

Year 2011, pivotal in Somali Piracy history

Any given problem is a problem for some, and business for others, for those who vow to solve the problem, and those who find other ways to profit from problem. There is the whole industry consisting of people and structures, who make problems their business, here and there we find among them think-tanks and UN officials, politicians and insurers. Some people consider my piracy investigations as some kind of “conspiracy theory”, which fact for me personally, is a very good example of public behaviour in general, of how easily public may be duped and misled. My investigations are based on open figures and facts, and on my own rather deep understanding of shipping and piracy. I can make much more thorough investigations, but I don’t have a staff of “fellow-researchers” and funds, what I do I do in my free time. Nevertheless, unlike think-tanks like most notorious one, “Oceans beyond Piracy”, I don’t turn dhows into super tankers in full load and make the equal in cost, I don’t count ransoms as “paid” for vessels released by Navies, I don’t fantasize on losses suffered by world economy through piracy, my figures and estimations are much more plausible than those given by officialdom, they may be checked and re-checked, using open sources.

The year 2011 seems to become a pivotal year in Somali piracy history, in full accordance with what officialdom and personally, Mr. Mitropoulos, promised to us, but in opposite sense. The dramatic fall in hijacks is contributed to the massive use of private armed guards, which roughly, begins in spring, and UN, a number of nations, IMO, Round Table and the ITF have nothing to do with it. On the contrary, they did and still do everything possible to stop or to limit the use of private guards, because the success of private guards puts them into very awkward, even dangerous situation.

This investigation is an attempt to understand and evaluate the Somali Piracy evolution during the year 2011.

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I

Ransoms

Ransoms, if we are to trust official statistics, skyrocketed during the last 18 months. How did it happen, why and how realistic are the costs of ransoms that we know of? Chronologically, the history of ransom cost is divided in two sharply different periods, – one lasted from the beginning of modern Somali piracy in years 2004 – 2005 till the first half of year 2010, the second, ongoing period, started from the second half of year 2010. During several months of the year 2010, ransoms hit the sky with no intention of landing. What happened? Officialdom gives us a ridiculously plain explanation, a childish one – pirates became greedy. They weren't greedy before the middle of year 2010, and then suddenly they had some kind of a jolt, found themselves to be too benevolent in the past, and reconsidered the price idea.

But if we look through the history of ransoms, we may find another explanation, much more plausible than the one given by bureaucrats. Up to the middle of 2010, we knew about some ransoms' costs, but we knew those costs to be the truth, because shipowners themselves made them public, or there were leaks. Pirates didn't call Reuters or AP after each ransom drop and didn't brag on the volume of ransom. We knew also about the process of the talks – well, more or less, but knew. We knew about dim persons called “negotiators”, almost all of them being British. But here and there talks were held without omnipresent Brits, and talks were more often, than not, more successful.

By the middle of 2010, meanwhile, officialdom worked out their strategy and figured out their profits, and they made a choice – a strategy of “Fighting pirates”, instead of a strategy “Protection from pirates”. By that time navies, by their irresponsible and often downright criminal behaviour, turned pirates into bloodthirsty criminals, and navies were as much interested in “Fighting piracy”, as officialdom, all kinds international and national politicians, maritime organizations, IMO and UN, ITF and national unions.

“Fighting piracy” strategy demands budgets and funds, and statistics to explain to public the necessity of fighting the pirates. “Fighting piracy” authors had to twist the whole picture and make out of pirates something pirates never were, and never will be (unless of course, they wouldn't be widely supported by interested in them insurers, officials and navies). They had to make out of pirates a “Global threat to shipping and economy”, no less.

By that time, insurers found their gold mines, too, and speaking of insurers (at least London-based ones), no one is making out of piracy such tremendous profits, with zero operational costs. Insurers make money out of war risk covers and out of negotiations. War risk covers were forced upon shipping without any reasons given, without any public explanation and outside expertise. What war risks in connection with Somali piracy mean in general, how big those risks are and what losses did insurers suffer due to pirates activities, to explain the hike in premiums? But insurers want more, and they already got it. Insurers monopolized negotiators market and cloaked the process of negotiations and ransoms in absolute secrecy and silence. Now insurers are racing against private security agencies, trying to get as much share of security market as possible, and with some luck, maybe to monopolize it.

All of the involved abovementioned parties share one mutual interest, piracy should appear much bigger and much worse threat to the shipping, than it is in the reality. To prove it, they need twisted statistics. The basics for the sudden hike in ransoms are not pirates born (i.e. – pirates are not the main party to be blamed for that): to prove the global danger of Somali piracy, officials and insurers had to concoct fearful statistics and facts, starting from economic losses and finishing with pirates savagery and cruelty. That is why all other sources of information, except official, were obliterated by the second half of year 2010. Before that time, we knew about talks and ransoms, mostly, directly from owners. Now ransom volumes are a prerogative of pirates and their wholehearted supporters, world media.

Are sky-limit ransoms, turned into indisputable facts by official statistics, to the interests of pirates, or are false inflated figures against pirates interests? Simple logic tells us, that of course, inflated figures are to the best of pirates' interests. Officially and publicly recognized figures became a psychological "must", and unhappy shipowner, whose vessel was hijacked, simply accepts unreasonably high demand as a fact of his sorry life.

When asked, why genuine sources of ransom volume were silenced, officials answer in the same Big-Brother-dealing-with-Small-Sister manner – it will endanger other crews and other talks, and delay other releases. Pirates will find out how much other gangs made, and raise their demand, say officials. Logic of the officials is very curious to say the least – we can't voice real ransom volumes, they say, because it may endanger other crews, that is why we have to trust pirates on their word, and make figures given by them official, though those figures far exceed the real, confirmed, figures. That way, other crews won't be in any danger. Pirates may say anything, may claim any volume, officially they're recognized as reliable and trustworthy, as your Swiss bankers. Pirates can't lie, can they?

The whole matter, the whole process of hijacks, talks and ransoms is one big lie and hypocrisy. Hijacked vessels didn't have armed guards on board, and they stick to BMP practice, as shipping is told to do. Still, the authors of BMP (the list of them given below) don't take any responsibility for the safety of the vessels, who fully comply with officials' guidelines. The authors of BMP were and still are against armed guards, but they can't provide the safety, and they don't openly admit it. In other words, they have enough impudence to demand giving no guarantees in return, and rejecting any responsibility.

The officials don't openly recognize the ransoms – like some devil or god in some tribes, they talk about ransoms but don't say the taboo name. Ransoms are legal, but they're not exactly legal, to proclaim officially the necessity and inevitability of ransoms is politically incorrect. But to make out of piracy a global scarecrow, by financing fraud "Studies" with stunningly falsified "statistics", is absolutely correct and highly moral.

Officials made out of "Fighting piracy" process a non-stop show, demonstrating their care for seafarers. Intentionally inflated ransoms, meanwhile, made pirates believe that they'll get as much as they demand (their logic is just logic – firstly, we claim what we fancy, and it became officially recognized, why should we get less than it is officially recognized?!), and with that, the time of talks and captivity dramatically increased, directly endangering crew's lives and health. Officials created and support inflated ransoms, in other words, together with pirates, they are directly responsible for the nightmares of sailors, who're now in captivity.

If what I say is not true, why officials accept ransom volumes, declared by pirates, as truth and nothing but truth, without a shade of a doubt? Is there place for doubt? Let's look at some figures.

