

**STATEMENT OF
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**BEFORE THE
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION
SUBCOMMITTEE ON SURFACE TRANSPORTATION AND MERCHANT
MARINE INFRASTRUCTURE, SAFETY, AND SECURITY
U.S. SENATE**

**HEARING ON
PIRACY ON THE HIGH SEAS: PROTECTING OUR
SHIPS, CREWS, AND PASSENGERS**

May 5, 2009

Chairman Lautenberg, Ranking Member Thune, and Members of the Subcommittee:

I am pleased to have the opportunity to appear before you today to discuss the serious threat stemming from the ongoing piracy problem on the high seas.

Throughout 2008 and continuing into 2009, the global piracy situation has grown substantially worse – particularly in an ever-expanding area off the coast of Somalia, where more than 20,000 vessels transit the region each year. The impact of piracy has been very significant but the American public has only recently been made more aware of the situation with the attacks on two American flag vessels, the MAERSK ALABAMA and the LIBERTY SUN (both of which were carrying food aid for Somalia.)

Acts of piracy threaten freedom of navigation and the flow of commerce. Pirates frequently demand millions of dollars in ransom for the release of hostages, ships and cargoes. Press reports indicate that in 2008, pirates received an estimated \$30 million dollars in ransoms for the release of pirated vessels. In 2008, 42 vessels were seized by pirates operating off the coast of Somalia. Globally, 889 mariners were held hostage by pirates (815 in Somalia) as part of ransom demands. The International Maritime Bureau (IMB) reports that in 2008, globally, 11 mariners were murdered by pirates and another 21 are missing and presumed dead. The IMB also reported that during the same period, off the Horn of Africa, four mariners were killed and 14 are missing and presumed dead.

The vessels most vulnerable to piracy attacks are those traveling slowly (with limited speed capabilities) and with low freeboard – that is to say, there is not much height between the water and the deck level. At any given time during the past nine months, more than a dozen vessels and their crews have been held hostage off the Somali coast. Currently, 18 commercial ships are being held for ransom by pirates in Somalia, along with more than 300 crewmembers. One

reason for the success of piracy and ransom taking is that the government in Somalia is ineffective and this has enabled pirates to operate with virtual impunity.

The Gulf of Aden, which links the Mediterranean Sea and the Suez Canal with the Indian Ocean, is one of the busiest shipping choke points in the world. On average, 50 commercial vessels transit the Gulf daily. Many of these vessels are potential targets. More than 3.3 million barrels of oil pass through the Gulf of Aden every day, representing 4% of the world's total daily production and 12% of all the oil transported by water daily around the world by sea. In addition, numerous other cargoes and container freight pass through the Gulf daily.

Approximately 80% of the vessels transiting the Gulf of Aden carry cargo destined to and from Europe, East Africa, South Asia, and the Far East. However, a significant portion of cargoes is also destined to or from the United States. In addition, U.S. citizens serve as crew or are passengers on vessels transiting the area.

On average, at least one U.S. commercial vessel transits the area each day. Many of these U.S.-flag vessels carry Department of Defense cargo bound for Operations Iraqi and Enduring Freedom. U.S.-flag vessels transiting the region also carry humanitarian cargoes generated by the U.S. Agency for International Development (USAID) or international organizations to the Horn of Africa, including Djibouti and, Somalia and to other countries in East Africa or South Asia.

As mentioned, piracy off the Horn of Africa significantly increased through 2008 and into 2009, with more than 150 attacks and 55 successful piracies. The cost and disruption to the flow of commerce overall are significant. Press reports indicate that, in addition to merchant mariners killed or presumed dead, hundreds, including American mariners, have been traumatized by being attacked and held hostage, and even by the uncertainties generated by the growing instability of the region.

Ship owners and operators are also adversely affected by rising daily operating costs, due to increased insurance premiums and operational delays caused by longer transit times or diversions to avoid the area. In many cases, there are additional costs related to transiting or circumventing the higher risk area. This is particularly true where vessels are diverted around the Cape of Good Hope in an effort to avoid the Gulf of Aden altogether, which increases labor costs, fuel consumption and the carbon footprint of marine transportation. Higher shipping costs also raise the costs of commodities for local populations.

