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**The Privatisation of Maritime Security-  
Maritime Security in Southeast Asia:  
Between a rock and a hard place?**

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## **INTRODUCTION<sup>1</sup>**

In the past few years, an increasing number of Private Security Companies (PSCs – also sometimes referred to as Private Military Companies, PMCs<sup>2</sup>) has emerged and is offering and conducting maritime security services in Southeast Asia.<sup>3</sup> These companies offer services in addition to security provided by Southeast Asian states and their government agencies. This paper explores the role of private companies in securing vessels, ports, offshore energy installations and fishing grounds across Southeast Asia, and discusses whether or not PSCs are an alternative or viable supplement to government efforts to protect national waters, shipping lanes and other maritime assets.

Initially, the paper explains why the maritime environment is of such importance in Southeast Asia and gives an overview of possible threats to maritime security. It then reviews the current security arrangements in place in the region, looking at resources of government law enforcement agencies, the controversial nature of some of their operations, and outlines regional cooperation in place to combat crime and other maritime security threats. The paper then describes the emergence of private companies operating in the maritime sector in Southeast Asia, details the different types of services they offer and briefly discusses the factors which have led to the growth of PSCs offering maritime services in recent years. It then explores the role played by PSCs today and their impact within and beyond Southeast Asia and discusses problems and concerns about PSCs and the maritime services they offer. The paper concludes by comparing the benefits and shortcomings of the work conducted by PSCs with efforts made by governments in the region to secure the oceans, arguing that both private as well as government initiatives can be problematic and need improvement in order to offer the best possible answer to maritime security threats in Southeast Asia.

## **MARITIME SOUTHEAST ASIA AND THREATS TO SECURITY**

Southeast Asia is home to important sea-lanes and straits, including the Malacca Straits, one of the busiest waterways in the world. More than 50,000 vessels on international routes transit the Malacca Straits each year, which connects the Indian Ocean with the South China Sea. Tankers carrying oil from the Middle East to countries such as China and Japan, which rely on imported oil, are just some of the vessels passing through the straits each day. Some of the world's busiest ports are also located in Southeast Asia or rely on maritime traffic through the region's waters. Singapore harbour, for instance, has the largest container turnover rate in the world after Hong Kong, followed by the Chinese ports of Shanghai and Shenzhen. Many of

the ships bound for these ports, or other major East and Southeast Asian ports, transit Southeast Asian waters. Additionally, many other vessels, including fishing boats, passenger vessels, and pleasure craft ply the region's waters.<sup>4</sup>

Southeast Asia is also rich in gas, oil and mineral resources and both onshore and offshore energy installations are operating in many countries in the region. Companies extracting oil, gas or other natural resources depend on offshore platforms or terminals along the coast from which the extracted goods are shipped to various destinations around the world. A large number of those mining sites and oil/gas fields in Southeast Asia are located in economically underdeveloped or politically volatile areas, some with ongoing armed conflict. The exploitation of these fields is therefore only possible with efficient security arrangements in place. Theft, as well as protest or sabotage by local residents demanding compensation for pollution and damage to land and livelihood, or a share of the profits made from the exploitation of the resources for local community development, can pose a security threat for oil/gas and mining companies operating in the region. Indeed, there are a number of examples of local resistance and violence against companies, including the protests against *Unocal* in East Kalimantan, where locals demonstrated against the pollution of their seas and demanded payment of compensation money. In 2000, the conflict eventually resulted in violence. However, not only installations but also the employees of oil/gas or mining companies are at risk. An example is the kidnapping of three employees of the British company *Premier Oil* in East Java in 2000/1 by local residents, following concerns that the company's operations would endanger the environment and cause losses for fishers and farmers because the exploration site was located too close to the shore.<sup>5</sup> Additionally, as in other parts of the world, accidents and natural disasters pose a threat for the maritime and offshore energy industry. However, many security risks in Southeast Asia are a result of the activities of criminals, terrorists and separatist movements operating in the region.<sup>6</sup>

Criminal activities at sea in Southeast Asia include illegal fishing, smuggling of goods and people, fraud and piracy. With the introduction of the concept of a 200 nautical mile Exclusive Economic Zone (EEZ) in 1982 and the increasing problem of over fishing in parts of the region, illegal fishing has become a security concern and has resulted in conflict between local and foreign fishers and the loss of revenue for affected local fishermen and their home countries.<sup>7</sup> Smuggling of people, wildlife and valuable goods, such as cigarettes, weapons and alcohol, on small, medium sized and large vessels is also a security concern in Asia, particularly since the September 11, 2001 terrorist attacks, as arms or components of

weapons, including weapons of mass destruction for terrorist organizations, can be transported illegally by sea.

More important in regard to the work conducted by PSCs in the maritime sector in Southeast Asia is perhaps at present, fraud and maritime piracy. Fraud – or theft by deception – in the maritime sector includes various types of activities such as insurance fraud, document fraud and container fraud, to mention but a few. In cases involving fraud, one party falls victim to a deception, often trusting forged documents, and thus hands over money or goods willingly to the fraudster.<sup>8</sup> Ensuing financial losses can be substantial as entire vessels or cargos can go ‘missing’, or a seemingly valuable cargo can consist of poor quality goods. Given the importance and scale of maritime trade in Southeast Asia, fraud is a major concern for local merchants as well as traders from outside the region, ship and cargo owners and insurance companies.

Southeast Asia has since the late 1980s also become one of the global ‘hot spots’ of pirate attacks on commercial vessels and fishing boats. Modern day pirates are increasingly prepared to use violence to further their aims, with the number of pirates armed with automatic weapons on the rise and injuries to the crew, assaults, and killings occurring regularly in pirate attacks in the region. A further worry is the latest increase in hostage taking of crewmembers and vessels for ransom.<sup>9</sup> While the vast majority of pirate attacks in Southeast Asia today are simple ‘hit and run robberies’, committed by what can best be described as ‘common sea-robbers’, some attacks are conducted by organised pirate gangs – or syndicates – who predominantly attack medium-sized vessels, including cargo ships, bulk carriers and tankers. In these cases a vessel and its crew is held hostage for a limited time, or the entire vessel is hijacked by pirates and is then turned into a ‘phantom ship’.<sup>10</sup>

