FOREIGN AFFAIRS

Published by the **COUNCIL ON FOREIGN RELATIONS**

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Terrorism Goes to Sea
By Gal Luft and Anne Korin

Summary: The number of pirate attacks worldwide has tripled in the past decade, and new evidence suggests that piracy is becoming a key tactic of terrorist groups. In light of al Qaeda's professed aim of targeting weak links in the global economy, this new nexus is a serious threat: most of the world's oil and gas is shipped through pirate-infested waters.

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A NEW NEXUS

Since the attacks of September 11, 2001, security experts have frequently invoked a 200-year-old model to guide leaders contending with the threat of Islamist terrorism: the war on piracy. In the first years of the nineteenth century, Mediterranean pirates, with the support of the Barbary states of northern Africa, would capture merchant ships and hold their crews for ransom. In response, the United States launched the Barbary wars, the first successful effort by the young republic to protect its citizens from a ruthless, unconventional enemy by fighting a protracted struggle overseas.

Such experts, however, fail to realize that the popular perception that the international community has eliminated sea piracy is far from true. Not only has piracy never been eradicated, but the number of pirate attacks on ships has also tripled in the past decade-putting piracy at its highest level in modern history. And contrary to the stereotype, today's pirates are often trained fighters aboard speedboats equipped with satellite phones and global positioning systems and armed with automatic weapons, antitank missiles, and grenades.

Most disturbingly, the scourges of piracy and terrorism are increasingly intertwined: piracy on the high seas is becoming a key tactic of terrorist groups. Unlike the pirates of old, whose sole objective was quick commercial gain, many of today's pirates are maritime terrorists with an ideological bent and a broad political agenda. This nexus of piracy and terrorism is especially dangerous for energy markets: most of the world's oil and gas is shipped through the world's most piracy-infested waters.

ROUGH WATERS

Water covers almost three-quarters of the globe and is home to roughly 50,000 large ships, which carry 80 percent of the world's traded cargo. The sea has always been an anarchic domain. Unlike land and air, it is barely policed, even today.

Since many shipping companies do not report incidents of piracy, for fear of raising their insurance premiums and prompting protracted, time-consuming investigations, the precise extent of piracy is unknown. But statistics from the International Maritime Bureau (IMB), a piracy watchdog, suggest that both the frequency and the violence of acts of piracy have increased in recent years. In 2003, ship owners reported 445 attacks, in which 92 seafarers were killed or reported missing and 359 were assaulted and taken hostage. (Ships were hijacked in 19 of these cases and boarded in 311.) From 2002 to 2003, the number of those killed and taken hostage in attacks nearly doubled. Pirates have also increased their tactical sophistication, often surrounding a target ship with several boats and firing machine guns and antitank missiles to force it to stop. As Singapore's Deputy Prime Minister Tony Tan recently warned, "piracy is entering a new phase; recent attacks have been conducted with almost military precision. The perpetrators are well-trained, have well laid out plans." The total damage caused by piracy-due to losses of ships and cargo and to rising insurance costs-now amounts to $16 billion per year.

Many pirates, especially those in eastern Asia, belong to organized crime syndicates comprising corrupt officials, port workers, hired thugs, and businessmen who dispose of the booty. Grossly underpaid maritime security personnel have also begun to enter the business; many are complicit, and some are actively involved, in attacks.

Pirates and Islamist terrorist groups have long operated in the same areas, including the Arabian Sea, the South China Sea, and in waters off the coast of western Africa. Now, in the face of massive international efforts to freeze their finances, terrorist groups have come to view piracy as a potentially rich source of funding. This appeal is particularly apparent in the Strait of Malacca, the 500-mile corridor separating Indonesia and Malaysia, where 42 percent of pirate attacks took place in 2003. According to Indonesia's state intelligence agency, detained senior members of Jemaah Islamiyah, the al Qaeda-linked Indonesian terrorist group, have admitted that the group has considered launching attacks on Malacca shipping. And uniformed members of the Free Aceh Movement, an Indonesian separatist group that is also one of the most radical Islamist movements in the world, have been hijacking vessels and taking their crews hostage at an increasing rate. The protracted ransom negotiations yield considerable sums-the going rate is approximately $100,000 per ship-later used to procure weapons for sustained operations against the Indonesian government. In some cases, the Free Aceh Movement has demanded the release of members detained by the government in exchange for hostages.

The string of maritime attacks perpetrated in recent years demonstrates that terror has indeed gone to sea. In January 2000, al Qaeda attempted to ram a boat loaded with explosives into the USS The Sullivans in Yemen. (The attack failed only because the boat sank under the weight of its lethal payload.) After this initial failure, al Qaeda suicide bombers in a speedboat packed with explosives blew a hole in the USS Cole, killing 17 sailors, in October 2000. In October 2002, an explosives-laden boat hit the French oil tanker Limburg off the coast of Yemen. In February 2004, the southern Philippines-based Abu Sayyaf claimed responsibility for an explosion on a large ferry that killed at least 100 people. And according to FBI Director Robert Mueller, "any number of attacks on ships have been thwarted." In June 2002, for example, the Moroccan government arrested a group of al Qaeda operatives suspected of plotting raids on British and U.S. tankers passing through the Strait of Gibraltar.

