

"Trick or Treat" Reduction / Abolishment of High-Risk Area in the Indian Ocean Region

Diaploous Maritime Risk
Management

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1. Abstract

The purpose of this white paper is to inform the reader concisely about the complex environment of maritime security in the Indian Ocean Region "IOR" and to assess whether the High-Risk Area "HRA" is worth it to be maintained or abolished.

The identification of the threats and the geopolitical analysis of the IOR will help the reader to better understand what decisions to make based on the current risk in the area and the consequences that may result should the existing security measures applied are withdrawn.

The HRA reflects the area where the threat from piracy exists. In 2010 the HRA defined as the area bounded by Suez and the Strait of Hormuz to the North, 10°S and 78°E.

From 2010 until now the HRA has been reduced 3 times (2015, 2019, 2021)

As per the latest amendment (1st September 2021), the HRA defined as the area bounded by Figure 1 Chart "Historical changes in HRA boundaries".

It has been observed an **eager intention** from some representatives of International Organizations to **declassify the HRA** due to reasons known to them. In this paper, we will assess what a declassification of HRA would mean, which are the potential consequences and hazards that can be emerged despite that.

The overall **repression of piracy** in the region is a well coordinated outcome via a multilevel mechanism of security achieved through a **Holistic Maritime Security System "HMSS"** consisted of:

- a. **Area Defence (HRA)** role by developed Naval Security forces from various countries and organizations
- b. **Point Defence** (vessels) role by the embarked armed guards of approved Private Maritime Security Companies
- c. **Coordinated response and reporting organizations**, such as MSCHOA, UKMTO etc.
- d. **BMP5 guidelines**
- e. **Insurers and P&I Clubs**
- f. **Flag State Administrations**

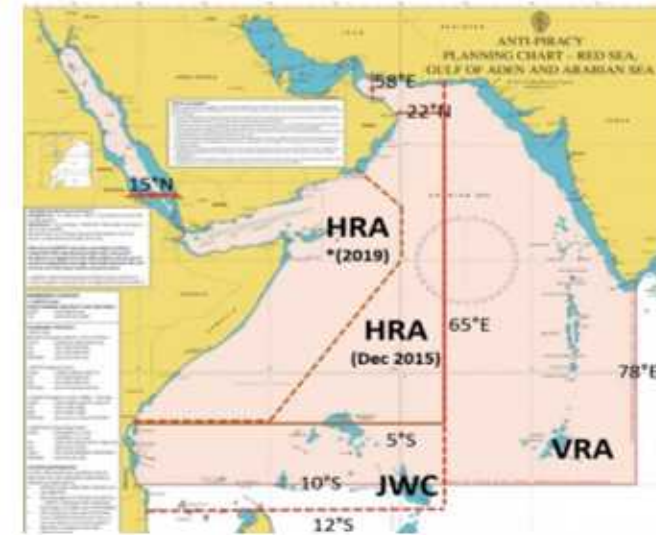


Figure 1 – Historical changes in HRA boundaries

2. Historical data of Piracy and Terrorism - Current Status

- In 1991, the new era in piracy within IOR, as we know it today, finds its roots after the beginning of the Somali Civil War and lays on until nowadays. It was initially a threat to international fishing vessels, expanding to international shipping since the consolidation of states phase of the Somali Civil War around 2000.
- In late 2010, the first Private Maritime Security Companies (PMSC's) emerge in response to the shipping industry's ongoing hijackings and Somali piracy was thriving until 2012 where significant security measures taken in order to combat the threat.
- In 2012, piracy attacks were still significant despite the establishment of the HMSS. This proves, that the capabilities are still there, what is missing now from the pirates to execute their criminal acts is the **intention**.
- After 2017, the number of piracy incidents started to show a downward trend while the **non-piracy incidents** show an upward trend due to regional conflict (Yemen civil war, Iran) and new asymmetry threats increased considerably the level of risk in IOR (See Figure 3).