Separatist groups and terrorists also pose a threat to vessels, ports and offshore energy installations in Southeast Asia. Volatile political environments in which separatists and terrorists operate can pose a threat to maritime security in two different ways. First, the disruption of the local economy by armed conflict (such as in southern Thailand at present) can increase the crime rate and may result in a rising number of pirate attacks on vessels at sea or in ports and can also cause problems, in the form of local unrest, for companies in the energy or mining sector operating in the area. Second, separatists or terrorists can target maritime facilities directly. In the Indonesian province of Aceh on the northern tip of Sumatra, for example, where offshore energy installations are located, the Free Aceh Movement (Gerakan Aceh Merdeka, GAM) has been involved in a struggle for independence for several decades and has reportedly conducted maritime attacks and has launched

offensives against foreign companies operating in the area, including *Exxon Mobil* and their supply vessels. Indeed, in 2001 the attacks against *Exxon Mobil* employees in Aceh were so severe that the company was forced to close its operations for four months.<sup>11</sup> In the southern Philippines, the Moro Islamic Liberation Front (MILF) and the Abu Sayyaf (AS) are active and have been involved in maritime attacks, including the bombing of the *SuperFerry 14* in February 2004 by AS members in which more than 100 people lost their lives.<sup>12</sup> Other radical groups such as the Indonesian terrorist group Jemaah Islamiya (JI) and international terrorist organizations such as al-Qaeda may also have the potential to conduct attacks on maritime targets throughout Southeast Asia.<sup>13</sup> Furthermore, to operate successfully, terrorist and separatist groups require modern weapons, and the activities of such organizations in Southeast Asia have therefore intensified the illegal trade in arms and small weapons for the past several decades. In some parts of the region, such as the southern Philippines, weapons are today readily available to terrorists, separatists, crime syndicates and pirates alike.

## **SECURING MARITIME SOUTHEAST ASIA – GOVERNMENT RESPONSES**

Southeast Asian countries have, unlike other countries in which PSCs operate, comparatively stable governments and have in recent decades gone through a process of rapid economic development. Due to their economic success in the first half of the 1990s, Southeast Asian countries were able to expand and modernise their defence forces, including their naval capabilities. The ‘upgrading’ of naval forces was triggered by concerns such as overlapping claims of ownership of islands and ocean areas, the importance of maritime trade and a growing desire to become more self reliant in terms of maritime security.<sup>14</sup> To address these challenges, local governments have acquired more sophisticated vessels, aircrafts and weapons, capable of operating over longer distances and wider ranges than earlier models.<sup>15</sup> While military spending varied between countries in Southeast Asia, with the Philippines spending considerably less on their naval forces than Thailand, Malaysia, Indonesia and Singapore, the scale of purchases of new, and the modernisation of old, naval equipment in the region triggered fears of a naval arms race in Southeast Asia by the mid 1990s.<sup>16</sup> However, as Bateman pointed out in 1996, Thailand, Malaysia and Indonesia remained only medium maritime powers despite the modernisation programs.<sup>17</sup> Even in comparison to the naval forces of neighbouring countries, such as Japan and China, the naval capabilities of Southeast Asian forces remained moderate.<sup>18</sup>

In 1997, the expansion and modernisation of the military forces in Southeast Asia slowed down due to the Asian financial crisis, which affected the economies of all countries

in the region, but particularly those of Thailand, Indonesia, and to a lesser degree Malaysia. As a result of the crisis, regional states had less capital available to finance military modernisation programs, with equipment procurement plans being delayed, postponed or, in some rare cases entirely suspended. In the immediate aftermath of the crisis, Indonesia, which suffered most from the crisis, cut back its military budget by 40 percent. Thailand also cut back heavily on its military spending, while Malaysia and the Philippines had to make fewer concessions, but were also forced to slow down or abandon some existing modernisation plans. Singapore, which was least affected by the crisis was, on the contrary, able to increase its military budget by 5 percent in 1998.<sup>19</sup> However, most local economies, as well as military spending recovered within years. Indeed, concerns about the political stability of Indonesia, unresolved boundary disputes accelerated by increasing demand for natural resources, and concern about the presence of foreign powers in the region, let local governments to increase military spending according to resources available.<sup>20</sup>

Furthermore, while naval forces play an important role in safeguarding national waters and responding to criminal activities, they share these tasks with other government agencies such as the coast guard and the marine police. As Simon states:

As regional economies began to recover in 1999, several Southeast Asian militaries adopted a new strategy to enhance modernization. Although coping with internal security challenges remains an important concern, this responsibility is being transferred from the army to the national police. Singapore, Thailand and Malaysia are making this transition. Even Indonesia, whose military remains embroiled in domestic upheavals, plan to transfer internal security responsibilities to the police as the internal situation warrants.<sup>21</sup>

Indeed, since the end of the Cold War, a number of countries in Southeast Asia have established coast guards and/or other maritime agencies to allow their navies to focus more on defence and war-fighting abilities. While the Philippines have a long established coast guard, Singapore and Malaysia have set-up coast guards and other maritime agencies in more recent years. In Indonesia, about 10 agencies are involved in providing maritime security, with the navy still largely responsible for law enforcement at sea.<sup>22</sup>

### *Capabilities and Problems*

Given the different resources available to military and law enforcement agencies in the various Southeast Asian countries, their capabilities to protect their respective national waters vary. Singapore, for example, has invested heavily in its naval forces, including the coast guard, and the limited size of the country's national waters makes them easier to secure than the waters of neighbouring countries. Consequently, Singapore waters enjoy the reputation of

being safe and only very few criminal incidents are reported from Singapore waters and the city-state's port.

Malaysia was also able to substantially increase its naval capabilities in recent years. Seven agencies are involved in protecting Malaysian waters, namely the Royal Malaysian Police (Marine), the Royal Customs and Excise Department, the Marine Department, the Fishery Department, the Royal Malaysian Navy (RMN), the Department of Environment, and the Immigration Department. Generally speaking, the RMN and the Royal Malaysian Air Force are responsible for the protection of Malaysia's EEZs, while the other agencies are responsible for different operations and tasks in the country's territorial waters.<sup>23</sup> As this large number of agencies responsible for maritime security led to coordination problems, the Malaysian Maritime Enforcement Agency (MMEA) was established in 2005 to coordinate activities and to actively protect Malaysian waters.<sup>24</sup> In addition to the establishment of these new agencies, Malaysia also set-up new naval bases while similarly enhancing the capabilities of the marine police in areas of heightened security concern, such as the waters between Sabah and the southern Philippines.<sup>25</sup> Despite the modernisation of maritime agencies, it remains difficult to secure Malaysian waters and corruption is a problem among some Malaysian officers. Local fisherman along the Malacca Straits and Sabah, for example, claim that Malaysian Marine Police officers regularly harass local fishers and demand money or fish from them.<sup>26</sup> Even senior Malaysian police officers working along the Malacca Straits acknowledge that some officers may be corrupt or involved in illegal activities, stating that a number of pirate victims do not report attacks, as they are "afraid of acts of revenge as they believe, or know, that law enforcement agencies are themselves involved in illegal activities."<sup>27</sup> However, compared to the situation in Thailand, the Philippines and Indonesia, corruption is a less serious concern in Malaysia.

