



Source: Nigel Hallworth

## PIRACY IN SOUTHEAST ASIA: ORGANISED CRIMINAL SYNDICATES OR SMALL SCALE OPPORTUNISTS?

... a slight rise in piracy might, on the surface, look like the rumblings of more organised criminal operations in Southeast Asia ...

The majority of maritime crime in Southeast Asia still continues to occur at anchorage against crew members and ships, with valuables and ship stores the common target for criminals. The focus of this paper is not small scale crime at anchor but piracy, defined as vessel hijack and cargo theft, of which there have been several cases in the last six months (see Table 1). While a marginal rise in piracy might, on the surface, look like the rumblings of more organised criminal operations in Southeast Asia, the success rate has been low, throwing considerable doubt over the capability of perpetrators in the region. Recent incidents appear to be the work of opportunists, not highly organised criminals, with only one case that could potentially be regarded as successful (AROWANA UNITED in October 2012). However, with an entrenched network of criminal syndicates in the region, a return to maritime crime is always a possibility in Southeast Asia.

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The region has long been prone to piracy. It is only following the pan-Asian response to maritime crime – notably in the trilateral MALSINO<sup>1</sup> agreement in 2004 – that the occurrence of hijack in the Malacca Straits and Indonesia was reduced. Prior to the agreement, intelligence-led hijack for vessel re-sale was widespread, which rendered the region high-risk for crew, charterers and tanker operators. That is why a number of piracy incidents from September 2012 to February 2013 could be interpreted as a re-emergence of organised criminal activity in Southeast Asia. This notion is reflected in figures and reports showing that in the last six months there have been six cases of vessel hijack including two cases in which fuel oil “bunkers” have been illegally siphoned from bunker tankers in the waters of Southeast Asia.

However, the majority of the incidents have either led to the apprehension of pirates, or the incomplete transfer of bunkers, shedding some light on the proficiency of pirate groups in the region. Of the six incidents in which pirates hijacked vessels, there have only been two successful transfers of fuel oil (bunkers used for ship propulsion) to a lightering tanker. In addition to this, the quantities of bunkers stolen and size of vessels hijacked have been small in comparison to cases of hijack for cargo theft in West Africa. Such facts belie the notion suggested by some reports in the media that Asian pirates are highly organised, intelligence-led syndicates, comparable to their counterparts in the Gulf of Guinea. Looking closely at recent incidents, and reflecting on outcomes of some of the hijackings, it is likely that pirates in Southeast Asia are opportunists with scant knowledge of tanker operations, and lack sufficient planning to guarantee Ship-To-Ship (STS) transfer.

In some of the hijackings, pirates either had trouble rendezvousing with a lightering tanker, or failed to complete the STS operation due to apprehension by regional authorities. This happened on two notable occasions in late 2012 (the tankers ZAFIRAH and SCORPIO) which, once hijacked, were tracked down and thwarted by Vietnamese and Malaysian Maritime authorities respectively. In the case of the SCORPIO, which was hijacked off Malaysia, pirates were attempting to arrange the sale of both the fuel oil and the vessel itself whilst steaming in the Singapore Straits: not the modus operandi of a highly organised criminal syndicate and certainly not traits of an operation in which buyers are lined-up beforehand.

<sup>1</sup> “The MALSINDO (Malaysia, Indonesia and Singapore) agreement was launched in July 2004 to conduct coordinated patrols in the Singapore and Malacca straits.

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However, two recent hijacks (ARROWANA UNITED and ZAFIRAH) have demonstrated a marginally more pre-determined business model which might lead some to believe that criminal syndicates are once again targeting shipping in the region. In both incidents, pirates, once in possession of the vessel, repainted the name and altered the IMO<sup>2</sup> number in an unsuccessful attempt to render the vessel anonymous to authorities. Likewise, in both cases pirates initially tried to sell the vessel whilst underway, before eventually attempting to transfer the fuel oil (bunkers) to a smaller tanker. This was only successful in the case of the AROWANA UNITED. It is evidence that pirates might be attempting to upscale their operations by changing vessel identity in order to siphon off petroleum products for resale. With reports of fuel smuggling in the South China Sea recently, and calls from politicians in the area to address illicit fuel movement, it is possible that criminals might begin to see tanker hijack for cargo theft as a viable and financially rewarding criminal model (as is prevalent in West Africa).