Terrorist groups such as Hezbollah, Jemaah Islamiyah, the Popular Front for the Liberation of Palestine-General Command, and Sri Lanka's Tamil Tigers have long sought to develop a maritime capability. Intelligence agencies estimate that al Qaeda and its affiliates now own dozens of phantom ships-hijacked vessels that have been repainted and renamed and operate under false documentation, manned by crews with fake passports and forged competency certificates. Security experts have long warned that terrorists might try to ram a ship loaded with explosive cargo, perhaps even a weapon of mass destruction, into a major port or terminal. Such an attack could bring international trade to a halt, inflicting multi-billion-dollar damage on the world economy.

BLACK GOLD

Following the attack on the Limburg, Osama bin Laden released an audio tape warning of attacks on economic targets in the West: "By God, the youths of God are preparing for you things that would fill your hearts with terror and target your economic lifeline until you stop your oppression and aggression." It is no secret that one of the most effective ways for terrorists to disrupt the global economy is to attack oil supplies-in the words of al Qaeda spokesmen, "the provision line and the feeding artery of the life of the crusader nation."

With global oil consumption at 80 million barrels per day and spare production capacity gradually eroding, the oil market has little wiggle room. As a result, supply disruptions can have a devastating impact on oil prices-as terrorists well know. U.S. Energy Secretary Spencer Abraham has repeatedly warned that "terrorists are looking for opportunities to impact the world economy" by targeting energy infrastructure. In recent years, terrorists have targeted pipelines, refineries, pumping stations, and tankers in some of the world's most important energy reservoirs, including Iraq, Nigeria, Saudi Arabia, and Yemen.

In fact, since September 11, 2001, strikes on oil targets have become almost routine. In October 2001, Tamil Tiger separatists carried out a coordinated suicide attack by five boats on an oil tanker off northern Sri Lanka. Oil facilities in Nigeria, the United States' fifth-largest oil supplier, have undergone numerous attacks. In Colombia, leftist rebels have blown so many holes in the 480-mile Ca-o Lim -- n-Cove-as pipeline that it has become known as "the flute." And in Iraq, more than 150 attacks on the country's 4,000-mile pipeline system have hindered the effort to resume oil production, denying Iraqis funds necessary for the reconstruction effort. In April 2004, suicide bombers in three boats blew themselves up in and around the Basra terminal zone, one of the most heavily guarded facilities of its kind in the world.

Particularly vulnerable to oil terrorism is Saudi Arabia, which holds a quarter of the globe's oil reserves and, as the world's leading exporter, accounts for one-tenth of daily oil production. Al Qaeda is well aware that a successful attack on one of the kingdom's major oil facilities would rattle the world and send oil prices through the ceiling. In the summer of 2002, a group of Saudis was arrested for plotting to sabotage the world's largest offshore oil-loading facility, Ras Tanura, through which up to a third of Saudi oil flows. More recently, in May 2004, jihadist gunmen opened fire on foreign workers in Yanbu, Saudi Arabia's petrochemical complex on the Red Sea, killing five foreign nationals. Later in the same

month, Islamic extremists seized and killed 22 foreign oil workers in the Saudi city of Khobar. All of these attacks caused major disruptions in the oil market and a spike in insurance premiums, bringing oil prices to their highest level since 1990.

Whereas land targets are relatively well protected, the super-extended energy umbilical cord that extends by sea to connect the West and the Asian economies with the Middle East is more vulnerable than ever. Sixty percent of the world's oil is shipped by approximately 4,000 slow and cumbersome tankers. These vessels have little protection, and when attacked, they have nowhere to hide. (Except on Russian and Israeli ships, the only weapons crewmembers have today to ward off attackers are high-powered fire hoses and spotlights.)

If a single tanker were attacked on the high seas, the impact on the energy market would be marginal. But geography forces the tankers to pass through strategic chokepoints, many of which are located in areas where terrorists with maritime capabilities are active. These channels-major points of vulnerability for the world economy-are so narrow at points that a single burning supertanker and its spreading oil slick could block the route for other vessels. Were terrorist pirates to hijack a large bulk carrier or oil tanker, sail it into one of the chokepoints, and scuttle it to block the sea-lane, the consequences for the global economy would be severe: a spike in oil prices, an increase in the cost of shipping due to the need to use alternate routes, congestion in sea-lanes and ports, more expensive maritime insurance, and probable environmental disaster. Worse yet would be several such attacks happening simultaneously in multiple locations worldwide.