Indeed, the naval authorities of Thailand, the Philippines and Indonesia are faced with more substantial problems. Being affected heavily by the 1997 Asian financial crisis, the Thai navy is still struggling to address security requirements in its national waters. Furthermore, members of the military and police in Thailand are also actively involved in illegal activities such as the trade in illegal drugs and in the sale of arms to criminals and minority groups in Myanmar.<sup>28</sup> The Philippine naval authorities encounter similar problems. Despite some modernisation, the Philippine navy is considered the weakest in Southeast Asia.<sup>29</sup> The Philippine Navy, Coast Guard and other law enforcement agencies have consequently only limited resources available to secure the vast archipelagic waters of the country. The Philippine National Security Advisor Noberto Gonzales, for example, stated in 2006:

We cannot watch and check every boat that travels between Indonesia and Mindanao. Over 26,000 trips are made by these boats and it is impossible to monitor each of them given the government's meagre resources (...). How do you expect government to tightly watch its territorial waters when we lack the necessary equipment and vessels to patrol our borders with Indonesia.<sup>30</sup>

This lack of patrol craft and other resources affects all waters under Philippine jurisdiction. Furthermore, the Philippine Navy and other law enforcement agencies are known for corruption, including the sale of firearms to civilians or members of separatist movements and the acceptance of bribes.<sup>31</sup> Corruption combined with a lack of resources leave criminals as well as politically motivated groups such as the Moro Islamic Liberation Front and the Abu Sayyaf ample opportunities to operate in Philippine waters and travel with ease between the Philippines and neighbouring countries.

Of particular importance are the naval authorities of Indonesia. The country's national waters are the largest in Southeast Asia, consisting of three million square km of archipelagic and territorial waters and a further three million square km of EEZ and continental shelf. Given its geographical features, the country is home to numerous ports as well as important sea-lanes, including parts of the Malacca Straits. Indonesian waters are also rich in gas and oil and exploitation of these resources is taking place in different parts of the country. Given the size and importance of Indonesian waters and the many controversies surrounding the working practices of the Indonesian military (TNI) and police, they will receive particular attention here.

Ten different agencies are responsible for law enforcement and security at sea in Indonesia. The different roles of these agencies has, however, not been sufficiently clarified and the coordination of their activities has been difficult, despite the establishment of Bakorkamla, the coordination agency for security at sea, under the command of the Commander of the Armed Forces. In the past, the police and military operated under one umbrella, but in 1999 they were separated and their tasks more clearly divided, with the police accepting greater responsibility for internal security. In theory, the TNI is now primarily responsible for national security, while the police (in conjunction with other agencies) is responsible for law enforcement within Indonesia. In practice, however, these divisions are less clear-cut and the navy is still largely responsible for law enforcement at sea.<sup>32</sup> Yet, the navy has only limited resources available to secure Indonesian waters and ports, with the Indonesian fleet consisting of around 115 boats of different sizes of which only about 25 are operational at any given time.<sup>33</sup> The Indonesian marine police faces similar problems, with an insufficient number of operational vessels available. The comparatively low military budget



(and funding for the police), particular after the Asian crisis, is largely responsible for the lack of resources available. In fact, government officials have claimed in the past that only 25-30 percent of the military's expenditure is covered by the military budget, while in 2005 an estimated 50 percent of military costs were covered by the budget.<sup>34</sup> To compensate for the lack of government funding, the Indonesian military and police are involved in commercial ventures, own their own businesses and are partners in, and provide services for, private enterprises.<sup>35</sup> Other funding is derived from illegal activities, as a 2006 Human Rights Watch report states:

The Indonesian military draws on off-budget (extra-budgetary and unaccountable) funds derived from military-owned enterprises, informal alliances with private entrepreneurs to whom the military often provides services, mafia-like criminal activity, and corruption.<sup>36</sup>

Indeed, members of the Indonesian military/navy are believed to have been involved in criminal activities at sea such as pirate attacks. Military, navy and police officers are also known to accept bribes or 'taxes' from criminals, crime victims or businesses operating within Indonesia and its waters. Fishers on the Malaysian side of the Malacca Straits have, for example, claimed to have paid 'protection' money to Indonesian authorities. Allegations of involvement of Indonesian officials in criminal activities and corruption are also voiced by owners and operators of merchant vessels, often on account of reports from crewmembers or personal experiences.<sup>37</sup> One Singaporean ship manager, for example, believes that the Indonesian Navy is directly involved in piracy and said that his company's vessels are occasionally harassed by the Indonesian Navy and money is paid to the officers. Furthermore, his company pays the Indonesian Navy to protect its vessels while at berth in Aceh and one of his company's vessels was arrested by the Indonesian Navy on Batam for allegedly dumping waste into the ocean. The navy officials responsible for the arrest contacted the ship manager, who was told that the official procedures could take weeks or even months but offered the manager the alternative option of paying 'compensation money'. The manager decided to pay the compensation money of Singapore \$200,000 in cash and his vessel was allowed to leave the following day.<sup>38</sup>

This type of corruption is common in Indonesia and is often explained by the comparatively low salaries army, navy and police personnel receive.<sup>39</sup> Accepting bribes and requesting 'fees' are 'accepted' or at least tolerated methods of increasing incomes of officers. Involvement in business activities and providing services for private businesses are other practiced methods. The provision of security and protection services is of particular importance in this regard and the military and police are known to provide such services by either hiring out troops as

private guards or setting up their own private security companies. According to a Human Rights Watch Report:

...the TNI provides security to large multinational companies. In Indonesia, companies that operate facilities that the government has declared to be 'vital national assets' are required to have protection. In practice, it has usually been the TNI that fills this role, despite a 2004 presidential decree that officially shifted the responsibility to guard such facilities to the police. For example, Indonesian authorities certified in January 2006 that the TNI would guard the facilities of three companies because neither the company nor the police could ensure adequate security.<sup>40</sup>

