

Piracy in the Strait of Malacca

The geopolitical background behind piracy and its
impacts on Global Financial Centres



(own photograph, taken on Pulau Hantu, Singapore)

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Dedication

Dedicated to the memory of my beloved Grandfather,

Frazer Bloxham

Thank you for always believing in me, even when I didn't believe in myself.

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Abstract

Going back throughout history, piracy has always been an issue. This thesis intends to look at one area which has been constant in piracy, the Strait of Malacca. Situated in Southeast Asia, in the waters between Singapore, Indonesia, Malaysia and Thailand, this waterway is vital for global trade, being geographically positioned in the quickest route from the Pacific to Indian Ocean. With the world reliant on shipping for the majority of global trade, it is important that vessels are able to pass through securely. However, piracy threatens this security, with pirate infested waters being a risk to the vessel itself and its cargoes, but more importantly, a risk to the lives and wellbeing of the seafarers. The economic costs of piracy incidents are massive, both globally and regionally. Globally, the cost of shipping increases, making goods more expensive. Regionally, the cost of loss of trade, as well as having to fight piracy can incur huge losses to a state's income, which is especially bad considering most states with a piracy problem are developing and have less income to begin with.

The purpose of this thesis is threefold. This thesis will first be examining the geopolitics of Singapore, Indonesia and Malaysia, looking into the history of the Strait of Malacca, and the different priorities each country has, establishing the reasons for piracy based on the circumstances of the area. The thesis will then look at the policies that have been implemented in the Strait, either by the littoral or external states, and examine the effectiveness of policies based on the number of piracy incidents and their seriousness from 2000-2019. The final part will be using data collected during a series of interviews and questionnaires, looking at the impact that piracy has had within companies in Multinational Corporations (MNCs) within Global Financial Centres.

There is little research on the impacts of piracy, most research tends to give an estimated overall cost. My research will take a different approach to the term 'impact', looking at marine business personnel within companies in Global Financial Centres, and establishing how they have been impacted through piracy in the Strait of Malacca, and their thoughts and opinions on matters related to piracy and the impact on their role within a business, rather than just focussing on piracy in terms of general large monetary terms.

Executive Summary

This thesis is based on the Strait of Malacca, with the objective being 'to look at the geopolitics and trends in piracy in the area so as to establish why piracy occurs there, and to see if there are implications in Global Financial Centres as a result of piracy'. To explore this, this thesis focusses on three different aspects: 1) the Geopolitics of the bordering states; 2) the trends and policies of piracy; and 3) piracy's impact on Maritime businesses within Global Financial Centres.

Before looking at these aspects, this thesis examined existing literature about piracy globally, allowing for a broad overview on piracy, incorporating aspects such as the focus areas, the reasons, the costs, how piracy has been addressed, and terrorism. After this overview of existing literature surrounding the topic of piracy, the thesis looks at the three aspects mentioned above, which help answer the main research question within the thesis: 'How and to what extent do the geopolitics in the Strait of Malacca and the policies of bordering states impact on piracy and the implications within Global Financial Centres?'

This research hopes to add to existing literature through several different ways. First, it examines trends in piracy in the Strait of Malacca over a twenty-year period using a more complete dataset than previous research. Research for impacts on Global Financial Centres has previously looked at financial impacts, only looking at block costs of piracy annually, or the costs of anti-piracy policies implemented. This thesis considers the views expressed by workers from Maritime businesses within Global Financial Centres to establish impacts they have faced. It looks at how piracy in the Strait of Malacca and in general has impacted their business and business decisions, which is vital knowledge for these workers and key to the success of the maritime industry. This, in turn, will help to explore if the shift in focus areas for piracy, most recently to West Africa, was the right thing to do.

The first aspect looks at Geopolitics of the Strait of Malacca, and the priorities and Geopolitics of three of the littoral states: Singapore, Indonesia and Malaysia, which was explored through literature review. The results showed that the Strait of Malacca lends itself to piracy. Added to this, the priorities of the three states are different. This has the potential for causing a rise in piracy, which could impact global trade and the economies of the littoral states.

The second aspect of this thesis looked at the trends and policies of the Strait of Malacca from 2000-2019. The results show that, overall, the policies have been effective, particularly the policies implemented in 2004, although there were other factors around this time that helped with the reduction in piracy. However, there are areas where policies could be improved which could help reduce any future piracy incidents. The second section within this aspect examined the International Maritime Organization (IMO) focus points, through comparing the trends in piracy incidents, values and seriousness of incidents within the Strait of Malacca, East Africa and West Africa. The results of this show that, on the whole, these matched the focus areas concentrated on by the IMO.

The third and final aspect looked at the impact of piracy in the Strait of Malacca on workers within the marine sector in Global Financial Centres. This research was collected using questionnaires and semi-structured interviews from 19 participants from a wide range of job roles and Global Financial Centres. This aspect explored five different themes: 1) Piracy Hotspots - participants seemed to agree with the piracy focus areas; 2) Reasons - participants had a general understanding of reasons for piracy in the

Strait of Malacca, mainly its geography. A few had deeper understanding of poverty, development issues and weak governance; 3) Reduction - most participants had a general knowledge of navy patrols and some knew elements of external forces in the region; 4) Impacts - overall, piracy in the Strait of Malacca did not impact business or business decisions as it is seen as mostly opportunistic theft, and therefore the losses are minimal, especially compared to West Africa; 5) Terrorism – participants saw this as a potential threat in the future.

In conclusion, these three aspects that this thesis covers help to answer the main research question. The geopolitics in the Strait of Malacca lends itself to piracy, as well as the policies implemented tend to link with the trends in data, showing that the policies, in general, did impact on the number of incidents and seriousness of piracy in the Strait of Malacca. The last part of this main research question was answered through the final aspect, showing that piracy in the Strait of Malacca, on the whole, did not impact on marine business personnel in Global Financial Centres.

Preface

Maritime security has always been an interest of mine. My father has worked in the Lloyd's of London as a Marine Cargo Underwriter for over 40 years. From a young age, I was brought up in the marine world, learning the different capitals and ports of the world, shipping, and the risks that are posed in this industry. During my Undergraduate at Loughborough University, I was given the opportunity to study for a year at the National University of Singapore. From this, I developed a keen interest in the security of Singapore, basing my Undergraduate dissertation on militarization of Singapore. Having lived in Singapore, and travelling to the Riau Islands and the West coast of peninsular Malaysia, I was able to see first-hand the level of security, as well as the differences in development in such a small regional area.

I have always wanted to go into a sector involving marine, war and political risk, and this thesis enabled me to delve deeper into a key issue relating to these sectors. Wanting to work in this area, along with discussing the issue of piracy with United Nations delegates I met during my internship at the International Maritime Organization, made me want to explore the impacts of piracy in maritime based industries. I believe that it is important to look at the reasons for piracy, the different trends and policies, as well as the economic impact, as this will be able to help raise awareness of the issue, and help future strategies to limit the impact.

Although this research is intended as a thesis to fulfil the requirements for my Masters, I also hope that it will be read by people within marine businesses to help them learn more about piracy, and really think about the issues raised in this thesis.

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There are many people who I owe my gratitude towards for supporting me to the successful completion of my thesis. First, I would like to thank my supervisor, Dr Bert Bomert, for his guidance and support throughout. Thank you for your time, effort, expertise, and always replying to my nonsensical, panicked emails. I would also like to thank my second reader, Dr Nora Stel, for taking the time to read and grade this thesis.

I would like to thank the International Maritime Organization, London for hosting me for a three-month research internship, and for working hard to keep my internship going throughout the lockdown period. This allowed my access to research materials, contacts and valuable insight into the maritime world. In addition, I would like to thank my interview and questionnaire participants, those who helped me find people to interview, as well as those who sent me data or articles related to my thesis. I would not be able to gain such valuable information to be able to complete this thesis without your time and effort.

Thank you to my family, to my parents, Jack and Ted for the love and support to keep me writing, making me laugh, and keeping me sane through the last couple of months. My boyfriend, Joe, for moving to London to support me, giving me advise, and being my IT expert, in particular your ability to restore documents after I accidently delete all my non backed-up interview data. Lastly, I would like to thank my Grandparents, who sponsored and supported my year of study, I would not have had the amazing opportunities I have had this year if it wasn't for you. Even though my Grandfather is not here to see my finished thesis and watch me graduate, his guidance and determination for me to follow my ambitions is what made this thesis possible.

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Chapter 1: Introduction

Shipping had been described as “*the life blood of the global economy*” (International Chamber of Shipping 2020:np). Currently, international shipping is the most efficient and cost-effective method of transportation for trading goods and commodities globally, with over 80% of products being transported in this way (International Maritime Organization 2020a). With an increase in the world population and consumerism, shipping allows for demands to be met and for global products to be used worldwide (World Shipping Council 2020). In recent decades, vessels have been built larger and faster, with more container shipping being used; this transformation of the shipping industry has revolutionised global trade in the ever-increasing face of globalisation (Khalid 2008). Without the shipping industry, trading goods such as food, manufactured goods and raw materials would not be possible (International Chamber of Shipping 2020) which, as no country is self-reliant, shipping gives large benefits to the global community (United Nations 2016). As well as providing for people globally, shipping itself is also a global industry, internationally generating around more than half a trillion USD annually, with over 150 nations having a registered fleet, and around one million seafarers from almost every nationality, (International Chamber of Shipping 2020). Shipping is the main industry that allows for facilitating trade and prosperity to different communities and nations, as well as economic growth that is sustainable and long lasting for the future (International Maritime Organization 2020a). Due to the importance of the industry, the need for secure and efficient shipping is paramount (International Maritime Organization 2020a). Its global nature, from both a national and international perspective, means that maritime security is extremely important (Verma 2012).

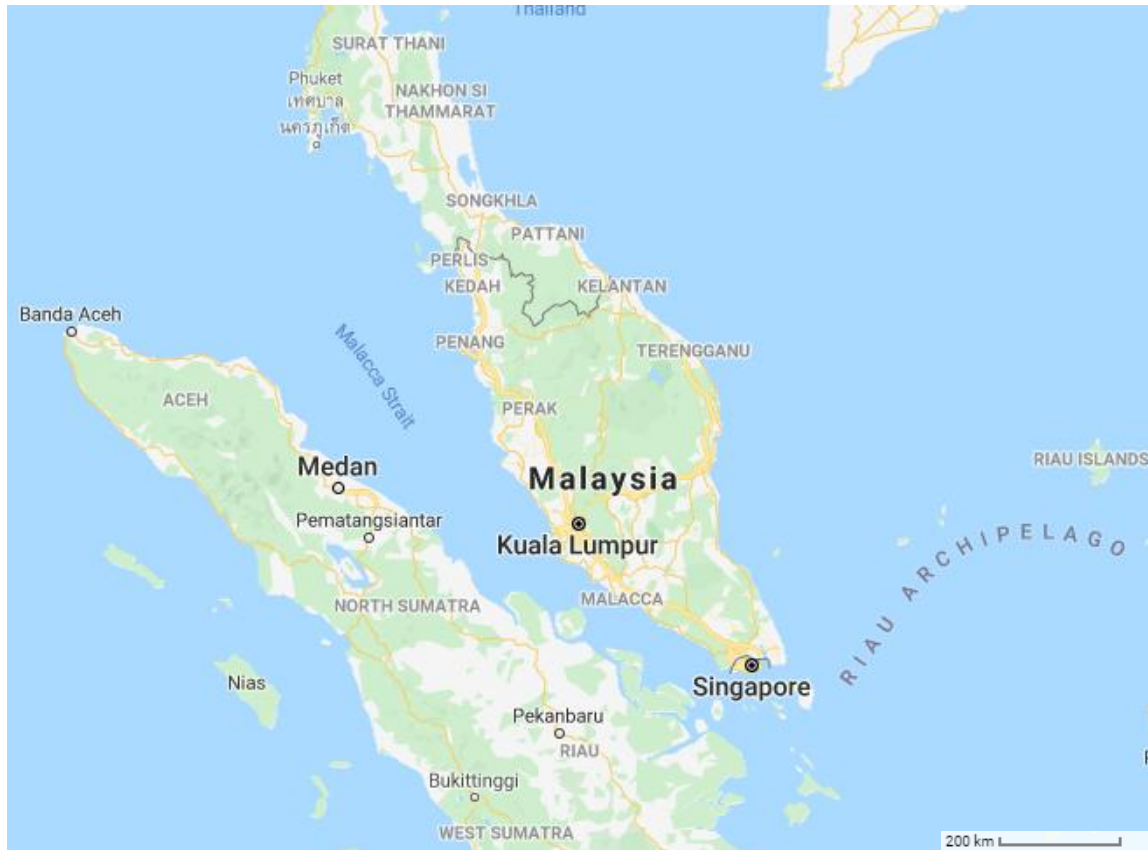
There are many issues that threaten maritime security; one of these global challenges is piracy (Verma 2012). Piracy has been a threat to maritime security for over 3,000 years; however, since a lull after World War Two, it has taken a nasty turn (Stavridis 2017). Pirate gangs that are more sophisticated and organized now operate, and plan their attacks accordingly (Von Hoesslin 2012), from small scale, such as petty theft onboard a yacht, through to holding crew hostage and vessels for ransom (Stavridis 2017). The risks of piracy include loss of damage to cargoes and the vessel, loss of seafarers’ lives, and the risk of collisions, which has the potential for an environmental disaster (Abbot & Renwick 1999). Piracy impacts economically, through creating uncertainty over delivery of goods (Sapre 2012). As a result, the risk of piracy costs – insuring and premiums on cargo, hull, kidnap and ransom – and war-risk are just some of the added costs due to piracy. These in turn impact the operational costs of the vessel, and the price of the goods being transported (Sapre 2012). In 2017, it was thought that the estimated cost of piracy is around \$15 to \$20 billion annually (Stavridis 2017). Within piracy, there is also a threat of terrorism. Murphy (2007) suggests that pirates are deliberately helping terrorist organizations by teaching them their craft, or making incidents look like piracy instead of terrorism. This has been a real concern since the events of 9/11, bringing up concerns over the vulnerability of vessels, either to carry out, or be a target for attacks (International Maritime Organization 2020b, Raymond 2007).

Within Asia, there are many key shipping lanes, many of which are at ‘choke points’ (Verma 2012). Global trade has to go through these points, one of them being the Strait of Malacca (Evers & Gerke

2006), Although piracy is nowadays a big issue within fragile African states, the issue has most commonly been associated with the Strait of Malacca (Sapre 2012), and piracy here has been continuous throughout history (Stavridis 2017). The Strait of Malacca is a stretch of water situated in Southeast Asia, surrounded by the countries of Malaysia, Indonesia, Singapore and Thailand ([Figure A](#)). The Strait connects the Pacific and Indian Ocean, it is important to global trade both in the past and present (Dunn 2012), being described as one of the main arteries for the global economy (Raymond 2007) and a superhighway for global shipping (McCauley 2014). The vitalness of the waterway, however, lends itself to piracy being a serious security issue within the Strait (Young 2007). Murphy (2007) comes up with seven reasons why piracy thrives, including weak governance, geography and cultural acceptability, all of which can be related to the Strait of Malacca. In addition to these reasons, Murphy (2007) also comes up with factors that are needed to help reduce piracy such as proper law enforcement, radars and well-trained crews. The littoral states surrounding the Strait of Malacca (Indonesia, Malaysia and Singapore), are all at different levels of development and have different priorities within both their countries and the Strait, making the area left open to being insecure to piracy (Raymond 2007). In 2004, they decided that piracy in the Strait was up to them to sort out (Ashley Roach 2005). On this local scale, the Malacca Straits Patrol (MSP) was initiated to put into action practical and cooperative anti-piracy measures within the Strait (Government of Singapore 2015). As well as addressing piracy on a local or regional level, Verma (2012) comments that with shipping being global, this makes piracy a global issue, and requires international coordination and cooperation to reduce the risk. On this international level, several states and external agencies have helped with the reduction. The International Maritime Organization (IMO), the specialised agency of the United Nations for the security and safety in shipping, has put into place most of the global shipping security frameworks (International Maritime Organization 2020a). The IMO mandate includes making travel by sea as safe as possible, through managing and mitigating threats which could compromise this (International Maritime Organization 2020c).

Figure A

Map showing the position of the Strait of Malacca (Google 2020a)



In recent years, there has been a substantial decline in piracy and armed robbery against ships worldwide; in 2017 it hit a 22-year low (International Chamber of Commerce 2018), and in 2018, a 13-year low within the waters off Asia (Silvam 2019). From 2015 to 2018, there was an 62% overall drop in piracy in South East Asia, and a drop of over 90% in Singapore and the Strait of Malacca (Safety4Sea 2019a). During the same time, incidents in West Africa increased substantially (International Maritime Organization 2016). As a large threat to security, piracy has been on the agenda of the IMO since the 1980s, with Singapore and the Strait of Malacca being the focus point for anti-piracy measures in the 1990s and early 2000s (International Maritime Organization 2020c). From around 2005, this shift changed to focus on piracy in East Africa, in particular the Gulf of Aden, Somalia and the wider Indian Ocean, bringing in Best Management Practises for vessels transiting through the area, as well as the Djibouti Code of Conduct (International Maritime Organization 2020c). More recently, the IMO has shifted its focus to West Africa, implementing strategies to help enhance maritime security, and work to fit these strategies in alongside regional agreements (International Maritime Organization 2020c). As a result of these trends, the International Maritime Organization, other organisations combatting piracy (such as the Information Fusion Centre) and academic research have also shifted their focus to the areas being focussed on. However, even though the focus is now on West Africa, in 2019, piracy

rose in the Strait of Malacca, having the second highest number of piracy incidents by region, with the most incidents being in West Africa (Figure B). In 2019, the IMO recorded 45 incidents of robbery in the Strait of Malacca, which accounted for 23.3% of incidents globally (International Maritime Organization 2020d). Most of these incidents were not considered serious, as they did not lead to huge economic losses or a risk to the lives of seafarers; most resulted in petty thefts from the storeroom or deck (International Maritime Organization 2020d). ReCAAP (2020a) lists the incidents that the agency recorded for 2019. This shows that most incidents in the Strait of Malacca (not including the ones within Indonesian and Malaysian territorial sea space) occurred within a few miles of either Malaysia or Indonesia, in particular Indonesian islands surrounding Singapore, and were considered a so-called category 4 incident, which is the least serious category (Figure C).

Figure B

Graph showing the number of recorded piracy incidents globally for 2019, sorted by region. For South America, the brackets refer to the region: (A)- Atlantic, (C)- Central, (P)- Pacific. Data taken from International Maritime Organization (2020d).

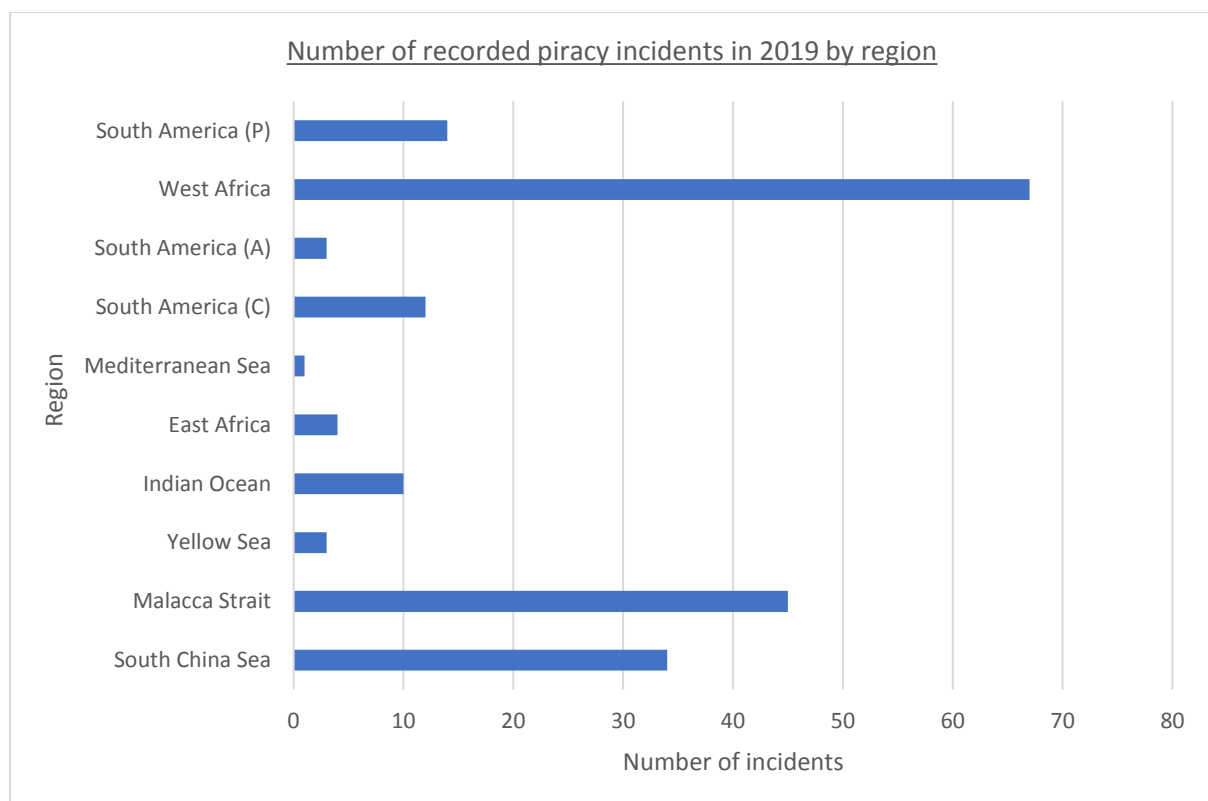
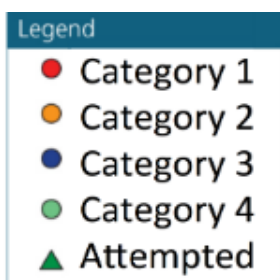
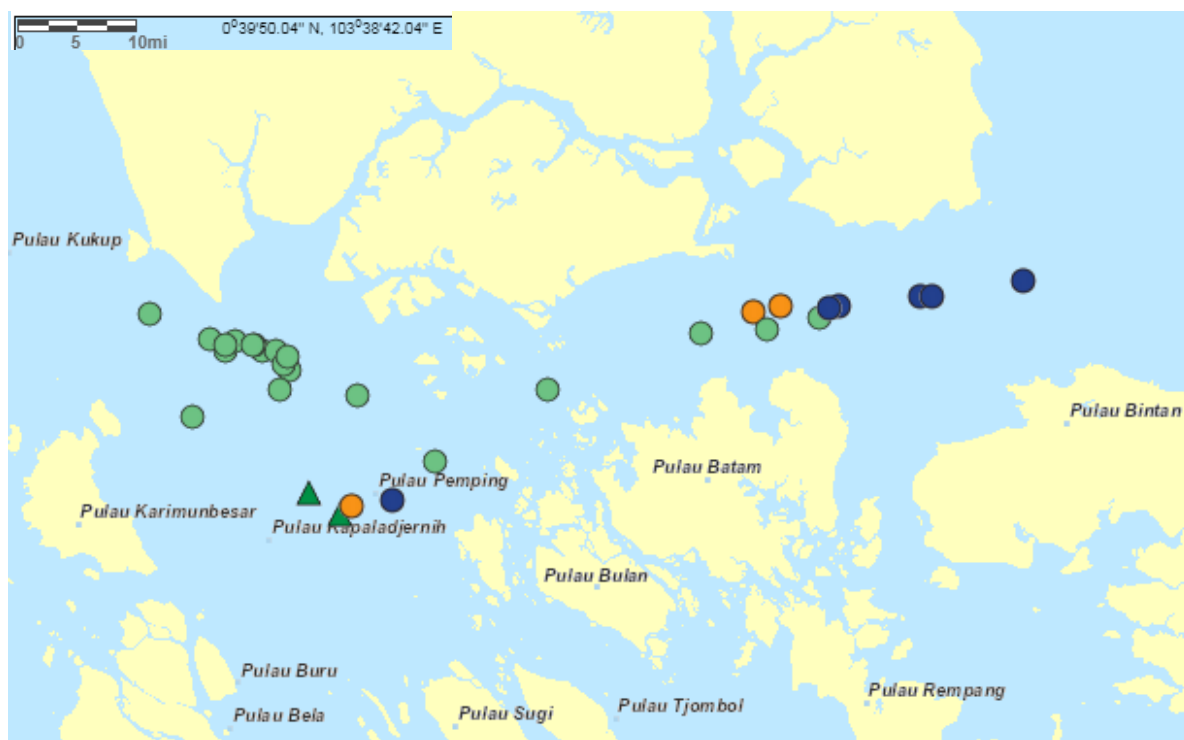


Figure C

Map showing location and category of piracy attacks in the Strait of Malacca high seas. Most of these attacks occur near Singapore, from off Indonesian or Malaysian land and islands. Data of map taken from ReCAAP (2020a), data for category explanation taken from ReCAAP (2020d).



CATEGORY 1- These involve many armed perpetrators, where the crew are most likely to incur physical violence or injury. For economic losses, either the cargo was stolen, or the ship hijacked.

CATEGORY 2- These involve many armed perpetrators, mostly with machetes/knives and guns in 25% of cases. Crew are likely to be held hostage or threatened whilst crew property or ship property is stolen. In a couple of cases, crew endured physical violence or injury, but on a lesser nature than category 1.

CATEGORY 3- Usually between 1-6 perpetrators, sometimes armed with machetes, knives or bats. No physical harm, but occasionally put under duress. Most incidents, perpetrators do not manage to take anything, but if they do, it is mostly engine or store spares that are stolen.

CATEGORY 4- This is usually a couple of perpetrators who are not armed. The crew will not be harmed, and the perpetrators usually flee when sighted by crew. Limited items are stolen, or they leave empty-handed.

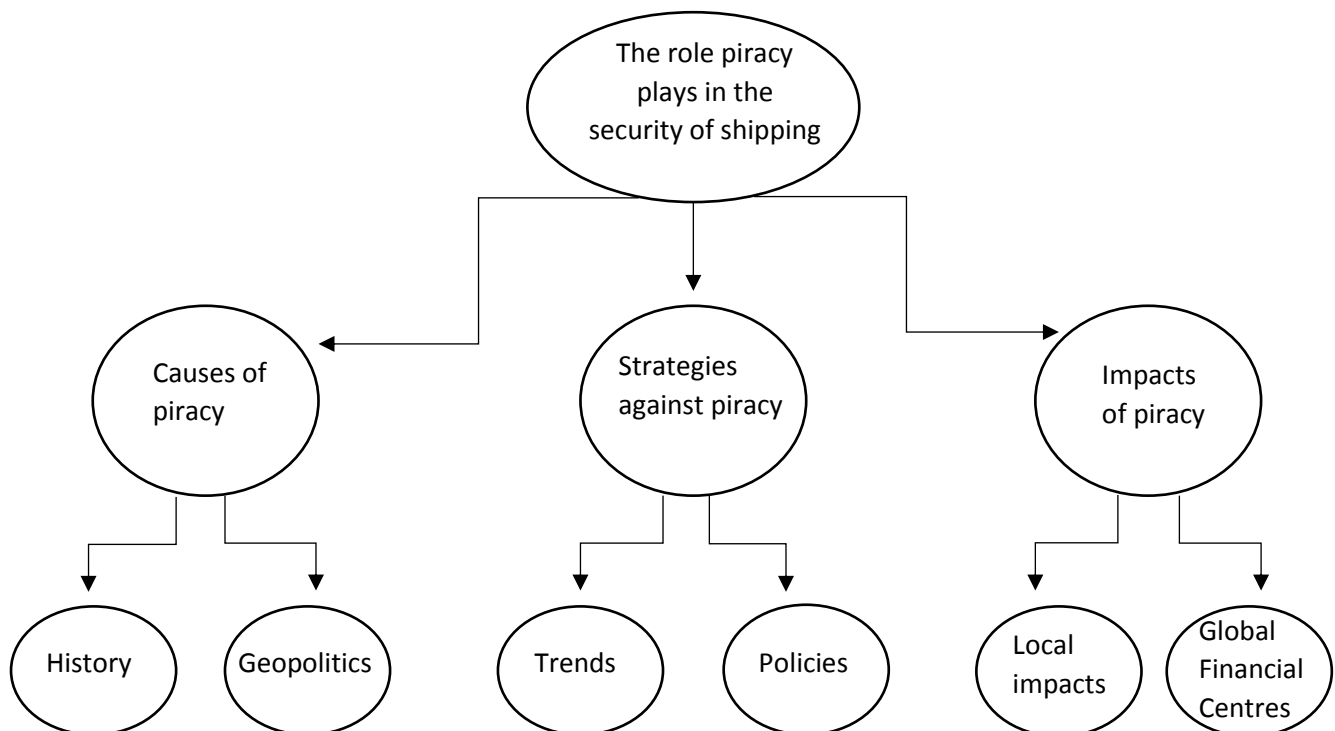
ATTEMPTED- Perpetrators attempt but fail in boarding a ship.

