Piracy in the Malaccan:

Multiple Countries, Big Money, and Geography Sustaining an Enterprise

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Abstract

Plots hatched in coffee shops, insider threats, and the boarding of vessels is the common theme in the Straits of Malacca. The heyday of piracy may be over but big money can still be caught at sea. A deep dive into the Strait can find that piracy may be bigger than a simple gang of pirates commandeering ships. Much more is in play with cooperate interests taking advantage of the instability and lawlessness of the region. Ten-grand is enough for a simple pirate for a year if a successful heist can bring back millions of dollars' worth of oil for a corporation in Southeast Asia. This paper looks into the nature of piracy in Malacca and how the forces of geography, law, insurance, and profits make piracy a common business practice in the region.

Since humanity broke into the sea to expand our numerous quests for knowledge, exploration, and ultimately money via the trading of goods across barriers of water there has been piracy. Even in this age of unprecedented technological advancement of nations Navies and their capabilities that have numerous tools at their disposal to end piracy this world continues to see the impacts of sea borne piracy. Piracy is no longer in its prime as it was in the early eighth to seventeenth century by Saracens and Barbary States based in North Africa raiding not only shipping lanes but up to the gates of Rome. Piracy has remained relatively the same since its conception using small fast light vessels to swarm or take unexpectedly boats of value to either ransom or take the sellable goods of the vessel and its crew. Globalization has led to numerous different hot zones of piracy, taking advantage of numerous forces from geography to governless states from which to operate from. This paper's aim is explore piracy as an institution in the Malaccan Strait, how it thrives, and how it maintains self-preservation in the current age and the possible solutions to piracy in Malacca.

Globalization of trade is nothing new in human history and governments and empires have sought to expand their interests based off the protection of their trade routes via both land and sea. An example of this is the history of the Chinese Treasure Fleet voyages between the years 1405-1433 under the Emperor Zhu Di.[1] These fleets first and foremost mission was to:

> "stabilize the critical Strait of Malacca, ruled by a renegade Sumatran sultan but claimed by the Siamese, who controlled Chinese access to the Indian Ocean. (Zheng) He not only suppressed the piracy that was

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1. William J. Bernstein, *A Splendid Exchange: How Trade Shaped the World* (New York: Grove Press, 2008), 100.

rampant in the strait, but also adroitly reconciled competing Siamese and Malaccan interest in the vital waterway."[2]

Globalized trade relations and rampant piracy in the Malaccan Strait starts as far back as the 1400's which led the Chinese to action. Here the lack of combative naval presence and authority led to one of the world's most important sea zones to become rampant with piracy based in Malacca. Such that shortly after the Chinese treasure fleets disappeared in 1525, Japanese *wako* marauders so terrorized China's coastline that to this day women in Fujian province hide their faces with blue scarves originally designed to shield the wearer from the lecherous gaze of foreign bandits. It can easily be inferred that if the piracy alone along China's coast created terror for the Chinese it can only have been just as grievous in Malacca. Even today the Malaccan Strait accounts for over half of the world's Piracy related incidents as reported by, Arie Soedewo, Chief of The Indonesian Maritime Security Agency.[3]

What drives the incentive for Piracy in these waters in the Malaccan Strait? It is quite simple in many ways. The sheer volume of maritime traffic makes it an enticing target. A third of the world's commercial maritime traffic passes through the strait including nearly all commercial traffic between Asia and Africa, the Middle East and Europe.[4] This presents a voluminous amount of potential wealth to be seized and resold on black markets, which is what exactly is happening in the strait. Piracy in the

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2. Bernstein, 101.

3. Arzia Tivany Wargadiredja, "Piracy is still a huge problem in Indonesia," *VICE*, last modified March 6, 2017, https://www.vice.com/en_id/article/bmbnx5/piracy-is-still-a-huge-problem-in-indonesia.

4. Wargadiredja.

Malaccan Strait is slightly different from what we are used to seeing in the news with hostage taking and ransoms and instead focuses on stealing either cargo or more common in the strait, liquid fuel. In fact in the strait piracy can and will happen in plain site as ships or transfer fuel or cargo at sea quite regularly which is what an on looker will see happening in the strait daily. *CNBC* reported the following on this occurrence, "rather than making it harder to operate, experts said, the crowded waterways of the region make it easier for pirates to blend in. It's a regular occurrence for two vessels in the area to lash together alongside one another and transfer fuel or other cargoes, for entirely legitimate, commercial reasons."[5] This makes piracy that much more alluring in that pirates can appear to be engaging in legal transactions. Piracy in the Malaccan also benefits from the fact that the products they capture are easier to sell on the black market. As liquid fuels cannot be specifically traced back to the originator in most cases due to numerous refining process.