Companies operating in the extractive sector, including companies operating (at least in part) in the maritime sphere, are often those paying local law enforcement agencies to guarantee the safety of their assets and employees. According to the Human Rights Watch Report:

Companies can come under strong pressure to underwrite the expenses of military forces assigned to protect their facilities, so they do not always feel they have a choice. A former international executive commented to Human Rights Watch in frustration: 'The way Indonesia sets up funding of the police and military is one grand national extortion racket.'<sup>41</sup>

Furthermore, such payments to state security forces have resulted in a number of controversies and problems, including accusations of corruption and human rights abuses by the paid agencies. An example is the disputed employment of the Indonesian military to protect *Freeport's*<sup>42</sup> mining operations in Indonesia's eastern region of Papua, formerly known as Irian Jaya, from the 1970s onwards. The military was at the same time fighting against a rebellion for Papuan independence and allegations of corruption and excessive violence against the local population by the Indonesian military in Papua surfaced.<sup>43</sup> Another example are the allegations against *Exxon Mobil*, of having "paid and directed government forces who committed atrocities while protecting the oil company's facilities" in Aceh.<sup>44</sup> The case received international attention when the International Labour Rights Fund filed charges under the US Alien Tort Claims Act against *Exxon Mobil* on behalf of 11 Acehnese who accused the Indonesian military guarding the oil company's installations of murder, rape and the kidnapping of local residents.<sup>45</sup>

### *Cooperation*

Given the geographic feature of Southeast Asia, many security concerns are today of a transnational nature, with criminals, separatists and terrorists travelling between and operating in more than one country. The level of cooperation between governments and law

enforcement agencies in Southeast Asia to secure shipping and maritime installations therefore also plays a role.

During the Cold War, the divide between communist and non-communist countries in Southeast Asia hampered cooperation. After the Cold War, co-operation slowly increased between nations in the region, with former communist states such as Laos and Vietnam becoming increasingly integrated in Southeast Asian security initiatives.<sup>46</sup> Also, with the removal of the ‘communist threat’, more attention was paid to transnational non-traditional security issues, and cooperation in the region consequently increasingly focused on these ‘new’ security threats. Given its importance, the security of the Malacca Straits has been of international concern and the straits have been at the core of maritime security cooperation between countries from within and outside Southeast Asia. In Southeast Asia, a range of multilateral and bilateral agreements and other cooperative efforts to enhance maritime security have been implemented and discussed since 1992.<sup>47</sup> ASEAN played a leading role in these efforts, with ASEAN leaders pledging in October 2003 to increase cooperation in order to create a ‘security community’ to combat piracy, terrorism and other transnational crimes in the region. ASEAN efforts to increase security have, however, been limited by ASEAN’s policy of non-interference in domestic affairs.<sup>48</sup> Other multilateral agreements have also been implemented amidst difficulties. One example is the Regional Cooperation Agreement on Combating Piracy and Armed Robbery against Ships in Asia (ReCAAP), an initiative initially introduced by Japan, which promotes the sharing of information related to piracy and the establishment of an Information Sharing Centre. The agreement aims at enhancing cooperation between 16 countries, including the ASEAN members, China, South Korea, Japan, Bangladesh, India, and Sri Lanka. Even though 13 countries have so far signed and ratified the agreement (or are in the process of ratifying it) Malaysia and Indonesia, two important countries in regard to maritime security in Southeast Asia, are not yet among them. Furthermore, the agreement does not “oblige members to any specific action other than sharing information that they deem pertinent to imminent pirate attacks”.<sup>49</sup>

Emphasis has also been placed on bilateral cooperation and agreements between Southeast Asian nations. Bilateral efforts to combat maritime crime include a series of bilateral agreements between Singapore, Indonesia, and Malaysia to conduct joint exercises at sea and to coordinate naval patrols in the Malacca Straits. However, initiatives such as the coordinated patrols have been criticised as consisting of little more than an exchange of schedules.<sup>50</sup> In 2004, a trilateral agreement between Singapore, Malaysia and Indonesia was reached to conduct coordinated patrols (named MALSINDO) in the Malacca Straits. India and Thailand

have both expressed interest in joining the patrols, an offer which has so far not been taken up. However, two years later combined coordinated air patrols over the Malacca Straits, named Eye in the Sky (EiS), were introduced. The three littoral states together with Thailand agreed that initially each state should conduct up to two air patrols a week.<sup>51</sup> In April 2006, the MALSINDO and EiS initiatives were brought together under the umbrella of the Malacca Straits Patrol Network.<sup>52</sup> Yet, despite initial success, these coordinated air and sea patrols have so far failed to significantly reduce criminal activity in the straits. Indeed, particularly the EiS program has been widely criticised for the low number of actual flights taking place and the limited resources available to respond to incidents spotted from the surveillance planes.<sup>53</sup> The level and the nature of cooperation between the countries concerned is one important factor determining the outcome of the sea and air patrols. Concerns over national sovereignty, and the question of allowing law enforcement agencies from neighbouring countries access to national waters, has so far prevented closer cooperation in the region. While the surveillance planes are allowed to fly for up to three nautical miles into the territorial waters of the participating states, the naval patrols remain coordinated, rather than joined patrols, meaning that 'hot-pursuit' into, or patrolling of waters of neighbouring countries, is not permitted.<sup>54</sup>

Countries from outside Southeast Asia, such as Japan, China, India, Australia and the USA have also expressed interested in playing a role in securing the Malacca Straits and other Southeast Asian shipping lanes and have offered assistance to complement indigenous security efforts. Yet, their active involvement in securing the regions waters has mostly been met with scepticism. For example, despite ambitions from these countries to actively contribute to the security of the Malacca Straits, Indonesia and Malaysia have so-far rejected the idea of foreign military forces patrolling or being stationed in their country's waters.<sup>55</sup> Sensitivities about sovereignty are often cited as the main reason behind this refusal.<sup>56</sup> Other factors include fear that military cooperation may expose domestic inadequacies, increased importance of offshore economic resources, and overlapping claims of ownership of islands or sea areas which are located in strategic places or are believed to be resource rich.<sup>57</sup> Additionally, rivalry between external countries such as the US and China or China and India have had an impact on the level of cooperation.

