Statement of
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Before the
Coast Guard & Maritime Transportation Subcommittee
of the
Transportation & Infrastructure Committee
United States House of Representatives

Piracy Against U.S.-Flag Vessels: Lessons Learned

May 20, 2009

Mr. Chairman and Members of the Committee:

As the President of Waterman Steamship Corporation (Waterman) and Central Gulf Lines, Inc. (Central Gulf), both of which are United States-citizen companies under "section 2" of the Shipping Act, 1916, that own and operate 13 U.S.-flag commercial vessels in both the international and domestic trades, I appreciate the opportunity you have provided today to address the continuing threat of piracy against commercial vessels in the U.S.-flag and international-flagged fleets. Waterman operates the MAERSK ALABAMA under charter and is the employer of its crew who were engaged in the recent piracy incident off the coast of Somalia in April 2009.

Waterman and Central Gulf vessels provide a wide-range of oceangoing commercial freight transportation through pure car/truck carrier, roll-on roll-off, container shipping, and domestic coastwise services. From our beginning in 1947 when my grandfather purchased our first post-World War II "Liberty" ship, our American companies have significantly expanded operations around the world.

Notably, and of extreme importance to our Nation's military and economic security needs, Waterman and Central Gulf have provided from their inception critical commercial sealift support to the Department of Defense (DoD) for its global military operations. Our U.S.-flag vessels and the dedicated crews that serve on those vessels proudly, willingly, and without hesitation have delivered vital military equipment, supplies and other materiel into war zones and other hostile areas in direct support of DoD operations, including those conflicts in Korea, Vietnam, Operation Desert Shield/Storm, Operation Enduring Freedom in Afghanistan, and Operation Iraqi Freedom. Our American companies and our U.S. vessel crews continue to this day to provide critical sealift support for global DoD operations and missions.

Because of the vital need for sealift support, the Maritime Security Program (MSP) was enacted by the Congress to ensure that DoD has the access it requires to commercial U.S.-flag

shipping and U.S. merchant mariners for the Nation's economic and military security. Waterman and Central Gulf are active participants in the MSP, with each company operating four militarily-useful vessels under that program. These Waterman and Central Gulf vessels include some of the newest and largest roll-on/roll-off vessels in the U.S.-flag fleet that, as a result of ramp capabilities and variable spacing of movable interior decks, can accommodate a significant number of large military vehicles and aircraft, including military trucks, up-armored HUMVEEs, Mine-Resistant Ambush Protected (MRAP) vehicles, helicopters and other aviation assets, military supply vehicles and the most modern tanks in DoD's inventory. Our vessels can quickly transport large quantities of such equipment and other materiel when and where needed by U.S. Armed Forces around the world. The MSP program has proven to be quite effective and should be further enhanced.

Additionally, a key component of our national security and foreign policy objectives is the delivery of vital food supplies to impoverished countries in Africa and other regions. Through the U.S. Department of Agriculture and the U.S. Agency for International Development, and with participating non-governmental organizations (NGOs) such as CARE, Catholic Charities, and the World Food Programme, Waterman and Central Gulf have shipped millions of tons of food aid cargo to needy people in strife-torn and other deserving countries. In fact, MAERSK ALABAMA was en route to deliver United States food aid cargo to Kenya at the time when the vessel and its American crew were attacked by Somali pirates.

Given the nature of the military and commercial cargo that we carry, the U.S.-flag vessels of Waterman and Central Gulf frequently and regularly ply the trade lanes through the Gulf of Aden and other waters off the East Coast of Africa. Likewise, a significant portion of the U.S.-flag fleet engaged in the foreign trade operates in these same waters. Consequently, peaceful and unimpeded navigation in these same waters must be maintained to preserve the commercial viability of the U.S.-flag merchant fleet and its ability to support the Nation's economic and military interests.

However, as we know all too well, the threat of piracy continues to exist in the Gulf of Aden and the Somali Basin as well as other areas around the globe. That threat directly affects U.S. security, foreign policy, economic and other vital national interests. Just a few short weeks ago, Maersk, Waterman, the crew on the MAERSK ALABAMA, and both companies' employees directly confronted the reality of that very threat. The President of the United States and his Administration are to be commended for the measured and effective response to the piracy incident involving MAERSK ALABAMA. Additionally, our country should be extremely proud of the U.S. Navy and its highly-trained personnel for their actions in rescuing the crew and their vessel. And, certainly, the single focus of our entire company was to work towards the safe return of Captain Phillips and his crew, who are proud members of the International Organization of Masters, Mates & Pilots, the Marine Engineers' Beneficial Association, and the Seafarers International Union. But the national will and that of our U.S. Government must be appropriately directed to eliminate the threat of piracy in the Horn of Africa region and to ensure that vessels and citizens of the United States never again have to experience a pirate attack like that faced by the crew of the MAERSK ALABAMA.