Piracy in Malacca exhibits organization on multiple levels due to the monetary value involved and the refining necessary for products. *National Geographic* was able to arrange an interview with a Malayan pirate who quoted the following about his role in the hijacking of the tanker Nepline Delima, "the plot was hatched in a Batam coffee shop, Ariffin says, when a Malaysian shipping executive approached an Indonesian sailor named Lukman and inquired whether he could organize a crew to hijack the

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5. Ted Kemp, "Crime on the High Seas: World's Most Pirated Waters" *CNBC* online, last accessed July 10, 2017, http://www.cnbc.com/2014/09/15/worlds-most-pirated-waters.html.

tanker."[6] In this particular case there was a crew member involved in the hijacking to ease the theft, "it would be an easy job, he promised, because a member of the tanker's crew was in on the plan."[7] The level of organization was further expounded upon with Gwin writing they would use, "a tanker coming from Thailand, transfer the fuel, and abandon the Nepline Delima. Lukman promised Ariffin $10,000 for manning the tanker's engines."[8] There are obvious connections to organized crime here as there are big money companies and individuals, other captains, and intelligence gathering operations involved. The level of organization involved with piracy in the Malaccan strait allows piracy to safely operate with big money buyers prearranged ahead of time. This gives pirates a thriving market place in which the risk involved in hijacking is minimal with a guarantee of profit.

Piracy in the Malaccan Strait, as examined earlier, benefits from the level of traffic flowing through the strait and the appearance of being legal commerce. The question of how do these pirates thrive and preserve themselves is another matter though. One of the largest factors for the pirate's success is the geography itself. The Malaccan Strait allows for quick getaway options with its narrowest point being only 1.7 miles wide.[9] With islands and plenty of shore line in Sumatra, Malay, and Borneo to

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6. Peter Gwin, "Dark Passage," *National Geographic,* October 2007, http://ngm.nationalgeographic.com/2007/10/malacca-strait-pirates/pirates-text/1.

7. Gwin, "Dark Passage."

8. Gwin.

9. Kemp, "Crime on the High Seas: World's Most Pirated Waters."

escape to and Indonesia having 95,000 km of coastline alone.[10] Experts indicate

another contributing factor to the sustainment of piracy is that it goes unreported for

numerous reasons. The reasons being, "because they worry about clean records, costly

delays in the event of an investigation in the nearest port, jittery clients who might take

business elsewhere, and the likelihood of higher insurance rates if they log an attack

with authorities."[11] This was the common consensus by every source about the

reporting of such attacks. With shipping companies not reporting losses to piracy, piracy

gets to continue uninhibited as piracy statistics are downplayed to the pirate's benefits.

Many estimates report that up to 50% of piracy related events go unreported. This could

stipulate that the 125 reported pirate attacks in 2013 in Malaysia could actually be

upwards of 187.5 piracy related incidents near the strait. Offering potentially millions of

dollars lost and unaccounted goods moving into underground markets untracked. One

of the other changes in maritime operations is internationalism within the industry that

potentially helps piracy. *Time*'s piece on this subject reported the following, "It could be

a Japanese-owned ship, sailing under a Panamanian flag, using an Indonesian captain

with a Filipino crew."[12] Which translated by security experts means the following,

> "these varied arrangements create weak links between the myriad actors
> in the shipping industry. For instance, while a shipping company may be
> able to vet the captain of a ship, the captain will chose his crew, and that
> crew may have no contact with, much less loyalty to, the parent shipping

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10. Adam McCauley, "The Most Dangerous Waters in the World," *TIME* online, last accessed July 13, 2017, http://time.com/piracy-southeast-asia-malacca-strait/.

11. Christopher Torchia, "Pirate Attacks Go Unreported," *News 24* online, last modified July 08, 2009, https://www.news24.com/World/News/Pirate-attacks-go-unreported-20090707.

12. Adam McCauley, "The Most Dangerous Waters in the World."

company. These relationships often result in insufficient auditing of captains and sailors, and can increase the likelihood of theft and corruption."[13]

Could this have been the case in the earlier case mentioned in *National Geographic's* interview with Ariffin the pirate hijacker?

The sustainment of piracy in Malaysia is also centered on the relatively poor coordination between the three major national jurisdictions: Singapore, Indonesia, and Malaysia. Again the sheer volume of islands gets in the way. Indonesia has, "17,000 islands that provide endless villages, grottoes, inlets and other nooks where pirates can hide out."[14] This alone is in Indonesia's jurisdiction as Malaysia and Singapore cannot conduct anti-piracy operations within the country's national jurisdiction. There is also the issue that Indonesia does not even think piracy is even a concern given the "unwillingness of the head of the Indonesian Maritime Security Board, Vice Admiral Arie Soedewo, to recognize maritime piracy as a plausible threat in Indonesian waters."[15] This unwillingness to recognize a problem by the head of Indonesia's Maritime Security Board constitutes a serious problem by allowing the issue of piracy to continue to significantly develop. Hence the sustainment of piracy in the Malacca Strait and growth of the underground industry.

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13. Adam McCauley.

14. Ted Kemp, "Crime on the High Seas: World's Most Pirated Waters."

15. Dedi Dinarto, "Indonesia Needs to Step Up Its Fight Against Maritime Piracy," *The Diplomat*, last modified December 29, 2016, https://thediplomat.com/2016/12/indonesia-needs-to-step-up-its-fight-against-maritime-piracy/.