All these factors have so far prevented Southeast Asian countries from cooperating more closely together and with nations from outside the region. This limited cooperation between countries has a direct impacting on maritime security in the region, as criminals or terrorists, for example, can operate across borders with greater ease.

In summary, the limited resources of some local law enforcement agencies in Southeast Asia combined with corruption, and other problems within some law enforcement agencies in the region, as well as limited cooperation between states, opened the door for a rising number of private companies offering maritime security services in maritime Southeast Asia.

## **PRIVATE SECURITY COMPANIES IN MARITIME SOUTHEAST ASIA**

Private companies offering maritime services are not new to the region. A number of companies that are active today have been working in the maritime security business in the region for decades. An example is *Glenn Defense Marine (Asia)*, which was established in 1946 and has offices in Singapore, Hong Kong, Indonesia and other countries in Asia. However, the majority of companies presently operating in the maritime sector in Southeast Asia emerged after the end of the Cold War, with their number increasing sharply after the September 11, 2001 terrorist attacks. While these companies are part of the worldwide process of privatisation of military and security services, they also emerged in answer to changes in the (maritime) security environment in Southeast Asia, which created a crucial niche for PSCs to offer an increasing range of maritime security services. Indeed, while

terrorism, separatism, as well as fraud, piracy and other criminal activities have existed in Southeast Asia for decades, perception of maritime security changed with the end of the Cold War as more importance was placed on non-traditional security issues. However, it was the September 11 terrorist attacks in the US and triggered the implementation of new security measures affecting waters and ports in Southeast Asia. With a heightened fear of a major maritime terrorist attack, governments began to look at the world's oceans with grave concern, resulting in the implementation of the International Ship and Port Facility Security Code (ISPS) and other new safety and security regulations in the maritime sector. This also heightened security consciousness in the shipping and offshore energy industry, with many becoming aware that security improvements were necessary to adequately protect their assets, investments and employees. Nevertheless, there has been widespread concern about whether or not the implementation of the ISPS code and other new regulations will substantially increase maritime security, with many observers arguing that while everything looks good on paper, in reality nothing will change.<sup>58</sup> Even if the new regulations were to prove successful, the maritime environment would still remain one of the least regulated sectors – a legacy of the old maritime tradition of the freedom of the seas. This continuing lack of effective control leaves ample opportunity for illegal activities and the emergence of grey-zones, thus providing criminals and terrorists with space to conduct their operations.

With the heightened concern about maritime security, the demand for services addressing the various security threats increased. Yet, government authorities and agencies are often unable to provide security, training, and technical security equipment on the scale that is sought by the maritime industry since September 11, or is required today as part of new security regulations, such as the ISPS code. As a result, a growing number of PSCs emerged offering a wide range of maritime security services. Many PSCs offering maritime security in the Southeast Asian region are part of, or linked to, either larger PSCs or transnational corporations outside the security industry. While many of the larger companies that operate in Southeast Asia are based in the US and Great Britain,<sup>59</sup> a number of them have in recent years established branch offices in the Asian region. One example is *Hart*, which has opened an office in Singapore. Moreover, a number of smaller companies have been established in the region, such as *Background Asia*, with headquarters also in Singapore. Many companies active in maritime Southeast Asia only consist of a limited number of permanent staff, an office and, usually, an impressive presence on the Internet. These companies hire additional personnel and acquire necessary equipment on a case-by-case basis, once a contract with a client is signed, which allows the companies to run their business with limited expenses and

capital. While this type of company set-up can be beneficial for a client – as resources are bought and staff hired specifically for the client’s needs – it also allows companies to rapidly dissolve and recreate themselves if need be.<sup>60</sup> Also, it allows the establishment of PSCs by a wide variety of people.

Information provided by companies about their background, the company itself and the services they have conducted in the past, as well as information about the people they hire if required, is usually sparse. The majority of PSCs operating in the maritime sector seem to be founded and staffed by ex-military or ex-law enforcement personnel, with the credentials and reputation of the company often linked to the past military experiences of its founding members and employees. Therefore, most companies advertise to employ former members of elite Special Forces from around the globe, with ‘vast experience’. Whether or not this experience is in the maritime sector or related to the services and tasks they are now employed for by the company – including for example knowledge about the vulnerabilities of a ship or oil rig – is often unclear.

While some companies specialize in the protection of specific assets, such as the London based company *Yacht-Secure Ltd*, most companies offer services for different types of facilities focusing largely on the protection of ports, underwater assets, offshore energy installations and their supply chains, fishing grounds and a large variety of vessels, including (slow moving) commercial vessels, large fishing boats, cruise ships, tugs and navy vessels visiting foreign ports. In order to guarantee the safety of these, often foreign, assets a large variety of specific services are offered by PSCs, ranging from risk assessment to crisis management.<sup>61</sup> While not all companies offer all services, almost every company offers assistance with security plans and risk analysis consulting services, either consisting of general political risk reports published and updated regularly, or client-specific risk assessments. Most companies, however, also offer more active services which can be divided into two categories. The first category is comprised of services aimed at the prevention of attacks. These include the tracking of commercial vessels, protection of fishing grounds, guarding of offshore energy installations or ports, the employment of plain-clothed PSC personnel or (un)armed guards on ships or on noticeable escort vessels, as well as the training of seafarers and law enforcement and military personnel. The second category of services focuses on crisis and post-attack/incident response. Services include the investigation and recovery of hijacked or missing vessels and stolen cargoes, negotiation in cases of kidnapped crew or employees, hostage rescue after negotiations have failed and first aid and evacuation assistance in emergencies or accidents. Overall, the services offered address threats posed by

smugglers, fraudsters, pirates, and terrorists and prepare companies for accidents or natural hazards.

### *PSCs: Role, Impact and Controversies*

The role played by PSCs in maritime Southeast Asia and their impact is twofold. First, a number of companies have provided services that are in the broader sense in the realm of militaries and local law enforcement agencies. Work completed includes, for instance, anti-piracy services in the Malacca Straits, with *Background Asia* having escorted tankers<sup>62</sup> and the Australian based PSC *Counter Terrorism International* (CTI) providing protection for a vessel, which departed from an oil rig and travelled through the Malacca Straits.<sup>63</sup> In regard to protection of energy installations, *Group 4* was reportedly hired to manage security issues for the US based oil company *Caltex Pacific Indonesia* for their operations in Riau Province, Sumatra.<sup>64</sup> Second, statements, reports and risk assessments produced by PSCs have an increasing impact on decision-making processes of governments and businesses, as well as the formation of opinion in the public sector. A rising number of PSC personnel, for example, participate in conferences concerned with maritime security issues. Furthermore, outcomes of PSC reports now regularly find their way into the mainstream media and shape public perception of maritime security issues.