Simply put, the United States must continue its multinational efforts to forcefully address and eliminate the threat of piracy to commercial shipping in the vicinity of the Horn of Africa and elsewhere around the globe. We applaud the recent statement of President Obama after the rescue of Captain Phillips:

> [The United States] remain[s] resolved to halt the rise of piracy in [that] region. To achieve that goal, we must continue to work with our partners to prevent future attacks, be prepared to interdict acts of piracy and ensure that those who commit acts of piracy are held accountable for their crimes.

We all recognize that the long-term solution is to eliminate the flow of monies to the pirates and assist in the establishment of a viable government in Somalia. In the interim, immediate steps must be taken to protect U.S. and international interests in the region. Therefore, building upon the President's statement, I would offer the following observations for purposes of further discussion and action by the U.S. Government:

- To eliminate the piracy activity in and around Somalia will take a continual multi-national, multi-level effort. While the root cause of piracy is on land in Somalia, the source of funding for those pirate activities is at sea. The United States has long taken a leadership role to work with and assist other nations to maintain the common heritage of the freedom of navigation on the high seas, and we must continue to do so now. Unfortunately, approximately 150 vessels (all international flag) were successfully hijacked in the past year. As a result, reports show that the pirates have accumulated about $80-to-$100 million in ransom money to profitably fund their increasing attacks on merchant vessels. This is simply outrageous and unacceptable. Unless we stop the flow of money to these pirates, we will never be rid of them, and we will be forever requiring the U.S. Navy and other naval forces of the world to protect vessels plying these seas.

- Therefore, while the United States Government works closely with its international partners to diplomatically restore civil order and a stable, working government within Somalia, we would suggest that the basic elements of fear, food and money should be the focal points as they are the volatile catalysts for continuing piracy activities in the Gulf of Aden and the Somali Basin:

  - Fear, in that warlords and other individuals threaten Somali families of young men and boys whom they seek to recruit into a life of piracy.

  - Food, in that those warlords and others control the very livelihoods of a large segment of the population in the country, and use food as a weapon to foster support for pirate activities.

  - Money, in that the vast sums of money brought into Somalia through pirate activities only serve to create a destabilizing and wreckless desire for more and more. The payments of ransom money stoke the fires of greed throughout the

region, and we urge the Congress to support the announced initiatives of the Department of State to stop such payments.

- While those solutions will take time to accomplish, we must address the interim and immediate need to protect U.S. and international flag shipping from the threat of piracy. Our companies continue to work closely with the U.S. Coast Guard, DoD and other U.S. government agencies in the development of "best practices", enhanced information sharing arrangements, and other actions to address vessel piracy issues. As you undoubtedly know, the U.S. Coast Guard has recently issued a multi-faceted, updated Maritime Security Directive. However, concerning such efforts, press reports and other sources improperly seem to support the notion of providing arms and ammunition for use by vessel crews. Arming vessel crews must not be considered as one of the solutions to the vessel piracy problem for a wide variety of safety, security, training, and other reasons. Commercial vessel crews are trained and equipped to take non-lethal and other protective measures in the event of a pirate attack to "harden" vessels until help arrives. Any use of deadly force and other lethal actions should remain the province of highly trained and experienced military or security personnel, and we support the use of such embarked security teams aboard high-risk vessels transiting through high-risk piracy areas.

- Additionally, we must continue to work closely with our multinational partners to expand air and sea patrols and enforcement activities against pirates. The brave actions by the U.S. Navy Seals in the MAERSK ALABAMA incident should serve as a deterrent to future acts of piracy against American ships. Similarly, enhanced patrols and vessel escorts by U.S. and allied vessels and aircraft will help to secure the area and prevent future piracy attacks. Ongoing communications and sharing of appropriate intelligence with commercial vessels transiting the region will continue to enable those vessels to better prepare and avoid piracy attacks. However, as we have pointed out, a key component of anti-piracy protection efforts should be the deployment of appropriately-equipped military or armed security teams aboard vessels. The presence of highly-trained and experienced military and/or armed security personnelwould be a solid deterrent to piracy attacks against vessels.

- Based upon our preliminary estimate from a variety of sources, we believe that more than $1 billion is being expended annually by those nations and shipping industry members engaged in combating piracy. And yet, the piracy continues at a significantly increased tempo. We believe that a properly coordinated plan that involves all affected countries, vessel owners/operators, maritime labor, insurance companies, cargo interests, and related parties can substantially reduce the threat of piracy while also decreasing the overall protection costs. We plan to address various ideas in this regard with all interested stakeholders, including the Congress, DoD, the U.S. Coast Guard, and other appropriate Federal departments and agencies, with hopes of developing such a plan.

Mr. Chairman, I appreciate the opportunity you provided to me today to testify on this vitally important matter confronting our Nation and the shipping industry. Waterman, Central Gulf and their vessel crews have decades of experience in sailing in harm's way in the furtherance of U.S. national defense, economic security objectives, and humanitarian relief efforts. Accordingly, we continue to stand ready to assist you in your efforts to address the threat of piracy against all vessels off the East Coast of Africa and other regions of the world.

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