In years 2008-09 average ransom cost was \$2.3 million, in year 2011 (leaving 2010 out because of a difference between first and second half of the year) it is \$5 million. The average is calculated as the sum of all known 18 ransoms (\$89 million), divided on number of ransoms. But to make a more clear and correct picture, I'll minus from total sum the sum of two ransoms for VLCC tanker Irene SL and Aframax tanker Zirku, both in full load (13.5+12=\$25.5 million), because hijacks of big tankers in full load are exceptions, and enormous values both of the vessels and their cargo make them a statistical deviation, greatly distorting the general picture. The deduction leaves me with \$63.5 million, when divided on 16, it gives an average ransom as being \$4 million.

But it's a long-time accepted fact, that the ransom itself constitutes only a third part of total shipowner's losses, other biggest expenditures include cost of negotiator, losses incurred by vessel's idling, double salary to the crew, etc. How to estimate other losses except ransom? From all the information I had and have, the cost of negotiator and the cost of delivering ransom are no less than \$1.5 million. The figure is very conservative, I suppose in fact it's at least \$2 million. How to calculate other losses? Say, in general we may accept 7-8 thousand dollars per day as an

average operational cost. But the shipowner as a rule, doesn't bear the expenses of fuel and supplies, of port taxes and maintenance, during the captivity period. Still, in most cases he has to pay double salary to the relatives of the crew (he pays at least basic salary in all cases), he also has to pay for a 24 hours satellite phone communication, which doesn't come cheap, either. Sometimes shipowner finances the delivery of some supplies to captured vessel, on a special agreement with pirates. The delivered supplies in such cases, became truly gold. Let's accept the average daily loss as \$5,000 and leave out indirect losses, incurred by the idling. We'll have to burden ourselves with a lot of arithmetic, i.e. we'll have to calculate other losses personally for each vessel, depending on the time of captivity. We can't make this figure average, because of a very big time difference in every case.

Let's compare the market values of ransomed vessels, ransoms costs and general losses, in years 2011 and 2009.

Year 2011

Name	Dwt/Built	Time in capt., months	Ransom (\$ mill) + Cost of negotiator and delivery (\$1.5 mill)	Other losses in \$mil by formula: $\$5,000 \times N$, where N is number of days in capt.	Total losses (\$ mill.)	Market value of the vessel (\$ mill.)	Balance
Bulk carrier Jahan Moni	41300/1996	3	$4.2+1.5=5.7$	0.45	6.15	9	+2.85
General cargo Thor Nexus	20410/1989	3.5	$4.77+1.5=6.27$	0.525	6.8	Sold 5.6	-1.2
Asphalt tanker Asphalt Venture	3884/1991	6.5	$3.6+1.5=5.1$	0.975	6.075	1.5	-4.58
Bulk carrier Renuar	70123/1993	4.5	$6+1.5=7.5$	0.6	8.1	15	+7
General cargo Sinar Kudus	8911/1999	1.5	$4.5+1.5=6$	0.225	6.225	6	-0.225
Bulk carrier Khaled Muhieddine K	24022/1981	4	$2.5+1.5=4$	0.6	4.6	3	-1.6
General cargo Yuan Xiang	22356/1978	7	$3.6+1.5=5.1$	1	6.1	2	-4.1
General cargo Suez	17300/1984	10	$2.1+1.5=3.6$	1.5	5.1	3	-2.1
General cargo Susan K	4200/2003	2	$5.7+1.5=7.2$	0.3	7.5	4	-3.5
Bulk carrier Eagle	52163/1985	7	$6+1.5=7.5$	1	8.5	6	-2.5
Boxship MSC Panama	26288/1989	9	$7+1.5=8.5$	1.35	9.85	9	-0.85
Bulk carrier	22835/198	8	$4.5+1.5=6$	1.2	7.2	4	-3.2

Hoang Son Sun	4						
Bulk carrier Dover	37951/198 1	7	3.8+1.5=5. 3	1	6.3	Sold scrap 5	-1.3
Bulk carrier Blida	20586/197 8	10	2.6+1.5=4. 1	1.5	5.6	3	-2.6

Year 2009

Name	Dwt/Built	Time in capt., months	Ransom (\$ mill) + Cost of negotiator and delivery (\$1.5 mill)	Other losses in \$mil by formula: \$5,000xN, where N is number of days in capt.	Total losses (\$ mill.)	Market value of the vessel (\$ mill.)	Balance
bulk carrier De Xin Hai	76432/2008	2.3	*4			34	
boxship Kota Wajar	24637/1997	2.5	3.3+1.5=4.8	0.375	5.18	6	+0.82
bulk carrier Delvina	53629/2007	1.5	3.5+1.5=5	0.225	5.225	28	+23.775
bulk carrier Ariana	69041/1984	7.2	2.8+1.5=4.3	1.1	5.4	7	+1.6
general cargo Charelle	2980/1985	5.6	?			1.5	
tuna fishing vessel Alakrana		1	*3.3				
bulk carrier Horizon 1	34173/1980	3	1.5+1.5=3	0.45	3.45	Sold scrap 3	-0.45
bulk carrier Irene E.M.	35025/1980	5	2+1.5=3.5	0.75	4.25	Sold scrap 3	-1.25
boxship Hansa Stavanger	20526/1997	4	3+1.5=4.5	0.6	5.1	20	+14.9
general cargo Victoria	10500/2004	2.5	1.8+1.5=3.3	0.375	3.675	13	+9.325
dredger Pompei		2.2	*3.2				
general cargo Marathon	2575/1976	1.5	1.3+1.5=2.8	0.225	3.025	0.8	-2.225
bulk carrier Patriot	31838/2002	1	2+1.5=3.5	0.15	3.65	20	+16.35
tanker Nipayia	8742/1997	1.5				8	
bulk carrier	32587/1981	1	2+1.5=3.5	0.15	3.65	6	+2.35

Malaspina Castle							
bulk carrier Saldanha	75707/2004	2	1.9+1.5=3.4	0.3	3.7	31	+27.3
tanker Stolt Strength	33209/2005	4.7	2+1.5=3.5	0.705	4.205	25	+20.8
general cargo Sea Horse	7435/1973	0.25	*0.1			1	
bulk carrier Titan	43214/1983	1	?			4	
LPG tanker Longchamp	4316/1990	1	?			?	
general cargo Blue Star	7923/1977	2	1+1.5=2.5	0.3	2.8	Sold scrap 1	-1.8
chemical tanker Chemstar Venus	?	3				?	
ro-ro Faina		3.2	* 3+ (record high)				
general cargo Bosphorus Prodigy	3840/1985	1.5	1.5+1.5=3	0.225	3.225	2	-1.225
tanker Biscaglia	27350/1986	2	2+1.5=3.5	0.3	3.8	3.5	-0.3
general cargo CEC Future	7121/1994	2.3	1.2+1.5=2.7	0.345	3.045	4	+0.55
bulk carrier African Sanderling	58798/2008	2.7	?			35	
tanker Karagol	5701/2007	2	?			5	
bulk carrier Delight	43422/1986	1.5	?			5	
VLCC Sirius Star		1.8	*3 (record high)				
bulk carrier Yasa Neslihan	82849/2005	2.1	?			33	

* bulk carrier De Xin Hai \$4 million ransom was claimed by pirates

* tuna fishing vessel Alakrana and dredger Pompei – exact sum of ransoms is unclear, in both cases interested States were involved in talks and ransom collect

* general cargo Sea Horse was chartered by WFP and released by pirates in a week time under unclear circumstances

* ro-ro Faina – record high ransom was paid with regards to the nature of the cargo, a battalion of tanks pricing some 100+ \$million, Ukraine State was involved in talks and ransom collect
 * VLCC Surius Star was the first hijack of fully loaded VLCC, ransom \$3 million was a record high till ro-ro Faina ransom

In year 2009 in 6 cases out of total 16 with known figures, shipowner was in red, market value of the vessel was less than suffered losses, with average minimum loss \$1.2 million, with average captivity time 2.5 months. Unrecoverable loss risk was less than 40%.