The Strait of Hormuz, connecting the Persian Gulf and the Arabian Sea, is only 1.5 miles wide at its narrowest point. Roughly 15 million barrels of oil are shipped through it daily. Between 1984 and 1987, when tankers were frequently attacked in the strait, shipping in the gulf dropped by 25 percent, causing the United States to intervene militarily. Since then, the strait has been relatively safe, but the war on terrorism has brought new threats. In his 2003 State of the Union address, President George W. Bush revealed that U.S. forces had already prevented terrorist attacks on ships there. Bab el Mandeb, the entrance to the Red Sea and a conduit for 3.3 million barrels per day, also is only 1.5 miles wide at its narrowest point. The Bosporus, linking the Black Sea to the Mediterranean, is less than a mile wide in some areas; ten percent of the 50,000 ships that pass through it each year are tankers carrying Russian and Caspian oil.

According to the IMB, however, the most dangerous passage of all is the Strait of Malacca. Every day, a quarter of world trade, including half of all sea shipments of oil bound for eastern Asia and two-thirds of global shipments of liquefied natural gas, passes through this strait. Roughly 600 freighters loaded with everything from Japanese nuclear waste bound for reprocessing facilities in Europe to raw materials for China's booming economy traverse this chokepoint daily. Roughly half of all piracy attacks today occur in Southeast Asia, mostly in Indonesian waters. Singapore's defense minister, Teo Chee Hean, has said that security along the strait is "not adequate" and that "no single state has the resources to deal effectively with this threat." Any disruption of shipping in the South China Sea would harm not only the economies of China, Japan, South Korea, Taiwan, and Hong Kong, but that of the United States as well.

Ominously, there have been cases of terrorist pirates hijacking tankers in order to practice steering them through straits and crowded sea-lanes-the maritime equivalent of the September 11 hijackers' training in Florida flight schools. These apparent kamikazes-in-training have questioned crews on how to operate ships but have shown little interest in how to dock them. In March 2003, an Indonesian chemical tanker, the Dewi Madrim, was hijacked off Indonesia. The ten armed men who seized the vessel steered it for an hour through the busy Strait of Malacca and then left the ship with equipment and technical documents.

POLICING THE SEA

If September 11 holds any lesson, it is the folly of complacency in the face of an emerging threat. Since the attacks, much has been done to improve maritime security in the industrialized world, where millions of containers are handled every year. But isolated local measures will not suffice. International terrorists who want to cripple the global economy need not bother attacking countries where security is tight. They can inflict the same damage by targeting the territorial waters of countries that lack the will or the resources to police their own maritime backyard.

Despite problems of state sovereignty and overlapping jurisdiction, several steps can be taken to help protect maritime trade and energy markets, as well as to help nations begin to break the forming nexus between piracy and terrorism. These measures should be taken not only by littoral countries or countries located near strategic chokepoints, but also by those who derive economic benefits from an uninterrupted trade system.

Ultimately, only a ship can guarantee its own security. Maritime security forces cannot be present everywhere at all times (and in certain regions the security forces themselves are the problem). Vessels must contend with two types of attack: ramming by a suicide boat and hijacking. The first is very difficult to defend against. The second is easier to deter.

By international agreement, as of July 2004, ships above 500 tons must be equipped with alarm systems that silently transmit security alerts containing tracking information in case of emergency. Vessels are also required to emboss their International Maritime Organization (IMO) number on their hulls. And since 2003, ship owners have been able to install high-voltage electric fencing to discourage intruders (although ships carrying highly volatile cargo-including oil-cannot use such fencing).

At a time when the U.S. Congress has decided to enable airline pilots to carry weapons, it is worth examining a similar policy for officers on civilian ships. Arming sailors is more complicated than simply giving them weapons. Officers must be well trained, access to onboard weapons storage must be carefully controlled, and crews must be well vetted. The long-standing (and, in the short term, financially expedient) practice of crewing ships with unfamiliar developing-world crews hired at various ports of call also requires scrutiny-in many hijackings, "insiders" planted on the ships facilitate the attacks.

International law treats pirates in the same way it treats terrorists: as enemies of mankind. The UN Convention on the Law of the Sea enjoins the international community to cooperate in the repression of piracy on the high seas, allowing any state to seize pirate ships or ships under pirates' control. Once pirates are apprehended on the high seas, the seizing power has the authority to determine their penalties.