There are some practical, ethical, technical and legal problems associated with a number of maritime security services conducted by PSCs, in relation to both, the active services performed by PSCs and their impact on perception of security threats. For example, as mentioned earlier, on occasion, oil/gas or mining companies have relied on local state law enforcement agencies to protect their assets and employees. If these companies hired foreign PSCs, problems with local forces could emerge. Therefore good local contacts are crucial for PSCs operating in Southeast Asia and the companies (not only for this reason) need to comply with the laws and regulations set by the states in which they operate. This can be a complex task, especially when commercial vessels are protected by PSCs, as a vessel not only moves between various states and jurisdictions, using the right of innocent passage, but also usually sails under the flag of yet another state. Furthermore, some governments are concerned about a range of services offered by PSCs, which are designed to be conducted in regional waters, including territorial waters and EEZs. For example, a number of companies offer armed escort vessels for shipping in high-risk areas and piracy hotspots, such as the Malacca Straits. The publication of a handful of newspaper articles in the *Straits Times*,<sup>65</sup> describing these services sparked an outcry from Malaysian and Indonesian authorities. Both countries rejected the



employment of private armed escorts in their national waters, with the Malaysian Director of Internal Security and Public Order, Datuk Othman Talib, warning that any such vessel found in Malaysian waters would be detained and the crew arrested as either terrorists or mercenaries. They would then subsequently be charged under the Internal Security Act. He also pointed out that any PSC wishing to operate in Malaysian waters has to apply for permission from the Ministry of Internal Security.<sup>66</sup> In a 2006 conference paper, Capt. Noor Apandi Osnin from the Maritime Institute of Malaysia stated that so far no licenses have been issued to PSCs to operate in Malaysian waters. He further commented that armed PSC escort vessels “can be viewed as impinging on the States sovereignty” and their activities, licensed or unlicensed, may set a historical precedent for other “foreign forces (...) to enter and control the Strait.”<sup>67</sup>

When asked about their operations in the Malacca Straits, PSC employees from various companies have stated in interviews with the author that in most cases the Indonesian and/or Malaysian authorities are informed about planned operations, either through a liaison officer or a personal contact. In the process money changes hands and the company receives ‘permission’ to conduct its work, even though not always in writing. Whether these ‘permissions’ to operate in Indonesian or Malaysian waters are the same as official permits, such as mentioned by Datuk Othman Talib, is questionable. The core problem in the debate as to whether or not PSCs are allowed to operate within Southeast Asian countries or their respective territorial waters or EEZs, is the fact that PSCs conduct work that sometimes requires their employees to carry firearms. Rules and regulations regarding the bearing and use of weapons by private companies vary from country to country. It is, for example, very difficult, if not impossible, for a PSC to receive permission for their employees to carry firearms in Singapore, despite the fact that some companies have their headquarters or offices based in the city-state.<sup>68</sup> Hence, employees of *Background Asia*, for example, are required to disassemble their weapons and lock the ammunition magazines and firing pins in separate locations when in Singapore waters.<sup>69</sup> However, apart from applying for permits to employ armed personnel in other countries of the region, there are other ways for PSCs to conduct armed services. *CTI*, for example, occasionally employs staff from local security companies. The locals hired not only have the required permission to operate in the country, but may also have additional local knowledge.<sup>70</sup>

The use of armed guards, however, cannot only pose a problem in the legal sense and the choice of which security company to employ is crucial for potential clients. A ship owner or an oil/gas company, for example, has to trust a PSC to choose the right kind of people to be

employed as armed guards on one of their oil rigs or vessels in order to avoid accidents and excessive use of violence. Representatives of the Federation of ASEAN Shipowners' Association, the International Maritime Organisation (IMO) and various other maritime organizations have pointed out that armed escorts may, in fact, escalate an already volatile situation and that a shoot-out on an oil or chemical tanker could prove disastrous.<sup>71</sup> Also, when protecting smaller vessels, including yachts, it is important to hire guards who will use their weapons carefully. The use of guns may not always be necessary, particularly in incidences in which local fishermen simply approach the protected vessel out of curiosity without any malicious intent. However, extreme actions on the side of PSCs are possible and remain unaccounted for, as they will most likely occur at sea and out of sight of authorities or witnesses. Indeed, the question of the level of violence used by PSCs remains ambiguous, if not controversial. However, it is understood that if PSC employees carry guns, they are also prepared to use them, or as Alex Duperouzel from *Background Asia* explained in a newspaper interview: „Just like a cop who has to defend his own life, our men will not shoot to kill. It is a series of escalating events. If we can take out an engine, we'll do so. We will also go for the knees. But if we are forced to engage, we will engage to win.”<sup>72</sup>

The role played by PSCs in shaping the perception of maritime security issues in Southeast Asia is also in some cases problematic.<sup>73</sup> For example, media articles based on PSC reports can be of concern as the actual reports are mostly confidential or extremely costly. It is therefore often difficult, if not outright impossible, for outsiders to receive more detailed information about findings and assessments or to determine on which sources the reports are based and what research methods have been employed by the PSC which compiled the report.<sup>74</sup> Generally speaking, customers of PSCs, academics, the public and other observers have to be aware that by relying on summary reports from PSCs, one relies on selective information provided in many cases by the very companies that sell solutions to security threats. It is therefore important to bear in mind that PSCs are primarily commercial enterprises, aiming at producing financial profit for the company and its shareholders.