In year 2011 in 11 cases out of 13 with known figures, shipowner was in red, market value of the vessel was less than suffered losses, with average minimum loss \$2.3 million, with average captivity time 5.6 months. Unrecoverable loss risk is 85%. In 2 cases losses more than doubled market value of the hijacked vessels, meaning owner could buy two vessels instead of ransoming out hijacked one.

In comparison with 2009, hijacks of 2011 consist mostly of low-cost aged vessels, meaning they belong to small shipping companies, limited in their resources and economizing on everything including the proper protection of the vessels.

The conclusion is obvious – ransom figures claimed by pirates are false, shipowners simply can't pay such ransoms because it will ruin them. They'd better abandon their vessels and crews, and that's what we witness, process is already under way. Pirates, inspired by media and maritime organizations, demand unrealistic ransom, owner can't collect and pay such money, duration of captivity dramatically increases and the whole story comes to a dead end. There's one more reason behind pirates stubbornness in their senseless demands. Starting from late spring this year, skyrocketing use of armed guards crippled the pirates' ability to hijack vessels at their will. Before the extensive use of private armed guards, pirates were limited only by their physical ability to keep hijacked vessels in their dens. As I wrote before, judging from statistics, it can't be more than 30 ocean-going freighters simultaneously, excluding of course dhows and dubious fishing vessels. Now pirates encounter the problem of a different nature, now they lack the ability to hijack vessels, not in quantities they can afford, but just any vessels.

That's why they stick to waning number of the vessels they still have, and try to squeeze out of them as big ransoms as it's possible. Well, pirates don't feel the borderline between reality and greed, but that's the main problem of all those who make money, not earn them. For all I know, such vessels as ro-ro Iceberg I or m/v Blida may be considered as abandoned by owner, the same can be said about the 6 crew of Danish small freighter Leopard. I predict that the practice of abandonment will widen.

I don't blame owners. Why should they go bankrupt, what for? Interested States don't help them out of pure hypocrisy and basic indifference to the fate of ordinary people, maritime organizations together with trade unions and media did everything they could to inflate ransoms and make them unrealistic, ignorant public supports pathetic pro-socialistic crap, blaming "capitalists", i.e. shipowners, in all public woes. No one except relatives genuinely cares for captured sailors, but they've been hijacked not only because owner was too greedy, but mainly, because the international community failed to protect them from piracy. Owners don't have much obligations left, either financial or moral, if any at all.

IMB statistics and reality

IMB latest report dated Oct 20 2011:

There have been a record number of pirate attacks but anti-piracy measures have been successful in reducing hijacks. The report shows that Somali pirates were behind 56% of the 352 attacks worldwide reported in the first nine months of 2011 – 199 compared with 126 in the same period of 2010. However, despite the increase in attacks, the pirates have been less successful, hijacking 24 vessels in 2011 to date compared with 35 in the same period of 2010 – representing a 12% success rate compared with 28%. The IMB credits this reduction in

hijackings to "policing and interventions by international naval forces, correct application of the industry's latest Best Management Practice – including the careful consideration of the crews' retreat to a 'citadel' – and other onboard security measures".

Let's compare the hijack statistics by seasons and months in years 2010 and 2010, as shown in a table

2010			2011		
No	Date of hijack	Vessel	No	Date of hijack	Vessel
1	Jan 2	m/v Asian Glory	1	Jan 01	m/v Blida
2	Feb 03	m/v Rim	2	Jan 17	m/v Eagle
			3	Jan 19	m/v Hoang Son Sun
			4	Jan 20	m/v Khaled Muhieddine K
			5	Jan 22	m/v Beluga Nomination
			6	Feb 8	m/t Savina Caylyn
			7	Feb 9	VLCC Irene SL
			8	Feb 12	m/v Sinin
			9	Feb 28	m/v Dover
1	Mar 01	m/t Al Nisr Al Saudi	1	Mar 16	m/v Sinar Kudus
2	Mar 05	m/t UBT Ocean	2	Mar 28	m/t Zirku
3	Mar 23	m/v Frigia	3	Apr 8	m/v Susan K
4	Mar 23	m/v Talca	4	Apr 21	m/v Rosalia D'Amato
5	Mar 29	m/v Iceberg I			
6	Apr 04	VLCC Samho Dream			
7	Apr 07	m/v Yasin C.			
8	Apr 11	m/v Rak Africana			
9	Apr 21	m/v VOC Daisy			
10	May 08	m/t Marida Marguerite			
11	May 11	m/t Panega			
12	May 12	m/v Eleni P			
1	Jun 28	m/t Golden Blessing	1	Aug 20	m/t Fairchem Bogey
2	Jul 04	m/t Motivator			
3	Aug 02	m/v Suez			
1	Sep 08	m/t Oilb G	1	Oct 31	m/t Liquid Velvet
2	Sep 29	m/t Asphalt Venture			
3	Oct 10	m/v Izumi			
4	Oct 23	m/t LPG York			
5	Oct 30	m/t Polar			
6	Nov 11	m/t Hannibal II			
7	Nov 12	m/v Yuan Xiang			
8	Nov 26	m/v Albedo			
1	Dec 10	m/v MSC Panama			
2	Dec 11	m/v Renuar			
3	Dec 20	m/v Orna			
4	Dec 25	m/v Thor Nexus			

Where weathered Captain of World Piracy Statistics, Capt. Pottengal Mukundan, did get 35 vessels hijacked in Jan – Oct period of year 2010, when figures show only 22? And how did he manage to hijack 24 vessels in year 2011, when if fact, there were only 14 hijacks? That's the skill of his, for which he's kept as a head of IMB by his puppet masters. He meticulously summed up all hijacked floating objects, be they dhows, yachts or ocean-going vessels. I'm tired of explaining in each my study the basic fault in equating all vessels. There is nothing wrong with recording all hijacked floating objects, as long as such consummate statistics go with detailed explanation, segregating the cases and involved vessels in accordance with their true value and meaning. Dhows can't be counted equal to ocean-going freighters, as also, small non-registered poaching fishing vessels and small yachts, it's against simple basic common sense, it's against statistics basics, it's a near criminal (I think it's criminal, and further on will try to prove it) intentional distortion of the reality. The head of IMB must be really well paid not to see such a striking difference between different types of vessels, and not to understand, that such statistical blend is a sure way to manipulations and falsifications, and has nothing to do with protecting shipping from piracy, because distorted statistics help pirates, not shipping. Statistics demonstrate us dramatic reduce in number of hijacks, record low figures, thanks to soaring number of vessels guarded not by BMP4, but by private armed guards.

Why Captain Pottengal Mukundan should be raised to an Admiral

Now, let's analyze the number of attacks, just to understand why it's not as scary as it is intended to be. The number of attacks increased, but any sensible person, be that person incumbent with the duties of World Piracy Statistics, should easily guess why did it happen and why it may be considered more as a success than an alarming tendency. As I wrote many times before, Somali piracy is restricted by its' physical capabilities to hold in captivity a limited number of hijack vessels simultaneously, 25-30 and not more, excluding of course, dhows, yachts and other small fish. Statistics illustrate, that peaks and drops in number of attacks directly correlate with the number of vessels in captivity. When pirates' dens are full of hijacked vessels, number of attacks reduces, the number of vessels pirates may hold determines the number of pirates in general, so there are not many idle pirates to go hunting, and there are no places for new vessels. With receding number of hijacked vessels, pirates go to the ocean to hijack new ones, and number of attacks goes up. Now the number of vessels in captivity is a record low, no wonder pirates desperately try to catch new prey and number of attacks climbs to new records.