1.1 Focus of research

This thesis will focus on piracy in the Strait of Malacca and the Singapore Strait, as in data statistics and academic research both tend to be discussed and grouped together due to their proximity. For ease, this thesis will be referring to both as the Strait of Malacca, due to being the bigger body of water, and what most people refer to it as. This thesis will be focussing in particular on three different aspects: reasons, policies and trends, and impacts. The conceptual framework being used for this thesis is shown in [Figure D](#). The first aspect being explored in this thesis, reasons, is through looking at the geopolitics of the Strait of Malacca, focussing on Singapore, Malaysia and Indonesia. Looking at this will help to explain the reasons why there are incidents of piracy and armed robbery in the area.

Figure D

Graph showing the conceptual framework that this thesis is set in. The top level shows the broad topic. The second row shows the three different ways that this can be divided into studiable categories. The bottom row breaks down into researchable units, each of these will be looked at in this thesis apart from local impacts, which will only be touched upon.



The second aspect will be an analysis of the yearly data on piracy incidents from 2000-2019, which will be used to observe any trends in piracy, and from this, see whether policies implemented in the area have impacted on the number of incidents. It is important to keep piracy in the Strait of Malacca down,

which currently is not the case, with the 2019 figures being much higher than previous years. Being given a war risk rating, as was previously done (Lee & McGahan 2015), has massive trade and cost implications, and therefore reducing piracy is in the interest of the shipping community of the three countries involved (Von Hoesslin 2012). As an illustration of the heightened cost of war risk, in 2017 the insurance premiums for vessels entering Eastern Africa, also considered a war risk zone, came to \$41.6 million (Safety4Sea 2018). Under this section, this thesis will look back at the IMO's focus areas for piracy, mentioned in Chapter 2. Comparing the datasets of all three areas will contribute to the debate over whether it is right to continue looking at East and West Africa as a priority, or if the Strait of Malacca should still be seen as a priority region, as it is the main channel connecting the Indian and Pacific Ocean, and therefore nowadays still one of the most important shipping lanes (Market Business News 2020a).

The last aspect of this research will look at the impact piracy has on Multinational Corporations within Global Financial Centres. The word 'impact' within this thesis will be referring to several things, such as the impacts on business decisions taken by workers in the financial sector, the past and present impact on their business, potential costs incurred and potential future piracy-related threats such as physical and cyber terrorism. These companies include workers from different aspects of marine, such as: surveyors, underwriters, brokers, lawyers and directors, which will allow for an overview of different types of businesses that could be impacted. Based on this, I hope to see whether the Strait of Malacca should still be considered relevant to look at in terms of piracy and armed robbery in light of their potential impact on businesses. Although this research will look at different Global Financial Centres from around the world, there will be a particular interest in London. This is because Menon Economics & DNV GL's (2019) report on leading maritime capitals, ranked London first for 'maritime finance and law', claiming that London has the highest number of leading maritime legal experts, and continues to be unrivalled in marine insurance. London is also key for this research as it is home to major maritime organisations, such as the United Nations agency for marine, the International Maritime Organization, as well as the International Chamber of Shipping and the ICC International Maritime Bureau.

1.2 What this thesis hopes to add to existing literature

This thesis hopes to add to existing literature in several areas. An initial literature search already hinted at a gap in research (Healey & Healey 2016), but also led to finding academic research on the geopolitics of the region, and the reasons behind piracy. Starting with geopolitics, this area is well researched; what this thesis will add is linking development and geopolitics to piracy in the area. In terms of trends and policy, the trends have only been discussed from 2000-2011, (Nurbiansyah et al. 2019), however, these trends were discussed using a less complete dataset (discussed in Chapter 4), and adding the trends from 2011-2020 will enrich our knowledge. Although the policies are discussed in several articles, such as Ashley Roach (2005), Raymond (2007) and Lee & McGahan (2015), linking them to the more recent trends in piracy to 'test' their effectiveness, will also add to our knowledge.

In relation to the costs of piracy in the Strait of Malacca, much is said about the costs to Singapore, Malaysia and Indonesia; as an example, Ahmad (1997a) gives the financial costs of the patrols in the Strait for countries, for instance the costs of surveillance and rescue services. The costs involved in the

protection of the Strait are also discussed in the International Maritime Organization (2019a), but, once more, are directly related to the costs involved with the upkeep of the current patrols and safety features, for example the costs for Singapore in relation to fixing the Pulau Pisang Lighthouse. However, the financial costs of piracy tend to be in block figures, such as Safety4Sea (2018) which just states \$6.3 million losses in Asia within a year. There is limited research on the impact of piracy in the Strait of Malacca on Global Financial Centres, in terms of financial costs and whether employees still perceive this is a dangerous area for business.

1.3 Research Questions

The research objective for this thesis is:

- To look at the geopolitics and trends in piracy in the area so as to establish why piracy occurs there, and to see if there are financial implications in Global Financial Centres as a result of piracy here.

In light of this objective, the main research question for this thesis is:

- How and to what extent do the geopolitics in the Strait of Malacca and the policies of bordering states impact on piracy and the implications within Global Financial Centres?

This research question is detailed out into three research sub-questions:

- How have the geopolitics of Malaysia, Singapore and Indonesia led to piracy in the Strait of Malacca?
- How have policies implemented in the Strait of Malacca impacted on trends in piracy?
- What impact has piracy in the Strait of Malacca had on companies in Global Financial Centres?

Overall, the research objective is two-fold: to look at (1) the geopolitics and policies in Singapore, Malaysia and Indonesia, as well as (2) the implications on Global Financial Centres. Although a broad topic to consider, both parts go hand in hand, and both need to be looked at in order to explain the one and the other. Addressing the geopolitics helps to show why there is piracy in the area, while looking at the policies and trends in piracy helps to show the differences over time, how piracy has changed. This knowledge is needed to explain the current levels of piracy in the area, and by using this data as well as interviews, I will be able to assess the impact piracy had and potentially still has on Global Financial Centres. Using the three sub-questions will enable me to answer all parts of the research question; and ultimately show whether the Strait of Malacca is still relevant to look at in terms of piracy and its impact.

1.4 Key concepts

1.4.1 Concept of Piracy

The official definition for piracy, which is used by the United Nations (Murphy 2007), is given in the United Nations Convention on the Law of the Sea (UNCLOS 1982), laid out in Articles 100 to 107. The definition in Article 101, summarised, states that piracy is: An act committed on high seas (not in jurisdiction of any state), against any other ship, where an act of violence or depredation occurs, where the perpetrator has either participated or facilitated any of these actions (UNCLOS 1982). This definition is very restrictive, as the 'high seas' is defined as being 12 nautical miles outside of shore; anything within the 12 nautical miles, and therefore within territorial waters, is considered as 'armed robbery at sea' (Murphy 2007). The definition of armed robbery at sea, as laid out in the Code of Practice for the Investigation of the Crimes of Piracy and Armed Robbery Against Ships (International Maritime Organization 2010), is similar to that of piracy, the main difference obviously being the location within the water. Since most attacks, however, occur within the 12-mile boundary of state waters, most attacks are legally considered as armed robbery against ships, not piracy (Raymond 2007). This is largely because pirates can avoid international jurisdiction if they sail into territorial seas before capture, often into waters with a country's jurisdiction which is ill-equipped to deal with maritime crime (Murphy 2007). Also, as many territories are not keen on foreign coastguards entering their waters, many pirates will sail into another country's jurisdiction so they cannot be followed (Murphy 2007). There have been many shortened definitions of the piracy definition laid out in UNCLOS (1982), but the very simple definition of contemporary piracy that will be used throughout this thesis is "*unlawful depredation at sea*" (Murphy 2007:11). This term for 'piracy' will be used to cover both the concepts of 'piracy' and 'armed robbery against ships'; as also seen in Raymond (2007). This will be done for general ease and understanding, also in light of the specifics of this particular geographical area, as the Strait is a small strip with many different islands and territorial waters, meaning many attacks here are considered as 'armed robbery against ships'.

1.4.2 Concept of shipping

There are different meanings of the word 'shipping'. In this thesis, it will either refer to the transport of goods by sea or will be used as a collective when referring to freight by sea (Market Business News 2020a). Shipping is a truly international business, for example, the vessel owner, vessel registration, officers and crew could all come from different parts of the world (The Mission to Seafarers 2020). The International Chamber of Shipping (2020) states that the shipping industry is continuing to expand, and without it, exports and imports of manufactured goods and food would not be feasible. Two words that will appear within this thesis related to shipping are shipper and seafarer. The term 'shipper', or the plural 'shippers', refers to a company or a person whose business is to transport ship cargoes (Collins 2020a). The term 'seafarer' relates to people who make their living working on ships (Collins 2020b). Around 1.5 million people worldwide are seafarers, which is considered a highly dangerous occupation, with issues such as shipwreck, piracy, mental health and abandonment threatening their everyday lives (The Mission to Seafarers 2020).

1.4.3 Concept of Global Financial Centre

In the Longman Dictionary of Financial Terms, and the term that will be used throughout this thesis, a financial centre is defined as a "*City in which a large amount of a country's financial transactions take*

place, and where the main exchanges are located” (Kariithi 2007:51). These centres have a large volume of financial institutions, such as banks, brokers and investors, and deal with a huge amount of trade (Market Business News 2020b). There are different types of financial centres: regional, national, leading, offshore (Market Business News 2020b). The Global Finance Centres Index 25 (Z/Yen and CDI 2019a), ranks the different Global Financial Centres to determine the top 100 leading centres, basing their results on five criteria: ‘Business Environment’, ‘Human Capital’, ‘Infrastructure’, ‘Financial Sector Development’ and ‘Reputational & General’. The criteria used have led to producing a stable top six Global Financial Centres over the last couple of years, in order: New York, London, Hong Kong, Singapore, Shanghai and Tokyo (Z/Yen and CDI 2019a). Recently, more financial centres have come into existence due to emerging economies such as India and China (Market Business News 2020b). A report by Z/Yen (2019b) states how Global Financial Centres are becoming more significant, and are growing at an extortionate rate, with many centres, such as Beijing, Toronto, Frankfurt and Gujarat being considered to become more important over the coming years.

This thesis will be looking at Multinational Corporations (MNCs) which reside within Global Financial Centres. According to BusinessDictionary (2020), an MNC is described as a large enterprise which, although managed from one home country, operates within several different countries; they are particularly important as around 35,000 companies fall into this category, with the largest 100 MNCs controlling 40% of trade globally. This is therefore important to shipping due to the large amount of global trade that is transported via shipping (International Maritime Organization 2020a). According to a report by Menon Economics & DNV GL (2019), the leading maritime capitals of the world in 2019 were: Singapore, Hamburg, Rotterdam, Hong Kong and London.

1.4.4 Concept of Geopolitics

Geopolitics is a complex and contested term, with classic geopolitics considering how the layout of land and sea, politics, military, resources, as well as territorial opportunities and threats relate to international relations (Gregory et al. 2009). This is an important concept in the context of Singapore, Indonesia and Malaysia, especially in light of the mutual relations between the three nations, in particular as they are cooperating to prevent piracy. In this thesis, a more contemporary definition will be added to the classic meaning, so as to include other actors as influencers of geopolitics, not just states, but for example also terrorist organizations and social movements (Flint 2017). This will then allow for pirate syndicates, being organized pirates who operate as a group (Von Hoesslin 2012), to be seen as geopolitical actors in the Strait of Malacca.

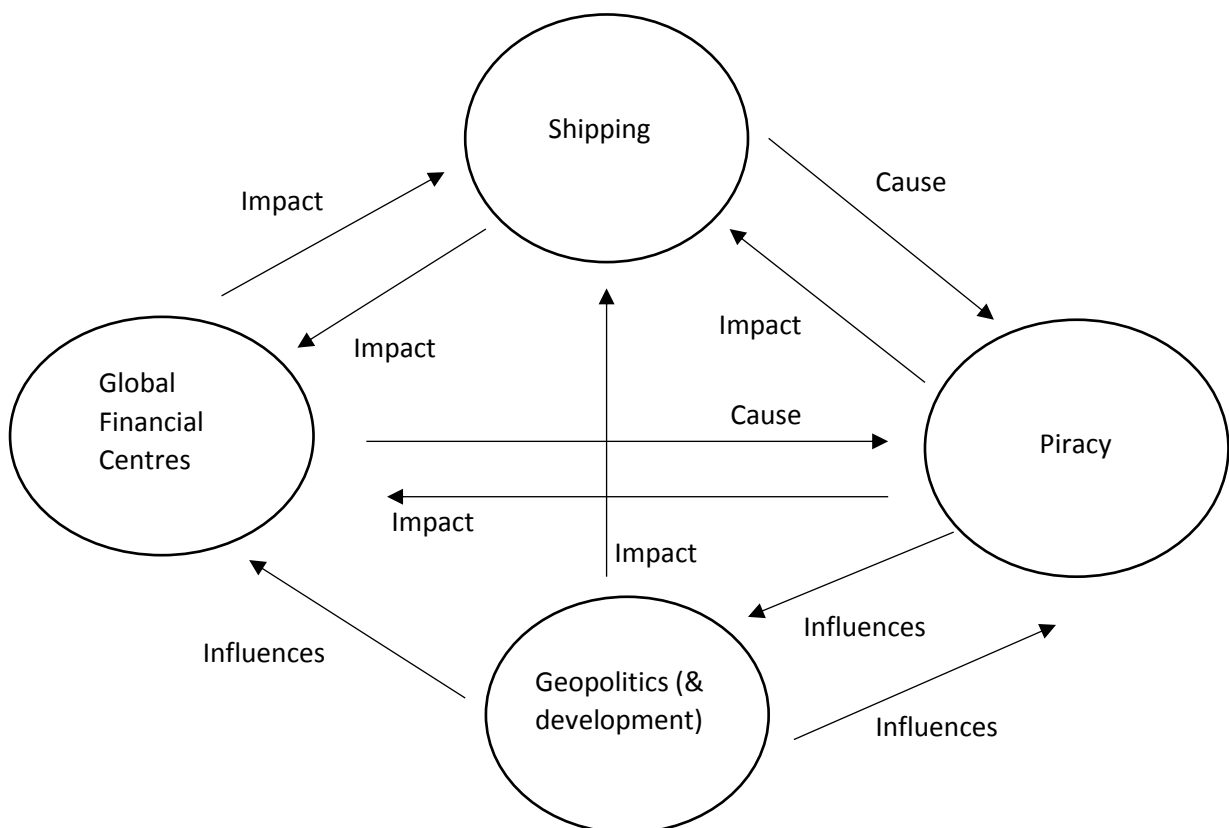
As well as geopolitics by itself, this thesis will touch on development to assess the causes of piracy in the Strait of Malacca. Conventionally, political geography and development studies have been separate disciplines (Power 2010). Although not normally used, the geopolitical study of this area will consider development issues of each country as well, since development is an important factor when looking at the reasons behind piracy – piracy is mostly a result of economic hardship and the pressures that stem from this (Von Hoesslin 2012).

1.5 Relation of Key Concepts

All of the concepts mentioned relate in one way or the other to shipping (Figure E). Piracy is closely related to shipping, but therefore also to global financial centres. In order to understand piracy, the concepts can be broken down into causes, strategies and impacts. From these three titles, geopolitics (as well as the history of piracy) is key to understanding the cause of piracy. Looking at trends and policies relates to the strategies regarding piracy. The impact of piracy can be looked at on different scales, such as local or regional impact; this thesis will specifically focus on the global financial centres.

Figure E

Graph showing how, in some way or another, the way the key concepts link. For example. Shipping is the cause of piracy, as without the vessels on the water there would be no piracy; geopolitics influences piracy, as these shape areas which are prone to piracy; and piracy impacts on shipping due to the economic and human lives at risk.



All the concepts mentioned above are key to be able to answer the research question. Shipping, although not in the key questions, is the main theme running through the thesis, and without shipping, there would be no piracy. The main concept looked at is piracy, which features in the main research question as well as the three sub-questions. The first sub-question is specifically related to the concept

of geopolitics, looking at Singapore, Malaysia and Indonesia. The second sub-question addresses trends and policies and will explore how the policies have impacted trends in piracy. The final sub-question is directly linked to Global Financial Centres, looking at how the levels of piracy have impact on business in financial centres worldwide. The three sub-questions run in sequence, as each follows from the other – why the area is plagued by piracy, what has been done to curb it, and what impact piracy still has. Overall, they answer the main research question, ‘How and to what extent do the geopolitics in the Strait of Malacca and the policies of bordering states impact on piracy and the implications within Global Financial Centres?’.

1.6 Methodological approach

The research will be conducted using both qualitative and quantitative methods, combining both primary and secondary data. The three sub-questions each had different ways in which data was collected. Overall, four main methodological approaches were used in order to answer the sub-questions: literature analysis, trend analysis, semi-structured interviews and questionnaires. The first research sub-question, ‘How have the geopolitics of Malaysia, Singapore and Indonesia led to piracy in the Strait of Malacca?’, will be answered through academic research, based on an extensive literature review. Due to having access to the Maritime Knowledge Centre during my three-month internship at the IMO, this enabled me to have access to various resources, United Nations meeting notes and documents, and the historical archives of maritime knowledge (International Maritime Organization 2020e). Literature was collected from a wide range of these sources, both to look at the background of piracy, piracy in general, as well as this sub-question on geopolitics and piracy in the Strait of Malacca.

The second research sub-question, ‘How have policies implemented in the Strait of Malacca impacted on trends in piracy?’, will be answered through, firstly, literature analysis on the policies that have been implemented in the Strait of Malacca. This will be followed by analysing secondary data provided through the International Maritime Organization (2020d). This secondary data is the number of incidents in certain regions and the type of piracy incidents that occurred from 2000-2019. A downfall of using secondary data is its reliability and what it was originally used for (Tyrrell 2016), which is the case here, as there are difficulties in the reliability of piracy statistics, as discussed in Chapter 4, However, looking at the different datasets, this data is the most complete and therefore most reliable. The data collected from the International Maritime Organization (2020d) will be analysed through looking at the trends of piracy incidents and types, and then will review the policies effectiveness based on these trends.

The final sub-question, ‘What impact has piracy in the Strait of Malacca impacted companies in Global Financial Centres?’, will be answered through five questionnaires and 14 semi-structured interviews undertaken from 11th May 2020 to 11th June 2020. Participants were chosen from different Global Financial Centres worldwide ([Appendix A](#)); as is the case for a lot of large companies, many of the respondents were not originally from the Global Financial Centre that they were currently working in, and many had worked in different places beforehand ([Appendix B](#)), giving me a broad range of Global Financial Centres. Added to this, participants were from a wide range of companies, many of which are top performing Multinational Corporations (MNCs), with a high amount of profit made annually

(Ireland 2020). The participants were also chosen from a wide range of job roles within the marine sector, such as lawyers, underwriters, brokers, directors, Protection and Indemnity insurance (P&I), consultants, some of which had worked as seafarers or security on board vessels beforehand; one participant was even a crew member on a vessel which was boarded by pirates in the Strait of Malacca. Respondents were selected through different means.

As seen in Cameron (2005, as cited in Longhurst 2016), respondents were strategically chosen based on their experience and expertise about maritime affairs, most having very senior roles within companies. Many of the participants were already known to me, through contacts gained through work experience or colleagues and friends of my father. Other contacts are found through 'snowballing'; using these original contacts to be put into touch with others (Valentine 2005, as cited in Longhurst 2016); this was extremely useful for finding contacts working abroad. Due to my internship at the IMO, I was also able to use 'on-site recruiting' (Krueger 1988, as cited in Longhurst 2016), through getting to know several United Nations delegates. Following advice on ethics from Hay (2016), each participant was either sent an ethics consent form, explaining about the research and how their data would be used, stored and destroyed ([Appendix C](#)), which had to be agreed to in writing or orally before the interview. As well as this, the questionnaires that were sent out had a section explaining similar, with an agreement section placed on it.

Semi-structured interviews were used as the main data collection method for the final sub-question. This method of data collection seemed best for this research, as it allowed for more open-ended questions, and for the interview to go in different directions, rather than just yes and no questions (Longhurst 2016). As well as this, they are able to be conducted online, which was important during the COVID-19 pandemic, and due to knowing many of the participants, a more informal, conversational interview was possible and lead to the comfort of the participant (Longhurst 2016). Following how Longhurst (2016) suggested to plan for semi-structured interviews, after researching the topic, I worked out the themes that were to be explored in each interview, and from there made some general questions that could be changed about based on the direction of the interview ([Appendix D](#)).

However, in addition to the semi-structured interviews, I also chose to use questionnaires because of the timing that I collected my data in. Collecting data during the COVID-19 pandemic was difficult, as many of my face-to-face and video interviews were cancelled, and due to shipping being badly impacted by the virus (issues such as insurance pay-outs, countries not accepting vessels, stranded seafarers), many participants did not have the time to be interviewed, even via video, as a result of the issues. As well as this, many participants worked long hours, and were in different time zones, meaning that it was difficult to arrange a time. Having questionnaires helped with these problems for participants, as they could respond in their own time and convenience (McLafferty 2016). The questionnaire was sent out to respondents in a Word document via email. This was done because respondents could come back to it when they had time, rather than an online questionnaire, which would have to be completed in one go. It was also easier for snowballing, as a contact just forwarded the questionnaire on to his contacts abroad. The questionnaire followed similar themes and questions to the interview guide; however, I made the themes into questions, which, although I could not direct participants based on their answers, I could still gain the information needed. The questionnaire started with basic questions about the participant, followed by a series of questions which required

longer answers, I did not put in yes and no questions, as this would not provide the knowledge I needed to acquire ([Appendix E](#)). There were a few problems with sending out a questionnaire, however, the first being that I did not know who several of the respondents were and if they were part of my target group (McLafferty 2016), which I counteracted through telling my participants who my target group were, and adding questions about their company and job role in the questionnaire, to make sure that they were my target group, and also to ensure I was not getting the same job roles and companies coming up, which was to make sure my research was unbiased. The main problem that I found with the questionnaires, however, was that I had no control over it if they were researching information to answer questions. Although I made the questions to be answered for the participants' point of view, they had the questions and time to research, whereas, for semi-structured interviews, the participants knew the topic but not the questions, so it would be harder for them to do this. Although all of my interviews came back fine, one person had looked up and quoted piracy statistics, therefore could be biased.

The focus of this section of research was on Global Financial Centres. Although participants were from different Global Financial Centres, or had worked in other previously, there is a large focus on London. This is because of its involvement in the marine industry, as it is home to the IMO, the United Nations agency for shipping, Lloyd's of London and the main insurance market, many MNCs, other important shipping councils, as well as being the capital for Maritime finance and law (Menon Economics & DNV GL 2019). Although this could be construed as a London based bias, it is these sorts of businesses that are part of the target sample. Although this research has answers from 19 different participants from the maritime sector, is not completely objective. It is based on these particular workers; it is a small sample size to the whole industry and is based on their subjective opinions and perspectives. Although I have tried to tackle this issue through participants coming from a range of different job roles and companies, this is still a limitation.

1.7 Societal Relevance

In recent decades, the importance of security issues in Asia has increased, due to the growing economic and political power the area holds (Kwa & Skogan 2007). The Strait of Malacca is one of the world's most vital waterways, providing prosperity and commerce to many countries (Kwa & Skogan 2007). Raymond (2007) estimates that Singapore receives around 140,000 vessels to its port yearly; which, with Menon Economics & DNV GL (2019) ranking it as the maritime capital of the world, means it has a large dependence on the shipping industry. However, this number of vessels also means that the Strait of Malacca is a high-risk piracy area, and therefore, to avoid costs to humans as well as the economy, piracy needs to decrease and solutions have to be put into place (Raymond 2007).

Shipping vessels can also be vulnerable targets in water, and since 9/11, there have been concerns over ships being hijacked by pirates for the use of terrorist activities, or ships being a target of terrorist acts (International Maritime Organization 2020b, Raymond 2007). Being vulnerable, this puts a risk on crew members, the cargo, ports and local personnel (International Maritime Organization 2020b).

Research primarily looks at why there is piracy and the solutions to the problem; however, the financial implications on Global Financial Centres are largely ignored. This research hopes to add to a better understanding of why piracy occurs by looking at the geopolitics of the area, at whether policies

are effective through observing trends in piracy, and to look at the economic implications. This final part is extremely important and hopes to contribute to filling a gap in research, as shipping is a major industry, and piracy impacts on costs and trade routes. As mentioned earlier, as over 80% of global trade is transported through shipping, piracy effects everyone: shipping is essential for economic growth and allows for interconnectivity and prosperity to numerous nations (International Maritime Organization 2020a). Piracy has implications of potential death, and it impacts globally because vessels and crew come from different countries. Furthermore, piracy also has the potential to lead to the loss of income for financial institutions, such as insurance companies, due to pay-outs, but also to people who take out insurance to the rates and potential premium placed on policies due to piracy. In other words, this research is vital to help protect the world's reliance "*on a safe, secure and efficient international shipping industry*" (International Maritime Organization 2020a:np).

1.8 Scientific Relevance

Before patrols were initiated, the Strait of Malacca was considered an area of war-risk by the Lloyd's of London, because of the number of piracy attacks, leading to a large increase in insurance premiums (Lee & McGahan 2015). This was due to having no regimes to help curb piracy in the Strait of Malacca prior to 2004 (Lee & McGahan 2015). Indonesia, Singapore and Malaysia, all at different levels of development, had different priorities within both their countries and the Strait, making the area left open to being insecure to piracy (Raymond 2007). However, in 2004, the three countries agreed to regional cooperation in the area, through carrying out patrols, eventually becoming the Malacca Strait Patrols (MSP) in 2006, with Thailand joining in 2008 (Lee & McGahan 2015). Since then, piracy attacks were reduced and therefore the focus switched from the Strait of Malacca to other areas, like Somalia and the Gulf of Aden (International Maritime Organization 2020c). This has resulted in less research and interest directed at and therefore less literature published on the area; the main exception being ReCAAP, which is involved in fighting piracy and reporting on incidents within Asia, and Lee & McGahan (2015), who look at the role of states in the policies behind combatting piracy.