Figure 2 – Attacks and Hijacked vessels from 2009 to 2020 - Source: EU NAVFOR – Operation Atalanta

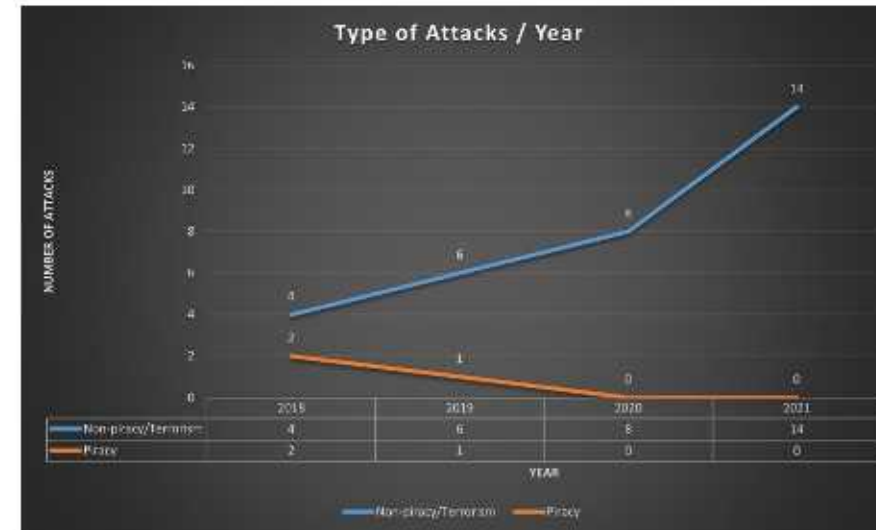


Figure 3 – Type of Attacks from 2018 to 2021 - Source: US Navy – Diaploous Intelligence

3. Factors that repress piracy activities

- The **establishment of the HMSS** is the most decisive factor that has led to the repression of the piracy threat and constituted piracy a high-risk business. Parts of the HMSS are also the following:
 1. The **establishment of the Naval Task Forces** in the region, a multinational naval Combined Task Force (CTF-151) was set up in 2009 as a response to combat these threats in the Gulf of Aden and off the eastern coast of Somalia operating in conjunction with the EU's Operation Atalanta (EUNAVFOR) and NATO's Operation Ocean Shield
 - Ensuring the protection of vulnerable vessels by securing the Area
 - Deters, prevents and represses acts of piracy and armed robbery at sea off the coast of Somalia, able to navigate with territorial waters for anti-counter attack purposes
 - Provides a unique legal framework to transfer pirates to regional states for their prosecution
 - Has the ability to chase pirates, counter attack, apprehend in accordance with RUF
 - Protect global maritime commerce and secure freedom of navigation.
 2. The deployment of **Private Armed Security Teams** onboard the merchant vessels while transiting the HRA
 3. The **mentality of the Shipowners and the Ship managers** to always ensure the safety of their crews and vessels
 4. The **Insurance Companies and the P&I Clubs** which set the required framework in order to protect the shipping community
 5. The overall applicable **legal framework** that has the jurisdiction to impose severe penalties through legal courts and proceed to the punishment of the pirates
 6. The **Flag States, IMO, UN** and other security organizations which issue significant circulars and guidelines in relation to the anti-protection of piracy
 7. Other instructions, such as the **BMP guidelines** etc.
- The response coordination measures adopted by regional and national authorities as well as the contribution from International Organizations, MSCHOA, UKMTO etc. has been significant in suppressing the piracy threat. However, with the withdrawal of such security measures, it is likely that threat to come back.

4. Contribution from Private Maritime Security

Private Armed Security Teams “PAST”

The Private Maritime Security sector was the first pillar requested to safeguard the vessels in the IOR and it has played a **decisive factor** for preventing piracy incidents mitigating significantly the level of piracy risk in the HRA by **detering the threat, defending and protecting the vessels and crew.**

More specifically, the presence of PAST onboard vessels contributed to the following:

➤ **The feeling of Security among the crew**

Private Armed Security Teams significantly lowered the risk of vessels being attacked and raised the security awareness. Vessels are fortified and armed guards always act proactively preventing any threat before it can even happen.

➤ **Certified Training**

All PAST undergo mandatory, specific training in line with IMO guidelines, ISO standards & BMP requirements. Private Maritime Security Companies (PMSCs) always ensure that their guards comply with the qualifications, and these are regularly audited by Certification Bodies and the shipping community.