What's the reason for it? Answer is very loud, very clear and very unpleasant for all those who profit from piracy. Answer is called "private armed guards". Even navies recognized armed guards as the main, and most effective, protection measure by now, EU NAVFOR said during The International Conference on Piracy at Sea, held in Sweden this month, that 90% of thwarted attacks are credited with armed guards, the rest is BMP4, citadels and other cherished toys of the "leaders of maritime industry".

But Capt. Mukundan disagrees with statistics and navies, as *The IMB credits this reduction in hijackings to "policing and interventions by international naval forces, correct application of the industry's latest Best Management Practice – including the careful consideration of the crews' retreat to a 'citadel' – and other onboard security measures"*. I don't know what kind of navigator Capt. Pottengal Mukundan was, what, where and when, if ever, he navigated, when talking about seas and oceans, but I credit him with exceptional navigational skills, when talking about bureaucracy murky waters. I think his superiors should raise him from a mere Captain to an Admiral rank, for his relentless efforts, in absolutely shameless manner, in twisting the truth.

Navies and BMP

To make it short, I won't go deep into the history and statistics of navies presence in Gulf of Aden and Indian ocean. Just a few words to illustrate their efficiency will be enough. Navies of such countries, as Russia, China, Korea, India, Japan, Malaysia, Thailand and some others patrol piracy prone waters using different from NATO, EU and US tactics. NATO, EU and US forces patrol dangerous areas, mainly so-called Internationally Recognized Transit Corridor, in a manner of police cars patrolling crime-infected streets, they have joint command centers and coordinate all their activities. The countries whose navies, so to say, walk all by themselves, chose convoy tactics, they form the convoys of several vessels and escort them through dangerous area.

Some navies, for example Russian Navy, provide for each escorted vessel team of 4-6 mariners, armed with not just AKs, but long-range and sniper rifles. Sailing in such a convoy of course, is absolutely safe. The main problem with convoy system lies in its' unacceptable, for modern peace time shipping, nature. Owners just can't afford the luxury of waiting for the next convoy date, world trade and world economy will be disrupted in no time, if every vessel passing Indian ocean will have to wait for a convoy. NATO, EU and US firstly, used convoy tactics also, but they figured out the nuisance of it in a very short time, and changed tactics. One example of effectiveness of convoy tactics – Russian Navy presence in Gulf of Aden dated back to November 2008, from that time and up to April 2011 Navy provided safe passage for about 700 merchant vessels. There are from 100 to 200 vessels transiting dangerous areas of Indian ocean any given day, meaning in two and a half years safety was provided for about a week's time. We can hardly call it an efficient presence, don't we?

Well, tactics of NATO, EU and US aren't much better, either. They've been trying different approaches with the same result – zero. Pirates were hijacking as many vessels as they could handle, numbers didn't change when navies came in. Navies said they can't protect such vast areas, there simply aren't enough ships to cover even Gulf of Aden, not to mention Indian ocean. Very true. But why didn't navies try alternative, why didn't they try the only measure giving guaranteed safety, why didn't they even propose a conveyer-style (flotels in point A and B, boarding and disembarking passing vessels by means of boats and helicopters) protection of each passing vessel with military teams? The answer is given below.

To make it up for their disastrous failure in providing protection, navies, their superiors and maritime organizations, came up with Best Management Practice BMP, guidelines of protection the defenceless vessels and crew from pirates. BMP may not be so pathetic be it not so widely and shamelessly advertised as the best way to ensure safe transit. Now, what's the core of BMP, what's all about? It's nothing more than common sense and some seamen practice, it's an attempt to defence against armed mob being armless and defenceless. As an illustration – imagine a farm in a Wild West in times of lawlessness and wars with Indians, imagine farmers are given instructions to defend their farms and families first by trying to scare mob off with broomsticks, then retreating to closet, turned into a makeshift safe beforehand, locking themselves in and as a last resort, praying cavalry would come in time. That's what BMP is all about, nothing more. Seafarers are much more creative, by the way, than the authors of BMP. I've received a draft of self-made fire-thrower, concocted by desperate crew in vessel's workshop out of ordinary spare parts. Crews know that such "arms" are prohibited, and disassemble their "sophisticated" weaponry before entering ports.

Still, BMP wouldn't be so disgusting if not the way in which the guide is enforced upon shipping (with a lot of help and support from insurers, who immediately found very good reasons to reject insurance payment on the grounds of vessel's lack or inadequate compliance with BMP) and is

advertised in general public. BMP is two pages of instructions, two pages of contacts and three pages of proud authors, from navies to trade unionists and UN, with a personal author for about each word of the instructions. The authors either think everybody is a fool, or don't care what shipping thinks about the BMP saviour and about those who invented it. They sell the BMP around in a way similar to street vendor's way of selling to ignorant tourist phoney "Rolex", claiming it to be genuine. I personally think, that the so-called "leaders" of world shipping aren't capable of critical self-evaluation, and they just can't see how cheap and pathetic they look.

The general stance of navies on piracy got a new light in recent months, when out of sudden, many Navy brass went on air with terse criticism of private armed guards. They went further than mere critics, they declared private guards as absolutely unacceptable measure and keep on saying "it is only a matter of time before a ship with a private security team onboard is taken successfully by pirates", accentuating their predictions with very strong feelings. Even industry media, the servility itself, mildly reprimanded navies and said that such a stance is a pity, something to regret in times, when all involved parties should cooperate, not fight each other. Such, to put it blunt, outrageous behaviour of navies leads us to some interesting conclusions. Why didn't navies react on private guards in such aggressive manner before, why now? There's only one plausible answer – because widespread use of armed guards during last several months produces amazingly efficient results. Navies themselves credited guards with 90% successfully thwarted pirate attacks, no vessel with armed guards on board was yet hijacked. Such an outstanding success is a striking contrast to navies inefficiency, or a near catastrophe, if take into account billions of dollars wasted on navies presence, and spurred by navies actions atrocities, crimes and soaring bloodshed. Navies look very bleak (to say the least) in comparison, anyone capable of arithmetic may easily calculate the difference in money required for armed guards and for navies, appreciate their success percentage, and then start asking navies very unpleasant questions, with the main one – what navies are doing there at all, except wasting tremendous budgets and enjoying themselves? Campaign against private guards, unleashed by navies, is absolutely inappropriate and tells us not about failings and weak spots of private security, but about the true position of the navies, about their genuine interests, which lie anywhere but not with safety of the shipping.

Facts:

If navies were genuinely interested in providing safety, they could make shipping safe from pirates long time ago, at least two years ago, by creating multinational forces and providing each passing vessel with military teams;

They know better than anyone that Protection for Each Vessel Strategy is the only 100 percent effective, feasible and cost-effective Strategy under the circumstances;

They know better than anyone that their present tactics are wholly ineffective and what's worse, their behaviour and actions lead to the escalation of violence and bloodshed, to loss of lives, not their lives, but lives of innocent civilians and pirates;

Understandably, the questions of changing strategies and creating multinational forces are beyond their competence, it's up to politicians. But they could give a true picture of the whole situation by going public, by for example, making a joint statement by several ships' captains and operations chiefs, but that requires something they obviously lack – honor, courage and sense of social responsibility.