The United Nations (International Maritime Organization) nowadays focuses on West Africa and Somalia, which is becoming a more and more prominent area for piracy, as well as being more violent, with frequent kidnapping, injuring and sometimes even killing of crew members (Nextier SPD 2018). Although piracy is not as violent in the Strait of Malacca, this thesis hopes to contribute to literature by seeing if the Strait of Malacca is still relevant in the context of piracy, and whether or not (some of) the focus should be brought back to the area. Furthermore, the majority of research focusses on policy, trends and reasons behind piracy. The impact on Global Financial Centres is largely ignored, apart from giving the overall costs globally, such as Safety4Sea (2018). However; this thesis will look at the perceptions of the personnel working for companies that are impacted by piracy, and whether they think the Strait of Malacca is still considered a high-risk area, which has not been written about in literature previously. The final part of this thesis might include valuable knowledge and insight for maritime business workers to see if they are impacted, adding to the knowledge gap regarding the issue of whether the Strait of Malacca is an important area to be looked at for economic means.

1.9 Chapters

As just seen, the first chapter of this thesis had discussed the important aspects to understanding a brief introduction to the topic, how this research was formulated, the methodology, as well as behind it is important to look at this research and what this research hopes to add to existing literature. Chapter 2 will look at the literature behind piracy in general, for example the reasons, costs and focus areas of piracy. This chapter hopes to allow the readers to gain an insight into what piracy is, where piracy has occurred both past and present, as well as the implications it causes. The next chapter, Chapter 3, will aim to answer the first sub-question, by looking into the Geopolitical background of piracy. This chapter will focus on the geopolitics and priorities of the littoral states, and will also follow similar sections to that of Chapter 2, but focus the literature purely on the Strait of Malacca. Chapter 4 will aim to answer the second sub-question, through focussing on the policies implemented to combat piracy in the Strait of Malacca, both through regional and external policies. This chapter will then look at the trends in piracy, first using the trends to base the effectiveness of the policies, then to discover if the focus areas of piracy, which are given in Chapter 2, link with the trends. Chapter 4 will focus on the last sub-question, using interview and questionnaire data to establish the impacts of piracy in the Strait of Malacca on workers within the Maritime industry in Global Financial Centres. The final chapter of this thesis, Chapter 6, will use the answers from the three sub-questions in the previous chapters to answer the main research question, concluding the research objective. As well as the conclusion, this chapter will provide reflections over the thesis, and recommendations for how this thesis could be changed or added to.

Chapter 2: Context of piracy

2.1 The history of piracy

Beekarry (2012:3) describes piracy as *“a crime as old as humanity”*. The concept of piracy has been around within the maritime landscape for over three thousand years; Vikings built a lot of their culture around piracy, and there have been piracy attack reports dating back to the Ancient Greeks in the Mediterranean, with historic reports also showing attacks around this time in the Pacific and Indian Oceans (Stavridis 2017). Over the years, there have been piracy hotspots, such as the Caribbean in the seventeenth to eighteenth century, Northern Africa in the eighteenth and nineteenth century, and remaining a constant in the South China Sea and the Strait of Malacca throughout (Stavridis 2017). In the era succeeding World War Two there was a lull in piracy; however, from the late part of the twentieth century onwards, piracy has returned in many areas around the world and with a new force (Stavridis 2017).

More contemporary piracy has taken a new turn, as well as opportunistic piracy (seizing opportunities where seen to commit piracy to recompense for economic hardship), pirate gangs have formed, who are committing planned attacks, which are more organized, structured and sophisticated (Von Hoesslin 2012). Piracy attacks nowadays can be from small scale piracy, such as looting a private yacht, through to large scale piracy, such as taking control of an oil tanker and holding the crew and ship ransom (Stavridis 2017). Adding to this, a major concern with contemporary piracy is that with the sea being mostly unregulated, it is a highly vulnerable space for potential terrorist attacks, for example Islamic extremists from the Philippines bombing a passenger ferry, leading to 116 deaths in 2004 (Murphy 2007). It was suggested that in certain parts of the world, pirates may deliberately teach terrorists their trade, or could potentially be unknowingly preparing terrorists for attacks to look like ordinary piracy attacks (Murphy 2007). Although piracy and terrorism sometimes have similar qualities, legally, there are different elements to each, and so should be treated separately, even if piracy is a large reason for maritime terrorism (Acharya 2014).

2.2 Reasons for Piracy

There are certain requirements for pirates to operate effectively, from contemporary piracy back through history to the Vikings and the Phoenicians (Gottschalk & Flanagan 2000). The main one being worthwhile rewards, as there is no point prowling waterways and taking on risks of capture if there are little pickings or rewards from doing so (Gottschalk & Flanagan 2000). The main reason for piracy is opportunity, it is a low-risk crime that can have large gains; however, due to the organized piracy groups that are occurring, it is simplistic to state that poverty is the main motivation (Murphy 2007). For piracy to be able to flourish, Murphy (2007) came up with seven factors that enable this:

1. ‘Legal and jurisdictional weakness’ - The biggest problem with this is state sovereignty: many countries do not, or are reluctant to allow other countries to operate anti-piracy measures in their waters; as well as this, some countries such as India and Japan do not see piracy as a crime. The attempt to sort this, the Convention for the Suppression of Unlawful Acts Against the Safety of Maritime Navigation (SUA), was implemented in 1992, with 126 nation

signatories. The main aim of this was to all work together to enforce domestic punishment for pirates, either by punishing or extraditing, not just deporting them. However, SUA has only been invoked once, this is because it looks at punishment not prevention, and many countries with rampant piracy, such as ones in Southeast Asia, did not sign (Murphy 2007).

2. 'Favourable geography' - Piracy occurs in areas where there is a low risk of detection, and one where there are havens for pirates to get supplies, make repairs and hide where necessary (Gottschalk & Flanagan 2000). Both contemporary and historic piracy has mostly occurred close to coast lines or within narrow strips of water, such as Southeast Asia, Somalia, Western Africa or the Caribbean. For moving vessels, small strips of sea such as straits and estuaries are commonly used as ships are forced to be near coast lines. Besides, in smaller strips of water, there is more likely to be opportunities due to more ships in a small area, giving pirates more targets, places to hide and easier to board ships, due to ships slowing down in busy waters (Murphy 2007).
3. 'Conflict and disorder' - When coastal areas are troubled or in the aftermath of conflict, desperate circumstances, along with stretched or little authority lead to piracy and criminality. This has occurred in Somalia, where the trigger for piracy was the 1991 downfall of the Siad Barre dictatorship (Murphy 2007). Somalia is also proof that a functioning government stops piracy, as in the second half of 2006, piracy almost completely vanished due to the rule of the Islamic Courts Union; piracy was high before this, and emerged again straight after when they went back to a barely functioning government (Sapre 2012).
4. 'Under-funded law enforcement' - Implementing enforcement at sea is expensive, and a lack of state funding can lead to little training, equipment or personnel to manage piracy – this is particularly the case in developing countries, where investment may be directed towards other priorities. With some countries having huge areas of sea under its territory, it can be difficult to manage. With the world being unpredictable, levels of security are also unsustainable, for example after 9/11 a lot of sea resources were moved to increasing security levels on land, leaving the sea susceptible to piracy attacks (Murphy 2007).
5. 'Permissive political environment' - Piracy flourishes in areas of lax, underfunded, or corrupt (either national or local) law enforcement, which is *"almost always the consequence of state weakness"* (Murphy 2007:16). With lax laws, there is usually an unwillingness to combat piracy. Often in areas like this, law enforcers work with pirates to make a living due to poor wages. Police can then allow pirates to gain intelligence, equipment and infrastructure to help them (Murphy 2007).
6. 'Cultural acceptability' - An often-overlooked reason for thriving piracy is the cultural acceptance. With piracy and trading patterns being historic, for many families and areas, piracy has become a tradition, due to it being an activity that has occurred for centuries (Murphy 2007).
7. 'The promise of reward' - Piracy offers financial gains. Although large ships have now limited theft through carrying less cash, even small-scale items, for instance the theft of things such

as rope, scrap metal or paint, can be lucrative for some living in developing countries (Murphy 2007).

2.3 The importance of Shipping

In a speech Ban Ki-moon, former UN Secretary-General, stated that *“Maritime transport is the backbone of global trade and the global economy”*. Everybody benefits from it, but, despite its importance, it is largely hidden from the public eye, and most people are unaware of its key role (United Nations 2016:np). Shipping can claim to be the first global industry; it is certainly an industry that can lay claim to making a global economy possible (World Shipping Council 2020). With a global growing population, shipping is essential for a low-cost and efficient way for a country to secure sustainable growth (United Nations 2016). Every year, around 86,000 vessels transport cargo weighing over nine billion tons (Mishra 2018) and carrying 77% of the monetary value of international trade (Verma 2012); allowing the buying and selling of products on a large-scale, interconnected global market (World Shipping Council 2020). There is no country that is completely self-reliant, countries need this interdependence, relying on shipping for the large benefits that global trade allows for (United Nations 2016). With the increase of consumerism, as well as a rapidly growing population, the shipping industry allows these needs to be met through the transport of goods from different countries, making global products available in local stores (World Shipping Council 2020). Much of what people use or consume every day is usually shipped, either as a raw material, components, or a finished product; this can include everything from technology, food and even medicines (United Nations 2016). Billions of livelihoods, standards of living and jobs depend on the maritime sector, it has played a vital role in removing millions of people out of poverty and has been extremely important through contributing to better living standards globally (United Nations 2016). For this reason, looking at maritime security from both a national and global perspective is of the utmost importance (Verma 2012).

2.4 The focus areas of piracy

Despite a significant number of piracy incidents in some places, close to 60% of states with a sea border have recorded piracy incidents within their territorial waters, making piracy a widespread issue (Daxecker & Prins 2012). Piracy has always been mostly associated in the Strait of Malacca, and has always been a large and constant problem; however, more recently, this is now becoming an ever-increasing problem for fragile states in Africa (Sapre 2012). This is seen through the piracy focus areas of the United Nations. From the late 1990s through to the early 2000s, the Strait of Malacca was the main focus for the UN regarding the threat of piracy (International Maritime Organization 2020c). Piracy in the Strait of Malacca has always been prominent and continuous, and in the early 2000s escalated to become more violent, with a large increase in kidnap and ransom incidents (Raymond 2007). Around this time, the littoral states surrounding the Strait of Malacca and Singapore implemented security measures. Peace processes were being implemented in Aceh, Indonesia, and the 2004 Boxing Day tsunami wiped out a lot of piracy infrastructure and ships, all leading to a drop in piracy incidents, which has continued (Ho 2007). From 2015 to 2018, there was an 62% overall drop in piracy in South East Asia, and a drop of a substantial 92% in Singapore and the Strait of Malacca

(Safety4Sea 2019a). Due to the decrease of piracy, there has been an overall substantial decline in piracy and armed robbery against ships (International Chamber of Commerce 2018).

As a result of the decline of piracy in the Strait of Malacca, in 2005, the UN and other organisations combatting piracy (such as the Information Fusion Centre) shifted their focus from the Strait of Malacca to the Gulf of Aden and waters surrounding Somalia and the Horn of Africa (International Maritime Organization 2020c). Looking at the costs of piracy for 2017, given in Safety4Sea (2018), it is clear to see why this shift has occurred. The expenses of piracy incidents within Asia for the year came to \$23.1 million, with the theft that occurred during piracy attacks coming to a value of \$6.3 million (Safety4Sea 2018). Although this is a large amount of losses, in the same year, the total cost from piracy in Eastern Africa reached \$1.4 billion, a figure substantially higher than in Asia (Safety4Sea 2018). Somalian piracy was prioritised due to the drastic rise in cases, threatening international trade, endangering seafarers' lives, subjecting them to physical and psychological torture if captured, and helped to feed the war in Somalia, as well as being a terrorism threat (Sapre 2012). East African piracy has been an issue, as, although starting in the areas around the Mogadishu port, in 2007 piracy spread to include the Gulf of Aden and wider into the Indian Ocean, impacting on the 16,000 ships that sail through the Gulf each year, disrupting a main goods and oil route connecting Asia, the Middle East, Europe and North America (Sapre 2012). Due to international involvement and security, piracy around the Horn of Africa has reduced (Safety4Sea 2019b).

With the reduction of Somali piracy, within the last few years, the UN has shifted its focus from the Horn of Africa, to concentrate on West Africa (International Maritime Organization 2020c) as incidents there increased by 96% (International Maritime Organization 2016). Western Africa is now considered the most dangerous area for piracy, with most attacks being against gas or oil transportation, although smaller fishing and commercial ships have also been targeted (BBC 2019a). Within the Gulf of Guinea, hijackings and kidnap and ransom have become common, and are spreading to include surrounding countries' territorial waters, such as Benin, Cameroon and Ghana (BBC 2019a). In 2019, the Gulf of Guinea accounted for 90% of global kidnappings at sea, and piracy levels are expected to rise in the next couple of years (Salau 2020a). If West Africa piracy does continue to rise, more sea space will be impacted by the spread of piracy, oil and gas exports will be limited, more crew will be endangered, and more ransom will have to be paid (Salau 2020a). In May 2020, Nigeria prosecuted its first set of pirates, which was enabled by new anti-piracy laws and international support put in place; and the Nigerian agencies involved have said that they will continue to collaborate with security agencies until the piracy problem in Nigerian waters is eradicated (Salau 2020b).

2.5 Costs of piracy

Maritime piracy is growing, having a significant impact on trade routes between Asia and Europe, loss of trade, and the implications to maritime security (Bensassi & Martínez-Zarzoso 2012). For Global Financial Centres, piracy greatly affects international trade via shipping due to an increase in the insecurity that the oceans bring to the potential late delivery (Bensassi & Martínez-Zarzoso 2012), or, in some cases, no delivery of the transported goods, leading to a loss of income (Sapre 2012). However, it is not just the loss of goods which causes impacts, but, for areas threatened by piracy

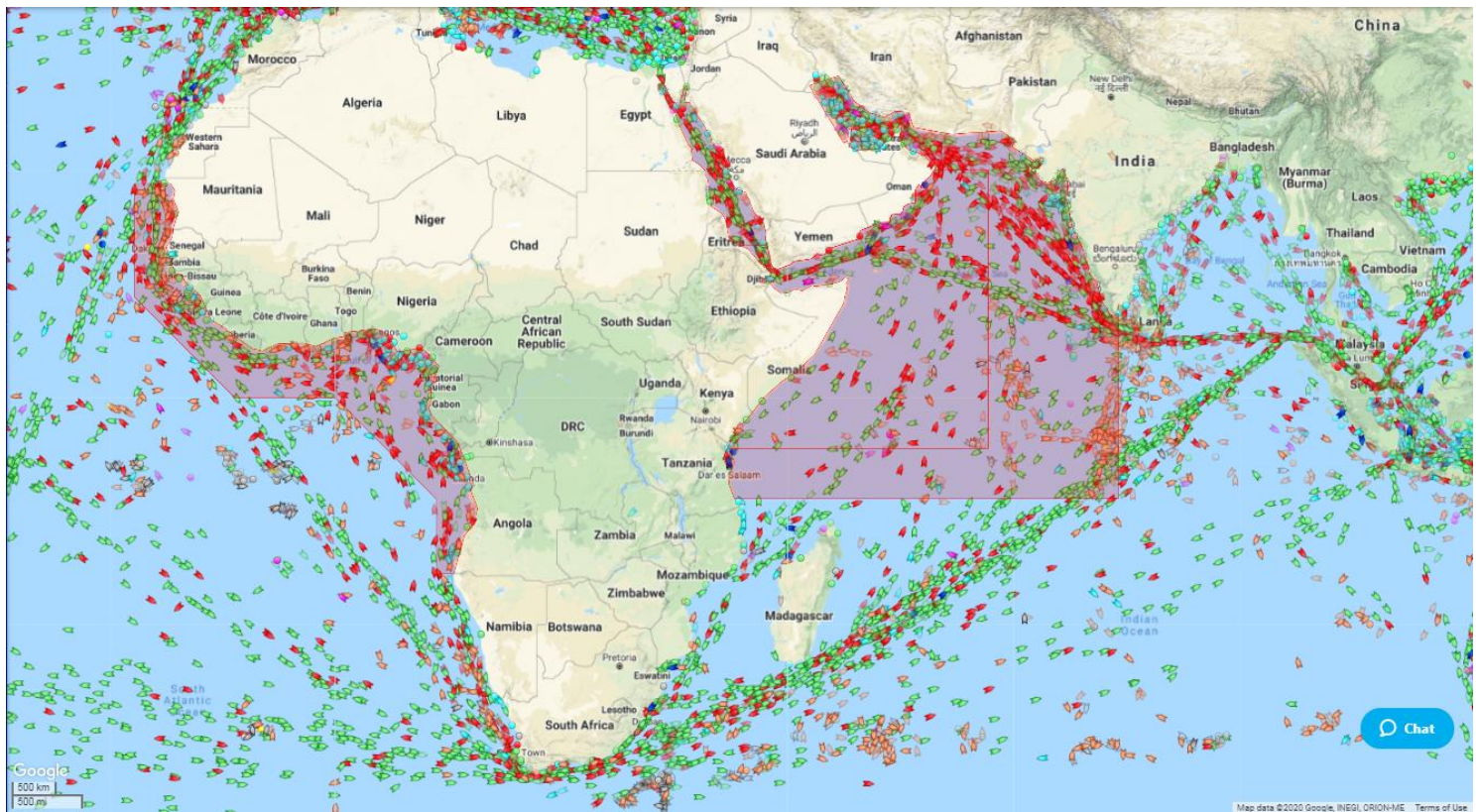
“entire trading routes are altered, insurance premiums increase, cargo shippers use alternative ports to pick up and deliver their goods, and so forth” (Bowden et al. 2010:21). Although most piracy incidents do not hinder trade, hijackings and more serious incidents lead to a reduction, with findings showing that for every ten vessels that are hijacked, exports drop by 11% (Bensassi & Martínez-Zarzoso 2012). Bowden et al. (2010) display the different costs of piracy, showing both direct economic costs, such as: ransoms, insurance, security and deterrence equipment, prosecutions, anti-piracy organizations and rerouting, as well as secondary (macroeconomic) costs, such as: regional trade, food price inflation and reduction in foreign revenue.

Looking at the direct economic costs to financial centres and those involved in the trading and shipping aspect, there are four main pressures that insurance companies face when they are dealing with insuring within piracy areas: cargo, hull, kidnap and ransom, and war risk; these in turn impact the cost of the transportation for the goods carried (Sapre 2012). For shippers, the true cost that piracy brings is not the ransoms and value of goods stolen, but of the premiums that need to be paid to ensure their protection through piracy areas (Towergate Insurance 2020). Areas of piracy have the potential to be considered a war risk. For example, before patrols were initiated, the Strait of Malacca was considered an area of war-risk by Lloyd’s of London because of the number of piracy attacks, leading to a large increase in insurance premiums (Lee & McGahan 2015). These premiums are expensive: from the beginning of the 2000s to 2010, the average increased from \$500 to \$150,000, 300 times more per voyage (Sapre 2012). In 2008 when piracy was at its highest in the Gulf of Aden, the premium for the value of transported cargoes through the region increased from 0.05% to 0.175% within a single month (Towergate Insurance 2020), the costs to cover the hull of a ship has doubled, and the premium for cargo increased dramatically (Sapre 2012). Added to the cost of transporting goods through piracy ridden waters, is the speeding up of ships. The International Maritime Organization recommends that ships speed up through danger zones, as it is easier for piracy to occur on slow moving vessels; however, this is expensive to do, for a supertanker, it costs \$88,000 per day in added fuel consumption through increasing speed from 15mph to 20mph (Towergate Insurance 2020). In 2017, it was estimated that the price of increasing speed through these areas cost shippers \$758,707,277.

Due to all these added costs, shipping can become very expensive. If a shipping route becomes too costly or dangerous, alternative routes can be taken – for example, from Asia to Europe, instead of passing through the Gulf of Aden, the longer route through the Cape of Good Hope can be taken. However, this adds a lot of time on to journeys, and added costs through crew and fuel, particularly with the high cost of oil, and therefore, much of the time it is cheaper to go through piracy areas (Sapre 2012). However, with the high rise in piracy cases in Western Africa (BBC 2019a), taking this route is now also insecure ([Figure E](#)).

Figure F

Live map showing vessels currently in transit (live from the 25/06/2020 at 16.49 BST). Coming out of the north of the Strait of Malacca, it is clear to see the split into two different trade routes, one heading to the Middle East or towards Europe through the Gulf of Aden, and the other route going around the Cape of Good Hope (around South Africa). The areas in red show where is current piracy zones, both in West Africa and in East Africa and the Indian Ocean (MarineTraffic 2020a).



Key

- Cargo Vessels
- Tankers
- Passenger Vessels
- High Speed Craft
- Tugs & Special Craft
- Fishing
- Pleasure Craft
- Navigation Aids
- Unspecified Ships

Going through piracy areas is also a big risk to the crew. Although kidnap and ransom insurance cover the crew (Sapre 2012), Somali piracy in 2013 still led to 60 people being taken hostage, and 486 seafarers being attacked at gunpoint, and in Western Africa 1,871 seafarers were attacked and 73 kidnapped (Towergate Insurance 2020). Previously, pirates would just take the cargo or steal the vessel, more recently, however, the number of hijackings has increased, using seafarers' lives and the vessel as ransom (Bowden et al. 2010). The average ransom in 2005 was \$150,000 (Sapre 2012); however, this increased suddenly, rising to \$3.4 million in 2009, and an even sharper rise to \$5.4 million the following year (Bowden et al. 2010). The largest ransom ever paid was \$13.5 million, to release supertanker *Irene SL*, which was attacked off the coast of Oman by Somali pirates, carrying crude oil from Kuwait to the US (DiColo 2011).

Looking at what Bowden et al. (2010) describe as secondary costs, it is clear that piracy can have “*a significant impact on the gross domestic product (GDP) of the trading countries through a drop in trade*” (Bensassi & Martínez-Zarzoso 2012:871). As Towergate Insurance (2020) shows, this is very clear to see for areas with fishing and oil. Piracy destroys local communities that depend on fishing, for example Somalia, where tuna vessels have been ransomed, and in Nigeria, which lost \$600 million in fish exports due to 66% of its waters being considered unsafe for fishing. Piracy also impacts island nations; for example, in 2009, the Seychelles lost 4% of its GDP through the damage of piracy, and since 2008 its fish hauls have gone down by 25%. Mauritius, in which 65% of GDP comes from tourism and fishing, was also badly affected. Fishermen in both Mauritius and the Seychelles avoided some of the waters with the richest fish stock due to piracy in the area (Towergate Insurance 2020).

Oil is considered crucial to the mapping of contemporary piracy, and has caused a big alarm recently as 10% of oil carried by sea passes through the Gulf of Aden, causing countries to increase coastal security after several tankers were taken for ransom, or the oil siphoned (Towergate Insurance 2020). As stated in Towergate Insurance (2020), nowadays piracy in West Africa is the biggest threat to oil, endangering most of the Nigerian and Angola's crude oil exports, as well as 40% of oil exports from Europe, and 30% of petroleum exports from the USA. The estimated loss of West African countries in oil profits due to piracy, stands at \$1 billion in 2011 (Towergate Insurance 2020). Bowden et al. (2010) note that countries which are impacted by piracy lose foreign revenue, as investors tend to look at alternative regions that do not have the instability which piracy causes. This has impacted massively on countries neighbouring piracy. An example of this in Benin: due to the increase of piracy in the Gulf of Guinea recently, Benin asked the UN for help policing its waters, as 40% of the country's yearly income relies on its port, and after London insurers labelled it as high risk, it lost around \$81 million in its customs revenue, suffering a drop of 70% in its maritime exports and trade (Towergate Insurance 2020). In the case of Somalian piracy, it could be said that Kenya pays the economic price (Bowden et al. 2010). According to Van Der Linden (2010), Kenya is a victim, trying to counteract piracy along with international forces, and prosecuting Somali pirates with no support. It was estimated by the Kenya Shippers Council that damages due to piracy costs Kenya \$9.8 million in exports, and \$23.8 million in imports per month, as well as impacting their tourism, insurance costs and security to their own nation (Van Der Linden 2010).

In terms of food supply, in 2019, 37% of piracy attacks occurred on bulk carrier and general cargo vessels (ICC International Maritime Bureau 2020). These types of vessel transport the majority of staple food supplies, such as grain and rice, and therefore piracy has a large impact on the stability of food supplies, the price of food, and for perishable food items, it may involve a total loss (Bowden et al. 2010). As a result, the chances of global food security are lowered, and, especially in developing nations, for example Somalia, where over 50% of food is from imports, price inflation may lead to severe humanitarian and financial impacts, which could lead to social tensions and potentially conflict (Bowden et al. 2010).

Looking at the overall costs of piracy, there is no available quantitative research on the total cost, as estimates vary due to disagreements on what should be included, such as freight rates, insurance premiums, rerouting and ransoms (Hanson 2009). As a result, many estimates massively vary, with some analysts not disclosing what is and is not included in their estimate (Murphy 2007). However, for both direct and secondary impacts, which plays an important role to the economies of so many people and places, in particular Global Financial Centres, Bowden et al. (2010) estimate that globally in 2010, piracy cost the industry around \$7 to \$12 billion. More recently in 2017, this figure has risen, with most analysts estimating costs at around \$15 to \$20 billion annually (Stavridis 2017). Bensassi & Martínez-Zarzoso's (2012) research shows that transportation of goods by air freight is no real substitute for shipping. Workers involved in the shipping industry and people globally, rely on efficient, safe and secure shipping lanes and industry (International Maritime Organization 2020a). It would be fair to state that, if piracy was to disappear, the cost of shipping and global trading would be reduced (Bensassi & Martínez-Zarzoso 2012).

2.6 How piracy has been addressed

According to Murphy (2007), there are several factors needed for reliable law enforcement for piracy. Within the sea itself, it requires well equipped boats with communication, radars, and well-trained crew with a local knowledge of the areas' weather and waters. As well as this, there needs to be shore-based command centres to enable information about pirate activity and the tracking of vessels. To be truly effective, air support is also needed for surveillance with quick access and deployment to marines or police when needed (Murphy 2007). However, enforcing law at sea comes at a large cost, and, especially for countries with a large amount of territorial sea to defend, can often be unmanageable (Murphy 2007). Developed nations are more able to pay for equipment to reduce piracy; however, developing nations are lagging behind on capacity building, leading to a loss of income, trade and potential loss of life due to not having the funding to be able to combat piracy effectively (Patel 2012). This has meant that countries had to bring in assistance from other countries; and has allowed other states to come into their territorial waters to help combat it (Ashley Roach 2010). Somalian piracy was combatted this way, with the UN in June 2008, putting in a resolution making it legal for foreign counterpiracy vessels with prior permission to enter Somali territorial waters to capture pirates, removing what was originally a safe haven for pirates (Ashley Roach 2010). This law was specific for Somalia, and was not implemented in international law due to opposition from other states who had different piracy experiences, and wanted to preserve their nations' sovereignty, namely Singapore and Indonesia (Ashley Roach 2010).

Dealing with the piracy issue in Somalia and the wider East Africa region highlighted the need for better international laws and involvement in the effort against piracy (Ashley Roach 2010). This agrees with Rajesh & Vasan (2012), who state that globalisation has changed the way piracy should be dealt with; it is now no longer just a national or localised security issue, which is what the anti-piracy approach has mostly been in the past. The only way to deal with piracy is on an international level, seeing piracy as a tool towards an 'economic war', in which all nations should be fighting against it. The only way to deal with piracy is through government actions towards firmer enforcement and laws, and a stronger political drive to stop piracy (Rajesh & Vasan 2012). To tackle piracy in the Indian Ocean, the IMO implemented the Djibouti Code of Conduct in 2009, which was put into place for countries in the area to improve counter piracy measures, based on four different pillars: capacity building, training, information sharing, and legal sharing (International Maritime Organization 2020c). The IMO arranged different programmes to help assist struggling countries, which also had a massive amount of funding through several states as well as the European Union, which enabled a considerable number of warships to be sent out to help curb piracy (Ashley Roach 2010). In West Africa, the Yaoundé Code of Conduct was signed in 2013, which was put in to place to help reduce piracy, as well as illegal fishing and other maritime illicit activities occurring there, looking towards sustainable development and implementing legalities against piracy (International Maritime Organization 2020c).