The United States has been a leader in promoting collaborative international action to combat the current piracy crisis. Historically, it has been our nation's long-standing policy to support freedom of the seas. In July 2008, the United States took a leadership role in the United Nations fight against piracy. This resulted in United Nations (UN) Security Council Resolution 1816, which authorized countries cooperating with the Transitional Federal Government (TFG) of Somalia, for which advance notification has been provided to the Secretary-General, to enter Somali territorial waters to repress piracy. This was followed by additional Security Council Resolutions 1838 and 1846 in the fall of 2008. In December 2008, the United States drafted UN Security Council Resolution 1851, which authorizes countries cooperating with the TFG of

Somalia to enter Somali territory to repress piracy. The Security Council subsequently, adopted this resolution.

UN Security Council Resolution 1851, also encouraged the establishment of an international cooperation mechanism -- known now as the Contact Group on Piracy off the Coast of Somalia (CGPCS). The CGPCS has 28 nations as members, 6 international organization observers, with 7 additional countries pending requests to participate.¹ The Department of State leads the United States participation in the CGPCS. The CGPCS acts as a common point of contact between and among states, regional and international organizations on all aspects of combating piracy and armed robbery at sea off Somalia's coast, and specifically includes outreach to the commercial maritime industry. The CGPCS held plenary meetings in January at the United Nations in New York City and in Cairo in mid-March. The CGPCS will meet again on May 29 in New York City.

The CGPCS established four working groups that are providing recommendations to the CGPCS. Working Group #1 is addressing activities related to military and operational coordination and is chaired by the United Kingdom. Working Group #2 is addressing judicial aspects of piracy and is chaired by Denmark. The United States has the lead for Working Group #3, which focuses on shipping self-awareness and interaction with industry. The Department of Transportation's Maritime Administration (MARAD) and the Department of Homeland Security's U.S. Coast Guard have been co-leading efforts with this Working Group. Working Group #4 is tasked to offer recommendations to improve diplomatic and public information efforts and is chaired by Egypt. The U.S. will propose on May 29 the creation of Working Group #5 to explore the feasibility of tracking and freezing the assets of pirates and those who support them.

The UN Security Council resolutions called for greater cooperation between governments and industry to reduce the incidence of piracy. In January 2009, former Secretary of State Rice stated that, "Once a hostage situation develops, the stakes in military operations increase. Consequently, an important part of counter-piracy efforts must be measured in enhancing self-defense capabilities of commercial vessels, increasing the odds of success against pirates until warships arrive." This sentiment certainly still holds true today and we saw evidence of this in the highjacking of the MAERSK ALABAMA.

Because of its specialized knowledge, such as operation of our mobility sealift vessels, and established relationships with U.S. and international shipping, maritime unions, the marine insurance community and global maritime industry associations, MARAD has considerable experience in dealing with the diverse interests of the global maritime industry and is actively involved in the fight against piracy. MARAD operates a fleet of Ready Reserve Force (RRF) vessels which have transited the Gulf of Aden region in support of Operations Iraqi and

¹ The Contact Group for Piracy off the coast of Somali was created in New York City on January 14, 2009 and currently numbers 28 nations (Australia, Belgium, China, Denmark, Djibouti, Egypt, France, Germany, Greece, India, Italy, Japan, Kenya, republic of Korea, The Netherlands, Norway, Oman Portugal, Russia, Saudi Arabia, Somalia TFG, Sweden, Spain, Turkey, United Arab Emirates, United Kingdom, United States, Yemen) and 6 international organizations (African Union, Arab League, European Union, North Atlantic Treaty Organization, United Nations Secretariat, International Maritime Organization) with 7 additional countries (Canada, Cyprus, Liberia, Nigeria, Malaysia, Panama, Singapore) pending requests to participate.

Enduring Freedom (OIF/OEF). As OIF winds down, RRF vessels may be called upon to play a significant role again in support of the demobilization of forces, with a consequence of exposing the vessels and crews to threats from pirate attacks.