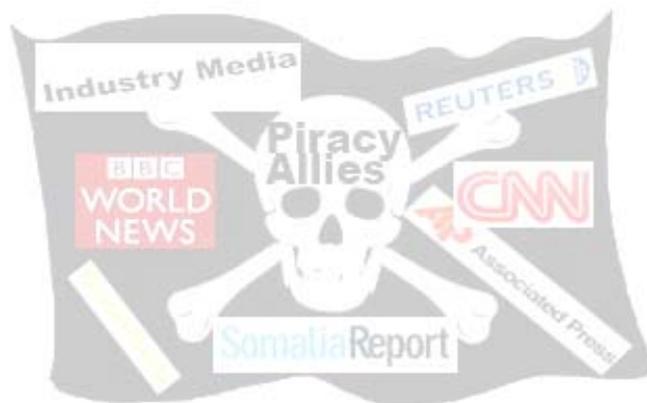
The success of private security proves in fact, two things:

If private guards are so effective, all the more so could be said for military guard teams, be they chosen as the only measure capable of securing safety for all the shipping (excluding of course, regional shipping), and be they created;

By such a negative and strikingly aggressive reaction to private security success navies and their masters unintentionally, unwillingly, exposed their true objectives. Navies yearn after increased

budgets and year-round exercises, politicians want military presence in the area, and piracy has nothing to do with that, we're talking here about Persian Gulf, that's the true aim of politicians.

We're coming to rather unpleasant, alarming conclusion in appreciating the stance of navies and their superiors – they're deeply interested in piracy threat and existence, they want to keep status quo as best suiting their interests. Shipping, Somali, regional problems are considered to be irrelevant to their ambitions, civilians and pirates are expendables in their power games. If and when they find it necessary, they'll make provocations, they'll commit crimes, they'll lie and seal with "Secret" stamps very unpleasant true, they'll support the piracy in clandestine ways, but what I'm talking about, at least half of the abovementioned they already did and keep on doing. They won't spare any efforts to block any realistic approach to the problem of shipping safety, to resist any solution capable of eliminating the piracy threat. Right now private security seems to be the one, and as such, is considered to be their main enemy, hence their hostile reaction.



III Private Guards

The year 2011 may be considered as a pivotal year in defending shipping from Somali pirates. Starting from late winter, the use of private guards soared with stunning results, 20 hijacked

vessels in March – October 2010, and only 6 in the same period in 2011. It was impossible any more for IMO and Round Table not to notice private guards, and as saying goes “if you can’t stop it, lead it”, they tried to somehow control the process by “recognizing” private guards and by issuing “guidelines” for the use of private guards. No responsible shipowner needs “recognition” or “guidelines” from maritime “leaders” long time ago, it’s a fact of life that shipping in its’ most part simply don’t recognize the “leaders” as something to respect and to listen to.

British security agencies saw their chance and didn’t miss it, after preliminary public campaign against “unknown and unreliable” security agencies, Brits established The Security Association for the Maritime Industry (SAMI), called in for making security controllable, transparent and reliable. According to Cook’s SAMI figures, released in October, 53% of maritime security companies are registered in the UK and are growing at a rapid rate. About 70 members of SAMI cover 25-28 percent of all transits and provide 80% of armed guards, claimed Peter Cook, the head of SAMI. He predicts the industry will consolidate in time, with only 6 - 7 security agencies left, and he estimates the value of security market SAMI members share as some 300 million UK pounds.

About 150 vessels per day transit dangerous waters every day, sailing two main routes, East – West and North – South. Armed guards cost on average is about \$60,000, subject to route and time of transit. Route North – South is actually, more expensive due to longer period and extremely hostile reaction of some countries to armed guards on board. Still, assumed average \$60,000 per transit gives us stunning \$3,285 million per year, Gold Rush indeed. Potentially, the figure can be much bigger, if pirates try new tactics and start attacking vessels in big numbers, making it difficult for routine 4-men team to defend vessel. Navies predict hijack of the vessel with armed guards on board is the question of time. Well, if it happens, securities will be happy, because they’ll immediately offer to shipowners bigger teams, say 6-8 men.

Piracy risk won’t wane in a foreseeing future, as one may presume contemplating the dramatic drop in hijacks. I estimate the number of vessels with armed guards on board, for the time being, as something between half and two thirds of the whole volume of transits. As long as armed guards are not compulsory and free of charge, some shipowners will risk defenceless transits, and I don’t think that it will be less than 10% of all the transits, more than enough to feed the pirates. The problem for pirates is, how to figure out such vessels. Well, I believe pirates will be tipped off, there are more than enough blow whistlers, from Navy to IMO, from insurers to SAMI members.

SAMI’s ambitions to monopolize the market are hardly achievable, considering the nature of maritime security. As long as armed guards board and disembark the ship in international waters from/to their own ship, nobody could do anything against it, unless of course, Navies will start checking passing vessels for monopoly perpetrators. If security agency has enough means to fit out at least one vessel of their own, to be stationed say, in Red sea, that agency may find enough clients to keep the vessel afloat, providing agency will offer lesser rates than SAMI members. Market itself has some similarities with freight market, there are regular clients, whose vessels transit dangerous waters on a regular basis, and there are spot clients, whose vessels have to sail through risky areas only occasionally. An unregistered with SAMI, disdainful of IMO regulations agency may still be very successful with zero risk of troubles of any kind, all such agency needs is discrete advertisement and building up a small clientele of its’ own. I know two or three shipowners, who tested one security agency and who’ll call that agency again, and they don’t care for agency’s licences or the lack of them, even less they care about SAMI regulations and IMO guidelines.

With \$3,285 millions in potential security budget annually, there's enough space for those unlicensed agencies, who're simply unwilling to turn their lives into a bureaucratic nightmare by stepping in "officially recognized" world of security services, controlled by several big bosses. Let's not forget about insurers, who're in a hot lobbying a new kind of insurance, to be required from private security agencies.

Personally, I'm prejudiced against SAMI for several reasons, but naming just one will be enough. Nearly all interested in piracy continuance parties are hosted in London: IMO and Round Table organizations, SAMI and Navies Control, ITF and IMB.



IV Media

Media in general, especially major news agencies, plays a very big and negative role in Somali piracy impact on world trade shipping. Industry media is non the better. Speaking about the majors of media, like CNN, BBC, NYT, Reuters, AP and the likes, one gets an impression that

they create a virtual world in black and white colours only, they don't recognize other colours or even black and white tints. With regards to piracy, it means the majors took as granted the two-sided picture, good guys on one side, bad guys on the other. The good guys are those who fight piracy, the bad guys are the pirates "and their supporters and bosses", though no media yet was able to present any pirate boss. Media publications either feed us with tabloid stories about most thrilling hijack cases and pirates atrocities, or meticulously delivers to public everything officialdom said or released. Media has no doubts about the good guys, they're good because that's what they're paid for. If Mr. Mitropoulos is the head of IMO, he is right because he is right. If Mr. Mukundan is the head of IMB, he can't lie or falsify, because he can't lie or falsify. No media ever tried to analyze and scrutinize the situation and its' development in anything resembling critical outlook. One of the two most negative consequences of such an attitude, is the hike in ransom demands. Pirates and public were led to believe that all those claimed by pirates multimillion ransom are true and nothing but true. Another one is one-sided view on the ways to deal with piracy threat – pirates must be fought with, said officials and then media, and public believes it to be true, though in fact, nothing can be more of untrue. The dilemma of fighting pirates or protecting from them wasn't considered at all, the media again, took for granted official stance.

Let's look at, and analyze, as an example, though newborn, but already recognized both by media majors and officials, Somalia Report News Agency.

There is one thing I find especially revolting in major media and in those who copy their style, it is so-called objectivity. Nothing wrong with being impartial, but media's fairness seems to be kind of one-sided. Somalia Report published at least 2 articles with stunning figures of pirates so to say, operational costs. The first one was an interview given by the head of anti piracy governmental agency in Puntland, in which he said, that pirates spend on average \$2-3 million on each hijacked vessel. Another one described m/v Blida case and again, with fantastic figures of pirates expenses: "Pirate Mohamed Ahmed said that the low ransom of \$2.6 million received means the pirate group cannot repay all their investors and suppliers who supported the operation for nearly a year".