The IMO also looks at addressing piracy through giving guidance to secure vessels within piracy areas, through means of best management practises (BMP), by providing practises for seafarers, ship owners, governments and ship operators on procedures in an event of a piracy attack (International Maritime Organization 2020c). The latest version of these codes of practises, BMP5, gives advice to East Africa and the wider area surrounding it, by giving deterrents for pirates on the vessel, such as razor wire, armed guards, citadels, water cannons, look-outs and alarms (BIMCO et al 2018). Rajesh & Vasan (2012) note, however, that although measures are being taken, there are costs to these measures, such as re-routing ships, increased workloads, vessels fitting new equipment, added operating costs and the impact to seafarers due to the increase of media talking about violence towards the pirates' hostages, leading to significant stress in high risk areas; things which need to be thought about. From this, there have been calls for governments to do more to address these issues and take responsibility for this international issue, in particular due to the risk to seafarers' face from piracy (Rajesh & Vasan 2012). However, despite the efforts with all the anti-piracy measures, overall, without the country where the pirates are from taking responsibility with appropriate laws and punishments for pirates, piracy will never be eliminated (Ashley Roach 2010).

2.7 Terrorism

Since the 9/11 attacks in the US, there have been concerns over the possibility of a vessel being used either to carry out terrorist activities, or to be a target of such acts, particularly due to the amount of piracy incidents in Southeast Asia at the time (International Maritime Organization 2020b, Raymond 2007). The 9/11 attacks also highlighted threats over the use of weapons of mass destruction, as Al Qaeda stated its intention of using them to destroy capitalism as part of their Islamic Duty (Mowatt-Larssen 2010). This was added to by the suggestion that piracy gangs may help terrorists deliberately, by teaching them their ways, or by helping them make terrorist attacks look like incidents of piracy (Murphy 2007). Chalk (2008) claims that terrorism and piracy are separate, with the main distinction being that terrorism's assumed aim is for destruction of maritime trade as part of the economic war

they are fighting against the West; piracy is dependent on the maritime network in order to attack ships for profit. Murphy (2007) claims that although there is little evidence to support the theory of piracy helping terrorism, the funding of terrorist organisations nowadays shows at least an indirect link to organised pirate gangs. Asal and Hastings (2015) debate this, stating that many terrorist groups are raising money through piracy themselves, stating the Free Aceh Movement committed piracy attacks in the Strait of Malacca at the start of the 2000s, and more recently the attacks on international oil companies by multiple insurgent groups in Nigeria. Piracy incidents in Somalia also show this – piracy helping to fund the war, and the potential for this to be used for terrorism (Sapre 2012).

Marine terrorism can be attractive to some terrorist organisations (Asal & Hastings 2015). With vessels being vulnerable targets, this puts a risk on crew members, the cargo, ports and local personnel (International Maritime Organization 2020b). Marine terrorism is not unprecedented, and vulnerabilities in sectors such as shipping traffic and port infrastructure are still very unprotected (Acharya 2007). Containerization (where cargoes are stored in containers when being transported), has led to an increase in speed in loading and unloading vessels for the marine sector; however, this has also led to the security threat that not all containers are inspected before being placed on ships (Udum 2014).

There have been incidents of terrorism attacks on board ships previously, for example the famous *Achille Lauro* in 1985, where members of the Palestine Liberation Front, with the help of confederates who were crewing the ship, used falsified identification documents to get on board, hijacking the vessel using weapons they brought with them, and killed and threw the body of a wheelchair-bound passenger into the sea (Gottschalk & Flanagan 2000). There have been many cases of maritime terrorism, involving hijackings, kidnappings, killings, fires on board, use of weapons such as Molotov cocktails being thrown and crashing vessels into each other, which has happened in the ports of Halifax and Texas City (near Galveston) before (Gottschalk & Flanagan 2000). Possibly the most noticeable for loss of life was when, in 2004, Philippine Islamist separatists bombed *SuperFerry 14*, a passenger ship in Manila Bay, starting a fire that trapped the passengers at sea, killing 116 people (Murphy 2007).

Marine terrorism through physical attack is very rare, because it is outside the training of most terrorism organisations, and their lack of marine knowledge hinders them; terrorist organisations tend to stick to what they know works, such as land-based terrorism (Asal & Hastings 2015). The technicalities can also be very difficult, for example smuggling and successfully detonating a device on board. Although the probability of such an attack may be low, the consequences would be high, and therefore the risk cannot be ignored (Udum 2014).

More recently, there is a newly emerging risk of a cyber-attack. The International Maritime Organization (2020f) had put into place guidelines for management of a cyber-attack, which shows the areas which are vulnerable to a cyber-attack, the types of threat and effective risk management strategies, which involve restoring systems, detecting a threat and resilience in operating systems. A cyber-attack on a vessel can lead to security, operational and safety failures, the corruption or loss of information due to the comprising of systems (International Maritime Organization 2020f). With over 50,000 vessels being considered vulnerable to a cyber risk, this could lead to a vessel changing course, and even potentially being altered into a collision with another vessel or port and has led to bribes being given to hackers to delay shipments or cause damage to vessels (Goud 2020). BBC (2017) reported four different incidents of US warships colliding into each other, and a ship showing

navigational errors by claiming it was sailing towards North Korea when it was heading to Australia. With the increase in advanced technology, cyber terrorism is a real, and ever-rising threat, especially as terrorists can attack from home, and do not have to overcome the physical challenges that normal terrorism faces, such as getting past security personnel (Tanti-Dougal 2014). Moreover, cyber terrorism can be done anonymously, can cause potential massive destruction and could target multiple vessels at one time; all that is needed is someone with good hacking skills, due to the vulnerability of the software (Tanti-Dougall 2014).

Chapter 3: Geopolitical background of piracy in the Strait of Malacca

Southeast Asia is a geographically, politically and socially complex region (Young 2007). This chapter aims to answer the first sub-question 'How have the geopolitics of Malaysia, Singapore and Indonesia led to piracy in the Strait of Malacca?', by first exploring the background of the Strait itself, followed by the geopolitics and marine priorities of the countries around the Strait of Malacca: Indonesia, Singapore and Malaysia. The geopolitics will then help to explain the reasons for piracy in the Strait, through applying the case study of the Strait of Malacca to Murphy's (2007) reasons for piracy. This chapter will also examine the terrorism threat and costs of piracy in the Strait of Malacca, as these were also 'themes' that were important to this research.

3.1 Geographical positioning

The Strait of Malacca is around 520 nautical miles long (Ahmad 1997b, Ashley Roach 2005), running from the Malaysia's top West corner, through to the Northern tip of Bintan Island, Indonesia (McCauley 2014) (Figure A). The Strait width varies, starting in the North at 200 miles, progressively funnelling down to 11 miles at the Southern point (Ahmad 1997b). The narrowest part is 8.4 nautical miles across, on the Southern tip of the Malaysian peninsular (Ashley Roach 2005). Within the Singapore Strait, the narrowest point is in the Phillips Channel, only being 1.5 nautical miles wide (Evers & Gerke 2006). The four states that border the Strait are Thailand, Indonesia, Singapore and Malaysia; even though the waters of the Strait just touch the coast of Thailand and the Andaman Islands, the majority of the Strait is situated within Malaysia's territorial waters to the East, and Indonesia's territorial waters to the West, off the island of Sumatra (Ahmad 1997b). The depth of the Strait is shallow, varying from 73 metres deep to under 25 metres (Ahmad 1997b). All along the Strait lie thousands of islands, as well as tropical mangrove swamps, creeks and coves (Dunn 2012). There are strong tides in the Strait, as well as many shoal patches, sand ridges and wrecks close to the transit corridors, meaning that tidal heights and positioning are crucial for the safety of vessels (Ashley Roach 2005). The sea condition is almost always smooth, however, due to having equatorial weather. There are two monsoon seasons, which means, although wind levels are usually low, there can be strong gusts during showers and thunderstorms; the onset of these storms can be very sudden and last a couple of hours (Ashley Roach 2005).

3.2 History

Piracy in the Strait of Malacca has been constant throughout history (Stavridis 2017), with records going back to the 5th century BC (Raymond 2007). Piracy has probably been around longer than this, predating when people started recording and documenting it (Young 2005). Chalk (1998) shows the piracy throughout this history, through the type of piracy and which countries were most prominent in the Strait at the time. As a main connection between east and west, there has been an endless

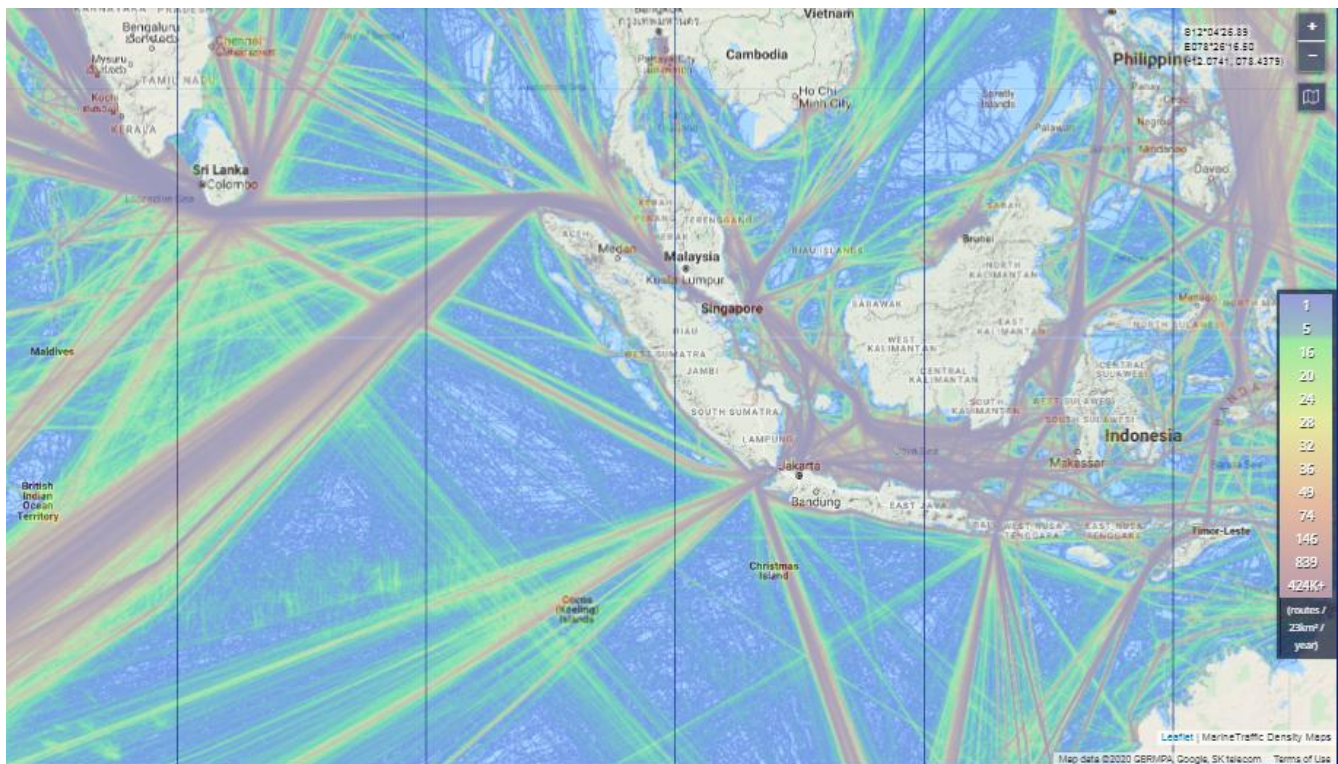
stream of cargoes being transported through (Evers & Gerke 2006). The riches being transported on vessels attracted pirates, both in the past and present (Dunn 2012), which led to the colonial powers in the nineteenth century having to try and solve the issue (Raymond 2007). The Strait of Malacca both divides and connects a region with intense cultural ties, as well as undergoing significant and rapid development (Gerke 2008). The Straits were originally linked into one cultural zone, in which there were many different kingdoms, religions, ethnicities and trade networks; the colonial powers carved up the different areas of the Strait of Malacca in the 16th century (Evers & Gerke 2006). These links were reduced by the different governance, and within the littoral states, links continued to decline with the desire for sovereignty in the wake of their economic development during the 1980s (Evers & Gerke 2006).

3.3 The importance of the Strait of Malacca

The Strait of Malacca was described in Raymond (2007) as one of the main arteries for the global economy and has been recognised for a long time as the most important Strait in the region (Leifer 1978). Through connecting the Pacific and Indian Ocean, it has been an important part in global trade, both in the past centuries as well as now (Dunn 2012). Seen as a superhighway for global trade and shipping (McCauley 2014), it is the second busiest Strait in the world (Ho 2007). The Strait allows passage between the west and the east (Khalid 2008), and is vital for the transport of trade, oil and cargo, and links the world's most populous nations, Indonesia, India and China (Ibrahim et al. 2008). Joining these two oceans makes the Strait of Malacca strategically important, particularly militarily and economically (Young 2007). Geo-strategically, the usage of the Strait has also played an important role with the rise of Southeast Asia's economic growth (Chaikin 2005). It is thought that around 40% of global trade is transported through the Strait (Dunn 2012), with approximately 120,000 vessels passing through each year (McCauley 2014). This includes around a third of global shipping trade, 50% of oil globally (Raymond 2007), including 70% to 80% of imported oil from Japan and China (McCauley 2014). It is estimated that around 72% of eastbound transiting vessels pass through the Strait, with the other 28% using the lesser Lombok or Makassar Strait (Ahmad 1997b) (Figure G). The importance of the Strait of Malacca has increased dramatically with the rise of the Indian and Chinese economies, increasing the dependency on shipping and the Strait (Ho 2007). As well as being the shortest route from East to West (Evers & Gerke 2006), there are many important ports, such as Port Klang and Singapore; Singapore in particular is a hub for container traffic (Ho 2007). Due to the vitalness of the Strait, this means that piracy is taken as an extremely serious threat here, as it poses as such an economic lifeline for the global economy (Young 2007). Any threat to shipping lanes is seen as an international threat to these lifelines (Young 2007). Any interference with trade in the Strait will have disastrous consequences on, not only the littoral states, but trading nations who depend on the Strait of Malacca for essential goods supplies (Ibrahim et al. 2008).

Figure G

Map showing the density of marine traffic transiting through the different straits in Southeast Asia in 2017 (MarineTraffic 2020b).



3.4 Malaysia

Malaysia is a split country, with peninsular Malaysia (running parallel to the Strait of Malacca), and East Malaysia, which is on Borneo, an island 600 miles away from peninsular Malaysia (Stratfor 2020). Malaysia has a history of different rulers and religions, finally being transformed into Islam from Buddhism in the 15th Century when the Port of Malacca was founded (Commonwealth Secretariat 2020). Malaysia was colonised by different nations, such as the Dutch, Portuguese and British, before gaining independence in August 1957 (Commonwealth Secretariat 2020). Peninsular Malaysia, being the focus in the rest of this chapter and the thesis itself, has mountain ranges running north to south, surrounded by coastal lowlands; being made up of 40% of the whole of Malaysia’s landmass, it accounts for 80% of the total country’s population (Stratfor 2020).

Malaysia’s core and most of its’ major cities are situated on the West coast of this peninsular, including most of its manufacturing industry (Stratfor 2020). The key industries include electronics, petroleum, rubber, logging, tin mining, palm oil, pharmaceuticals and light manufacturing (Abdul Rahman et al. 2014). Also, most of its major ports are situated along this coastline, such as Penang Port and Port Klang, which are vital to Malaysia’s economy, accounting for billions of ringgits in trade (Ibrahim et al.

2008), as well as hosting excellent facilities and connections to land-based transportation networks (Khalid 2008). Malaysia encourages the growth of its ports, particularly Tanjung Pelepas Port, which Malaysia hopes in the future to be a rival of Singapore (Raymond 2007). These ports facilitate the 95% of Malaysia's trade which is carried by sea, support employment for locals, and provide key infrastructure, which acts as a multiplier, attracting more industrial activity to the area (Abdul Rahman et al. 2014). As a result of its reliance on trade and industry, one of Malaysia's key challenges is the security of the coastline to continue receiving this revenue (Stratfor 2020). The Malaysian Government is committed to creating efficient maritime infrastructures as, if the numbers of vessels in the Strait of Malacca reduce, this will have a massive impact on the economy (Abdul Rahman et al. 2014) and it would also have long term consequences, as Malaysia would not have the funding to update its port technology and services, making it less attractive to passing vessels which, in turn, will lead to an even bigger decrease (Abdul Rahman et al. 2014).

However, as well as industry and ports, the fishing industry along the West coast is an important livelihood for Malaysian fishermen; the Strait of Malacca accounts for over 50% of Malaysia's fish catches, as well as being the main source of fish eaten by Malaysian's themselves (Ahmad 1997a). Around 70% of fishermen on the peninsular depend on the Straits, catching over 1-billion-ringgit worth of fish annually (Ibrahim et al. 2008). A serious problem for Malaysia with this is illegal fishing, particularly by foreign vessels (Hamzah 1987), and the impact of overfishing (Basiron 2012). This has meant that Malaysia's priorities are also on protecting the fisheries due to its dependency on them (Raymond 2007). Malaysia's seas are rich in diversity, home to important habitats and ecosystems such as seagrass, mangroves, reefs, as well as animal diversity; along with the tropical climate, this has created popular tourist destinations along the coast, such as Langkawi Island (Ibrahim et al. 2008). The water parks and tourist resorts along this coast are crucial to the country's economy (Ahmad 1997a). Environment is therefore key to Malaysia, and it highly vulnerable due to the risk of pollution from vessels, as well as potential oil or chemical spills in the Strait of Malacca (Ibrahim et al. 2008). The management of fisheries has been a priority, focussing on closing fishing areas, placing management zones, as well as conservation such as marine parks, in order to both help the natural environment, as well as provide adequate fishing spots (Mohd Ishak & Tan 2008).

3.5 Singapore

The landscape of Singapore has changed dramatically, going from a "*Malay fishing village to a colonial city and to a modern, independent city-state*" (Eng & Savage 1985:48). The foundation of the modern-day Singapore was erected by Stamford Raffles in 1819, setting up shipping and trade industries which started Singapore's economic development; Raffles believed in Singapore one day being transformed into a trading hub (Dobbs 2001). The colonialization of Singapore by the British transformed it into a typical colonial city (Eng & Savage 1985). However, this all changed in 1965 when Singapore was separated from Malaysia; and was given no direction in how to continue (Lee 2011). The founding father of Singapore, Lee Kuan Yew, wrote a book speaking about the formation of Singapore and its struggles for independence. Lee (2011) states that when Singapore became independent after its split with Malaysia it was a small country with 2 million inhabitants, no army and no natural resources. There was very little chance of the country's survival. The bullying that Singapore had faced from Malaysia made the people willing to face up to the hardships of this, and remain independent; it was

important for Singapore to succeed, otherwise it would end up reemerging with Malaysia, however, this would be on Malaysia’s terms. The ambitions for Singapore were to be a multicultural nation with equal opportunities, which was very important due to the different races that divided Singapore. Lee (2011) also wanted Singapore to have an army large enough to stop any invasions from neighbours, particularly Malaysia. Lee (2011) realised the importance of maritime trade for livelihood, in particular Japan, Western Europe and the US, particularly due to being rated poorly on its economic value due to its lack of natural resources. Although the first few years were filled with anxiety and poverty, by 1971 Singapore had managed to elevate itself out of the high unemployment zone, putting hard work into creating a hub for trade, investment, services, goods and information, linking with major economic countries (Lee 2011).

This development has continued and, in 2019, Singapore was ranked the global maritime capital, scoring first in three out of five categories (Figure H) (Menon Economics & DNV GL 2019). For both Singapore and Malaysia, the shipping lanes and their ports’ proximity to it have given them a massive advantage against ports in other countries in Southeast Asia (Tongzon 2006). Adding to Singapore’s attractiveness of its port is its repair facilities and the availability of high-quality bunker fuel (Ahmad 1997b), boasting the best oil refinery in the region, crucial for Chinese and Middle Eastern crude oil (Ho 2012). As a result of this, it is vital to Singapore’s interests to protect its shipping lanes, as its port is vital to its economy, with an estimated 140,000 vessels visiting it annually (Raymond 2007). The importance of securing the Strait is also added to because, the results in Mejia et al. (2009) show that vessels carrying either a Singaporean, Malaysian or Indian registration are more likely to be the recipient of piracy incidents. Singapore’s priority is minimizing disruption for its port facilities and secure access to its shipping lanes (Ho 2012). Singapore sees maritime security as a top priority, which, due to its good economy and small size, it has been able to implement into a successful security strategy (Raymond 2007). The success of Singapore’s security is evident; most attacks around Singapore occur in Indonesian territorial waters, not the high seas or Singaporean territory (International Maritime Organization 2020d).

Figure H

Table showing the different ranking that each city scored, as well as the overall top five cities ranking (Menon Economics & DNV GL 2019)

RANK	SHIPPING	FINANCE AND LAW	MARITIME TECHNOLOGY	PORTS AND LOGISTICS	ATTRACTIVENESS AND COMPETITIVENESS	OVERALL RANK
1	SINGAPORE	LONDON	OSLO	SINGAPORE	SINGAPORE	SINGAPORE
2	ATHENS	NEW YORK	LONDON	ROTTERDAM	COPENHAGEN	HAMBURG
3	HAMBURG	OSLO	HAMBURG	HONG KONG	LONDON	ROTTERDAM
4	HONG KONG	HONG KONG	BUSAN	SHANGHAI	ROTTERDAM	HONG KONG
5	SHANGHAI	SINGAPORE	TOKYO	HAMBURG	HAMBURG	LONDON

3.6 Indonesia

Indonesia is made up of many islands that are intertwined with narrow seas; it covers a large area, with its territorial coastline being around 81,000 km, which is “*approximately twice the circumference of the Earth*” (Murphy 2007:26). In 1670, the Dutch colonised Indonesia, bringing it together under a single government, and naming it the Dutch East Indies; it remained this way until the Japanese invaded in 1942 during the Second World War (BBC 2019b). From 1945 the struggle for independence led to four years of guerrilla warfare, finally becoming independent in 1949 (BBC 2019b). This struggle for independence put massive financial constraints on Indonesia, causing it to seek help from external sources of revenue, such as smuggling, which is still an issue for Indonesia (Young 2007).

Piracy from Indonesians is persistent; however, it is seen as a small problem compared to others in the country, therefore – unless it draws serious unwanted attention – there are small expectations from the other two states over the help Indonesia will give (Young 2007). Without Indonesia being committed and willing all the time, this has dampened many anti-piracy schemes, and will do if this continues (Young 2007). This is added to through lack of security resources, which are already stretched with land-based security issues, limiting Indonesia’s ability to contribute (Raymond 2007). This has meant that Indonesia has prioritised what is important to them (Raymond 2007). The Strait of Malacca comes second for Indonesia’s fish production, just behind the Java Sea (Ibrahim et al. 2008). This means that within the Strait of Malacca, Indonesia’s main priority is defending its fishing stocks from illegal fishing or destruction, for instance through environmental disasters (Raymond 2007). Indonesia loses around \$2 billion annually from illegal fishing (Djalal 2012). Fish being illegally fished and exploited can lead to the decline in fish levels, impacting on both the environment and fishermen (The Nature Conservancy 2020). With almost 40% of Indonesian’s living in poverty, fishing, especially on smaller islands, is an important source of food and income for millions (The Nature Conservancy 2020).

3.7 Reasons for piracy in the Strait of Malacca

The importance of the Strait of Malacca has made piracy become a vital security issue (Young 2007). Looking at Murphy’s (2007) seven reasons for piracy, it is clear that a lot of these reasons link into the countries around the Strait of Malacca.

1. ‘Legal and jurisdictional weakness’ – Many piracy incidents are a result of weaknesses in state control (Young 2007). Looking back to SUA (Chapter 2), many countries did not sign because of the focus on punishment instead of prevention (Murphy 2007). Two of these countries were Malaysia and Indonesia (Ashley Roach 2005), two key states in the Strait of Malacca. As well as this, the littoral states have tended to preserve their sovereignty through not permitting outside law enforcement to cross into their territorial waters, allowing pirates to evade capture (Ashley Roach 2005). Also, countries staking the same claims to territorial waters in the Strait has led to uncertainty over marine boundaries, which has led to many pirates easily escaping capture through crossing disputed borders (Young & Valencia 2003). Allowing each

other into territorial seas has not yet been agreed and does not look likely in the future (Young 2007).

2. 'Favourable Geography' - Due to the many islands and mangroves providing safe havens for pirates along the Strait, particularly under the cover of darkness, pirates can quickly come out of these hiding places on high-speed boats to board ships (Dunn 2012). Combined with a better use of tools, their knowledge is key, knowing when and how to blend in, attack and disappear (Young 2007). Local pirates know the sea well and can make their way through the sand bars, shoals, reefs and other geographical features very easily (Murphy 2007). This particularly makes small container ships and fishing vessels high risk, as they can't escape from the fast motorboats that pirates are equipped with (Raymond 2007). Most Indonesian piracy attacks have occurred either in port, or among the thousands of islands (Gottschalk & Flanagan 2000). The narrow distance between shipping lanes and some Indonesian islands, such as Batam, helps to facilitate this piracy (Abbot & Renwick 1999). The narrowness of the Strait also means that that vessels have to navigate carefully, due to the congested channel (Crawford & Rothwell 1995). Vessels going through the Strait of Malacca are vulnerable due to this, as with a lot of marine traffic, it is easy for pirates to seek cover before or after an attack (Raymond 2007). Added to this, it means that bulk carriers and larger vessels have to travel at a slower speed and so can be more easily boarded and attractive to pirates (Raymond 2007, Gottschalk & Flanagan 2000). The narrowness of the Strait also makes vessels vulnerable targets, allowing pirates to cross between the high seas and territorial waters to evade capture, as security boats cannot pass into the territorial waters of a different country without prior permission (McCauley 2014).
3. 'Conflict and disorder' - Many Indonesian pirates took to piracy as a result of crisis (Dunn 2012). The bloody battle in Aceh between Indonesian military and Islamic insurgents in the past decades led to the destruction of livelihoods, leading to an impoverished local population, forcing people to piracy (Dunn 2012).
4. 'Under-funded law enforcement' - In 1992, Singapore, Indonesia and Malaysia practically eliminated the threat of piracy in the Strait of Malacca, through vigorously patrolling the area; however, after six months the patrols stopped due to the expense of it (Murphy 2007). As mentioned earlier, developing nations tend to fall behind on capacity building due to less anti-piracy funding (Patel 2012). This has certainly been the case for Indonesia, which has lagged behind both Singapore and Malaysia in this area (Raymond 2007). Indonesia's security problems tend to be more land-based, particularly since 9/11 and since it doesn't have such a reliance on its shipping industry, especially compared to Singapore, it has been low on the country's law enforcement priorities, especially as resources are already stretched due to constraints in the defence budget and the amount of security problems it faces internally (Raymond 2007). This was not helped by the Asian financial crisis in 1997, where Indonesia cut its 1997-1998 defence budget by 65% (Raymond 2007). Because of the crisis, all three states had to reduce their surveillance operations and resources within the Strait (Murphy 2007). This under-funding of marine security in areas often leads to pirates evading capture (Young & Valencia 2003).