➤ **Immediate Response to Threat**

The benefit of armed security guards is that they are more capable to respond to any sort of threat effectively executing a proportional level of force as opposed to naval warships whose reaction time is much slower. Their vigilance through continuous lookouts around the bridge has prevented thousands of threats from being exercised.

➤ **Provision of Anti-Piracy training on crew**

PAST always train crew on the fortification of the vessel, hardening techniques, conduction of simulation drills and carry out security briefings on crew in order to be familiarized and stay vigilant while the vessel transits the infested waters of the HRA

➤ **Due Diligence conducted on PAST**

PMSCs have a robust recruiting process always checking the background of all PAST. This background includes criminal record check, discharge record, medical fitness, weaponry handling, etc. ensuring that they are in the proper state of mind and have the required capabilities to safeguard your interests.

➤ **Ensure Command, Control, Communication & Surveillance**

PASTs are always vigilant and can be able to timely spot the threat and deter it effectively. PASTs act as liaison officers between Master, crew, PMSCs, and Shipping Companies ensuring the security and always safeguarding of client’s interests. Through daily instructions, reports, and communication channels the operational performance is guaranteed, and a sense of security is developed among the crew.

➤ **Prevent severe consequences**

An actual threat, if exercised, may entail catastrophic consequences such as damage to the vessel, cargo being robbed, harming of people to the point of human lives lost, creating mental health issues among the crew, pollution to the sea from a potential attack, damage to Company’s reputation. Moreover, in any of the consequences, the financial impact may be huge for the shipping company has to spend millions of dollars to remedy the damage and recover from the loss.

5. Geopolitical Analysis / Current Threats

SOMALIA

Bombing attacks are executed on weekly basis in the capital of Somalia next to Governmental premises. Criminal gangs that used to act in the Somali coast, now prefer to deal with less risky business such as arms trafficking, smuggling, drugs etc.

The geopolitical landscape in Somalia remains unstable/fragile, with multiple conflicts going on, and the strong presence of the **Al-Shabaab jihadist group**. Diaplous estimates that regional rivalries could potentially extend to territorial waters and pose a real threat to vessels transiting the region.

Somalia still considered a **failed state** (2nd, after Yemen), despite all support that has been provided. Somali government wants to end AMISOM and take control in fighting Al Shabaab but are likely unable to. Somali government wants to end maritime military missions in its waters. Piracy networks are intact and likely cooperating with Al Shabaab (potential for adding maritime terrorism as threat). The **political environment** remains **unstable** with the elections being up in the air and an economic situation being deteriorated also due to Covid-19. Somalia has received significant aid, capital resources without significant improvement. The country is hurt by **long-standing conflicts** and **corruption** and is far from being considered a well-organized State.

Therefore, our conclusion is that Somalia is **not capable to impose a basic legal order not even in its capital, let alone through its vast area and respective coastal sea**, thus we assess that Somalia seems to be going back to 'pre-piracy era' (pre 2007).



5. Geopolitical Analysis / Current Threats

YEMEN

Considering the ongoing regional conflict, the situation in Yemen remains **extremely fragile**, posing a severe threat to any kind of operation, developing in the region. **Repeating strikes** launched from **Houthi rebels** towards Saudis and vice versa have created an insecure environment, **posing a direct risk to vessels transiting the Red Sea, Bab el-Mandeb, and the Gulf of Aden.**

The regional conflict has effectively moved to the maritime space, further increasing the risk to vessels. A fair number of piracy-related incidents have taken place over the last twelve months close to Yemeni shores and/or in the waters of the Red Sea. The weakness of regional authorities to enforce the law in their territories, as well as to provide regional maritime security, offers many opportunities to pirates to carry out activities against ships, and regional rivals to carry out severe blows, against one another. Therefore, Diaploous assess that there is a considerably **high risk** for vessels operating in this geographical area to fall victim to regional security threats, ending up as collateral damage.

Diaploous estimates that security threats in Yemen, particularly close to the city of Hodeidah, within the next twelve months, will remain the same. Stability or any other sort of détente in the volatile region is far from being reached, thus both onshore and offshore activities should be carried out with extreme caution, applying all mitigation measures as recommended by the BMP5.