Somalia Report seemed to be closely watching Maritime Bulletin publications (read <http://www.odin.tc/news/read.asp?articleID=167>), so I want to ask them a question – do they know operational cost of an average merchant vessel? It's in a region from 5 to 10 thousand USD daily. How for God's sake, could pirates spend \$2-3 million on a hijacked vessel? m/v Blida's operational cost for 10 months period is in region \$1,500,000 -2,000,000, and this is the cost of a vessel in normal conditions, not in captivity, and that cost includes everything – from crew wages, bunker and food supplies to port tariffs and vessel's maintenance. Now, pirates said, and Somalia Report doesn't mind, that \$2.6 million ransom wasn't enough to cover their expenses while keeping the vessel in captivity. Pirates somehow manage to spend on lay-up vessel more than owner spends on an operating vessel. As far as I know (and I know it directly from sailors who went through hijack ordeal) vessels in captivity keep as low as possible – machinery is off, no conditioners, no refrigerators running, crew is fed with foul rice, sometimes goat meat and fish which crew manages to catch. Pirates drink beer and chew khat, mostly. One of the cases I was involved in was the hijack of then brand new m/v Lehmann Timber in year 2008. Vessel was released against \$750,000 ransom, and pirates were smitten with joy. I have pictures of the vessel interiors while she was in captivity, full of empty beer cans and khat remnants. Crew was fed with food I described above, engine and generator were off, so how come 3 years after \$750,000 were a fortune \$2.6 million turned into peanuts, not enough to cover pirates "operational costs"? What happened, khat turned gold? Sometimes pirates permit supplies deliveries to hijacked vessels, but one must be nuts to assume that pirates pay the price, everything is paid for by owner, everything is at least thrice more expensive than normal, and pirates get their share from near-racket costs of such deliveries, not spend on them.

I know the only way pirates may spend on hijacked vessel \$2-3 million. They must order meals for themselves (and crew) in best European restaurants and deliver them daily by private jets, all the weekends they must relax and enjoy themselves (and crew) in 5+ Star hotels like Ritz-Carlton, no less. And of course, no low-life khat, only finest cocaine will do, direct deliveries from Colombia cartels. And of course, in full compliance with ITF regulations, they must pay crew double wage, in cash, on the spot, each month.

Anyone, even if he is not familiar with shipping, may check the figures, and come up with the same results: \$2-3 million losses pirates and their supporters are blabbing about are pure bluff, crap, fantasy. It is physically, it is theoretically impossible, with the way Somali pirates treat vessels and crews. But look what we have – a News Agency positioning itself as an expert is publishing article after article with pirates lies, and trust all what pirates and their Puntland supporters say, wholeheartedly, without a trace of doubts, not to mention criticism. Be they not experts, but just curious and meticulous characters, they'd ask themselves most important question in this ransoms/costs matter, what is to pirates benefit, lies about multimillion expenses and therefore the necessity of even more multimillion ransoms, or the truth about the cheapness of their “business”. Somehow, Somalia Report experts missed that most important point and assumed that pirates tell truth and nothing but truth. Before Somalia Report, Reuters was the first with pirates fairytales, now it is Somalia Report first, and then go Reuters, BBC and the rest. Thanks to media's obsession with “Exclusive” sensational stories, pirates can directly speak to general public, and that's what they do during last two years. Nothing wrong with it, if there's another point of view, if there's criticism and analysis of what they say and what is in reality. But no, there's only one opinion, one that originates from pirates and suits them.

A chain was build up: pirates – media – officialdom – media – pirates. What pirates say is immediately spread around by media, then officialdom makes up statistics and expertise based on media publications, then media publishes officialdom statements, and finally, pirates find that their lies return to them twofold, to the best of their interests. Pirates were and are interested in multimillion ransoms, of course they want them to be generally recognized as something routine.

In October I gave an interview to Radio Freedom (Radio Svoboda) of Georgia, whose 15 citizen are held by pirates on board of a tanker Olib G, together with 3 Turkish nationalities. Georgian media asked my opinion after Somalia Report proudly published “exclusive for Somali Report” pics of the crew, provided by pirates, and together with pics, \$9 million ransom demand from pirates, accomplished with threats to crew's lives. I said in interview, that \$9 million is simply not realistic, that shipowner already declared a bankruptcy, that I don't think shipowners have to pay any ransom at all, let alone millions Somalia Report is constantly talking about, and that Somalia Report should know better, than publishing tabloid articles with “exclusive” photos. Somalia Report doesn't understand (or just doesn't care) why pirates statements and claims should be handled with much caution in any given case.

I can give more examples of media and Somalia Report faults and flaws, but media's role in Somali piracy evolution requires a book, not an article. Still, I'd like to mention, to describe one more aspect of Somalia Report activities, their preoccupation with so-called “details”, which they enforce upon us, and of which they seem to be very proud. I mean their regular mentioning the names of the pirates, the phone calls pirates made to them, their at a first glance, deep penetration of “shifta”. It has nothing to do with serious and responsible attitude, it is the worst type of tabloid practice – they substitute the deep, professional understanding of the piracy problem with superficial, irrelevant to the problem details, customary style for paparazzi chasing the celebrities. Somalia Report staff may not know it, but shipping security is not dependent on pirates personalities, be they Mohamed Ahmed or Ahmed Mohamed, it doesn't matter.

Somalia Report is said to be a commercial project, started by professional journalists and writers. Journalists and non-fiction writers are people who write about everything knowing nothing, scratching the surface of the events and the problems without insider's professional understanding. Nothing wrong with it, as long as it doesn't harm people. Somalia Report is already harming shipping safety by distorting the reality and playing in pirates hands. We may trust media with the news, but not with their statistics and analysis. As for Somalia Report, the Agency is rapidly turning into one more vulture feasting on piracy.

I'd dare to warn Somalia Report and other media – you better be cautious, if you care for your reputation. You don't understand what's going on, and how far everything went, how vulnerable official position is. The bluff called Somali Piracy" may simply blow up, leaving in shreds many careers and reputations. Many officials can be already charged with serious accusations, but I'll write about it in another Section of my Study.

I may seem to be too straightforward and even crude, but politeness and political correctness is something we have in abundance. If you ask me, an abundance of politeness and political correctness already became much more threat to modern society, than climate dubious warming, or terrorism, or drugs, or even tobacco.



V

Maritime Organizations

The events of year 2011, which became truly pivotal in protecting shipping from Somali piracy, put Maritime Organizations (MO) in an awkward, to say the least, situation. In fact, they're vulnerable now, because they may be sued in court for intentionally misleading interested States, public and shipping into the process of "Fighting the Piracy", which proved to be absolutely ineffective and wasteful. Dozens of vessels and hundreds of seafarers could be saved from

hijack, if MO wouldn't substitute "Protecting from Piracy" strategy with "Fighting the Piracy" strategy. At the very least, any impartial court may find the MO guilty of negligence and incompetence. Proper investigation, surely, will find more sound motifs behind that world-scale fraud, called "Fighting the Piracy".

MO were resisting the use of private armed guards from the very beginning. All their efforts to stop private security failed, armed guards by now grew up to the most popular and 100 percent effective protection practice. MO changed their tactics and for already several months try to put themselves in the position, allowing them to control and command the whole process by issuing guidelines and working out in black boxes of their offices new rules, regulations and if lucky, laws. They tried, together with Navies, to discredit armed guards use during recent public campaign, but failed with it, too.