5. 'Permissive political environment' - Piracy can develop due to lacking political control, either through decaying, or reemerging political issues (Young 2007). Within Southeast Asia, the political levels have remained weak; they have not been able to keep up with the growing economic expansions, which has resulted in piracy resurfacing and not being effectively controlled (Young 2005). In order to function, pirates need a safe haven to return to and a market to sell their stolen cargoes. Pirates need cooperation with different officials based on land, such as police, harbour masters and bureaucrats; corruption on local levels is crucial to succeed (Young 2007). This is the case for the Riau Islands (the Indonesian islands near Singapore), where the security is seen as very weak, with security forces receiving poor pay and having discipline issues (Vagg 1995). Regarding the Riau islands, with a high naval presence on shore and armed forces in control, it is stated that maritime crimes would be hard to commit without the knowledge of at least some of these forces (Vagg 1995). Due to being underpaid, many police and law enforcement agents work with the pirates, destroying evidence and supplying them with equipment and intelligence (Murphy 2007). On one island in this region, the identities of pirates are known by locals, but the local police do not have any interest in their arrests (Murphy 2007). Piracy cannot be suppressed without the knowledge of where pirates are, when they will attack, and their identities and bases (Young 2007). This situation was exacerbated by the 1997 Asian financial crisis, as the economic crash led to extensive political instability, particularly within Indonesia, making it easier for people to generate money through illegal methods (Raymond 2007). As seen in Young (2007), the Strait of Malacca also has the presence of 'experts' in piracy hotspots; these experts are locals who provide piracy gangs with information about the whereabouts of police, as well as potential locals to recruit for piracy acts, and the route, crew and cargo information for vessels (Young 2007).
6. 'Cultural acceptability' - There is a long history of piracy, smuggling, extortion and raiding within Malaysia and Indonesia within fishing communities (Vagg 1995). Piracy has been seen as a cultural tradition for centuries in the Strait of Malacca (Dunn 2012). In Indonesia, pirates have often operated on a family or clan basis (Murphy 2007). Inter-village raids have occurred in the past when fish yields were low for the season (Vagg 1995).
7. 'The promise of reward' - As piracy occurs mostly for financial reasons, the main reason is therefore poor economic conditions; the Asian financial crisis in 1997 created the incentive for those with low incomes to turn to piracy for income (Young & Valencia 2003). The high levels of piracy after 1997 were believed to be a continued impact of the crash, as many lost their jobs, which drastically added to the high levels of poverty within the region, and many needed to supplement their monthly income (Raymond 2007). Eklöf (2006a) estimates that in 1997 for a theft of \$5,000 between five pirates, after paying for bribes and petrol, each pirate would take home around \$500-\$700, the equivalent of two months' salary before the financial crisis, and a lot more after, in the Indonesian islands around Singapore. As well as the Indonesian islands off the coast of Singapore, Sumatra's east coast is also principally underdeveloped (Raymond 2007). The littoral states around the Straits of Malacca host exceptionally rich and exceptionally poor people living in the same region, particularly with a widening rich-poor gap within Indonesia (Roughneen 2017). As a result of this poverty and

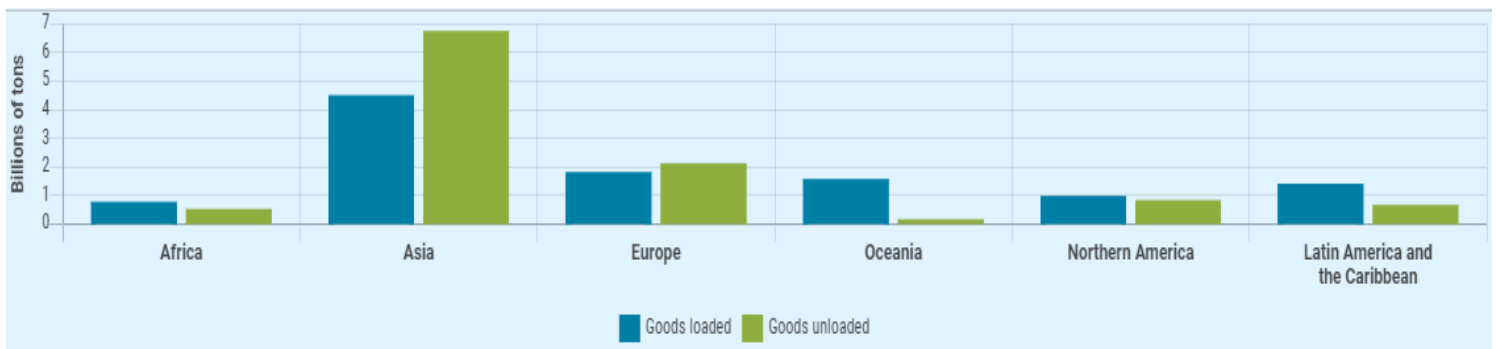
underdevelopment the riches being transported in the Strait of Malacca attracts pirates (Dunn 2012). The majority of piracy attacks are seen as opportunistic; globally 80% of attacks are by thieves looting the ship for cash, expensive belongings and equipment whilst the ship is at anchor (McCauley 2014). Young & Valencia (2003) comment that in Southeast Asia, the deprived economic conditions are the main cause of piracy, and this needs to be addressed in order to address the piracy issue.

One of these areas with high unemployment and poverty rates, Batam and other Riau Islands are just a quick sail away from Singapore, one of the world’s richest countries (Vltchek & Indira 2018). Originally, the island underwent rapid industrialisation, attracting migrants from all over Indonesia seeking work (Abbot & Renwick 1999). The Indonesian government tried to create a second Singapore, a competing urban area on Batam; however, this idea failed (Vltchek & Indira 2018). Living costs in Batam are high, the wages are low, and with little work now, this increased the attractiveness of piracy (Abbot & Renwick 1999). Added to this, many shipyard workers of Batam are engaged in piracy and illegalities due to ongoing layoffs causing unemployment (Von Hoesslin 2012). Although many of these workers now have jobs as ship repair and maintenance men, many use these jobs to scout vessels, in many cases resulting in opportunistic theft (Von Hoesslin 2012).

The amount of maritime trade by volume has constantly increased, particularly after the financial crisis in 2009. Although since 2013 this growth rate has been slow, it still hit 11 billion tons in 2018, a record high (UNCTAD 2019). During 2018, Asia had, by far, the biggest amount of trade in the world (Figure I) (UNCTAD 2019). The increase in marine traffic, however, means that there was a substantially larger number of vessels for pirates to target, and provides pirates with more cover before and after an attack (Raymond 2007).

Figure I

Table showing the amount of goods loaded and unloaded (billions of tons) per region in 2018 (UNCTAD 2019).



3.8 Costs of piracy

The economic damage and frequency of piracy that is sea-based is a lot less in some countries in Southeast Asia than land-based crimes (Raymond 2007). However, as mentioned previously in Chapter 2, piracy can have serious implications for the loss of global trade and associated economic costs involved with the loss as well as the implications to maritime security (Bensassi & Martínez-Zarzoso 2012). With trade being key to the rise in Southeast Asia's economy, piracy could undermine and impact the littoral states economic welfare (Chaikin 2005). This was particularly the case for the Strait of Malacca in 2005, due to being given a war-risk rating, therefore leading to increased insurance premiums (Lee & McGahan 2015), resulting in a drop in trade passing through the Strait (Abdul Rahman et al. 2014). The littoral states also have costs due to the anti-piracy measures in place, for example the costs of navigational aids, surveillance, rescue operations and facilities, communication networks and vessel services (Ahmad 1997a). In 2017, the Malaysian government spent \$23.1 million on anti-piracy related expenses (Safety4Sea 2018). Added to these costs, external institutions concentrating on piracy help with the management of safety and security in the Strait (Ahmad 1997a); for example, ReCAAP funded \$2 million towards such schemes in 2010 (Oceans Beyond Piracy 2011), increasing to \$2.5 million in 2017 (Oceans Beyond Piracy 2018). There is also a personal cost for seafarers; for example, in 2017, 661 seafarers were involved in an attempted or actual piracy attempt, with pirates stealing \$173,006 of crew wages (Oceans Beyond Piracy 2018). Overall, the estimate for 2017 was that \$6.3 million of goods were stolen within Asian piracy incidents (Safety4Sea 2018; Oceans Beyond Piracy 2018).

3.9 Terrorism

There is a growing possibility of a large terrorist attack within the waters of Southeast Asia (Acharya 2007). After 9/11 attention turned to the Strait of Malacca due to the high piracy rates receiving worldwide media attention, making the Strait to be perceived more and more unsafe (Raymond 2007). There have been multiple incidents of groundings and collisions in the Strait of Malacca (Gottschalk & Flanagan 2000). It is believed that some of these incidents are linked to terrorism, for example *Ocean Blessing* and *Nagasaki Spirit* colliding after zigzagging through the Strait, presumed under pirate control, starting a fire onboard and killing seafarers (Raymond 2007). The *Dewi Madrim* seizure in 2003, although formally written down as a 'piracy' incident, analysts believe that it was a terrorism exercise to enhance sailing and navigation skills for an attack, through either ramming a vessel into an oil tanker, or attacking a large port, such as Singapore, or offshore petroleum facility (Chalk 2008). For Malaysia, as its main export is petroleum, it is very important to protect against the threat to its oil installations and pipelines, which are seen as a vulnerable target (Hamzah 1987). There is widespread fear that terrorists in Southeast Asia are teaming up with pirates to target the shipping lanes (Acharya 2007).

In 2005, Lloyd's of London made the Strait of Malacca a war-risk area, based on a threat assessment that was carried out, looking at the region's links to terrorist organizations (Chalk 2008). The littoral states rejected this assessment, claiming flawed methodology and empirical evidence; however, Lloyd's backed this report up, stating that the rejection was not surprising due to the increase in costs that would be imposed on the area as a result (Chalk 2008). Despite the lack of terrorist claims, there

has been evidence of plans for maritime terrorism in the Strait of Malacca (Eklöf 2006b). Terrorist groups have been interested in maritime piracy; within Southeast Asia there are a number of groups ranging in capabilities and intention that could carry out an attack, for example “*MILF, ASG, GAM, Jemaah Islamiyah and Al Qaeda*” (Acharya 2007:85). In 2001, members of the Jemmah Islamiyah were arrested in Singapore for plotting an attack against the US navy facilities and vessels in the Strait (Acharya 2007, Eklöf 2006b). The Free Aceh Movement (GAM) is frequently held responsible for incidents in the Strait, as well as in Indonesian and Malaysian waters (Raymond 2007). GAM has been thought to be responsible for piracy attacks since around the 2000s, as a way to generate money for terrorism activities (Asal & Hastings 2015, Young 2007).

Addressing terrorism is more difficult than piracy, as it involves sensitive and complicated religious and ideological views (Young & Valencia 2003). Singapore’s reliance on international trade, as well as its unique political and economic conditions, has also made it more receptive to introducing anti-terrorism measures in the Strait (Young 2007), and the threat led to increased cooperation between Singapore, Malaysia and Indonesia (Raymond 2007). The littoral states realise that vessels bypassing the Strait of Malacca only requires three more days at sea; so, if there was a large threat of terrorism, unless the vessel is carrying perishable goods, shippers would only face a short delay that probably would not impact them (Chalk 2008). Both the littoral states and external forces need to look at the root cause of terrorism in the area to stop any incidents of sea terrorism arising in the future (Young & Valencia 2003).

3.10 Chapter 3 conclusion

This chapter has looked at the second sub-question, ‘How have the geopolitics of Malaysia, Singapore and Indonesia led to piracy in the Strait of Malacca?’. Looking back to this chapter, it is clear to see that the geopolitics of the area explains the reasons for piracy; particularly due to the different priorities and levels of development that each of the littoral states has. Relating the geopolitics of these countries into the reasons for piracy from Murphy (2007), the Strait of Malacca fits into each reason in some way, reasons that have been around throughout history. These reasons, particularly within Indonesia, link in with the geopolitics; for example, the geography of the Strait has made piracy attacks easier, and the poverty in the country has made locals resort to piracy attacks, which is helped through the geographical aspects. Furthermore, looking at the importance of the Strait and the costs, it is clear to see why the littoral states would not want piracy in the Strait, in particular terrorism, which is posing a new threat to the area, if it hasn’t already.

Chapter 4: Trends and policies

This chapter will explore the second sub-question, 'How have policies implemented in the Strait of Malacca impacted on trends in piracy?'. This will be undertaken by first looking at the different ways piracy has been addressed in the Strait of Malacca, such as through initiatives put into place by the littoral states. Then the data from the generated piracy reports from 2000-2019 will be used to examine any trends within piracy and, after splitting up the data into these different trends, each will be looked at to see if the policies put in place to tackle piracy have had an impact, based on the number of incidents for those years. Using these policy and trend reviews, this chapter will then look at potential outcomes for the 2020 piracy incidents, and ways to reduce incidents. What is meant by the term 'trend' is in this case how things have changed or developed.

The second part of this chapter will look at the global piracy incident reports for the years 2000-2019, looking at the Strait of Malacca, West Africa and East Africa, to see if the number of incidents and seriousness of incidents correlates with the focus areas of piracy, as given in Chapter 2.

4.1 How piracy has been addressed

During the period of Southeast Asian colonialism, the levels of piracy were a lot lower than they have been in the last few decades. This is because of the naval patrols and presence of the colonial powers, which, during the Cold War, was joined by increasing US presence (Raymond 2007). In the past, it was left up to Malaysia to patrol the Strait of Malacca; however, it struggled due to lack of resources and support from the surrounding littoral states (Dunn 2012). As mentioned previously, in 1992, the littoral states started aggressively patrolling the Strait of Malacca, which almost completely diminished piracy; however, because of the costs, this only lasted six months (Murphy 2007). Added to this, the Asian financial crisis in 1997 led to less resources for surveillance in the Strait (Murphy 2007). Eradicating piracy in the Strait of Malacca was only really an interest to the US and Japan during its peak in 2000, which was exacerbated after the events of 9/11, where both countries expressed great interest in securing the Strait (Nurbiansyah et al. 2019). However, despite foreign interest, no proper littoral cooperative schemes were put into place (Lee & McGahan 2015), until 2004, when Indonesia, Malaysia and Singapore all realised the extent to which piracy had impacted their economies, as well as threatening lives of seafarers and international commerce (Dunn 2012). These three nations then decided to work together to curb piracy, which was a good initiative, as shortly after this decision, Lloyd's of London declared the area a war-risk zone, and the worst place for piracy, leading to a large increase in insurance premiums for vessels transiting through the Strait (Lee & McGahan 2015, Dunn 2012). Despite agreeing to work together, due to their colonial history, Indonesia, Malaysia and Singapore have tended to preserve their territory and sovereignty from external interferences. This includes the Strait of Malacca, where, although they aren't always equipped to deal with the piracy issue, they see it as their problem to sort (Ashley Roach 2005). They have mainly been reluctant to permit outside law enforcement in their territorial waters, potentially due to a mutual lack of trust with bordering states (Ashley Roach 2005). Each of the littoral states has, however, conducted its own land patrols in order to remove pirate hubs onshore so they there is nowhere safe for pirates to return

to; this is one way that states have successfully helped to manage piracy without help from other states, as it is on their territorial land (Naval War College 2014).

4.1.1 Malacca Straits Patrol (MSP)

According to the Government of Singapore (2015), the MSP was set up in 2004 by Singapore, Malaysia and Indonesia to put into place practical and cooperative measures to secure the Straits of Malacca and Singapore. The MSP, which was joined by Thailand as a full member in 2008, has ongoing meetings to share intelligence, review operations and enhance their coordination. The Government of Singapore (2015) explains the three different sections of the MSP:

1. 'Malacca Straits Sea Patrol' (MSSP) – The four countries cooperated in conducting joint sea patrols, whilst sharing information between the ships and control centres (Government of Singapore 2015).
2. 'Eyes-in-the-Sky Combined Maritime Air Patrols' (EiS) – This initiative used aerial surveillance to help sea patrols. Each surveillance team was comprised of a Commander in one country and officers from the other littoral states working together (Government of Singapore 2015). Thailand joined the EiS in 2006, before becoming a full member (Raymond 2007). Singapore, Malaysia and Indonesia each donated three planes, and allowed operations on the high seas, and inside territorial waters up to three nautical miles (Nurbiansyah et al. 2019).
3. MSP Intelligence Exchange Group (IEG) – This was formed to support the other two sections, which developed an information sharing system between the MSP states. This allowed for the quick sharing of information, in order for all parties to monitor ongoing incidents in real-time, which led to better responses and coordination (Government of Singapore 2015).

4.1.2 International Maritime Organization

In 2004, the IMO implemented the ISPS Code (International Ship and Port Facility Security Code), which introduced new requirements for safety for ports and vessels, massively increasing awareness of the need for maritime security (Raymond 2007). They have been very proactive in securing the Strait, through sponsoring and participating in both international and regional conferences, where discussions over navigational safety, maintenance and navigational aids were discussed, as well as through its policies (Ashley Roach 2005). An example of such a meeting (International Maritime Organization 2019b), was the 2019 22nd committee meeting for the Aids to Navigation Fund, which discussed developments in the Strait of Malacca. The committee thanked state and organizational sponsors, such as the United Arab Emirates, discussed what had been achieved in the previous year, and what the budget for this year was being allocated to. For example, Malaysia was granted an allocation of the fund, as well as in part self-funding, for the new construction and maintenance of prior lighthouses and light beacons in the Strait, such as the Pulau Undan Lighthouse, which was allocated a maintenance grant of \$162,500 (International Maritime Organization 2019b). IMO also made amendments to SUA in 2005, which this thesis mentioned earlier in Chapters 2 and 3, these amendments included threats to terrorism and international cooperation with piracy laws; however, Indonesia and Malaysia are not signatories to this treaty (Ashley Roach 2005).

4.1.3 United States and India

Although the people of the US and the media do not pay a lot of attention to piracy incidents or issues, the government does monitor any developments due to the risk to US shippers (Chalk 1998). Since 9/11, the US government has seen extremist organisations in countries such as Malaysia, Philippines and Indonesia as threats to maritime world trade going through Southeast Asia, with a massive fear being, either through cyber or physical means, terrorists sinking a vessel, or driving a hijacked vessel into a large port such as Singapore, disrupting the oil trade and the mobility of the US navy (Young & Valencia 2003). After 9/11, the US did not have confidence in the littoral states to prevent a disaster of this level, and, in cooperation with India, both countries sent over warships to escort high value vessels through the Strait (Young & Valencia 2003). India also stepped in, sending more of its navy over to the Strait when MSP was founded, and Indonesia struggled, or was unwilling to patrol all its share of the Strait (Dunn 2012). The US and Japan have also given material and financial support to the Indonesian navy for this reason (Bensassi & Martínez-Zarzoso 2012). However, the patrols have led to suspicions over the real motivations behind the two countries being in the area, particularly due to their political and military relationship founded after the Cold War; it is seen as not just combatting piracy but a way to gain US-friendly armies in the area (Young & Valencia 2003). Some of the Islamic nations around the Straits see it as a way to threaten their security, rather than to help curb piracy (Young & Valencia 2003), with both Indonesia and Malaysia stating their unwillingness to having any patrols from other states, particularly US patrols (Young 2007).

4.1.4 Japan

Japan Coast Guard (JCG) aircrafts and vessels have visited the littoral states for the exchanging of information, collaboration and conducting exercises together, including law enforcement programmes and assisting anti-piracy (Ashley Roach 2005). These programmes also were successful through Indonesia seeking Japan's financial and technical guidance on creating their own country's coastguard, as well as senior officials from Indonesia's marine police, air police, sea communications and national development planning ministry, going to visit Japan to study JCG's operations (Chaikin 2005).

4.2 Issues with piracy statistics

There are several problems with piracy statistics, the first being that many piracy incidents go unreported (Murphy 2007). Lombardo (2014) states that the main reason for not reporting a piracy attack is usually due to the interests of either the state or company; mostly due to potential liability concerns or its reputation. Reporting incidents may lead to repercussions for private companies having a record of poor safety, therefore the company would feel that it would be better to not report (Lombardo 2014). Underreporting also avoids demands for extra pay for sailing through pirate zones by crew members (Murphy 2007). Lastly on this point, reporting incidents can lead to massive delays, as states may want to investigate the claim, which potentially can take weeks (Lombardo 2014). The operational costs of a ship being idle for one day is \$25,000, so money is a powerful reason not to report (Young & Valencia 2003). On the whole, the main incidents to be reported are the ones with cases of violence, meaning that data could be biased, and also that the ratio between violent and non-

violent attacks could be skewed (Young & Valencia 2003). This underreporting also hides the true extent of piracy, and leaving companies to decide whether to report means that there is limited accuracy in data sets. As well as this, if an incident is reported to the state, this information could be unreported due to political influence by the state not wanting to be seen as a piracy area (Murphy 2007). Additionally, fake reports could be submitted for piracy incidents in order to gain bonuses for 'risk pay' and pay-outs on the insurance (Ramani 2019). These could create a distorted view on piracy incidents, and impact on the suitability of methods to combat piracy in regions (Young & Valencia 2003). It is thought that the number of attacks on Japanese vessels in the Strait of Malacca could be ten times higher than the reported cases (Nippon Foundation 1999 cited in Murphy 2007). Another problem with piracy statistics is what exactly constitutes a piracy attack, due to disagreements over whether vessels at anchor or berth are incidents of piracy or 'port crimes'; for this reason, data about these sorts of crimes may be reported locally, but not internationally (Murphy 2007).

Looking for piracy reports, both IMO and IMB publish annual reports on piracy incidents, and ReCAAP also reported incidents. However, all three of these sources had differing statistics on piracy reports. According to a member of the IMO security team, IMB and ReCAAP as well as member states directly report their data to IMO, therefore making it the most complete data set. Instead of using these annual reports, I retrieved the data used for this chapter through the IMO's GISIS module (International Maritime Organization 2020d), as I was advised that some incidents are reported after the creation of the annual reports and therefore not included. The GISIS module allowed me to generate my own annual reports using the data that might have been missed in the official annual piracy incident reports. Getting the data this way meant I was able to eliminate as many of the problems associated with piracy statistics as I personally could. However, the main problem with the IMO data, is that it only records via region (Murphy 2007), so 'Strait of Malacca' as a region, included incidents on both 'international waters' and 'territorial waters', which, although good for this research as I put the two together, it did not include which country the 'territorial waters' incidents occurred in, meaning that I had to go through each individual incident report to find the positioning of the vessel at the time.

4.3 Results of data

The results from the generated piracy reports from 2000-2019 on incidents in the Strait of Malacca can be seen in [Figure J](#) and [Figure K](#). These appendices will be examined within the next sub-sections. Overall, this shows mostly low levels of incidents, with a few years fluctuating to high levels. Based on the data collected, I have split up the data into certain categories: '2000-2004', '2005-2013', '2014-2015', '2016-2018' and '2019'. These categories were chosen due to each having similar levels around the same time, for example '2014-2015' had high levels of incidents, compared to '2016-2018' which had low levels. I will then look at a category separate from [Figure J](#) and [Figure K](#), which is '2020 and the future', which was not added due to only being six months' worth of piracy incident data, followed by predicting the possible outcomes for the future.

Figure J

A graph showing the number of reported piracy cases in the Strait of Malacca for each year from 2000 to 2019. Data taken from International Maritime Organization (2020d).

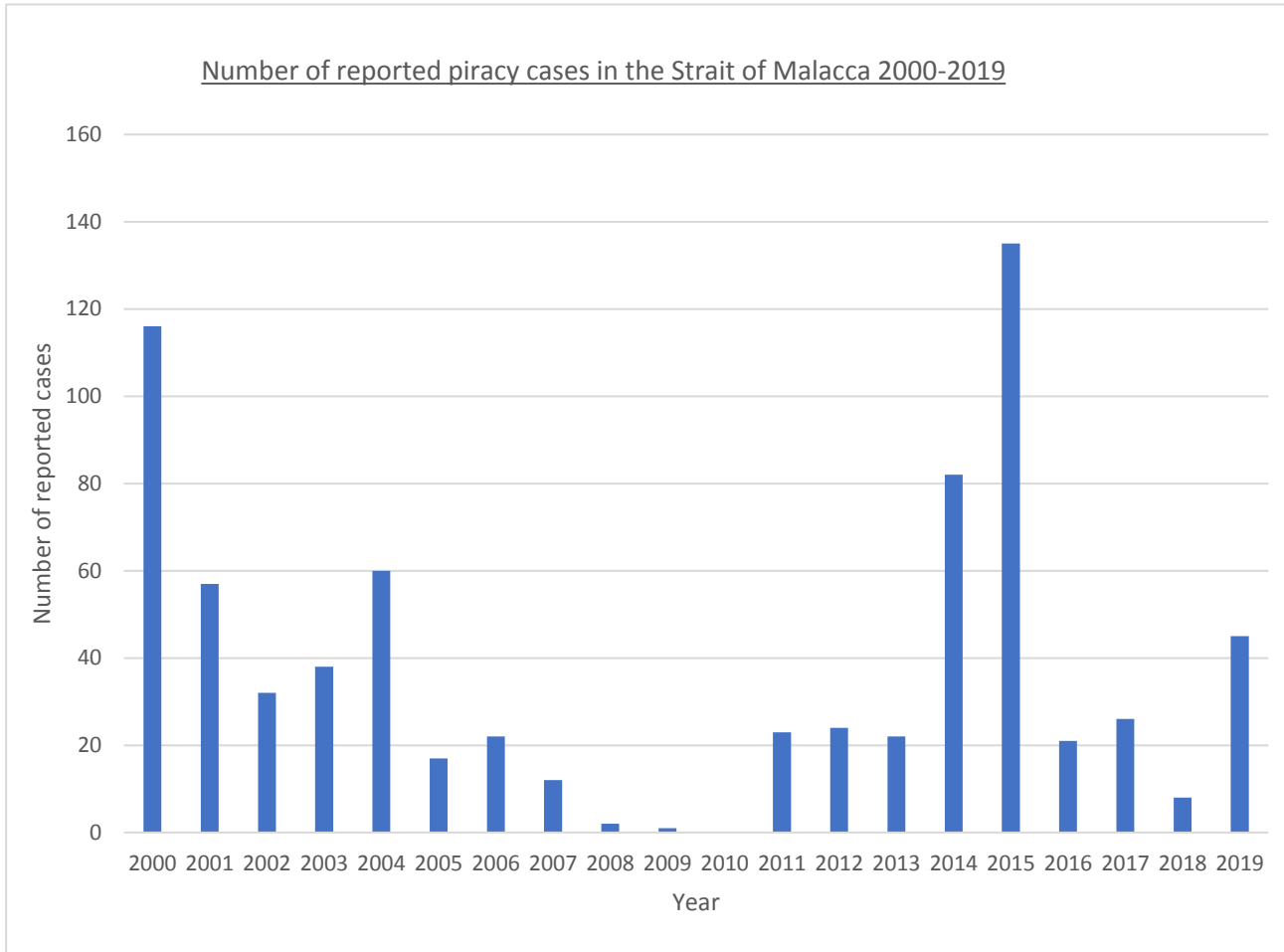


Figure K

Table showing the recorded piracy incidents from 200-2019. This is shown in terms of number of incidents in the Strait of Malacca, number of incidents globally, and the percentage that piracy incidents in the Strait of Malacca accounted for globally in the given year. Data taken from International Maritime Organization (2020d).