Extremist activities are executed at land-based facilities, through its coastal sea but also in nearby countries. **Significant investments** have also been made especially in the **Oil & Gas industry**, which due to geopolitical tension are vulnerable to be damaged.

There are analysts expect a **“Bataclan” terrorist event** at sea, while other threats are growing such as: drone attacks, proxy war, WBIED etc.

Our conclusion: Threat is at high level; deployment of PAST is assessed as mandatory.

5. Geopolitical Analysis / Current Threats

MOZAMBIQUE

Since the Islamic insurgency of Al-Sunnah, dating back to 2017, Mozambique has found itself confronted with security challenges, in addition to the already exacerbated economic situation and poverty. Following the **recent Islamic attack in June 2020**, resulting in the seizure of the coastal town of Mocimboa da Praia, a heightened maritime threat for vessels sailing off the coast of Mozambique surfaced. Insurgents, being aware of the deficiencies Mozambiquan security bodies present, have levelled up their offenses by launching amphibious, along with landward blows.

This new reality has effectively created an unstable, insecure environment, which poses a great threat and major obstacles to regional investments, as well as to commercial vessels, hampering their operations. More specifically, following an attack near the city of Palma last March, **Total Energies declared force majeure** due to escalated violence in the area and therefore **suspended the Mozambique LNG Project indefinitely**. If high-scaled attacks continue, likely, more and more projects will forcibly be suspended until security authorities defeat terrorist threats properly and provide a secure environment for businesses to grow.

Diaploous estimates that as long as the fragile economic situation, as well as Mozambican army deficiencies, such as understaffing, limited operational capability, and aging equipment, persist, the threat to vessels operating at Mozambiquan ports/terminals will persist accordingly. These attacks led to operations and various projects being frozen.

Although Mozambique is a more well-organized state compared to Yemen & Somalia, this did not stop it from being attacked, as this was illustrated by the 2 attacks against vessels, which took place in recent months, constituting the **area not secure and vulnerable to extremists**.

6. Where are we heading to?

- The gradual reduction of the HRA has not affected at all the utilization rate of vessels using PAST, nor the reporting in the area because all parties realize that the piracy is repressed but the root cause, the intention and the tendency for piracy is still there. However, there are also a few companies who take advantage of this high PAST utilization rate and select to not use PAST onboard.
- Various representatives support via International Forums the HRA declassification, based on their own risk assessments and based on below arguments:
 - a) There are no piracy incidents
 - b) Somali pirates have been eradicated
 - c) The payment system of the pirates has been exterminated
 - d) Somalia has become a well-organized State
 - e) There are serious entrepreneurs in Somalia whose Somali presence creates a lot of issues
 - f) There is a fit for purpose BMP5

The above arguments can be easily refuted as follows:

1. Piracy is not executed when the HMSS is implemented in the HRA
2. Pirate groups that used to act around the coast are currently deal with **less risky criminal business**
3. The **Organized crime** is always ahead the legal order that is why it is being evolved, for instance criminal transactions are executed through crypto coins
4. Somalia is far away from being considered a well-organized country
5. Serious entrepreneurs are also in other countries such as in Nigeria, Togo, Syria despite the breach of security in those areas
6. A BMP5 manual / instructions is not sufficient to prevent and deter a hostile act on itself
7. None **Risk Assessment** on its own can guarantee that a vessel will not be attacked in future

6. Where are we heading to?

- As opposed to mentioned high risk countries, there is the example of Oman, Djibouti & Kenya, countries that were under the umbrella and protection of Coalition Forces and do not allow their waters to become pockets for extremist activities
- The **UN Security Council** has voted to allow overseas Naval Forces to continue to combat the threat of Somali gangs off the country's coast for the next three months and the intention is the decision to be subsequently reviewed and the mandate to be extended, since they recognize that the maritime threat can be emerged and the instability at the land regions can trigger additional threats.
- The existing HMSS has managed to repress the piracy threat. Should any of its components be abolished, the **resurgent piracy could still pose a threat**. The UN believes piracy has been repressed but **not eradicated**. The three-month extension is considered by many coordinators a **security vacuum**, as it's a very short period which could lead to resurgence of piracy if naval operations discontinue or if the Shipping Industry takes decisions to stop deploying PAST onboard their vessels. **Unstable geopolitical situation** ashore means piracy is likely to return. Maritime security measures should be well preserved. Any **abolishment of PAST or of Coalition Forces** would require **significant recover time and cost** in order for the security forces to be re-established should the need / threat arises. The security forces should remain present and active.
- Risk Assessments are helpful to identify the threat and minimize the consequences, but the risk assessments should be taken into consideration carried out mainly from those who are experts and those who are active on the field.
- The cost associated with the presence of one Naval Warship in the HRA equals around to 30-40\$ million, whereas the total estimated annual turnover attributed to the Private Maritime Security services is around 88\$ million.