The wastefulness and futility (not to mention crimes and atrocities, committed by navies) of "Fighting the Piracy" strategy was evident as far back as in year 2009, but instead of recognizing it the MO tried to further mislead public by ordering falsified Studies of the piracy, like "The Economic Cost of Piracy" Report, and organizing sham campaigns, like "Save our Seafarers" campaign. There are more than enough proofs to accuse the MO not in some unintentional mistakes, but in full-scale fraud.

I'm sure the heads of MO do have some bad feelings about that, and do have some fear. There are facts, (proven facts, not assumptions) which demonstrate their criminal negligence and incompetence. They can't be ignorant about that. They lay their hopes with their allies: world media majors, interested in "Fighting the piracy" strategy politicians and navies, and general indifference.

It's a slim chance there's somebody in our sorry world with enough guts to stand up and sue them, but if somebody comes up, he'll have pretty good chance to win the case. I'm ready and willing to render all the assistance I'm capable of.

There is another possibility of dismantling MO, some major media may bring to light the whole fraud. Dumb as they are, media are still capable of summing up two plus two, and come up with their dearest pet, the big scandal. All they have to do, is to appreciate facts and figures in comparison with activities and statements of MO, and they'll get the scandal. Scandal actually, is brewing, and if it materialize, MO simply wouldn't be able to defend themselves, except admitting themselves to be utterly and hopelessly incompetent, in order to avoid some deeper diggings in their motifs.

The list of organizations and persons whom I consider to be the principal founders and major players in a world-scale fraud called "Fighting the Piracy".

IMO - International Maritime Organizations (and personally, Mr. Efthimios E. Mitropoulos, secretary general).

UN – United Nations, those of its' staff who're involved in so-called Contact Groups and other divisions responsible for "pirates prosecution".

IMB - International Maritime Bureau (and personally, Mr. Pottengal Mukundan, the Head of Buerau).

Round Table:

BIMCO – an independent international shipping association (and personally, Mr. Torben Skaanild, secretary general).

ICS & ISF – International Chamber of Shipping and International Shipping Federation.

INTERCARGO - International Association of Dry Cargo Shipowners.

INTERTANKO - International Association of Independent Tanker Owners.

InterManager - international trade association for the shipmanagement industry.

IGP&I - The International Group of P&I Clubs.

JWC - The Joint War Committee, comprising underwriting representatives from both Lloyd's syndicates and the IUA company market.

ITF - International Transport Workers Federation, an international trade union federation of transport workers' unions, and all affiliated national unions.



VI

Trends and prognosis

Somali pirates keep going on with disappointing their conscious or unconscious supporters in this pivotal year 2011, which may end up with record low number of hijacks. There are some other reasons for recent pirates failures, besides massive use of armed guards, but still, armed guards play the decisive role in dramatic reduce of the hijacks. The navies weren't able to conceal their anxiety and disappointment, out of, at least, decency, and openly demonstrated their hostility against armed guards, flatly refusing any cooperation with the private sector. MO

are doing their best to make private security as much complicated and entangled in legal and insurance regulations and obstacles business, as possible, with the enthusiastic help of The Security Association for the Maritime Industry (SAMI) and Lloyd's insurers.

Recently started some rather strange military operations in Somali, carried out by outside military, like Kenyan or Ethiopian, can't destroy piracy, unless the operations will result in a constant occupation of Somali coast, or at least piracy key points, including their Puntland dens, which seems to be highly unlikely. Without occupation, military may disrupt piracy for some time, but not destroy it. Piracy infrastructure is primeval, only Somalia Report and the likes may believe in multimillion expenses pirates suffer while holding vessels in their captivity, implying infrastructure is so intricate and modern it requires multimillion budget.

Still, massive use of armed guards won't be all-embracing, I estimate that at least 25-30% of all vessels plying dangerous areas are defenceless, and this figure won't be less in near future. Some of the vessels don't need armed guards, those with a freeboard 8 meters and more, or those with speed exceeding 18 knots, such vessels proved themselves to be impregnable for pirates. But mostly, defenceless vessels have a misfortune to be operated by too greedy or too careless owners, and such vessels will be the main, if not the only one, prey for pirates, now and in foreseen future. Pirates lack the decisive knowledge, what vessels are armed and what not, and use rather blunt tactics, attacking everything they spot, with the hope of finding a "right" vessel. I'd say, now they really need intelligence so many "experts" were babbling about for years. They'll find the solution, I'm afraid. They don't need intelligence network in major ports around the world, intelligence may be obtained in much easier and cheaper way, but I'd better not go into details.

Rounding it all up, I suppose Somali piracy won't disappear in a foreseen future, unless of course, some radical changes will take place in Somali. Pirates will be able to hijack a number of vessels, maybe not enough to satisfy their inflated by media and MO appetite, but enough to keep piracy running, and to provide MO, Navies and UN with pretext to go on with "Fighting the Piracy" fraud. Putting aside a possibility of some radical changes in Somali, we're left in a different from the past situation. Most vulnerable to hijack vessels, presently, seem to be the ones belonging to small comparatively poor ship owners, unwilling or incapable of hiring armed guards, and naturally, such vessels are aged and cheap. But pirates, being restricted in their ability to hijack any vessel they find as it was in the past, already demand unreasonably high ransoms, regardless of vessel's true value and owner's financial situation. The lesser is the number of the captured vessels, the more are the pirates' demands, notwithstanding the absurdity of their demands. If an owner tried to save some fifty thousand dollars on armed guards and left his vessel defenceless, we can hardly expect him to be generous with multimillion ransom, he'd better declare himself bankrupt and abandon vessel and crew, as it already happened in at least three cases. That puts the crews of the hijacked and will-be-hijacked vessels in a very hard and risky situation, threatening them with lengthy captivity and a possibility of not being released at all.

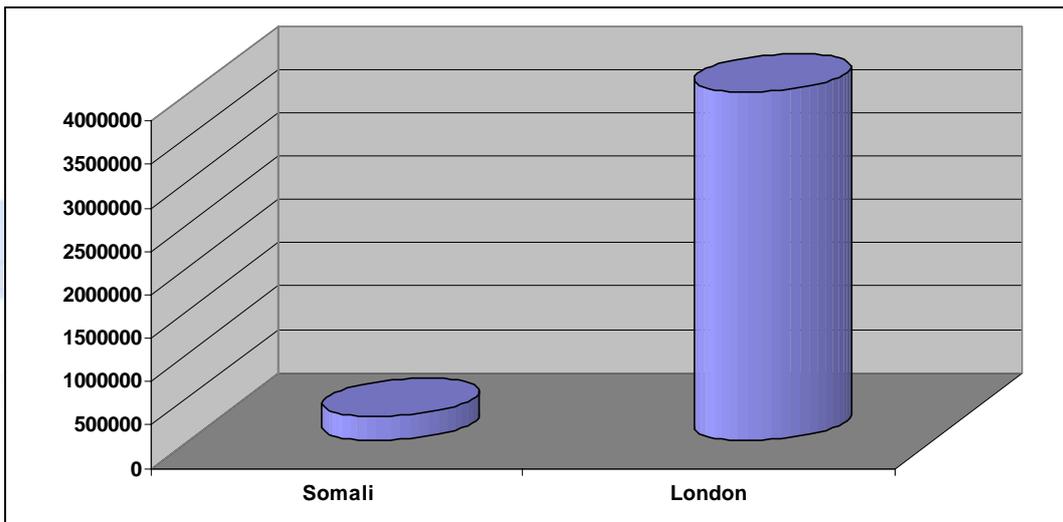
Are there other options of eliminating piracy threat except the restoration of law and order in Somali? I see only one option, a full-scale media scandal, revealing the true role of UN, MO, navies, politicians and insurers in the existence and evolution of Somali piracy. Without it, everything will go on as it goes now. Strange or no strange, but Somali piracy has two centers, one is Somali itself, another one is London.