Year	Piracy incidents in the Strait of Malacca	Piracy incidents globally	Percentage of global piracy incidents occurring in the Strait of Malacca
2000	116	469	24.7%
2001	57	358	15.9%
2002	32	312	10.3%
2003	38	452	8.4%
2004	60	330	18.2%
2005	17	265	6.4%
2006	22	246	8.9%
2007	12	278	4.3%
2008	2	306	0.7%
2009	1	415	0.2%
2010	0	498	0.0%
2011	23	578	4.0%
2012	24	358	6.7%
2013	22	306	7.2%
2014	82	291	28.2%
2015	135	306	44.1%
2016	21	221	9.5%
2017	26	205	12.7%
2018	8	224	3.6%
2019	45	193	23.3%

4.3.1 2000-2004

The years 2000-2004 show some of the highest levels of piracy within the 19-year period being examined. This was during the time when IMO was concentrating its efforts on the Strait of Malacca (International Maritime Organization 2020c), and it is clear to see why, with the year 2000 having 116 incidents, which was 24.7% of the global incidents for that year. Although 2001-2004 were lower than this number, they were relatively high, rising to 60 incidents in 2004. The difference with these years compared to later dates was the seriousness of the crimes, for example in 2001 where 43 crew members were taken hostage. Although the MSP started operating in mid-2004, its effects were not shown until the following year, 2005, when piracy levels dropped (Raymond 2007).

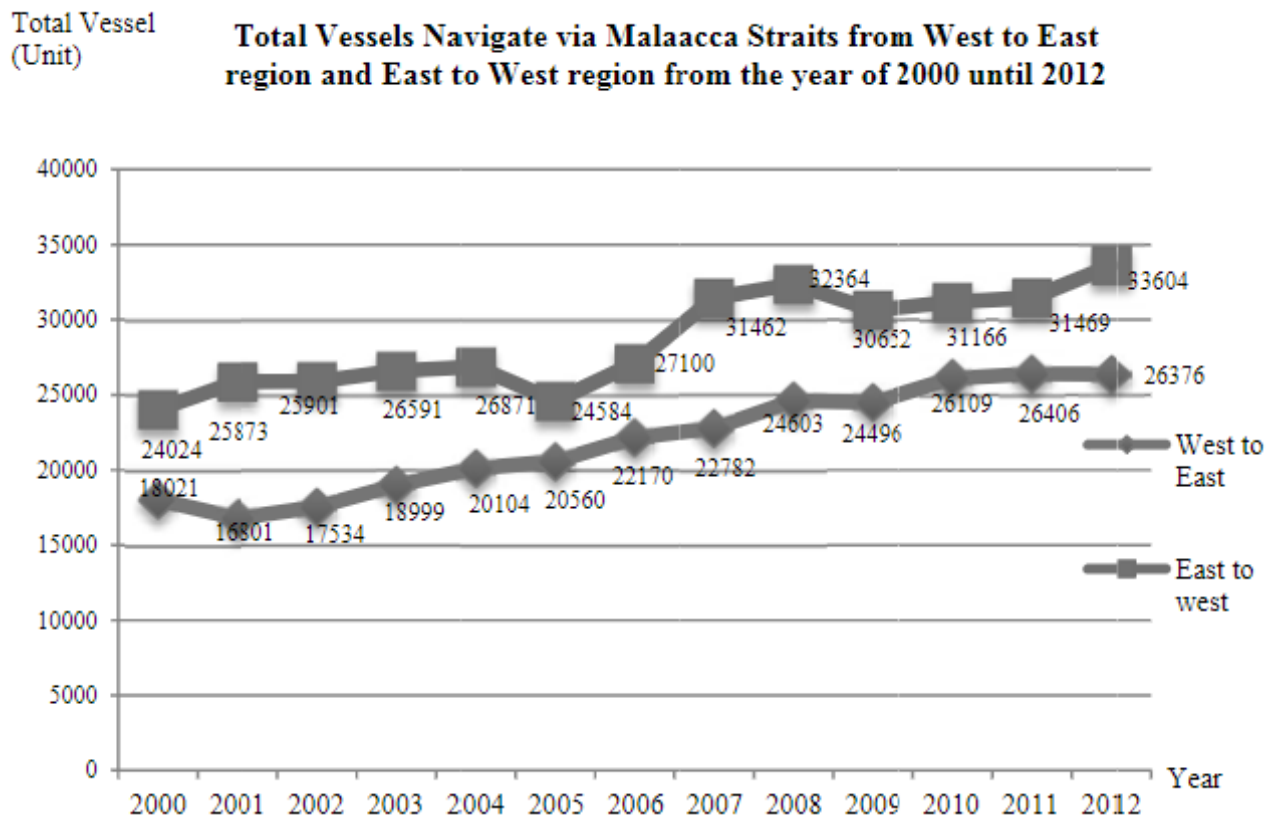
4.3.2 2005-2013

The years between 2005- 2013, piracy remained on a low level. From 2004 to 2005, the level of piracy incidents dropped from 60 to 17, a drop of 71.66%. Piracy incidents rose by 5 to 22 for 2006; throughout the timeframe of 2005-2013, this was the highest percentage of attacks in terms of global percentage, reaching 8.9% of global attacks being in the Strait of Malacca for this year. However, this is still low compared to previous years, and decreased from this point, reaching very low levels in 2008 and 2009, until in 2010 when there were no recorded cases. Piracy rose in the years 2011-2013 to numbers of incidents being within the early twenties, however, globally, this was still a low amount; for example, 2013 Strait of Malacca incidents accounted for 7.2% globally. In 2008 the Strait of Malacca was described as being a 'bright spot' for anti-piracy, particularly at a time when piracy levels globally were so high (Dunn 2012).

Bensassi & Martínez (2012) state that the initiatives put into place by the MSP, as well as the funding to the Indonesian navy from the US and Japan, have lowered the Strait of Malacca piracy incidents. The effectiveness of the MSP is shown through the Lloyd's of London dropping the 'war-risk' classification in 2006, just a year after the area was given the classification (Government of Singapore 2015). However, as well as the decrease in piracy through the advanced security, there were also other factors that contributed to this decrease. The first one being that around the same time, there was a ceasefire within the Indonesian region of Aceh (Dunn 2012). Abdul Rahman et al. (2014) state that due to the limited security in 2004, the amount of vessels passing through the Strait of Malacca decreased in 2005, with 8.15% less vessels recorded than in 2004. The drop was mainly in vessels going to East from West (Figure L). The next factor is the Boxing Day 2004 tsunami, which killed pirates, as well as destroying their boats, weapons and other infrastructure (Raymond 2007). During the reconstruction effort shortly after, naval presence was established, making it harder to organise an attack (Raymond 2007). The last added factor is the improvement of the living conditions for fishing villages and communities along the Straits of Malacca around this time (Bensassi & Martínez-Zarzoso 2012).

Figure L

Graph showing the total number of vessels that transited through the Strait of Malacca from 2000-2012, both East to West direction, and West to East direction (Abdul Rahman et al. 2014).



4.3.3 2014-2015

Piracy dramatically increased from 2013 to 2014, from 22 incidents to 82 incidents, a rise of 73.2%. This then dramatically rose again in 2015, reaching a total of 135 incidents, an increase of 39.3% from 2014. 2015 shows the highest number of incidents from 2000-2019, accounting for 14.1% more attacks than the next highest incident level (116 incidents) in 2000, a time when IMO was concentrating its efforts on reducing piracy in the Strait of Malacca (International Maritime Organization 2020c). In 2015, the Straits of Malacca accounted for a staggering 44.1% of the piracy incidents globally, this is especially large considering just five years earlier it was at 0%.

2015 was the main year that the Strait of Malacca overtook other regions to regaining the title of worst piracy area globally (Southgate 2015). The Asia Global Institute (2018) states that the increase is due to piracy in the area reinventing itself to become more sophisticated, going from small criminal gangs to larger operations with a bigger skill set. Because of the increase, in 2015 member countries of ASEAN (Association of Southeast Asian Nations) joined the littoral states to help secure the Strait

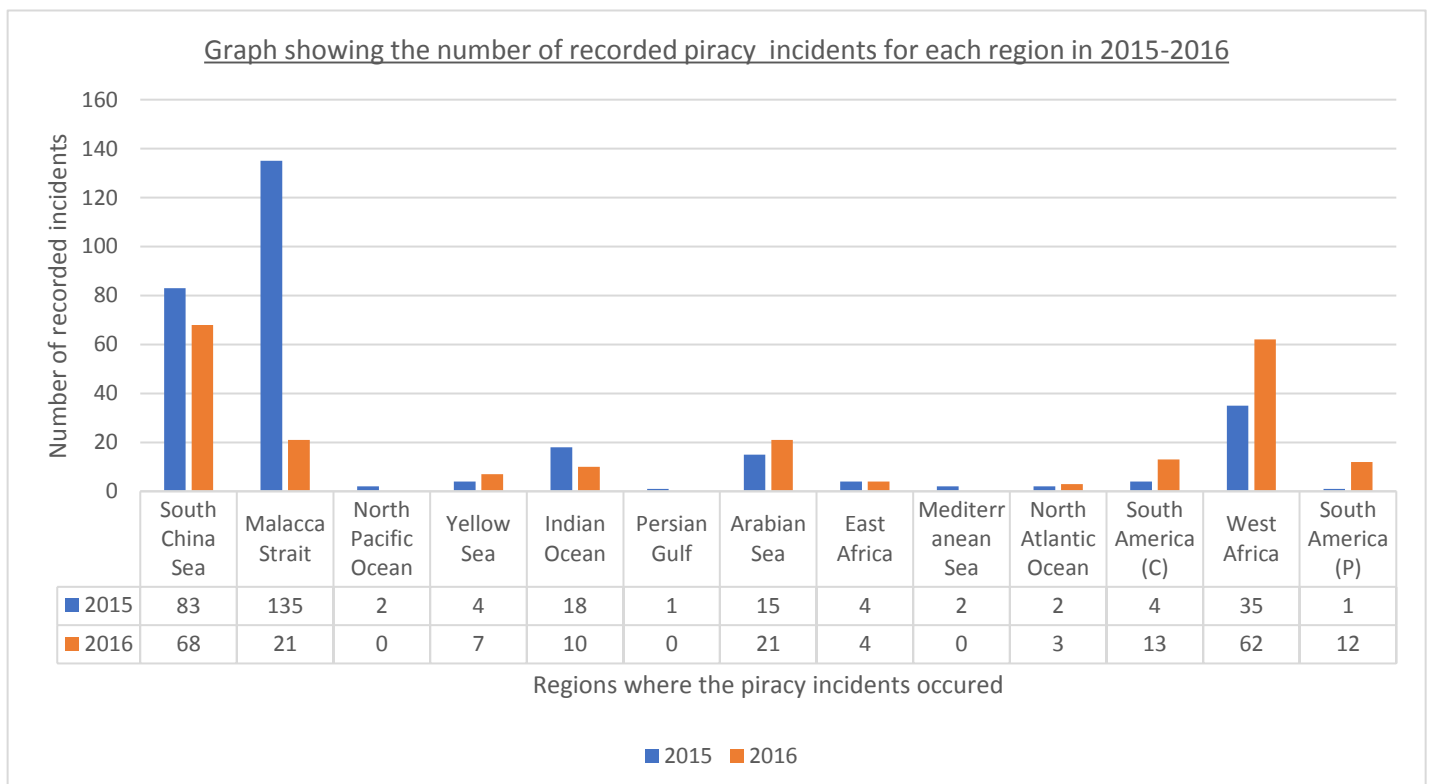
(Southgate 2015), as well as Indonesia took up a more proactive approach to securing the Straits and apprehending suspected pirates (Afrida 2015).

4.3.4 2016-2018

Ramani (2019) comments that the more effective law enforcement contributed to the lowering levels of piracy in the area. Piracy from 2015 to 2016 dropped significantly, from 135 incidents to 21 incidents, a staggering 84.5% reduction. Globally there were far less piracy incidents in 2016-2018 compared to previous years, so even though the levels of piracy were low for these years, the percentage of the global amount of piracy incidents occurring in the Strait of Malacca was higher than it would have been in previous years. For example, in 2011, when there were 23 incidents; this only accounted for 4% of global attacks, whereas, in 2016, when there were 21 attacks, two less than 2011, it equated to 9.5% due to there only being 221 incidents in that year. However, looking at other regions' data, it seemed to be that the drop for this year was mainly because of the drop of incidents in the Strait of Malacca, because piracy in most regions stayed the same, or equalled each other out. It was just the Strait of Malacca that had a dramatic reduction (Figure M). From 2016-2018, piracy stayed on this low level, reaching eight incidents in 2018.

Figure M

Graph showing the number of recorded piracy incidents globally by region in the years 2015 and 2016. Data taken from International Maritime Organization (2020d).



4.3.5 2019

Piracy incidents shot up from eight incidents in 2018, to 45 incidents in 2019, making up 23.3% of global piracy incidents. Although not as many incidents as previous years, this is still a change from the last three years which were relatively low. In response to the sudden increase in piracy levels, ReCAAP (2020b) issued a news release early in the year, calling upon Singapore, Indonesia and Malaysia to increase their cooperation, patrols and surveillance, and advised shippers to exercise vigilance, preventive measures and to report piracy incidents. The Executive Director of ReCAAP, Masafumi Kuroki, wrote in his 2019 annual report that eradicating piracy is long term and requires sustained efforts, stating that ReCAAP was increasing its framework for information sharing, and coordination and cooperation between all members was needed to achieve this (ReCAAP 2019). In January 2020 the 14th MSP Joint Coordinating Committee was held, in which the littoral states discussed ways to increase security and coordination, as well as strengthening collaboration and information-sharing (Government of Singapore 2020a).

4.3.6 2020 and beyond

In February 2020 the Singaporean Minister of Defence stated that due to fluctuations in piracy incidents within the last ten years, the Government was unable to determine at this time if the increase in 2019 piracy levels is another yearly fluctuation, or if it will be a persistent increase (Government of Singapore 2020b). However, looking at the data from the first half of 2020 (1st January to 30th June) taken from the GISIS module (International Maritime Organization 2020d), it showed 20 piracy attacks, mostly undertaken in Indonesian territorial waters, off the Indonesian islands around Singapore. ReCAAP commented that pirates from the 2019 incidents have not been arrested, and therefore there is a potential for more attacks going forward (Koh 2019). Long (2020) states that because of COVID-19, the level of piracy in the region will inevitably increase due to the economic challenges caused by the pandemic. Long (2020) states that when money becomes scarce more will turn to piracy, especially with the impact COVID-19 has had on the manufacturing sector, and with the current over-supply of oil, much of it is sitting offshore in floating tankers or idle within ports with nowhere for it to go, which make an easy target for pirates. As well as pirates themselves, economic hardship has hit shippers, with many cutting down on safety measures and crew, making them vulnerable to attacks (Long 2020). The economic losses would also mean potential political issues; and could lead to a cut to anti-piracy budgets making it easier for attacks to go ahead without repercussions (Long 2020).

However, Long (2020) notes that this can be altered, and a new piracy era does not have to occur depending on the actions that are undertaken within the next few months. These actions include the coastguards of the littoral states planning for a surge, plus ASEAN and other countries, such as India, arranging joint patrols in the most vulnerable areas. As well as this, stakeholders, and certain states with a large Southeast Asian stake, such as the US, should inject money into the area to help cushion the economic burden, and help to aid the recovery, such as providing market infrastructure and jobs in susceptible piracy areas (Long 2020). As well as the potential futures COVID-19 may cause for piracy in the upcoming months, Ramani (2019) notes that the MSP needs to be prepared for a new type of criminal piracy, through means of cyber piracy. These could target high-value vessels from gathering information such as the cargo and the vessels position from company or vessel servers.

4.4 Improvements to help reduce piracy

As mentioned in Chapter 3, Singapore and Indonesia both rejected a proposal to allow foreign counterpiracy vessels into their territorial waters, stating previous experience in piracy measures and sovereignty of their states, therefore this proposal was implemented only in Somalia instead of globally (Ashley Roach 2010). Not letting other countries enforcement vessels into each other's territorial waters has allowed pirates to escape capture, and create pirate safe havens (Ashley Roach 2005). The EIS patrol tried to tackle this issue, through the littoral states allowing air patrols to fly over their territorial waters up to a maximum of three nautical miles (Southgate 2015). However, this scheme has a low number of patrols taking place, and has been criticised for lack of resources that are able to respond to piracy incidents that the aerial patrols spot (Southgate 2015). Cooperation between the littoral states is key to securing maritime safety (Ashley Roach 2005). ReCAAP is trying to address this issue, by creating the first regional agreement between multiple states to promote cooperation in the fight against piracy within Asia (ReCAAP 2020c). However, as well as the issue on sovereignty between states, Murphy (2007) comments that both Indonesia and Malaysia have also failed to allow external agencies, including ReCAAP, to operate within their territorial waters (and still has not joined ReCAAP to this day), making it difficult for anti-piracy companies to operate within the Strait. With pirates having no respect for territorial boundaries, the Straits of Malacca cannot be defended single-handedly, the littoral states need to enhance working with external agencies, as well as working together and trust each other, for example allowing law enforcement vessels into each others' waters if in pursuit of a pirate (Ashley Roach 2005). Allowing this to happen would be effective, as pirates pose a threat to all littoral states, regardless of the exact location that the activity is detected, and cooperation and trust between the states is needed for this (Ashley Roach 2005). However, agreement for allowing each other into territorial waters has not been reached, and it does not look likely to happen in the future (Young 2007). Young & Valencia (2003), however, although seeing surveillance as a long-term solution, states that the littoral states should be focussing on the reasons that caused piracy in the first place, as this will be the most effectual anti-piracy scheme.

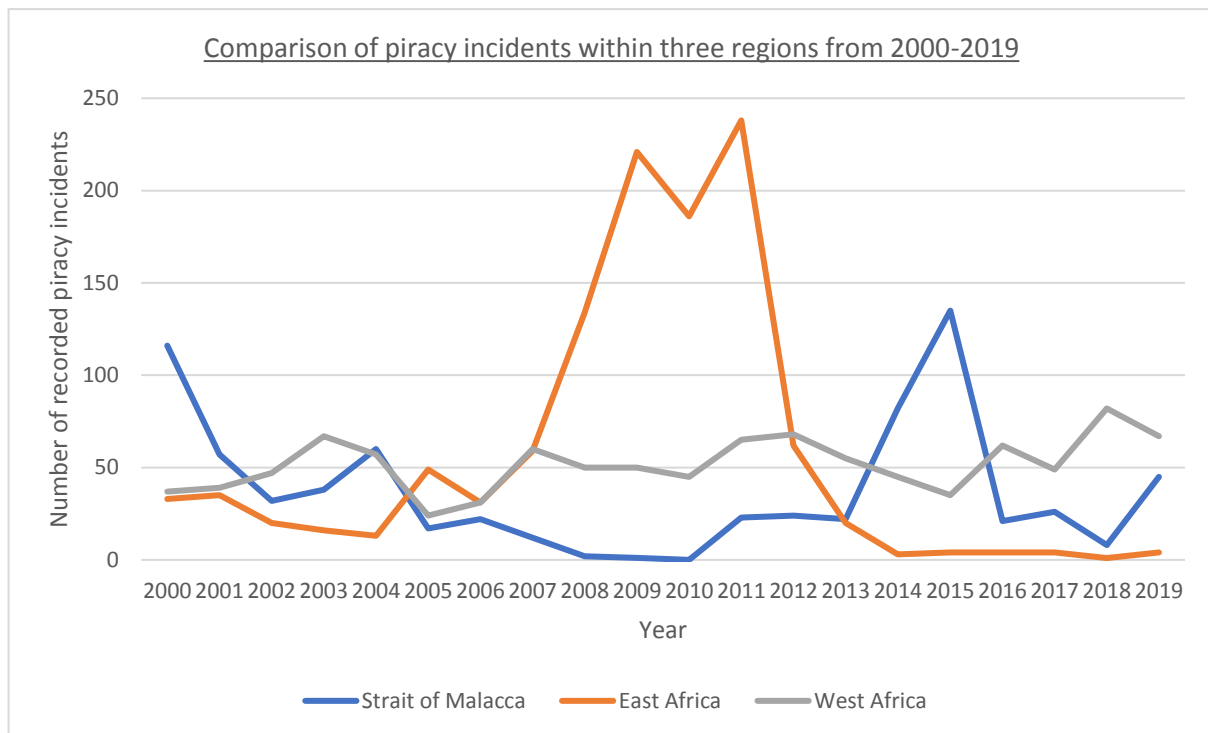
4.5 Trends within the focus areas of piracy

Looking back on Chapter 2, IMO focussed on the Strait of Malacca from late 1990s, through to the early 2000s; around 2005 its focus shifted from Southeast Asia to the Gulf of Aden, Somalia, and the Indian Ocean surrounding East Africa; nowadays, the focus had shifted over to West Africa (International Maritime Organization 2020c). Comparing these three regions' data on the number of piracy incidents per year, as seen in [Figure N](#), the decisions that the IMO faced on where to focus, on the whole, seem to correlate. Looking at the overall number of incidents, the Strait of Malacca, as mentioned previously, tends to stay on a low level, but will suddenly fluctuate to high levels and decrease again rapidly. East Africa started off on low levels and declining, hitting a small peak in 2005, followed by a surge in incidents in 2007-2012, in particular 2009-2011, with a total of 238 incidents at its peak in 2011, followed by reducing to low numbers after this. Compared to the Strait of Malacca and East Africa, West Africa has stayed on a relatively similar levels, with no peaks or large periods of decline, with its peak being 82 incidents in 2018, and its lowest being 24 in 2005. Apart from these two years, incidents have been pretty similar, going in a slight wave shape, in between the 30-70 mark.

This section will be split up according to the same categories as undertaken in the Strait of Malacca results.

Figure N

Graph showing the total number of recorded piracy incidents for the Strait of Malacca, East Africa and West Africa from the years 2000-2019. Data taken from International Maritime Organization (2020d).



4.5.1 2000-2004

A lot of the incidents from 2000-2004 involved violence, hijackings, crew gone missing or taken hostage, and on some occasions killed. In the year 2000, the Strait of Malacca had the highest number of piracy incidents, as well as being violent, with a large number of crew being assaulted (70) or taken hostage (35). In West Africa actual violence was used a lot; however, for most of the incidents, the vessel was at anchor, and pirates were there for petty theft from the storeroom. East Africa, although having far less attacks and only having five incidents which recorded actual violence, there were 32 wounded and assaulted crew members, and 17 losses of life. Most of the incidents in the year 2000 in East Africa were either attempted piracy, or heading for the storeroom; nine people were taken hostage. This is a one off year for East Africa, as between 2001-2004 the piracy numbers reduced each year, and there were no more records of assaults or death, but there were more hostages taken in these four years than in 2000.

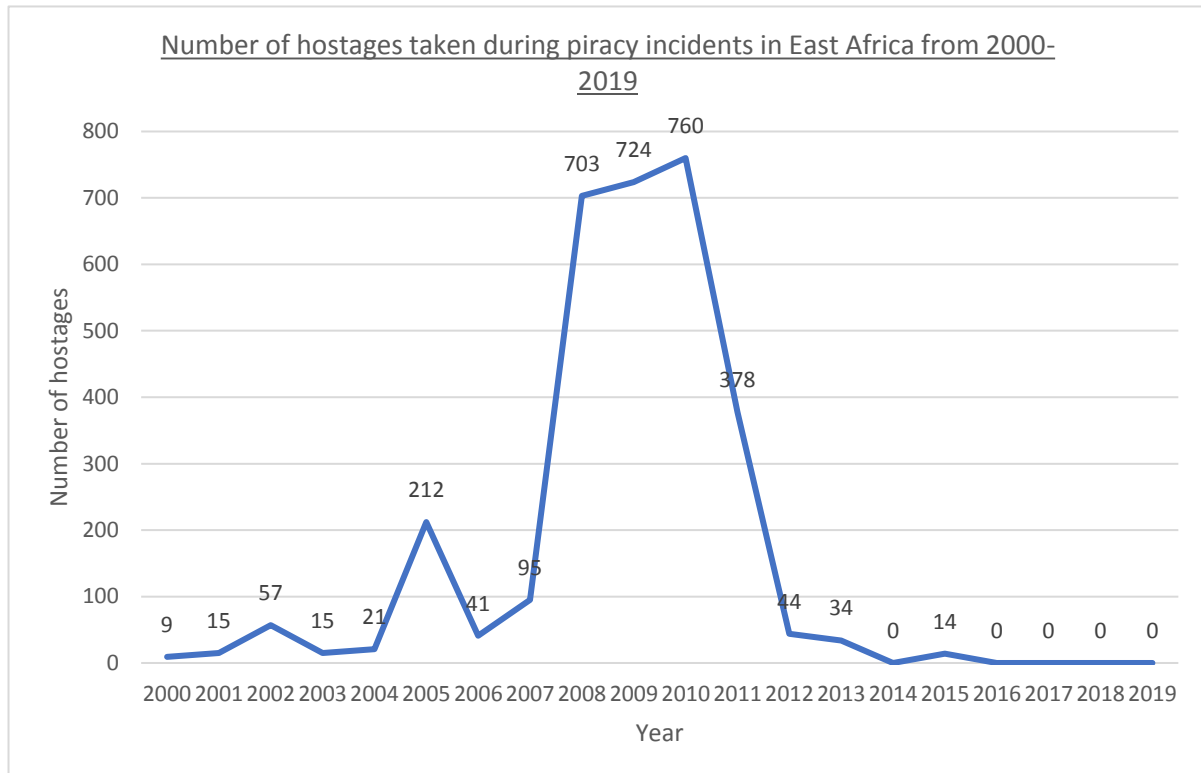
West Africa saw the largest number of incidents in 2002, 2003 and 2004; however, the incidents in 2001 and 2002 were not as violent as those in the Strait of Malacca. The Strait had the highest number of hostages in 2001 (43), and nine losses of life; the highest number of deaths than all other regions put together for that year. In 2002, a gun was the most common weapon, with 24 assaulted, 14 taken hostage, and a staggering 49 crew members gone missing, which, considering there were only 32 incidents that these occurred in, poses a large threat to life. In 2003, things changed for the Strait of Malacca, with most piracy incidents being only attempted, there were no hostages or assaults, however, there were seven crew members wounded, and one who lost their life. In the same year in West Africa there were two losses of life and 45 hostages taken, significantly more than the Strait of Malacca. In 2004, the level of seriousness between the two switched back around again. The Straits of Malacca grew considerably in its assaulted crew, missing crew and hostages, and four lives were lost. West Africa had just three incidents less than the Strait of Malacca, but had significantly less assaulted, missing or hostage crew. However, the loss of life for this year was 14, ten more deaths caused than the Strait of Malacca. Looking at this, it seems like IMO was correct to focus on the Strait of Malacca during this time; however, there was little focus on West Africa, which seems strange considering the deaths, assaults and hostage situations. The reason could be that the Strait of Malacca was having these attacks on a far smaller region, whereas West Africa was having similar incidents, but within a greater area, meaning that the concentration for the attacks was lower.

4.5.2 2005-2013

The years 2005-2013 were around the time when IMO focussed on East Africa, particularly Somalia and the Gulf of Aden (International Maritime Organization 2020c). In 2005, whilst West Africa and the Straits of Malacca decreased, incidents in East Africa rose by 73.5% from the year before. East Africa suddenly became a lot more dangerous: in 2005, 14 ships were hijacked, and 212 crew members were taken hostage. This is significantly higher than 21 hostages and no recorded hijackings from the year before, as seen in [Figure O](#). The number of piracy incidents, same as the number of hostages, rose dramatically in 2008, and dropped significantly in 2012. Both 2012 and 2013, although still high in incidents and hostages, were far calmer than the previous four years. East Africa's peak for the number of piracy incidents was 238 in 2011, and its peak for hostages taken was 760 in 2010.