Piracy as determined earlier is nothing new to the Malaccan Strait as far back as the 1400's Chinese fleets appeared on the horizons to stabilize the region and quell piracy. A mere 60 years after China's last voyage down into the region the Portuguese would break into Indian Ocean and soon reach the strait.[16] Piracy in the Malacca would bring the numerous European powers into the region to protect the all-important tradeable Eastern goods (generally spices) to Europe. Piracy in the strait would be a constant plague of the Europeans that even the British would have a hard time dealing with as described here,

> "Brooke set about restoring peace and laying the foundations of a stable government and economy. The suppression of coastal piracy was his hardest task, despite regular assistance from British men-o'-war based at Singapore. The Malay and Borneo pirates were persistent and elusive, although their light craft were no match for modern ships' guns."[17]

Even the assets of one the strongest naval powers ever had immense problems quelling the piracy in the region. The key take away here though is that one of the keys to ending the piracy was stability of the region the "laying the foundations of a stable government and economy." This is the one of the most important aspects of piracy in this region in particular. This is highlighted by the pirate, Ariffin, who told the following to National Geographic, "It is very hard for Indonesian seamen. We all need money."[18] This can be a common theme in Indonesia with 10.9% of the population below the

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16. William J. Bernstein, *A Splendid Exchange: How Trade Shaped the World*, 103.

17. Lawrence James, *The Rise and Fall of the British* Empire, (New York, St. Martin Griffin, 1994), 245.

18. Peter Gwin, "Dark Passage."

poverty line as of 2016.[19] Indonesia has had problems with rebel groups forming and seeking autonomy, and in 2003 the government of Indonesia had to launch massive military invasion of its own province of Aceh, "Just after midnight, President Megawati Sukarnoputri gave the go-ahead for war against the rebels after last-ditch peace talks in Tokyo collapsed."[20] This shows that Indonesia has had problems in sustaining central authority over its lands. This could indicate that there is autonomy in many places outside of the major urbanized areas in Indonesia.

How could piracy be negated with such huge political and geographic obstacles to fight? There has been success in the anti-piracy fight in the recent past. The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP) Information Sharing Centre was able to reduce specifically piracy around Singapore and the Malacca strait proper to one reported case.[21] It must be noted that this is in particular limited to the area of water specifically named the Strait of Malacca. The reason for the effectiveness on combating piracy in this specific area though is due to cooperation between the states around the strait. If the states around the Malaccan Strait cooperate more persistently and communicate goals and possible threats it could

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19. The World Bank in Indonesia, http://www.worldbank.org/en/country/indonesia/overview.

20. Achmad Sukarsono, "Indonesia opens war on Aceh rebels," *The Globe and Mail*, last modified May 19, 2003, https://www.theglobeandmail.com/news/world/indonesia-opens-war-on-aceh-rebels/article1015583/.

21. Danson Cheong, "Fewer cases of piracy, robbery in Malacca Strait," *The Straits Times*, last modified December 23, 2016, https://www.straitstimes.com/singapore/fewer-cases-of-piracy-robbery-in-malacca-strait

dramatically reduce piracy in the region. Another thing that needs to happen is for some kind of effort for shipping agencies to report piracy. As one of the major themes throughout the research was that the companies do not report about 50% of piracy related incidents. If companies are not reporting these attacks for any number of reasons it allows for persistency and sustainment of piracy in the region. It gives pirates a window to operate in and keeps them hidden from authorities. One of the solutions I propose on this issue is a monetary penalty against companies that do not report piracy. Another way to make sure companies report piracy is to hold them liable and in fact legally prosecute those who do not report as engaging in piracy. This would make a company's risk in not reporting piracy a huge risk to take.

Piracy in the Malaccan has been around since globalized trade was first established thousands of years ago. Malacca has been home to heavily pirated waters since that trade was first established. The region's piracy has benefited from numerous factors most principally the geography. The piracy also benefits from tactics employed which limits visibility. Piracy doesn't make headlines as the crews are left generally unharmed this allows concern and public outcry to end piracy in region almost mute. The notice the pirates receive in the region is minimal at best. Piracy in the region also relies on big payouts with companies involved in the process as a single siphoned ship could yield at market value 5 million U.S. dollars which means pirates do not have to constantly continue operations in the region. That kind of one-time payout easily could keep a group of people involved in the hijacking satisfied for a long period of time. Piracy in the region benefits hugely from the transnational nature of region with so many states to run to and operate from. The region of Malacca shows that transnational crime

on the high seas is still a pressing problem in the region. The costs of piracy are huge with estimates that piracy in the region costs shipping companies 4.9 billion to 8.3 billion dollars and steep of money.[22] Piracy cost governments and economies billions of dollars of damages it is a problem that requires transnational cooperation to fight and stable cooperation.

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22. Kemp, "Crime on the High Seas: World's Most Pirated Waters."

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