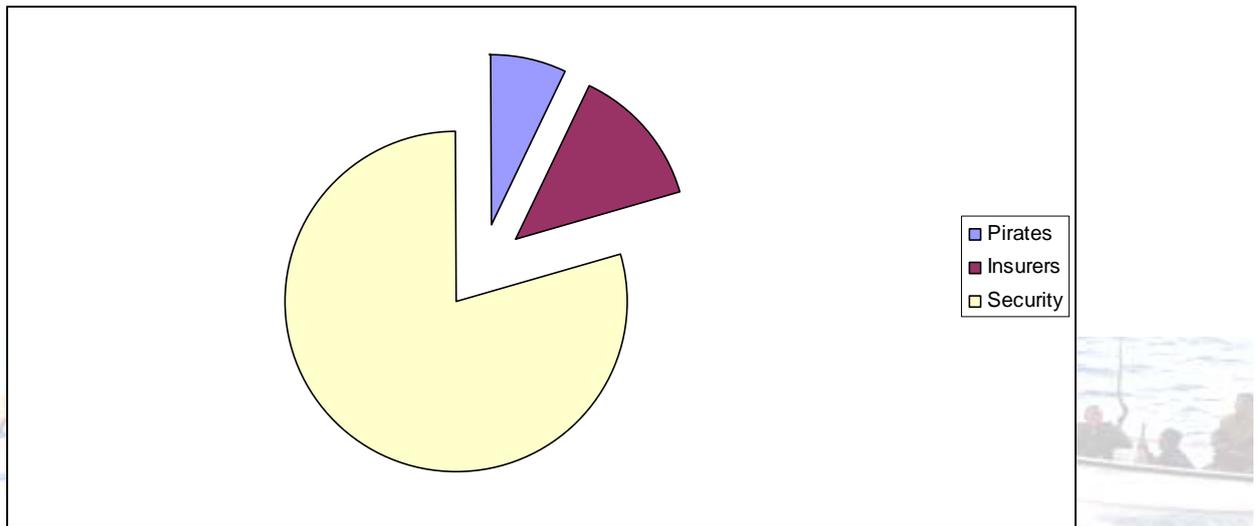
London's leading role is a natural one, as "the whole piracy issue is uniquely British," said Peter Dobbs, head of Catlin's Asset Protection service. "The majority of the insurers involved are British, the majority of the law firms are British, the majority of the better guarding firms are British, and the majority of the ransom delivery firms are English. Piracy is very much an insurance issue that's centered in London, as opposed to anywhere else in the world. London is

where it's at, and where piracy has been a concern for three hundred years from the age of privateers in the 1700's."

Let's appreciate some figures. Pirates "income" is some \$80 million annually. It may be even \$100 million, even more than that, but it's peanuts, if to compare their income with London's income. First to profit are insurers – absolutely unexplained and unsounded racket in form of war-risk cover nets some \$500,000 daily (assuming average war-risk insurance cost is \$8,000 per vessel, with some 60-70 vessels with London-originated insurance transiting dangerous waters daily). Negotiators market is occupied by British law and insurance companies, as the market of ransom delivery, which taken together, brings to London some \$35-40 million annually. And now a new flow of income already floods London, the income of private armed guards. Assuming not less than the third of all transiting vessels hire armed guards with average \$60,000 per transit, it gives us some \$3,5 million daily. SAMI said recently, that 52% of the private guard market is occupied by SAMI members, and that in near future instead of dozens or hundreds security agencies providing armed protection in Indian ocean, only 7-8 will be left. The number of protected vessels will grow, there is still a lot of room, if we assume that not less than 100 vessels per day will have armed guards on board, it will give us some \$6 million daily, with at least half of it pocketed by London.

Let's look at diagrams comparing volumes of every day average income of Somali and London; of pirates, insurers and private security. I didn't include incomes of maritime organizations, IMO and UN, of "think-tanks", of Navies increased budgets.

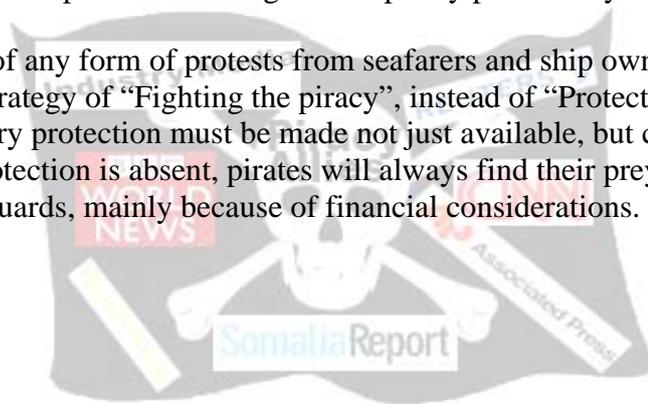




Four factors are decisive in Somali piracy foreseeing future.

1. Continuing anarchy and chaos in Somali.
2. Profits piracy brings to insurers, private security sector and those who “fight” the piracy, especially UN.
3. Irresponsible and superficial coverage of the piracy problem by world major and industry media.
4. Total absence of any form of protests from seafarers and ship owners.
5. The ongoing strategy of “Fighting the piracy”, instead of “Protecting from piracy”, while actually, military protection must be made not just available, but compulsory.

As long as military protection is absent, pirates will always find their prey, because many owners don't practice armed guards, mainly because of financial considerations.



VII

Can we change it?

The world shipping as a community of seafarers and shipowners, may change the situation radically, if it will voice its' protest against all interested in piracy continuance parties, and demand general acceptance of a new stance on a piracy problem. From my point of view, the demand, or declaration if you like, should include the following issues:

1. Internationally recognized and accepted change of the strategy of “Fighting the piracy” with “Protecting from piracy”;
2. Establishing multinational military force for providing each passing dangerous waters vessel with military team, in the only way acceptable for shipping – i.e. vessels don't have to wait for schedules or convoys, they close Point A for boarding teams, and Point B for disembarking, without wasting as much as an hour. Until then, Navies of each nation presented in Indian ocean

must change their tactics from convoy or patrolling to providing with their military teams as many vessels, as they can handle;

3. Navies must host private their national private security teams on board of their ships, until the time when international military force would be able to provide protection for each passing vessel;

4. All the related to Somali piracy activities of the London's P&I Clubs and War-Zone Committee must be thoroughly scrutinized. Military, legal and financial aspects of the war-risk premiums must be thoroughly evaluated, with resulting conclusion, whether war-risk premiums are legal or not;

5. All the related to Somali piracy activities of the UN, IMO, International Maritime Bureau, Round Table and ITF must be thoroughly scrutinized to appreciate the character and feasibility of "Fighting the piracy" strategy. If the strategy will be found wrong and false, as it seems to be now, then, all those executives who personally attribute to the acceptance and pursuance of the strategy in question must be hold responsible;

6. A special fund must be established – Victims of Piracy (VIP) Fund, with two main objectives: monetary compensation to all the seafarers who underwent piracy captivity, and assistance to present and future victims, including shipowners. Monetary compensation is to be recognized as a symbol of national and international community's responsibility for failing to protect shipping, it must be a substantial one-time payment to each victim, with the starting sum of \$50,000 and up, depending on the time of the captivity of person to be compensated. All the funds, which are already allocated to "prosecuting the pirates" cause, to wasteful and utterly useless conferences and campaigns like "Safe our Seafarers", must be re-located to VIP Fund, and if UN and related organizations want to go on with prosecuting pirates and holding conferences, let them find the financing elsewhere. Seafarers are to be declared the priority, not the pirates or "fighters".