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

MARAD provides operational advice to U.S.-flag owners and operators, including counter-piracy measures and awareness, on a regular basis through MARAD Advisories, through a comprehensive and frequently updated website, and through MARAD's electronic "MARVIEW" system which is available to registered users. We also play a key role in the training of merchant mariners through the development of International Maritime Organization (IMO) maritime security courses and workforce development. Working with the Coast Guard and IMO, Vessel Security Officer, Company Security Officer, and Facility Security Officer, courses were developed by the United States Merchant Marine Academy (USMMA). MARAD continues to certify maritime security training providers who meet the criteria established by the Coast Guard. To date, more than 50 training providers have been certified across the country. Efforts are also being made to include anti-piracy and security training in the academic programs at USMMA and the state maritime schools.

In late December 2008, the Department of State asked MARAD to assist with the CGPCS Industry Outreach Working Group. To this end, MARAD has met on numerous occasions with industry to help shape best management practices to counter piracy and to share industry concerns with U.S. government agencies. In late December, the National Security Council published an action plan entitled, "Countering Piracy off the Horn of Africa: Partnership & Action Plan" (CPAP). MARAD was actively involved in developing this plan, and posted the CPAP on its website for the benefit of industry.

MARAD strongly supported the Military Sealift Command's proposal to create and implement "Anti-Piracy Assessment Teams" for commercial vessels. These teams consist of personnel from the Naval Criminal Investigative Service, and MARAD. On a voluntary basis, these teams board U.S.-flag vessels and offer recommendations on how to improve a vessel's physical defenses against piracy, and review security tactics, techniques and procedures. To date, a number of successful Anti-Piracy Assessment Team vessel assessments and recommendations have been completed. We expect this process to be embraced by the international community for similar implementation.

MARAD's continuing outreach to the maritime industry on the piracy issue has taken many forms. In addition to leading informal meetings and participating in international forums, MARAD has hosted several collaborative meetings with both the American and international

maritime industry community and appropriate federal agencies. For example, in October and November 2008, MARAD and the Department of State sponsored meetings with representatives from the maritime industry to specifically discuss piracy in the Gulf of Aden. Participants included company security officers from major U.S. flag carriers, including American President Lines (APL), Horizon Lines, Maersk, Intermarine, Interamerican Ocean Shipping, American Roll On/Roll Off, Crowley, American Overseas Marine, and Ocean Shipholdings. Flag states with U.S.-owned vessels or with vessels serving strategic U.S. interests also participated, including representatives from Denmark, Marshall Islands, Liberia and Panama. The U.S. Navy's Maritime Liaison Office Bahrain and the United Kingdom's Maritime Transport Office were also included. Topics specifically addressed at these meetings were maneuvering and speed, illumination, communication, duress terminology, armed force protection, and self-defense devices which may be used to deter piracy.

At the request of the maritime industry, MARAD facilitated extensive discussions on piracy with the Department of State, Department of Defense, Federal Bureau of Investigation (FBI), and the Department of Homeland Security's Transportation Security Administration (TSA) and Coast Guard. In November 2008, MARAD participated in a public hearing hosted by the Coast Guard, focused on piracy initiatives being considered by the International Maritime Organization's Maritime Safety Committee (MSC). In December 2008, MARAD staff played an instrumental role in several other international planning events related to piracy. MARAD participated in the NATO Senior Civil Emergency Planning Committee (SCEPC) meeting held in Brussels, Belgium, which included piracy as an agenda item. MARAD chairs the NATO Planning Board on Ocean Shipping, which reports to the SCEPC.

On December 2, 2008, MARAD hosted a Piracy Round Table meeting to discuss industry "self-help" and best practices to counter piracy. This meeting brought U.S. government agencies together with the maritime industry to develop a mutual understanding of the problem and to develop best practices recommendations. Members of the industry included shipping associations, registries, carriers, marine insurance companies and representatives from the European Union. U.S. government representatives included personnel from the Coast Guard, Department of State, Department of Defense, Office of Naval Intelligence, USAID, the National Security Council, and the Homeland Security Council. MARAD established an Anti-Piracy portal on the Agency's website, which is continuously updated. MARAD Advisories are posted on this site as are any recent developments and key contact information.