Figure O

Graph showing the number of recorded hostages taken in East Africa from 2000-2019. Data taken from International Maritime Organization (2020d).



Within West Africa, the number of piracy incidents dropped in 2005 to 24 from 57. However, in 2007, this figure was back up to 60, remaining around this mark throughout 2007-2013, the lowest point being 45 incidents in 2010 and the highest being 68 in 2012. 2005-2007 saw a rise in assaults on crew members, however, from then on, there seems to be less violence and more hostages taken, but nowhere near the number that Somalia saw over the same time frame. 2007 was the worst year for violence in this time frame, leading to 19 losses of life. At this same time, apart from 2005 and 2006, where there were a few hostages and assaults on crew members, the Strait of Malacca had very few piracy incidents, including none in 2010, and between 2007-2013, there were very few serious cases. Looking at the statistics, it is understandable why IMO focussed on East Africa, due to the threat it posed to seafarers through taking them hostage, and the large amount that were happening. It is, however, surprising that there was not more focus on West Africa considering the loss of life and assaults in the early part of this time frame.

4.5.3 2014-2015

For 2014, East African and West African incidents fell, whilst the Strait of Malacca incidents shot up by 60 from 2013-2014, and then again by 53 more from 2014-2015. 2015 saw 135 incidents of piracy, the

highest number of incidents for the Strait of Malacca within the 19-year period being analysed. However, despite the number of incidents being significantly higher than the other two regions, looking at types of incident, it is clear to see that the crimes in the Strait were less serious than those pre-2005. In 2015 there was only one hijacking and hostage taken, the majority of the incidents look opportunistic, with the perpetrators either carrying knives or being unarmed, and going into the engine room, storeroom, or the main deck. East Africa, the prior focus, had piracy levels right down, with no serious incidents in 2014, although there were 14 hostages taken in 2015, there were only four incidents within the year, drastically lower than a couple of years earlier. In West Africa, however, despite the lowered number of incidents compared to 2011-2013, these incidents were the most serious within these two years, particularly 2014, when there were seven hijackings, 66 hostages taken, and 41 crew members assaulted. The focus after Somalia has been on West Africa, from around this time, and this is understandable based on the level of seriousness these two years have shown compared to other regions.

4.5.4 2016-2018

During this time, the Strait of Malacca saw low piracy levels, especially compared to 2015. Over the three years, there were no serious incidents, and only a few cases which involved threatened or actual violence, but not enough to wound the crew. Most of these incidents, again, seem opportunistic, with most going for the engine room or the deck, either being unarmed or carrying a knife. East Africa during this time remained the lowest levels of piracy between the three regions. In those three years, there was only one threat of violence made, and only two incidents of pirates carrying knives. Since remaining extremely low levels of piracy since 2014, in 2018 East Africa only had one incident of piracy, their lowest figure in the 19 years of data. However, as East Africa and the Strait of Malacca saw drops in piracy levels, West Africa saw an increase, reaching its highest level over the 19 years in 2018, with 82 incidents. These were more serious cases, with crew mostly being taken hostage, in 2018, there were 84 cases of this.

4.5.5 2019 and first half of 2020

East Africa has remained constant in its low level of incidents, with a total of four for 2019, and three for the first half of 2020, none of which were serious incidents. Incidents in the Strait of Malacca shot up 37 from 2018 to 2019, and with 20 incidents within the first half of 2020, it is looking likely that similar figures may be reached for the whole 2020 year. As well as this, there has been more violence in 2019 than in years prior to 2015, with two crew wounded and two taken hostage, although in the first half of 2020 only one crew member has been wounded. West Africa, although seeing a decrease in the overall number of incidents, has become a lot more violent, with 133 crew members being taken hostage and 18 crew members going missing. This has continued into 2020, where there have been 15 crew members going missing, although far less being taken hostage (18). On the whole, West Africa is looking more violent than East Africa, as, although there were many hostages taken, the data shows a lack of assaulted or missing crew members, something which is far higher in West Africa now than when East Africa was at its peak. Due to this violence, it is understandable why the focus from IMO is on West Africa at the moment.

Looking at the way IMO focussed its attention, it is understandable, particularly from an economic point of view, as a large amount of focus was on East Africa, where, although not being injured, crew were being taken hostage. The focus on the Strait of Malacca during the early 2000s due to the amount of danger posed to the crew and the high number of incidents. As just mentioned, it was important to then focus on East Africa because the issue there soared; and led to massive issues due to the number of incidents, hostages and hijackings. As this issue has now settled, even though the Strait of Malacca incident level soared, it was only petty theft, so it was understandable to shift focus onto West Africa, where the risk to the lives of seafarers was much higher. However, West Africa has been an issue for a lot longer than that. Although capacity efforts, such as the Yaoundé Code of Conduct were put into place, the focus of IMO has only been more recently (International Maritime Organization 2020c), maybe because it was such a large space of water and not a choke point like the Strait of Malacca and the Gulf of Aden.

4.6 Chapter 4 conclusion

Returning to the second sub-question, 'How have policies implemented in the Strait of Malacca impacted on trends in piracy?', this chapter has examined the policies and linked them to the trends in piracy incidents in the Strait of Malacca. The data shows that the policies put into place in 2004 through the MSP and foreign aid worked as it shows a definite drop in piracy, which stayed on a low level until 2014, particularly the years 2008-2010. Obviously, there were other contributing factors to this, such as natural hazards, politics and development that need to be taken into account. The increase that occurred in 2014 and 2015 was put down to a change in the way piracy was organised, so, the policies in 2004 had clearly only been successful for the ten years. However, once again, it shows the success of the policies as they were adapted as well as ASEAN getting involved, led to those levels being reduced back down. The piracy level has risen again for 2019 and early 2020; however, it is too early to say, as stated by the Government of Singapore (2020b), if this is just a normal fluctuation or if it will stay this way. Overall, it is clear that the policies, especially the MSP have been successful, not just looking at the number of incidents, but the severity of the incidents – most now are opportunistic and pose little risk to seafarers, which is a massive accomplishment based on incidents in the early 2000s. Young (2007) comments that to eradicate piracy completely will be difficult in Southeast Asia as it is so deep rooted in culture and history; however, continuing to develop policing and securing the waters, as well as focussing on political and economic development of the littoral states, will control the issue of piracy. This is seeming to occur in the Strait of Malacca based on the implemented policies.

Chapter 5: Impacts on Global Financial Centres

This chapter will answer the third sub-question, ‘What impact has piracy in the Strait of Malacca had on companies in Global Financial Centres?’. As mentioned earlier in Chapter 1, the research for this sub-question was undertaken through 14 semi-structured interviews and five questionnaires, the list of which can be seen in [Appendix F](#). In order to analyse this data, the answers from participants was split into five different themes:

- Piracy Hotspots
- Reasons
- Reduction
- Impacts
- Terrorism

Some of these were divided up further into topics within these themes ([Appendix G](#)). Although these themes were kept the same, certain topics were added based on reoccurring topics during interviews, for example, containerization and best management practises. This chapter will explore the results and discuss these through the different themes. Although terrorism could be seen as an impact on piracy, particularly for financial reasons to a company, due to the difference in reasons that terrorism and piracy occur, they have been put into different themes, even though it will be looked at as an issue and an impact for Global Financial Centres.

5.1 Theme 1.0 Piracy Hotspots

The main question for this theme was based around what areas of piracy were prevalent when the participants started in the industry, how this had changed, and where the main areas now are. Looking at the answers given over where piracy was prevalent in the past, some participants did not see piracy as an issue, or that it was not seen as a large issue until piracy in East Africa started. It seems that participants only knew hotspots if they had directly dealt with that area. Looking at the Strait of Malacca, not all participants commented that it was an issue in the past, but many of the participants did note that *“the only one that has remained consistent is the Strait of Malacca”* (Interview 2). A couple of participants seemed to know a lot about piracy in the Strait of Malacca, and know about its changes, for example one participant commented that *“It doesn't have so many now. But when it was at its worst, it was dreadful. Shipowners would go out of their way to stay away from there”* (Interview 4), fitting in line with the trends of the seriousness of incidents back in the early 2000s compared to the petty theft incidents occurring now, as seen in the International Maritime Organization (2020d); as well as knowing that the area was avoided, as mentioned in Abdul Rahman et al. (2014). It is interesting to note, that the basic questions asked, such as gender, age, role, did not influence any answers within the research themes, apart from this theme. The research found that how long the participant had been in the maritime industry impacted on where piracy was prevalent when they started the industry and how this had changed. Participants who had been in the industry longer

tended to comment more about the consistency of piracy in the Strait of Malacca. They also knew more about different regions such as the Caribbean, South China Sea, Sulu Sea and piracy in West Africa before it was seen as a big issue. A few of the participants commented on hotspots based on cases they had dealt with during their career. For example, one participant spoke about piracy incidents occurring from people fleeing the Vietnam war, as pirates found their valuables easy picking; working in Hong Kong at the time, it was a prevalent case to that area. People who had been in the business for less time tended to talk about how piracy in Somalia and East Africa was a big issue when they started in the industry.

On the whole, participants saw piracy hot spots based on which areas they had dealt with, as well as what areas they had read about in the media, which happens to be more serious cases, such as East Africa. The majority of participants did mention that East Africa was a hotspot for piracy, with just a few less noting that there has been a recent shift towards piracy in West Africa. Looking back to the focus areas of IMO (International Maritime Organization 2020c), the hotspots matched the pattern of the participants' answers: first the Strait of Malacca, as well as South China Sea and a few other areas, shifting to East Africa, and most recently shifting to West Africa. The patterns that emerged from this theme therefore, to an extent, match the trends in piracy as seen in Chapter 4. Although not a focus of this theme originally, a lot of participants also commented on the seriousness of hotspots whilst studying this theme. Several commented on the seriousness of piracy incidents, comparing the violence to seafarers, which was a big concern for many participants. For example, one participant commented, *"I think actually the hotspot at the moment is West Africa. And, unlike the Somalian pirates, they are pretty violent, violent with the crew on board [...], they actually remove them from the vessel. And it can be quite a pretty traumatic ordeal"* (Interview 8). Compared to areas like West Africa, some participants commented that the Strait of Malacca was now low-level piracy, commenting on how West Africa is a much bigger concern: *"the Malacca straits isn't a major area of concern for underwriters at the moment, because they've got bigger fish to fry with what's happening off the west coast of Africa"* (Interview 7).

5.2 Theme 2.0 Reasons

The second theme looked at for this research was the reasons for piracy. This was in order to review if the geopolitics mentioned in Chapter 3 was common knowledge for those working within the industry. Overall, only two participants did not know any reasons for piracy in the Strait of Malacca; as well as this, although not knowing specific reasons, many gave an educated guess based on general reasons for piracy. Based on the reasons for piracy, one participant commented that *"The main causes of piracy in the Malacca Straits are no different from any other high-risk area in the world"* (Questionnaire 2). The main reasons known by participants fall under Murphy's (2007) categories of 'the promise of reward' and 'favourable geography'. Many of the participants answer related to "the promise of reward", seeing piracy as *"largely a feature of economic circumstances people find themselves in"* (interview 8). Development and poverty were the main issues spoken about under this reason, in particular Indonesia was mentioned, and occasionally some of the other littoral states. An example of this is, *"places like Malaysia, Indonesia, Thailand, you know, they were [...] for many years regarded as third world countries, well, they still have extreme poverty and extreme rural stuff"* (Interview 4). As well as this, one participant commented on the history of the littoral states, noting

the history and how intertwined Singapore and Malaysia are, which links back to the historical comments made originally by Evers & Gerke (2006). This participant, noted, however, that *“in Malaysia, whilst Singapore has grown in wealth, the divide in Malaysia is growing further and further apart”* (interview 14). This echoes the comment about the wealth and fortune in Singapore (Lee 2011), as well as bringing about the development issues with poverty and riches being in the same area, as stated in Roughneen (2017).

One participant commented on both the poverty levels and the impact of piracy based on the geographical positioning, and as stated in Abbot & Renwick (1999), the short distance between states and to vessels helps to facilitate piracy, as well as Roughneen’s (2017) comment about rich and poor living in the same area, commenting that *“there are some very, very poor places, you know a stone’s... not stone’s throw away but, figuratively speaking, from Singapore where it’s, you know, they sell it as being very first worldly”* (Interview 11). It is interesting to note that this comment was made by a participant in Singapore, who has been to the Riau Islands and across to Malaysia, and therefore would know about the short distances between the states in the area. Looking purely at the geography of the Strait, several participants spoke about the islands along the Strait, and how this allowed for pirates to go out and board vessels quickly and under cover, as stated in Dunn (2012). Several participants also commented in the narrowness and depth of the Strait, making the larger vessels need to travel slower as well as using the marine traffic for hiding and evading capture, as mentioned originally in Raymond (2007). One participant even commented that *“the sheer geography of the area lends itself to pirates”* (Interview 4). As well as the reasons for piracy in the Strait of Malacca, some participants started to talk about the reasons for piracy in other areas, such as oil in West Africa, and the lawlessness of Somalia. There were also comparisons made between the geography of the Strait of Malacca and other piracy areas, such as the Somalian coastline and the Nigerian Delta, meaning that the several participants who did this really understood the importance of geography and its impacts in different areas on piracy.

The other five reasons as mentioned in Murphy (2007) were all briefly mentioned, but only by a few participants for each reason. For legal and jurisdictional weakness, the idea of sovereignty and the evasion of capture, as spoken about in Young and Valencia (2003) was not mentioned. The only comment made on this section was a brief statement: *“Financial despair drives it, and weaker government structures allows it to happen repeatedly”* (Questionnaire 4). This statement can obviously be linked to the ‘promise of reward’, but also to ‘permissive political environment’, as, as stated in Young (2005), countries within Southeast Asia have suffered from weak political levels. Continuing with ‘permissive political environment’, one participant commented that due to poverty there was corruption, with another noting that in Indonesia *“sometimes some officials, have what one could call divided loyalties”* (Interview 7), and were *“probably quite happy to supplement their salary”* (Interview 4), with another commenting about how the legal system is lacking. These comment links back to Murphy’s (2007) statement that some officials work with pirates; and have no interest in arresting them due to the backhanders they get. Looking at Murphy’s (2007) next reason, ‘cultural acceptability’, one participant noted that social acceptability played a large role in the reasons for piracy, as was also stated in Dunn (2012). Two participants also commented on how piracy goes back in history in the area, which was stated in Vagg (1995); the participant also commented on this: not a lot can be done about piracy, as it is hard to enforce (Interview 12). Looking at Murphy’s (2007) reason of ‘under-funded law enforcement’, although law enforcement in the area was mentioned in other

themes, it was not seen as a reason for piracy by the participants, but rather the opposite. The one participant who did mention it within this theme stated that *"it's not in Malaysia's interest, it's not in Singapore's interest to allow it to get out of hand. Indonesia is perhaps a little bit wishy washy ... and therefore it's not quite as strong"* (Interview 4). This comment, however, fits in with the literature on the priorities of the littoral states, Raymond's (2007) comments about the importance of the Strait towards both Malaysia and Singapore, with Young (2007) stating that Indonesia sees piracy in the Strait of Malacca as a smaller issue.

Only two participants looked at Murphy's (2007) last reason, 'conflict and disorder', being the only participants to mention Aceh and terrorism before I came to the question, one commenting that there were three reasons for piracy: organised crime, easy profit, or associated terrorism groups (Questionnaire 1). Any other mention of why piracy occurs has to do with these three groups was based on opportunistic theft or organised crime for the sole purpose of financial gain, as also spoken about in McCauley (2014). This could show that in the Strait of Malacca, it is believed that there is not much terrorism, or that it is simply not known about by people working in the sector, or that the Strait of Malacca is associated so much with petty theft nowadays, that it is simply not an issue that is thought about. However, one of the participants who mentioned terrorism currently works in Jakarta, Indonesia, so it could be that it is more of a known issue as Aceh is an issue for Indonesian security. The other participant who mentioned terrorism, had previously been crew on a vessel that was involved in a piracy incident in the Strait of Malacca, commenting that *"there are concerns of an increasingly politicized move, with ISIS forces, defeated in the Middle East, moving into the region, especially in the southern Philippines and Indonesia"* (Questionnaire 3). However, the participant did note that the main piracy in the Strait is still opportunistic theft.

5.3 Theme 3.0 Reduction

Relating back to Chapter 4, this theme focusses on the security policies put into place to reduce piracy in the Strait of Malacca, and to what extent participants are aware of them. Most participants spoke about either how piracy had reduced in the Strait of Malacca because of patrols by the littoral states, or due to vessels awareness and safety features. Several participants did not know any reason for the reduction in piracy; the other participants had some idea, even if it was not detailed information. When discussing this topic, none of the participants knew the different sections laid out by The Government of Singapore (2015), such as the MSSP and the EIS. However, many said that they knew there were patrols that were going on, but did not know much detail about the patrols. When discussing the MSP, one participant, which was very similar to many others, commented:

I know they exist and, and they're the people that they will be calling when they're in the Citadel, calling for help. I don't know the size of the forces. I don't know the structure. I don't know the response times and I don't know how efficient and effectively they've responded to the call. I don't know anything about it to be honest. But, again, if nothing else, is a little bit of a deterrent threat to pirates, knowing that they face that response" (Interview 9).

A couple of participants picked up that the littoral states would train and carry out patrols because they could not afford to be seen as a piracy area, one commenting on the same point as Raymond (2007) over Malaysia and Singapore competing with their ports. In particular, Singapore was mentioned more often in terms of patrols and wanting to reduce piracy. *“But I think one of the reasons as well as that is that Singapore sees itself as a shipping hub. So therefore, they take a particular interest in reducing piracy”* (Interview 14). This fits in with Raymond’s (2007) point of Singapore seeing reducing piracy as a top priority and has the resources to do this. With comments being about Singapore more than other littoral states, it shows that many of the participants see Singapore as being strong in its defences. This was very true for one participant, who commented that they were *“not expecting to see the Straits of Malacca becoming a major, major problem, simply because, the big boys of Singapore, lots of military resources, will make sure it never becomes”* (Interview 7), showing that Lee’s (2011) vision of needing a large army was achieved. In terms of external help, one participant commented that the British, Dutch and several other countries helped the littoral states in their patrols, other than that, no external policies were mentioned. Several participants disagreed with Rajesh & Vasani (2012) that piracy should be addressed at an international level, agreeing more with the comment from Ashley Roach (2005) over how the littoral states should sort the issue themselves, one stating that *“Because the big ships involved in international trade are not really troubled by what’s going on out there. It is much more up to the local countries, the countries who border the straits, it’s their problem, really”* (Interview 3).

The other point that was frequently mentioned was the reduction of piracy due to increased security on vessels, as well as *“ship owners’ awareness of it”* (Interview 1). The most common security features mentioned were armed guards, citadels, water cannons, escorts and razor wire, seen by a lot of participants as a deterrent for piracy. One participant noted that, for vessels *“generally the security measures have increased as the incidents of piracy increased. And so, they’re sort of negated the effects a little bit”* (Interview 9). It is interesting, if not too surprising, to note that most participants knew a lot more about security and measures of reducing piracy in East Africa, and sometimes West Africa. Especially during this answer on increased security, where a lot of the answers related to the BMP5 (mentioned previously in Chapter 2) and what deterrents put in place by shippers throughout East Africa. Many answers over the policies in the Strait of Malacca were given as an assumption based on policies implemented in Africa, and many participants then went on to describe these African policies in detail. So, although participants were right, as there were similarities, it shows that they did not automatically know the policies in the Strait of Malacca, and just went off what was their knowledge of other areas, and applied what would be a sensible answer to the case of the Strait of Malacca.

As a result of East Africa being mentioned so much, I incorporated a question for several participants who knew a lot about the subject, to see if participants thought that the BMP5 or something similar should be implemented in the Strait of Malacca. Based on this question, several commented on the difficulties of this, as it would involve extra stops to embark and disembark armed guards, and extra time for the installation and removal of razor wire at ports. One participant commented that if it can be applied, then it should. However, noting the differences in geography between the two, commenting finally that each area has their own policies, and, for the Strait of Malacca *“local countries seem to get their act together. But I suspect there was international pressure put on them, saying you can’t let this continue or trade will stop, and then you’re in trouble”* (Interview 4). This seems clear that

those who knew the most about the subject of reduction in piracy seemed to think that the tactics in place in the Strait of Malacca were good enough, not needing changes. However, as mentioned under Theme 2.0, none of the participants mentioned sovereignty and the impact it has on piracy. So, either the participants are not aware of this problem, piracy is being managed regardless of the issue, or maybe if I mentioned the concept during the interview, they might have known and spoken about it, it just didn't cross their mind at the time of the interview.

Looking back to the concept of containerisation, although not originally a topic being explored, it was added after it was mentioned by several participants. After being asked if they thought containerisation had helped with the reduction of piracy, the results were equally split yes and no, with a range of mixed answers as to why this is. Many participants commented that it did help, as it made cargoes harder to get hold of. Several different reasons for this were given: to get a full container off a vessel, pirates would need cranes and large ships and this would be very time consuming; also, because containers are stacked, it is hard to access the bottom ones, it is hard to open up a container and pirates do not know what goods are in each container. Looking at the concept of piracy reduced through containerisation, one participant commented that it has helped with the shippers loading more onto vessels, making them more economical; however, pirates are usually there for the crews' belongings, to hijack or kidnap, or the contents of the safe. Pirates need to get on and off pretty fast, therefore the contents of the cargo is usually irrelevant for modern day pirates (Interview 12). For this reason, several participants thought that *"container ships are just as vulnerable as any other vessel"* (Interview 10). One participant even saw that it helped pirates as *"the bigger the vessel, the bigger the prize and so if you took a container ship or an oil tanker, it was a big prize"* (Interview 3), with another commenting that it may have led to more cases of vessel seizure.

5.4 Theme 4.0 Impacts

This theme was split into two different parts, the impacts of piracy in general, and the impacts of piracy in the Strait of Malacca. Due to many comments being about piracy in other places, such as East and West Africa, looking at general piracy allowed for an overview of how Global Financial Centres were impacted as a whole, and allowed me to see what areas they were most impacted by. This also allowed me to then compare the impacts of general piracy and piracy in the Strait of Malacca to get an overview of to what extent piracy impacted Global Financial Centres in the Strait of Malacca.

Looking at piracy in general, so piracy globally, most participants immediately started discussing East and West Africa. It is interesting to see that participants are impacted depending on which areas they have dealt with within their business. For example, when discussing a participants' claims, one commented that *"we may just be lucky and have not picked up any accounts where they've been those type of claims"* (Interview 11). Several participants also spoke about past or ongoing cases that they were involved in, for example in Venezuela, Somalia, and several within West Africa, with one participant noting that piracy in Western Africa was spreading out from the Gulf of Guinea into the surrounding waters, a trait that seems to be following what happened in East Africa. Overall, though, the consensus seemed to be that piracy had not had an impact on their business or business decisions:

"I haven't been affected. I've been in marine for 30 years" (Interview 11), or if there is an impact, it was mostly minimal.

With regards to business decisions, the only ones that had changed were the types of policies and additional premiums they offered to clients. However, a lot of participants realised the costs involved with an increase in piracy, in particular to insurance companies and shippers. It is surprising that even the participants who do not work within the marine insurance sector, mostly spoke about premiums and the changes and impacts on insurance companies, showing that potentially insurance is the most impacted job role within marine business in terms of piracy attacks. One participant commented that underwriters could be impacted, as, although there are premiums, *"there are claims that get paid as well"* (Interview 4); however, another participant noted that piracy had definitely impacted their business, due to the Somalian piracy and the large ransoms that needed to be paid, but the participant then said that this risk was mitigated as *"what you typically find is any cargo loss will be spread, probably more underwriters, so the pain felt a little bit less"* (Interview 9), showing that because underwriters only insure a certain percent of the cargo value, the cost will be spread across multiple companies so the overall loss will not be that high. As well as this, several participants noted that if the risk of a piracy attack is higher, then insurance companies will increase the premium on vessels transiting through piracy hotspots, as mentioned in Towergate Insurance (2020). One participant commented, *"So yes, the insurers had to pay out costs, but they recruited in big Premium because, of course, if the risk is increased, they can charge a larger premium across all of their clients"* (Interview 8), commenting also that clients will pay more so insurance companies always recover their losses through premiums. This very much agrees with a point made by Bowden et al. (2010), seeing insurance premiums as an added cost for shippers. However, for this research, it shows that the impact of piracy on insurance companies in Global Financial Centres is small.

Many participants did mention that the main group to be impacted were the shippers and the end consumer: *"the insurance premiums went up, but that was all passed on to the contractual chains to the end consumer, the guys that shipped the goods"* (Interview 8). Bowden et al. (2010) spoke of the impact of piracy on shippers, such as late delivery of good, premiums, rerouting, and security measures, and, as many participants spoke of the problems caused towards the shippers and consumers, this shows that many participants within this research agree with Bowden et al. (2010) concerning the potential large impacts to shippers. Looking particularly at the cost of rerouting a vessel to avoid piracy zones, many participants commented that it was rare, but it did happen. On the whole, most thought that this was not an option, as vessel owners are *"commercially minded people"* (Interview 4), and therefore if the cost of rerouting is high, they won't do it. Another participant mentioned that it has been occurring more recently due to COVID-19, because the falling price of fuel has meant that vessels can take their time due to less demand for certain cargo (such as oil), meaning that there is less incentive to take the shorter route through piracy areas. This is a similar link to what Towergate Insurance (2020) commented, that it costs less to take a slower route than paying more in fuel to speed up throughout piracy areas.

Looking at the impact of piracy solely in the Strait of Malacca, several participants commented that in the past, when piracy was at its worst, they were impacted by the piracy. This was because, similar to above, the increased premiums and claims coming in. However, these incidents were not large economic losses, the Straits of Malacca incidents were seen as *"a sort of constant irritation but not ... not actually causing any significant losses to the marine insurance industry"* (Interview 3). One

participant also noticed the past impacts, commenting that *“piracy in the Malacca Straits hasn’t really impacted on my business to the extent to which I would have liked”* (Questionnaire 2), due to the benefits of generating more work and therefore income from the additional premiums when the Strait of Malacca was considered a high risk area. Another participant stated that the commission gained *“became an additional source of income”* (Questionnaire 5), showing the potential benefits to MNCs for the Strait of Malacca being a high risk area. This increase in premiums when it was high risk was also stated in Lee & McGahan (2015).

Even though in the past, some participants claimed they were impacted, even if this impact was limited, looking at piracy in the Strait of Malacca in the present, no participant stated that they were impacted, and several noted that now there is *“no additional premium on insurance is required to transit the area”* (Questionnaire 5). A large number of participants commented that they still saw the Strait of Malacca as a piracy risk, one commenting that it is because piracy incidents *“happens regularly, and we do deal with the aftermath from time to time”* (Questionnaire 4). No participants, however, saw the area as a war risk, like the early 2000s risk was. Most participants saw the piracy incidents in the area as small and opportunistic – for example, *“it’s more of a theft on board the ships, so they want to get on board ships, they want to steal the crews’ effects, the crews’ stores and the vessels’ cash holdings”* (Interview 3). This opportunistic theft was seen to participants to not be that much of an impact, with losses being seen as *“pennies really, in the overall scheme of things”* (Interview 9). Added to this, one participant commented that a lot of this opportunistic theft in the Strait of Malacca is not claimed on the insurance. As the type of piracy is not for taking cargo or seizing the vessel, it is small amounts that are stolen, thereby, it would not impact MNCs in Global Financial Centres as these items cannot be recovered due to, in case of small items, *“the value of that would be under the policy excess on the respective insurances”* (Interview 3). This agrees with Murphy’s (2007) point over piracy incidents going underreported. As one participant commented, *“I also think that there’s probably a lot more piracy than we know about, because a lot of it will go unreported. Small losses, not very much you can do about it. It may not even be reported”* (Interview 9). Looking at the cost to seafarers with wages being stolen in Oceans Beyond Piracy (2018), being given in cash, this could mean that the cost of stolen wages could be higher if small thefts are not recorded.