Based on recent events, however, it would require a more organised criminal network to be successful in hijack for cargo theft, particularly to outwit the counter-piracy response in the area. National authorities (Malaysia, Indonesia and Vietnam in particular) and the reporting centres IMB and ReCAAP<sup>3</sup> have become increasingly effective counter-piracy instruments. A turbulent history of piracy has strengthened multilateral ties and galvanised an efficient regional policy toward piracy. For instance, once the hijack of the ZAFIRAH had been reported in November 2012, five separate counter-piracy bodies were able to respond in a coordinated and effective manner to the incident, including the Vietnam's People's Navy (VPN), the Vietnam Maritime Security Information Centre (MSIC) and the Vietnam Maritime Police (VMP). Likewise, recent cases of fuel smuggling in the region have been quickly foiled by the Malaysian Maritime Enforcement Agency (MMEA) which tracks illegal movements of fuel. Pirates brazen enough to attempt vessel hijack and cargo (or bunker) theft in 2013 will pit themselves against such authorities.

<sup>2</sup>International Maritime Organization (IMO) numbers are unique identifiers for ships and for registered ship owners and management companies. They were introduced to improve maritime safety and security and to reduce maritime fraud. They are found on the freeboard of vessels.

<sup>3</sup>The Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP). It is a regional government-to-government agreement to promote and enhance cooperation against piracy and armed robbery in Asia. To date, 17 States have become contracting parties to ReCAAP. The ReCAAP Information Sharing Centre (ISC) was set up to exchange information among contracting parties.

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Of particular significance in these cases is the use of tactics that, if developed and honed, could lead to the emergence of more serious criminal undertakings at sea, particularly against the tanker market in the region, and could extend to refined product cargos. On a yearly basis, more than half of the world's seagoing traffic passes through Southeast Asia, including oil and product tankers. Criminals will not be short of opportunities if they wish to develop their operations into maritime fraud and hijack for cargo theft. However, if the recent incidents are anything to go by, the criminal model is rudimentary and without the means to seriously threaten cargo interests and vessel owners. Accordingly in the near future, it is far more likely that tugs, barges and small bunker tankers will suffer small scale maritime crime whilst calling in the region, continuing the trend seen in the last five years.

DATE & TIME OF INCIDENT	VESSEL NAME	VESSEL DETAILS	INCIDENT TYPE	STATUS
30 Mar 13	BOURBON LIBERTY 38	Anchor handling vessel DWT: 1,209 IMO: 8518730	Hijack and theft	Crew valuables stolen
10 Dec 12	MERLION DUA	Bunker Tanker DWT: 1,896 IMO: 9619086	Hijack at anchor	Failed STS and pirates detained
19 Nov 12	ZAFIRAH	Chemical tanker DWT: 1,125 IMO: 9016387	Hijack underway	Failed STS and pirates detained
11 Nov 12	YUNITA	Product tanker DWT: 2,514 IMO: 9257242	Hijack at anchor	Successful STS
19 Oct 12	AROWANA UNITED	Product tanker DWT: 1,065 IMO: 8613633	Hijack at anchor	Successful STS
13 Sep 12	SCORPIO	Product tanker DWT: 3,285 IMO: 7925112	Hijack at anchor	Failed STS and pirates detained

TABLE 1



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## HOW WE CAN HELP

Our experts have been helping clients respond to piracy attacks in “hotspots” around the world for almost two decades. We provide:

- Specialist maritime incident response and crisis management services
- Independent security advice
- Expert Witness opinion in court hearings and arbitration proceedings

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