Although the convention is the accepted standard in international maritime law and was ratified by 145 nations, it has not yet been ratified by the United States. Some opponents of the convention fear that it would compromise U.S. intelligence-collection efforts in the territorial waters of sovereign nations. Others, such as General Richard Myers, chairman of the Joint Chiefs of Staff, hold that the convention remains "a top national security priority. ... It supports efforts in the War on Terrorism by providing much needed stability and operational maneuver space, codifying essential navigational and overflight freedoms." Regardless, the convention itself would far from solve the problem. Most of the attacks on merchant vessels are not committed on the high seas but within the jurisdiction of states, often while the ship is berthed or anchored. Navies of foreign countries are normally forbidden to chase pirates across national boundaries, in what is known as the "right of hot pursuit." This is of particular concern in areas such as the Strait of Malacca, where pirates often rapidly escape from one country's territorial waters to another's, leaving frustrated security forces in their wake.

A more operationally oriented instrument of cooperation is the Regional Maritime Security Initiative (RMSI) currently under discussion among Asian nations. This initiative aims to combat the transnational threats of maritime piracy and terrorism in the Strait of Malacca and the Singapore Strait by introducing joint naval exercises and other mechanisms for information sharing and cooperation on law enforcement operations. An additional objective of the RMSI is to monitor, identify, and intercept suspected vessels in national and international waters. This, however, requires strong naval forces, and the navies of countries affected by maritime terror are not up to the task. The Indonesian navy, which faces the biggest challenge in terms of maritime terrorism, is aging and has few warships and resources to patrol the vast coastline and periphery of its 17,000 islands. Only 30 percent of its 117 ships are seaworthy. The situation in Malaysia is not much better. With such insufficient maritime power, the two countries in charge of securing the passage to Asia are clearly incapable of doing it alone.

Bolstering the capabilities of these navies would be a lengthy and expensive project. Until this happens, the United States is one of the few countries capable of supplying substantial forces to patrol the sea. But by no means can the United States secure shipping in these straits on its own. Countries such as China, India, Japan, and South Korea, whose entire oil supply from the Middle East must traverse pirate-infested waters, are important beneficiaries of secure sea-lanes, yet their contributions to maritime security leave much to be desired. Moreover, few states in the region are eager for a large U.S. military presence in their waters. When Washington floated the option of U.S. naval vessels patrolling the Strait of Malacca, both Indonesia and Malaysia responded with concerns that such a presence would itself become a lightning rod for radical Islamic groups, inviting more attacks both at sea and against each government.

The recent crackdown on terrorist financing has required states to increase their vigilance of money laundering. Similarly, states must come together to levy sanctions against third parties that facilitate hijacking. Existing measures are insufficient to ensure that hijacked ships are not able to operate under what are known as "flags of convenience." Countries such as Liberia, Malta, and Panama provide what amount to flags for hire-enabling dubious companies to register ships that they do not own. Although the IMO has agreed on "Measures to Prevent the Registration of 'Phantom' Ships," these measures have no teeth and must be strengthened. If a state cannot ensure that the ships it is flagging are legitimate, then all of the ships flying its flag should be blacklisted and prevented from entering the territorial waters of other states. If international agreements cannot be put into place to enforce this measure, then consumer countries must consider implementing such blacklists independently. This is not at all a trivial task, as the majority of cargo shipped to and from the United States is transported on ships sailing under foreign flags.

ALTERNATIVE ROUTES

As with the broader war on terrorism, the war on terrorists at sea will require a long-term effort and may take decades to win. Major energy consumers and producers should thus focus not only on ways to fight terror at sea, but also on how to better cushion the blow to their economies in the case of a major disruption of oil traffic. They should, for example, expand strategic petroleum reserves so that they are sufficient to replace many weeks of lost imports.

Projects designed to bypass the dangerous chokepoints, or at least reduce some of the traffic through them, are no less important. Thailand, for example, aims to replace Singapore as Asia's energy-trading hub by building a "Strategic Energy Land Bridge"-an alternative route that cuts across the Isthmus of Kra, which separates the Andaman Sea from the Gulf of Thailand. The project includes two oil terminals, storage depots, and a 150-mile pipeline to the gulf, where tankers will be waiting to ship the oil to northern Asia. This would not only cut more than 600 miles off the shipping distance for Middle Eastern oil bound for eastern Asia, but also allow shippers to bypass the Strait of Malacca. In the same vein, to reduce pressure on the Strait of Hormuz, the oil pipeline that traverses Israel could be expanded. Russian oil from the Black Sea enters the pipeline at the Israeli port of Ashqelon on the Mediterranean coast and flows to Elat on the Red Sea, where it is loaded onto tankers and shipped to Asia. This route provides a much shorter link between the Mediterranean and Asia.

Most important, as the world's energy supply is likely to remain a terrorist target, the risk must be reduced not only by improving the security of ocean thruways, but also by looking inward: by replacing imported energy with next-generation energy derived from domestic energy resources. Such a shift would increase energy independence for the free world and minimize the need to transport oil across the globe-thus reducing the world's vulnerability to a catastrophic disruption of its energy supply by terrorists at sea.

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