Risk assessments conducted by PSCs also impact decision making-processes of key operators in the maritime industry such as insurance company underwriters. The findings and advice given by PSCs can, however, be controversial and their methods and overall aims criticised. The most prominent example is the decision by the Joint War Committee (JWC) – a body constituted of members of the Lloyds Market Association and the International Underwriting Association, which represents the interests of the London marine insurance community – to include the Malacca Straits in its ‘Hull War, Strikes, Terrorism and Related

Perils Listed Areas' in 2005. In the past, such decisions have been based more on previous insurance losses.<sup>75</sup> The JWC decision to include the Malacca Straits as a high-risk area, was, on the contrary, based on an assessment by *Aegis Defence Services Ltd.* a London-based PSC managed by its shareholders, among them, as Chairman and CEO, Lt-Col Tim Spicer.<sup>76</sup> This new classification of the Malacca Straits impacts on the insurance premiums ship owners are required to pay when their vessels transit the straits, and, hence, has significant consequences for the maritime industry. Representatives of the shipping sector as well as regional governments consequently challenged the decision. The foreign ministers of Singapore, Malaysia and Indonesia, for example, asked the JWC to review its assessment and pointed out that the decision was made without consulting or taking into account the maritime security efforts of the three littoral states.<sup>77</sup> Industry organizations, such as the International Chamber of Shipping, the Hong Kong Shipowners Association and the Singapore Shipping Association (SSA) raised concerns, arguing that there were flaws in the JWC's decision and that the Aegis report did not sufficiently distinguish between different types of security threats, namely between piracy and terrorism. At a meeting between Aegis, the JWC and representatives of shipping organizations, the latter therefore "questioned the methodology employed by Aegis".<sup>78</sup> The SSA also criticized in a separate statement that the "decision appeared to have been taken on the findings of a single report from one commercial security organization" and added that they were prepared to provide the JWC with additional information regarding the state of security in the Malacca Straits.<sup>79</sup> Furthermore, Mr. Mukundan, the director of the International Maritime Bureau, stated that: "[w]e do not feel that (the JWC decision) is justified. At this time, when the level of attacks are coming down, we don't see (...) justifications to increase their rates. It may be appropriate when attacks were high but it is not anymore."<sup>80</sup> However, Lloyd's reportedly removed the Malacca Straits from the list of sea lanes with a war risk rating about one year after it imposed the rating, stating that security in the strait had improved.<sup>81</sup>

In summary, PSCs play an increasingly important role in securing maritime Southeast Asia. However, the set-up, operations, and the nature of the services they offer can be controversial, particularly when performed by less reputable companies.

## **PRIVATE VERSUS GOVERNMENT PROVIDED SECURITY – BETWEEN A ROCK AND...? (A CONCLUSION)**

Maritime security threats such as piracy, terrorism and the vulnerability of maritime installations including oil/gas platforms increase the demand for security initiatives in

Southeast Asia. As discussed above, security in the region is provided primarily by government forces, but increasingly private companies have offered their services. However, there are shortcomings, controversies and problems associated with security provided by both government forces and PSCs. With the exception of Singapore, law enforcement agencies in Southeast Asia often do not have sufficient personnel and modern equipment available to secure their waters, a task made difficult by the geographic features of the region. Additionally, corruption and the involvement of law enforcement and military personnel in illegal activities is a problem impacting on regional maritime security. Cooperation between government agencies in Southeast Asia and with countries from outside the region remains also limited, primarily because of concerns over sovereignty, rivalry among countries and a lack of resources. All these problems are not easily overcome. Countries such as Indonesia or the Philippines would need to invest heavily in their law enforcement agencies to provide sufficient resources and personnel to increase maritime security. As these countries are faced with more pressing internal problems, such as separatist and terrorist groups operating in these countries which primarily pose a security threat on land, as well as social issues such as poverty, such investment is not likely to be made in the near future.<sup>82</sup> Given the limited government resources, corruption and the involvement of government officials in illegal activities will also most likely prevail. Furthermore, longstanding rivalry and distrust between countries and concerns over sovereignty issues will not easily vanish.

Given these shortcomings the success of PMCs is understandable. The difficulties of ship or cargo owners, banks or insurance companies to deal effectively with local authorities in Southeast Asia (without paying bribes), and a lack of faith that the authorities will successfully handle the case and act in the victim's interest, are incentives to hire a PSC. Indeed, the employment of a private company promises the use of highly experienced and motivated individuals, working solely in the client's interest. Furthermore, over the past decades some companies operating mostly in the gas/oil or mining sector in Southeast Asia have paid local law enforcement agencies to guarantee the safety of their assets and employees. These payments to state security forces have resulted in a number of controversies and problems, including accusations of corruption and human rights abuses by the paid agencies.<sup>83</sup> Unlike local forces, PSCs hired to protect foreign assets are generally not personally involved in internal conflicts in Southeast Asian states and may therefore not resort as readily to extreme forms of violence against local populations. Yet, there are a number of problems and controversial issues inherent in the private maritime security industry, and two conditions are required for such a scenario to work. First, oil/mining companies hiring PSCs

need to have a real interest in preventing human rights abuses and need to ensure that the PSC they employ conducts its work in a professional manner. Second, examples of PSCs accused of improper operations and human rights abuses from other parts of the world do exist, therefore oversight and clear regulation by external observers are necessary to prevent the misuse of force by PSC employees in maritime Southeast Asia. In fact, if the employment of PSCs in the maritime sector is to increase, then improved regulation and oversight of these companies is needed, especially because controversial PSC operations in places such as the Malacca Straits – where armed PSC employees guard vessels and energy installations – are already a reality. It would therefore be beneficial for Southeast Asian countries, which have not already done so, to address the issue directly and introduce and enforce clear guidelines, controls and permits for PSCs operating in their respective countries. The current system where PSCs employing armed personnel operate in some instances in an ambiguous zone, may allow less-reputable companies and insufficiently trained guards to also work in the region. This could have dire consequences for the people involved and create unnecessary problems for local governments.

Given the problems associated with many local law enforcement agencies, and the increased demand for maritime security services, chances seem good that PSCs will prosper in Southeast Asia. However, if PSCs want to be an alternative or successful supplement to government agencies, companies must respect national and international laws, conduct their operations responsibly and be accountable for their activities. If governments in the region want to decrease the spread and influence of PSCs in Southeast Asia, they have to combat corruption within their forces, provide their personnel with sufficient equipment to secure their waters, overcome rivalries and increase operational cooperation beyond current multi- and bilateral arrangements.

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## NOTES

<sup>1</sup> This paper was presented in a slightly different version at the Annual British International Studies Association Conference in December 2006.

<sup>2</sup> There has been an ongoing debate how to distinguish between PMCs and PSCs. Some observers have suggested that PMCs provide active security services, including military training, while PSCs offer more passive services. However, it has been argued that these distinctions are difficult to maintain in practice. As this paper is concerned with maritime security services offered – services mostly provided outside areas of active armed conflict or war – I will use the term PSC.