Several participants compared the Strait of Malacca to East and West Africa, one commenting that *“the Malacca Strait isn’t a major area of concern for underwriters at the moment because they’ve got bigger fish to fry with what’s happening off the west coast of Africa. Because that is the real worry”* (interview 7). Added to this, the economic impact of incidents was compared by several participants, one commenting that the Strait of Malacca impact was minimal, and *“quite different from what we are seeing today whereby Pirates would often seize a vessel which could be worth USD 500m including its cargo”* (Questionnaire 2). Looking at if participants business decisions had been impacted by piracy in the Strait of Malacca, all participants said that in the present they were not. One participant commented that if piracy in the Strait had created *“a significant number of small losses which is eroding our premium base”* (Interview 9), then it would impact their decisions; however, the participant commented that this has not happened in this area.

Looking at the three participants currently working in Singapore, so from a more localised point of view, all of them have the same opinion, that piracy in the Strait of Malacca does not impact their business or their business decisions, with one commenting *“I’ve been out here 11 years, and not really*

seen any claims, other than one biggie in the Gulf of Aden ... so, it hasn't really impacted the industry that much" (Interview 11). The same participant also compared the impacts on local companies to large global insurers stated:

"I mean, it might be more of an issue, is not an issue for me as such ... because I deal more in international business, and it may be more of an issue for Singaporean based insurers. And that will have perhaps smaller vessels and more localized shipments. But when, you know, I'm insuring the big multinational global companies and if you're insuring a container ship or an LNG carrier or a BLTC, piracy isn't really that much of an issue in the Strait of Malacca. It's more for, the smaller values I would suggest, and, you know, smaller vessels that I tend to not really to get involved in at the level we insure at so it might be more of a small insurance company issue rather than a Lloyd's syndicate, or a big, big global insurer like AXA or one of those guys" (Interview 11).

The quote shows that potentially the impacts for local maritime businesses could be far more impacted by piracy in the Strait of Malacca than MNCs in Global Financial Centres. This also agrees with Raymond's (2007) statement about smaller vessels being vulnerable due to less defences. This participant clearly sees them as an easier target for piracy, and this was agreed by another participant who also stated: *"I think they tend to go for smaller vessels where there are no protections"* (Interview 6). This would also support McCauley's (2014) statement of most piracy being opportunistic, for cash, personal belongings and equipment, as the smaller vessels would be easier to board and gain a quick escape. As participants do not have any impact from piracy in the Strait of Malacca, it could be worth investigating the impacts of local companies rather than MNCs in this area, so see if the piracy impacts at all. As well as this, these were the thoughts of the participants in the months of May and June 2020. A large number of participants also spoke about COVID-19, and the potential impacts this will have on piracy in the future. Several participants expressed concern at piracy in the Strait of Malacca increasing, due to increased unemployment as a result of the pandemic, which in turn, would impact their business and the littoral states. One participant expressed concern, noticing that pirates are taking advantage of the lock-downs and less security in the Strait of Malacca at the present time, but commenting that *"once all this goes out, it gets passed, and it's lock-down begins to relax, we'll see the police forces just clamping down on it again"* (interview 7). However, another stated opposite to this, commenting that anti-piracy in the Strait of Malacca *"will require considerable resources to patrol a large area of sea. In cash-strapped economies after Covid-19, will that money to provide better security for commercial ships be there?"* (Questionnaire 3). Given the comments in Young (2007) over Indonesia not always being willing or able to fund patrolling due to its stretched security budget, it could be that securing the Straits is not a priority and is therefore limited, and this could lead to a greater number, or more serious piracy incidents. At the present time, it is clear to see that overall, MNCs in Global Financial Centres have not been impacted by piracy in the Strait of Malacca. However, as the future is unclear due to COVID-19, this could potentially change, as what has happened is unprecedented, and therefore, the impacts may change in the coming months.

5.5 Theme 5.0 Terrorism

This theme was based on terrorism, and the threat of either a physical or cyber terrorist attack occurring in the Strait of Malacca. Overall, the answers for this theme were very mixed. Some did not see it as a threat at all, others were mixed, while still others saw it as a large threat. Looking back at the terrorism-piracy issue in Chapter 2, Chalk's (2008) perspective is that terrorism and piracy are separate; several participants agreed with this and also saw the different motivations that terrorists and pirates have: *"piracy is marine theft unless it has political motives"* (Questionnaire 2). On the other hand, Asal and Hastings (2015) debate that terrorist organisations may use piracy to raise funds for their activities. Some participants agreed with this opposite point of view, one commenting that *"I'm sure that some of the terrorist organizations will have enabled their way into doing or getting involved in piracy simply as a way of trying to get an income ... some money to support their actions"* (Interview 4). Asal and Hastings (2015) also state that terrorists prefer land-based terrorism as they know it works. Several participants also made the same or similar comments, stating that marine based terrorism is unlikely to get a lot of media attention, which is the main aim of terrorists, and see that land-based piracy is easier. For example, one participant commented, *"put a bomb in a skyscraper, or gun, or mortar against the aircraft coming in to land, I mean there has got to be a softer target than the cruise vessel"* (Interview 9). This shows that many workers within the marine sector may not see marine terrorism as big a threat, as some may believe that land-based terrorism is more plausible.

One participant pointed out the necessity of knowing if an act was piracy or terrorism, commenting that *"we're not allowed to reimburse clients for any losses if paid to terrorists"* (Interview 13). This obviously will have a large impact on marine businesses due to both the time and financial costs of terrorism, as businesses will *"have to try and suggest to the clients that they have to negotiate in a different way without paying ransoms"*, as well as noting that their company *"will not be able to support any conversations that the client might want to have with terrorists to pay ransoms"* (Interview 13). Therefore terrorism will make a difficult scenario for insurance pay-outs to release vessels or seafarers. Several participants commented that although necessary, it is often difficult to distinguish between acts of piracy being performed by pirates or terrorists, one commenting that you can't just go up and ask *"Are you doing this for a religious region or country or are you just doing it for yourself?"* (Interview 12), another commenting that ransom money cannot be paid until they are fully aware that it is not going to a terrorist organisation, which is sometimes spotted through the type of ransom, the way in which the negotiation takes place and what is being said (Interview 13). Going back to a point made by Mowatt-Larssen (2010), the threats and intentions of terrorist organizations are obviously of major concern within the maritime industry.

Looking at the potential for physical terrorism in general, the majority of participants who spoke about the issue did see it as a possibility. One participant commented on how it would not occur on vessels themselves but is possible through an insider job whilst the vessel is in the port. All the other participants who spoke about the issue mentioned terrorism on vessels themselves and the likelihood of this: *"Yeah, I can see hijacking ships to be used for terrorist activities quite a bit"* (Interview 10). One participant commented that *"a good terrorist target would be a cruise vessel"* (Interview 9), as it will make the media if there is a lot of deaths or kidnappings, but not if it is purely economic losses. The participant went on to state that this had been thought about by the shipping industry, and there were now armed guards on a lot of passenger vessels who are aware of the risk. It is interesting though,

that all of the participants saw it as a potential threat. One knew about cases of terrorism on vessels due to dealing with them, another participant, speaking about terrorist incidents commented, *"I think it has happened, isn't it?"* (Interview 10). However, the rest of the participants who commented on physical terrorism did not know about previous terrorist attacks on vessels, such as *SuperFerry14* as mentioned in Murphy (2007). Looking from the statement above from Interview 9, if a passenger vessel was to be attacked, it would make the media. So, participants not knowing about a large fatality incident like this, surprises me, however, as it was a passenger ferry in Manila, it may have been more local companies that were impacted, as MNCs tend to be impacted by larger vessels, such as an oil tanker or container ship, as they are usually involved with larger, more global vessels. However, as mentioned in Gottschalk and Flanagan (2000), there have been numerous cases of marine terrorism, through hijackings, weapons, murders and fires, the most famous case being the *Achille Lauro* in 1985. Although 1985 is before some participants started working in the maritime industry, it is interesting that so many did not know about previous incidents and saw it as a potential threat in the future. However, the participants also agree that they see physical piracy as a criminal act, not that as a terrorist act, if at all as an act of terrorism:

"I think more of it is pure criminal, purely to make money for whoever these gangs are. I'm sure some of them, they do act for terrorist organizations or they have to pay a stipend perhaps, to some of these terrorist organizations to carry on doing what they're doing. But then I think that's true of any criminal organization where there's political issues" (Interview 4).

Looking at the impact of physical terrorism on Global Financial Centres, it does not seem to be an impact, other than for one participant, who deals with terrorism due to working within an insurance role within the Kidnap & Ransom sector. Most do not know about past terrorist acts on board of vessels, but see it as a possibility for the future. Most participants did not seem concerned about the risk, however, as shippers were putting armed guards on board and telling them about the risk, as mentioned by one participant – there must be some concern about incidents occurring. As I mentioned previously, the sample size is very small, so there may be people within the industry who are concerned. Based on what the participants for this research have commented, it is not seen as an issue for maritime workers within Global Financial Centres.

Looking at cyber-based terrorism, one participant commented that he had been to a seminar where the cyber risk was discussed: *"the next generation of piracy in Africa is more of a cyber based piracy"* (Interview 14), also mentioning that it is now easier to hack a vessel, and that there was the potential for cyber to turn into physical attacks, through making the vessel go dark and attacking whilst under darkness. Another participant commented similarly, stating vessel engines could be shut down, making it an easier target for pirates. Cyber risk is seen as a major risk that will increase with time. However, others do not see it as a threat at all, one participant even commenting that a *"cyber-attack is just ludicrous to the point where it's not even worth featuring in a risk assessment"* (Interview 8). The participant who made this comment, did however state that if information as to the contents of each container was stolen, this could be held for ransom, but he did not see the vessel itself being used for a cyber-attack for terrorism purposes.

One participant, who, as working in a Kidnap & Ransom job role, knew a lot about the terrorism situation due to dealing with it on a regular basis, particularly with terrorist groups hijacking or

kidnapping. The participant commented that shippers do buy cover for cyber, and that the risk depends on how seriously shippers take the threat, and if they ensure who has access to the systems, and that they are fully updated; especially as the world is understanding technology more and companies are trying to protect themselves. In terms of a terrorist attack, this participant commented that it is a possibility for major global disruption. This is because there are only a limited number of navigational systems that vessels use, so, it could be that around a quarter use the same system; *“if someone figured out how to hack into one of those, they could, in theory, cripple a huge proportion of the global shipping. And for a very sophisticated criminal organization that could be enormous”* (Interview 13). This very much follows the thoughts of Tanti-Dougall (2014) on the potential for a mass attack on the shipping industry due to its vulnerabilities. This participant, along with many others, however, did not see vessels being a specific target and see the risk as low, with another participant commenting that cyber terrorism on the marine industry is *“a bit far-fetched probably at the moment”* (Interview 6). One participant, who also commented that cyber terrorism was *“a potential risk but not, not a huge risk”* (Interview 1), picked up on the point made in Goud (2020) over the risk of steering two tankers into each other. Many participants came from different job roles within the marine insurance sector. As a result of this, insurance cover for cyber was mentioned frequently. One participant commented that *“policies generally exclude cyber-attack”* (Interview 3), and how it is normally not included on policies, and does not have a wide coverage, although several participants do cover for cyber risk through specific extension products they sell. Another participant, however, commented that they *“can't think of too many clients who would buy the cover currently and insurance cover for that”* (Interview 6), so it is perhaps still seen as a low risk to shippers if they are not taking out the coverage for it. However, it was mentioned by another participant that the marine industry is starting to wake up to the risk, with some participants commenting, as mentioned earlier, that the risk from cyber is *“an increasing potential problem”* (Interview 10). One participant who saw cyber as an increasing risk commented that *“there's a feeling that says, actually, you should cover cyber risk. But the markets currently not inclined to. It's not excluded on all hull policies, but I would say 90% of them”* (Interview 3). However, as it is not covered in most basic policies, with the risk being seen as increasing, and insurance companies charging premiums to cover cyber, this has the potential to impact maritime businesses, as, as Towergate Insurance (2020) mentions, the true cost in shipping is the premiums. This increase in premiums would then, in turn, have *“an impact on whatever goods are going in or coming out in terms of adding to the cost of those goods, which obviously would impact people buying those goods”* (Interview 13).

Overall, as mentioned earlier, participants had mixed view on the general risk of the threat of terrorism on maritime targets, although many did see it as a risk going forward. Looking at the participants' thoughts on the risk of terrorism in the Strait of Malacca was also of mixed opinion. Some participants saw the Strait of Malacca as being under threat from a physical or cyber terrorist attack. One participant realised a point made in Tanti-Dougall (2014) where, due to the anonymity of cyber terrorism, a hacker could be based anywhere in the world and attack a vessel going through the Strait of Malacca, therefore seeing it as a risk area. Another participant commented that *“any area with piracy would seem like a hotbed for terrorism related activities”*, as well as noting that *“unfortunately, considering the major terrorist organisations & causes currently, Strait of Malacca would be prime for terrorist attack on ships, whether physical or cyber”* (Questionnaire 14). One participant also noted that there may be increasing levels of terrorism occurring in the area due to *“the increase in religiously*

motivated bodies appearing the region" (Questionnaire 3). It is interesting to note that this participant also knew about the high levels of piracy within the last year and had mentioned the rising terrorism threat previously within Theme 1. Both the International Maritime Organization (2020c) and Raymond (2007) stated that because of high piracy incidents previously in the Strait of Malacca, there were concerns of a marine terrorist attack. Potentially, based on the comments from this participant, this may be likely to repeat itself in future years, which could cause large issues for the security of vessels and economic costs to both the littoral states and Global Financial Centres. Looking at the opposing opinion, other participants did not see it as a risk area. One participant, when asked if they see the Strait of Malacca as a terrorist threat nowadays, replied *"no, I don't see that as terrorism nowadays. Again, 10/15 years ago, more so. But I don't see that as a threat these days"* (Interview 13). This links back to around the time that the Strait of Malacca was made a war-risk area; and was seen to have terrorist organisations operating within the area (Chalk 2008). This could show that around this time, terrorism could have also contributed to the impact on Global Financial Centres due to that risk being seen.

5.6 Chapter 5 conclusion

This chapter has looked at the five different themes explored through the semi-structured interviews and questionnaire data. The first theme showed that the participants tended to agree with the piracy hotspots focussed on by the IMO (International Maritime Organization 2020c). The second theme compared Murphy's (2007) reasons for piracy. The third theme looked at the policies and schemes to reduce piracy in the Strait of Malacca. Although participants did not know the name of the MSP, they generally knew about navy patrols and a few other elements of policies implemented. The fourth section looked at the impacts of piracy, noting that there no impacts on MNCs in Global Financial Centres. The final theme looked at terrorism; physical terrorism seemed to be a potential threat for most participants, but cyber terrorism was a mixture, some thinking it was a threat, others not seeing it as a threat at all.

Going back to the third sub-question, 'What impact has piracy in the Strait of Malacca had on companies in Global Financial Centres?', based on the answers given by participants in this research, there is no impact on companies within Global Financial Centres. Most participants saw the economic loss as minimal, as it was mostly opportunistic theft, and guessed that a lot of theft went underreported. Even though this research showed that there was not an impact on maritime businesses within Global Financial Centres, participants commented on other areas that were impacted, specifically seafarers who had wages and belongings stolen, shippers and consumers who took in the added costs because of piracy, and local companies, who were more likely to have clients whose smaller vessels, such as fishing trawlers, were more likely to get claims from due to their vulnerability to pirates. Looking at physical and cyber terrorism, this could also be seen as an impact of piracy. There were mixed answers for this, with concerns over a potential terrorist attack through physical means, and many participants saw this as a risk that would cause a large impact if it were to occur. It was also mentioned by one participant that it had occurred previously. The risk of cyber terrorism, many participants saw as either being a ludicrous idea, or a large threat. Many were concerned about this in the future. Therefore, it could be said that piracy through terrorism could be an impact on companies within Global Financial Centres; however, this is mostly seen by participants as an issue for the future, not really impacting in the present.

Chapter 6: Conclusion, reflections and recommendations

6.1 Final Conclusion

The objective of this thesis was to look at the geopolitics and trends in piracy in the Strait of Malacca so as to establish why piracy occurs there, and to see if there are financial implications in Global Financial Centres as a result of piracy. From this objective, a central research question was formulated and answered within this research. To answer the research question, this research was split into three sub-questions:

1. 'How have the geopolitics of Malaysia, Singapore and Indonesia led to piracy in the Strait of Malacca?', was answered in Chapter 3. From this chapter, it is clear to see that the geopolitical background of the littoral states had led to piracy in the Strait of Malacca. Looking at Murphy's (2007) reasons for piracy, the Strait of Malacca fits into each reason in some way. For example, the geography of the region makes piracy easier, due to the many islands and inlets where pirates come out from quickly and escape to (Dunn 2012). There has been conflict within the Aceh region (2012), as well as there being a long history of accepted piracy in the region (Vagg 1995). With the three littoral states having different priorities within the Strait (Raymond 2007), this has led to different security from each state within the Strait. For example, Indonesia has been lagging behind the other littoral states to provide funding and patrols in the Strait due to having bigger land-based problems (Raymond 2007), which is added to with the underfunding of police and security, leading to them working with pirates and not arresting them in many cases (Murphy 2007). What is seen as a big reason by Murphy (2007) is the promise of reward. With rich and poor communities living in the same regions, places in poverty with high unemployment are a quick sail away from rich countries and expensive vessels (Vltchek & Indira 2018). Finally, the history of the littoral states explains their wanting to be separate and retain their sovereignty, however, this has let pirates escape capture (Ashley Roach 2005), which also helps to answer the second sub-question.
2. 'How have policies implemented in the Strait of Malacca impacted on trends in piracy?', was answered in Chapter 4. This chapter looked at the policies in the Strait of Malacca, such as the MSP and external help, and compared it to the trends in piracy from 2000-2019. The results for this showed that in general the policies and trends linked, apart from a few years which the Government of Singapore (2020b) put down to yearly fluctuations, despite a marked increase in piracy incidents in 2019. This indicates that policies implemented were mainly effective in reducing piracy. Chapter 4 also looked at the first six months of 2020 where piracy was on a similar level as 2019, that potentially indicates a persistent increase (Government of Singapore 2020b). Comparing the yearly data between West Africa, East Africa and the Strait of Malacca shows that the focus areas of the International Maritime Organization (2020c) were correct to have shifted from the Strait of Malacca in early 2000s to East Africa and more recently to West Africa where the incidents of piracy are more serious. Furthermore, this chapter looked at the problems within the policies, such as Ashley Roach's (2005) comment about sovereignty, looking at how piracy policies could be improved in the future, namely by

focussing on eradicating the reasons for piracy in the region (Young & Valencia 2003), and allowing foreign navies into territorial waters when pursuing a pirate (Ashley Roach 2005).

3. 'What impact has piracy in the Strait of Malacca had on companies in Global Financial Centres?', was split into five different themes, as discussed in Chapter 5. The first three themes were related to the piracy hotspots, reasons for piracy and the reduction of piracy, linking in with the first two sub-questions. The results of these themes showed that the participants agreed with much of the research, for example knowing many of Murphy's (2007) reasons for piracy, having some knowledge of the policies to help reduce piracy, and having similar opinions to the hotspots shown in the IMO focus areas (International Maritime Organization 2020c). The final two themes explored the sub-question, in which most participants saw piracy in this region as having minimal impact on their businesses due to the opportunistic thefts occurring in the Strait of Malacca versus the high cost hijackings, kidnap and ransoms occurring in West Africa. Participants had mixed thoughts over the impact of terrorism within piracy. Physical terrorism through piracy was seen as a potential threat now, and cyber terrorism was a concern for the future. Its impact on Global Financial Centres is difficult to measure because most participants were unaware that some terrorism through piracy has already occurred.

These three sub-questions answer the main research question, 'How and to what extent do the geopolitics in the Strait of Malacca and the policies of bordering states impact on piracy and the implications within Global Financial Centres?'. They conclude that geopolitics play an important role in piracy in the region and that the security and policies implemented help to reduce piracy, which is mostly funded through the littoral states.

The last part of the question is answered through the final sub-question 'What impact has piracy in the Strait of Malacca had on companies in Global Financial Centres?', reaching the conclusion that piracy in this area does not have many implications on maritime companies within Global Financial Centres. Any impact that piracy in the Strait of Malacca has played was in the early 2000s when it was a high-risk area. However, participants mentioned that piracy in this area impacts other sectors, such as local maritime companies, shippers and seafarers and therefore, the Strait of Malacca does have impacts but they are not considered as significant on the Global Maritime Centres which are the focus of this research.

This research was carried out during a pandemic which may alter the geopolitics of the region so that the current upward trend in piracy in the Strait of Malacca continues, which could potentially impact Global Financial Centres in the future, as was suggested by a couple of participants.

Overall, this research has added to existing literature by first comparing the trends and policies of the Strait of Malacca, something which, although it has been done before, was not carried out using the IMO datasets and was researched using a smaller timescale which would not identify trends to such an extent. It has also developed to current theory, as financial costs were spoken about either through an overall annual estimate on global piracy, or the amount that it had cost for securing the Straits. There was no research on the workers of the maritime industry and their thoughts on piracy in the Strait of Malacca. Their decisions are key to the functioning of the maritime sector, and play a huge role in the industry, therefore it is important to see how their perceptions of piracy impacts their

business decisions. It is important to consider this to make sure that the current areas of piracy that are being focussed on are the places that are most needed to be looked at. In this research, the focus of the IMO, as seen in International Maritime Organization (2020c) is correct, based on the trends in data, as well as the opinions of the participants.

6.2 Reflections

As mentioned in Chapter 1, the techniques for data collection were chosen for specific reasons, but had to be adapted due to the COVID pandemic, and these were the best methods available. However, there were some downfalls in these methods; mostly as a result of the COVID-19 pandemic many of my planned face-to-face interviews were no longer feasible, others were cancelled, with some participants being too busy to rearrange, and many interviews were moved to online or via phone. This, however, had faults, as internet or signal is temperamental, so in several cases kept cutting out or freezing, I had to ask participants to repeat what they had just said on several occasions, which meant that they could have changed their wording the second time around. The voice recorder used struggled to pick up voices from online, therefore, some parts of the conversation were hard to transcribe, meaning there is the potential for some parts of the interview transcribe to be missed or misinterpreted. Although I tried to eliminate this as much as possible through using both the computer and me to transcribe, error cannot be fully eliminated. The pandemic also caused issues as my internship with the IMO was made online; this meant I was not meeting contacts face to face, and I was reliant on emailing people who I don't know for information; a lot of which went unanswered, causing added time finding different contacts for interviews or data, which would not have happened if I was in the IMO office every day. The pandemic also meant that several meetings I had with participants who were planning to introduce me to other potential participants got cancelled, meaning that the snowball effect was not as effective as it could have been. Looking back, if there were no time restraints for this research, I would not have conducted interviews via online or phone, I would have conducted as many as possible face-to-face, as I would have been able to voice record clearer, read their facial expressions, and know that they were not researching the subject when asked a question. Most people seemed to prefer the option of a face-to-face interview, but unfortunately the situation did not allow for this, especially as I was not able to visit MNCs in Southeast Asia as planned for some interviews, and several participants' business trips to London were cancelled, meaning I could not see them as planned. I lost a lot of scheduled interviews from abroad which was particularly relevant as planned interviews from the USA and Japan were cancelled impacting the scale of the research.

If all interviews had been conducted fact to face, this would have meant I would not have to have used questionnaires. These were useful due to the pandemic situation, as they allowed answers from busy people and those abroad who wouldn't have participated via interview because of busy schedules and time differences. However, using questionnaires provided the potential for people to research the topic and information for answers, meaning that they were not using their own thoughts or opinions on the matter. This was particularly true for one participant, who answered a certain question by using piracy data found on the internet and copy-pasted other information which, although useful data, meant it was based on facts rather than their own perspective.

Despite these issues, the data collected is, for the most part, reliable, and any issues faced with data collection during the pandemic were mitigated as much as possible. It is reliable due to asking

participants from a wide range of maritime backgrounds, some of which were IMO delegates, and therefore an excellent source due to being trusted by the United Nations. However, despite the wide range, it was still a small sample size compared to all workers in marine business, and therefore the results are generalised based on their opinions. I also found that some of the participants did not know much about piracy in the Strait of Malacca; many just told me everything they knew about piracy rather than answering the question. It seems that although working in the maritime industry, it was only people who dealt directly with piracy incidents knew about it, information about it was not common knowledge unless dealing with situations. So, although I wanted a broad range of people, just choosing participants who knew about piracy in the Strait of Malacca would have resulted in more knowledgeable answers; however, this would have been biased and not a true representation of the maritime industry.

6.3 Recommendations

This research looked at the impact of piracy on MNCs on Global Financial Centres. Originally, I looked at the focus areas of piracy, noting that the IMO focus was now on West Africa (International Maritime Organization 2020c) instead of the Strait of Malacca. Based on the outcomes of this research, and seeing the little impact that piracy in the Strait has played on Global Financial Centres, I would say that it is right to continue looking at West Africa. This research supports the importance of this focus on West Africa, through looking at the impacts of piracy on the Strait of Malacca, and, although some participants had been impacted, the majority had not. However, the cost and danger to lives and the large amount of economic costs in West Africa, the IMO is right to focus on the area, rather than the Strait of Malacca where the main impact is local.

However, looking at the future, the situation in the Strait of Malacca may change as there is a rising trend in 2019-20 and, as some participants pointed out, the impact of COVID-19 through rising unemployment could impact on the increase of piracy. This potential change is something that could be looked at in the near future.

Looking at the results, several participants commented on how MNCs will never be out of pocket; they will always find a way to profit, through raising costs of their services, for example increasing premiums. Participants commented that the impact of piracy will be felt through local companies rather than MNCs. Based on this, to really see the impacts of piracy in the Strait of Malacca, it would be a recommendation to look more at local companies within cities along the Strait, for example Singapore or Kuala Lumpur. These companies, such as insurance companies, are more likely to ensure the little fishing vessels or local ships in the area which are easier targets for pirates, and therefore are likely to have been impacted by piracy. Added to this, as mentioned before, this research was based on 19 participants' perspectives, from Global Financial Centres around the world; this is a very narrow part of a large industry, especially as there are so many Global Financial Centres, and this research only took into account some of these. Due to the pandemic it would have been preferable to narrow the idea of Global Financial Centres and only look at one city which, as I was based in London and it is a key Global Financial Centre for maritime business would have been sensible. This way, the data would have been more conclusive to that particular GFC, rather than this research which was coming to conclusions on certain cities based on a few interviews, which is a very small sample size and is biased to comment that all workers in that centre think the same based on limited research.

Given the opportunity to repeat this research, I would use a far larger sample size and conduct as many face-to-face interviews as possible. Alternatively, I would focus on one city, probably London or a local city within the littoral states, such as Singapore, as these are most likely to feel an impact out of all Global Financial Centres. Overall, my recommendation for continuation of this research would be to extend the number of participants from different Global Financial Centres, or to focus on local impacts.

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