MARAD hosted an international maritime industry Piracy Summit on December 11, 2008, with representatives from more than 50 industry associations, insurers, shipping companies, and labor to encourage them to further develop best management practices to combat piracy and to implement these strategies. Representatives from government included the Department of State, the Coast Guard, U.S. Transportation Command, Office of Naval Intelligence and Military Sealift Command.

In late December, MARAD joined the Department of State for discussions in London between representatives of European Union navies and maritime trade associations. The purpose of these discussions was to further develop and implement best management practices and to improve communication between maritime companies and military forces in the Gulf of Aden region.

MARAD continues to meet with industry to finalize best management practices and share industry concerns with government agencies.

In early 2009, MARAD intensified its efforts in the fight against piracy to further improve coordination between industry and the various navies participating in the Gulf of Aden, to provide voluntary assessments of security on U.S. vessels, and to further establish best management practices to prevent piracy and to bring industry's perspectives and ideas to the interagency. Additional industry meetings, UN meetings, meetings hosted by the Baltic International Maritime Council (BIMCO) and a counter-piracy meeting held in Dubai and hosted by the Maritime Liaison Office in Bahrain, have all pursued these objectives. Since maritime labor is uniquely vulnerable to pirate attacks, with mariners having been killed or held hostage as part of ransom demands, MARAD has included maritime labor in many of the discussions and meetings.

The Maritime Administration led the U.S. delegation of Working Group #3 at the meeting of the Contact Group on Piracy off the Coast of Somalia in March of 2009 and presented the international industry developed (and MARAD facilitated) "Best Management Practices" (BMPs) to counter piracy. MARAD also supported the dissemination of counter piracy guidance and supported better coordination between military and civilian operators in the region.

MARAD has further developed its electronic information system "MARVIEW" and contributed to the Maritime Safety and Security Information System (MSSIS) for the purposes of providing more efficient piracy related data. MARAD is providing U.S. flag projected schedules in the waters off Somalia to the National Maritime Intelligence Center (NMIC) and vessel tracking information on U.S. flag carriers to appropriate military authorities.

Given limited military resources available to fully protect commercial shipping in the waters off Somalia, there is an increasing focus on the issue of shipping companies hiring private armed security personnel to protect their vessels while transiting the waters off Somalia. There are many complicated factors which must be addressed before the industry, as a whole, can adopt this recommendation. These include the need to develop appropriate standards for armed security providers, compliance with port state restrictions on arms aboard merchant vessel entering many ports in the world, and consideration of potential escalation of violence due to the presence of arms onboard commercial vessels, issues of safety for the crew and vessel, rules on the use of force, design constraints of vessels to carry additional personnel, union contract issues, insurance and liability issues and many other related factors. We recognize that in appropriate circumstances, on certain vessels determined to be at high risk, properly screened and certified third-party security providers with firearms, operating in compliance with applicable coastal, port and flag state laws can be an effective deterrent to pirate attacks.

The Government is examining the options of recommending, or possibly directing U.S.-flagged vessels to use armed security teams while transiting near Somalia. Some U.S.-flagged owners and operators have used armed security teams while transiting near Somalia and have found it to be an effective anti-piracy tool.

Most recently, MARAD has engaged the marine insurance industry to determine the effects of the piracy situation on insurance rates and to determine the effects on insurance if vessels carry armed security personnel aboard. MARAD will continue to work with industry to determine whether and to what extent armed security might be used aboard commercial vessels in certain circumstances.

It is clear that combating international piracy is no small effort, evidenced by its long history. Much work has already taken place, but much remains to be done, before international piracy can be eliminated. Due to its unique and positive relationship with U.S.-flag and international vessel owners, MARAD has maintained a vital role in the development of U.S. anti-piracy policy. Additionally, through its training role, MARAD provides a valuable service to the commercial fleet.

Mr. Chairman, the Department of Transportation stands ready to assist in any way possible to address piracy and any other issue that threatens the national and economic security of the United States and our allies.

Thanks you again for holding this hearing today. I will be happy to answer any questions you might have.