7. Concerns – Points for Consideration

- Therefore, **questions / concerns** should be raised in relation to:
 - a. Why the familiarization with the risk has made us to neglect that risk?
 - b. Who will be benefited from that abolishment? (certainly not the crews)
 - c. Who will take the responsibility?
 - d. Who will be summoned to cover that security vacuum? Are there any other Security Organizations interested to refill the security vacuum to be created?
- It should be ensured that vessel's owners, charterers, ship managers etc. should always maintain the free choice to select, deploy armed security
- It should be also ensured that the legal framework to deploy armed security is guaranteed at all times.

8. Consequences from the abolishment of the Holistic Maritime Security System

- Abolishment of security forces would have a severely negative impact on **crew safety** and **mental health**, as it is assessed that the **psychological effect** will be critical since many of the crew members will be reluctant or refuse to sail to high-risk areas, where **geopolitical tension** is at high levels, such as the Strait of Hormuz or the political environment is unstable, or where **new, asymmetric threats from local conflicts and insurgents** have emerged along Yemeni coast, or conflicts are simmering such as between national governments like USA, Iran, UK, Israel etc. thus raising maritime security risk.
- The leading security organizations should **balance cost and actual risk** as well as **lurking and emerging threats** should existing security measures be reduced or withdrawn. Declassification of HRA or withdrawal of the security task forces will **blink the eye to the pirates**, terrorist groups, criminal gangs that the area and vessels transiting through are **unprotected**.
- **Afghanistan Case study** – Extinction of threat does not mean that the threat cannot be emerged if security forces withdrew from the field – **domino effect**
- New **Kidnapping threat** may occur. The successful acts of Nigerian gangs through Kidnap & Ransom activities could emerge along the Somali coast due to well-known links between Somali and Nigerian criminal groups.
- All leading security organizations should clearly gauge the lurking risk, considering the **huge financial implications** and the **sense of security** that both the private maritime security and the response coordination measures adopted by regional and national authorities, have managed to achieve. It should be noted that the particular cost undertaken by the Shipping industry to deploy PAST (around 80\$ million dollars annually) is negligible compared to the trillions of dollars, vessels, people being safely moved. Therefore, it is crucial for leading security organizations, oil majors and the shipping community to realize **what is at stake**.
- There were, there are and there will be shipping companies which assess that there is still actual threat in the region and support the presence of Naval Forces and the deployment of PAST and there will be the first who will request their imminent support and will reproach the International factor as inefficient
- Current threat status could be compared to the sense of security while driving your car. The progress of technology, innovation etc cannot guarantee the extinction of car accidents nor allow the driver to stop wearing his seat belt while driving his car



Suez Canal - key statistics



50+

Vessels on average navigate the canal daily



18,829

Ships transited the Egyptian shipping artery in 2020



1.2bn

Tonnes of cargo moved through the waterway annually



1.9m

Barrels of oil routed through the Suez approximately each day

Source: Suez Canal Authority & Lloyd's List Intelligence

Figure 4 – Suez Canal Key Statistics – Source: Suez Canal Authority / Lloyds List Intelligence

