARVIEW" system which is available to registered users. We have also contributed to the Maritime Safety and Security

Information System (MSSIS) for the purposes of providing more efficient piracy related data.

MARAD also plays 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. Efforts are also being made to include anti-piracy and security training in the academic programs at USMMA and the state maritime academies and to augment this training at the maritime union schools.

In late December, the Department of State asked MARAD to assist with the CGPCS Industry Outreach Working Group. Since 2008, MARAD has met on numerous occasions with industry to help shape best management practices to counter piracy and to share industry concerns with U.S. government agencies. In late 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 strongly supported the Military Sealift Command's proposal to create and implement "Anti-Piracy Assistance Teams" (APAT) for commercial vessels. These teams consist of personnel from the Naval Criminal Investigative Service, and MARAD. On a voluntary basis, these teams board U.S.-flag vessels and offer recommendations on how to improve a vessel's physical defenses against piracy. The teams also review security tactics, techniques and procedures and make appropriate recommendations. To date, a number of successful APAT vessel assessments and recommendations have been completed and more are currently scheduled. We expect this process to be embraced by 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 and appropriate federal agencies. For example, in October and November 2008, MARAD and the Department of State 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 Department of State, Department of Defense, 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 which focused on piracy initiatives being considered 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 (SCEPC) meeting held in Brussels, Belgium, which included piracy as an agenda item. MARAD chairs the NATO Planning Board on Ocean Shipping, which reports to the SCEPC.

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; Department of State; Department of Defense, Office of Naval Intelligence; USAID; 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 the Department of State; the Department of Homeland Security; Coast Guard; U.S. Transportation Command, Office of Naval Intelligence and Military Sealift Command participated in the Summit.

In late December, MARAD joined the Department of State 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, to further establish best management practices to prevent piracy and to bring industry's perspectives and ideas to the interagency process. 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 uniquely vulnerable to pirate attacks, with mariners killed or held hostage as part of ransom demands, MARAD has included maritime labor in discussions and meetings, when feasible. The most recent MARAD industry and interagency meeting was held on April 23rd.

MARAD led the U.S. delegation of Working Group #3 at the meeting of the Contact Group on Piracy off the Coast of Somalia in March of 2009 (which was chaired by the USCG), and presented the international industry developed (and MARAD facilitated) "Best Management Practices" (BMPs) to counter piracy. MARAD also supported the dissemination of counter piracy guidance and better coordination between military and civilian operators in the region. The agency likewise provides U.S. flag projected schedules in the waters off Somalia to the National Maritime Intelligence Center (NMIC) and vessel tracking information on U.S. flag carriers to appropriate military authorities.

Given limited military resources available to fully protect commercial shipping in the waters off Somalia, there is an increasing focus on the issue of shipping companies hiring private armed security personnel to protect their vessels while transiting the waters off Somalia. However, there are many complicated factors which must be addressed before the industry, as a whole, can adopt this recommendation. These include the need to develop appropriate standards for armed security providers, compliance with port state restrictions on arms aboard merchant vessels entering many ports in the world, consideration of potential escalation of violence due to the presence of arms onboard commercial vessels, issues of safety for the crew and vessel, rules on the use of force, design constraints of vessels to carry additional personnel, union contract issues, insurance and liability issues and many other related factors. Clearly, the maritime industry needs government assistance in this area to set or guide standards and

measures of performance and MARAD is actively engaged with other agencies in understanding and developing the needed guidance on the use of armed security.

On May 11, 2009, the USCG issued an updated "Maritime Security Directive" (for Ships Operating in High Risk Areas) that requires the implementation of several security protocols; many of which are similar to the BMPs noted above. This MARSEC was developed by the USCG in close consultation with the interagency, including, MARAD. At the request of the USCG, MARAD will participate with the USCG in reviewing vessel security plans required by the MARSEC.

Most recently, MARAD has engaged the marine insurance industry to determine the effects of the piracy situation on insurance rates and the effects on insurance if vessels carry armed security personnel aboard. On May 14th, MARAD hosted a meeting of insurance representatives, the USCG, Department of State, and Military Sealift Command. The concerns of the insurance companies were made clear. MARAD and the USCG indicated that we will work together along with other federal agencies to develop an adequate process that enables carriers to embark armed security on board their vessels in a proper manner. They also shared their concerns with standards, rules, and vetting of security firms, liability implications to the owner, insurer and security firm, and escalation of hostile actions that will increase risks.

Finally, MARAD has reached out to the maritime labor community to seek ways to address the seafarer community's interest in the human element issues associated with piracy, including training and awareness, communication. The communication aspect is particularly important in gaining information from crews that have been released after being hostages. Such information can contribute valuable lessons learned to further enhance security.

Combating international piracy is no small effort. 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 maintained 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. 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 you for your leadership in holding this hearing today. I will be happy to answer any questions you might have.