9. Conclusion

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- It should be highlighted that the overall **reduction of piracy** in the region is a testament to the **enhanced private maritime security** and **response coordination measures** adopted by regional and national authorities.
 - Therefore, the challenge is to preserve these "**hard-earned gains**" and the shipping industry should not take any risk and jeopardize what has been accomplished so far. The indications that the intentions of **Somali-based criminal elements** could easily re-appear are strong should the security measures applied (presence of National Naval Forces and deployment of PAST) are withdrawn.
 - The **annual turnover** attributed to the Private Maritime Security Industry in the IOR is estimated at about \$80 million. The subject cost is **negligible** considering the **benefits** arisen from the use of PAST, the **mitigation measures** applied, the crucial **deterrent factor** and the **safeguarding** of trillions of dollars including the safe movement of vessels, people, commodities and overall interests.
 - All major players influencing security decisions should take seriously into account **what message is delivered** to the shipping community if vessels transit the IOR be unprotected and what **catastrophic consequences** might come up to crew, assets, commodities and reputation.
 - Based on the recent tactical situation of the IOR, an unprotected vessel that is passing from those waters can be an easier, **more vulnerable target** (from piracy or terrorist attack) and can lead to catastrophic results such as loss of life, vessel damage, environmental pollution, closure of Bab el-Mandeb Strait, etc.
 - Deviations from risky maritime security areas could **increase significantly costs**, forcing vessels to increase transit times, shipping fuel, deviation costs.
 - Regardless of the decisions to be taken, **a legal framework** should be maintained in place for vessel's owners, charterers, ship managers etc. to deploy armed security in compliance with Flag Administrations & Insurers
 - Our **attention** must shift to ensure we cover all maritime security threats, so we continue to safeguard your interests, people, assets, commodities and keep global trade moving, without jeopardizing what we have already achieved.
 - The risk of piracy is deemed to be low, however, admittedly, the risk from other type of threats, like terrorist threat, has significantly increased, **thus the use of PAST on merchant vessels while transiting the HRA is strongly recommended more than ever!**
 - It would be a **pleasant "treat"** the HRA to be considered safe, but **the abolishment of the HMSS** would be considered an extremely **unpleasant "trick"** for the shipping community.

APPENDIX A. Changes in HRA Boundaries

➤ 2009

In the Red Sea: northern limit - Suez

In the Gulf of Oman: northern limit - Strait of Hormuz

Eastern limit: 78° 00'E

Southern limit: 10° 00'S

➤ 2015

In the Red Sea: northern limit – latitude 15° 00'N

In the Gulf of Oman: northern limit – latitude 22° 00'N

Eastern limit: longitude 065° 00'E

Southern limit: latitude 05° 00' S

➤ 2019

In the Southern Red Sea: Northern Limit: Latitude 15° 00'N

In the Indian Ocean a line linking:

From the territorial waters off coast of east Africa at Latitude 05° 00'S to 050° 00'E

Then to positions:

Lat: 00° 00' N Long: 055° 00' E

Lat: 10° 00' N Long: 060° 00' E

Lat: 14° 00' N Long: 060° 00' E

Then a bearing 310° to the territorial waters off the Arabian Peninsula.

➤ 2021

Position B (01° 30' S – 046° 00' E), a line to

Position C (01° 00' N – 049° 30' E), a line to

Position D (09° 00' N – 055° 00' E), a line to

Position E (14° 20' N – 057° 30' E), a line to

Position F (the Yemeni coast at longitude 053° 00' E), then

Follow the Yemeni coast westwards and northwards, to

Position G (the Yemeni Red Sea coast at latitude 15° 00' N), then a line to

Position H (the Eritrea territorial sea border at latitude 15° 00' N), then

Follow southwards first Eritrea's and then Djibouti's territorial sea borders, to

Position I (the coastal border point between Djibouti and Somalia), then

Follow the Somali coast eastwards and then southwards, to Position A



APPENDIX B. Glossary - Abbreviations

- **BMP** – Best Management Practices
 - BMP5 - Best Management Practices revision 5
- **CTF-151** - Combined Task Force 151
- **EUNAVFOR** - EU Naval Force Somalia
- **HMSS** - Holistic Maritime Security System
- **HRA** - High Risk Area
- **IMO** - International Maritime Organization
- **IOR** - Indian Ocean Region
- **LNG** - Liquefied Natural Gas
- **MSCHOA** - Maritime Security Centre – Horn of Africa
- **PAST** - Private Armed Security Teams
- **PMSC** – Private Maritime Security Company
- **UKMTO** - United Kingdom Marine Trade Operations
- **UN** – United Nations
- **WBIED** - Water Borne Improvised Explosive Devices



**Thank you for your attention
and your time**

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