<sup>3</sup> This paper only considers archipelagic Southeast Asia, namely Malaysia, Thailand, Indonesia, the Philippines and Singapore.

<sup>4</sup> Michael Stehr, *Piraterie Und Terror Auf See. Nicht-Staatliche Gewalt Auf Den Weltmeeren 1990 bis 2004.*, *Bewaffnete Konflikte Nach Dem Ende des Ost-West-Konfliktes*, ed. Hans Krech (Berlin: Verlag Dr. Koester, 2004), pp. 58-9.

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<sup>5</sup> Rights & Environmental Disputes Flare, February 2001, Available: <http://dte.gn.apc.org/48O+G.htm>, accessed: 15 May 2005.

<sup>6</sup> The lines between criminally and politically motivated illegal activities have become blurred, with an increase in the criminalisation of separatist and terrorist movements in recent years.

<sup>7</sup> See for example: Anucha Charoenpo, 'Illegal Thai Fishing Robbed Indonesia off Billions of Catches and Catch', Southeast Asian Press Alliance, 2003, <http://www.seapabkk.org/fellowships/2002/anucha.html>, accessed 24 May 2006. N. Ganesan, 'Illegal Fishing and Illegal Migration in Thailand's Bilateral Relations with Malaysia and Myanmar', in Andrew T.H. Tan and J.D.Kenneth Boutin (eds), *Non-Traditional Security Issues in Southeast Asia*, Singapore: Select Publishing for Institute of Defence and Strategic Studies, 2001, pp. 507-27.

<sup>8</sup> Eric (Ed) Ellen, Shipping at Risk - the Rising Tide of Organised Crime (Paris: ICC Publishing SA, 1997), pp. 112-4.

<sup>9</sup> See: Piracy statistics from the International Maritime Bureau's Piracy Reporting Centre 1992-2006.

<sup>10</sup> ICC, Piracy and Armed Robbery against Ships. Annual Report. 1 January - 31 December 1997 (Barking, Essex: International Chamber of Commerce, International Maritime Bureau, 1998), pp. 35-6. In those cases the vessel's original cargo is disposed of and the original crew either killed or put into life rafts and left on their own device. The ship is then registered under a different name. Equipped with a new identity, the vessel is then offered to an anxious shipper to transport his cargo. The cargo, however, will never arrive at its destined port, as the vessel is diverted and the cargo off-loaded in another port and sold to another consignee. The vessel is then once again re-registered under a different name and the play begins once again.

<sup>11</sup> Phar Kim Beng, No Relief in Indonesian Oil Slump, 4 September 2004, Available: <http://www.energybulletin.net/print.php?id=1930>, accessed: 15 May 2005.

<sup>12</sup> Juliet Labog-Javellana and Philip Tubeza, "Superferry 14 Bombing Solved, Says Arroyo," Philippine Daily Inquirer 12 October 2004, p. A1.

<sup>13</sup> John F. Bradford, The Growing Prospects for Maritime Security Cooperation in Southeast Asia, Available: <http://www.nwc.navy.mil/press/Review/2005/summer/art3-su05.htm>, accessed: 6 September 2005, p. 70.

<sup>14</sup> Sam Bateman, "Asean's Tiger Navies," Jane's Navy International 102.3 (1997), n. p.

<sup>15</sup> Sam Bateman, "Sea Change in Asia-Pacific " Jane's Navy International 101.8 (1996), n. p. For a detailed list of the ships and equipment available and purchased by ASEAN navies, see: Bateman, "Asean's Tiger Navies," n. p. Richard Scott, "Fleet Review: Safeguarding the Seaward Lifeline," Jane's Navy International 102.6 (1997), n. p. Joris Janssen Lok, "Asean Navies Extend Their Regional Reach," Jane's Defence Weekly 27 November 1996, pp. 25-8.

<sup>16</sup> Bateman, "Asean's Tiger Navies", n. p.

<sup>17</sup> Russia, France or the UK are considered major maritime powers, with the US the only naval super power.

<sup>18</sup> Bateman, "Sea Change in Asia-Pacific ", n. p. Bateman, "Asean's Tiger Navies", n. p.

<sup>19</sup> Frank Umbach, "Financial Crisis Slows but Fails to Halt Easy Asian Arms Race - Part One," Jane's Intelligence Review 10.8 (1998), n. p. David Foxwell, "Downturn Ties up Rmn Ambitions," Jane's Navy International 103.3 (1998), n. p.

<sup>20</sup> Umbach, "Financial Crisis Slows but Fails to Halt Easy Asian Arms Race - Part One," n. p. Foxwell, "Downturn Ties up Rmn Ambitions", n. p. Malcolm Davis, Rahul Bedi and Richard Scott, "Back on Course," Jane's Defence Weekly 24 January 2001, n. p.

<sup>21</sup> Sheldon W. Simon, 'Asian Armed Forces: Internal and External Tasks and Capabilities', in Sheldon W. Simon (ed), *The Many Faces of Security*, Lanham: Rowman & Littlefield Publishers, 2001, p. 51.

<sup>22</sup> Sam Bateman, "Naval Balance in Southeast Asia - Search for Stability " Jane's Defence Weekly 11 May 2005, n. p. Hasjim Djalal, "Combating Piracy: Co-Operation Needs, Efforts, and Challenges," Piracy in Southeast Asia. Status, Issues, and Responses, eds. Derek Johnson and Mark J. Valencia (Singapore: Institute of Southeast Asian Studies, 2005), p. 148.

<sup>23</sup> Hasjim Djalal, "Combating Piracy", p. 148.

<sup>24</sup> The official launch occurred in March 2006. It is estimated that the MMEA will have 80 small and medium sized vessels available for their operations. See: MMEA homepage.

<sup>25</sup> Robert Karniol, "Malaysians Boost Naval Power in South China Sea," Jane's Defence Weekly (1996), n.p. Semporna Rmn Base Opens, 13 July 2005, Available: <http://www.dailyexpress.com.my/print.cfm?NewsID=35748>, accessed 27 September 2005.

<sup>26</sup> Author's Interview (confidential) in Hutan Melintang, Malaysia.

<sup>27</sup> Author's Interview (confidential), Malaysia.

<sup>28</sup> See: Pasuk Phongpaichit, Sungsidh Piriyanangsan and Nualnoi Treerat, Guns Girls Gambling Ganja. Thailand's Illegal Economy and Public Policy (Chiang Mai: Silkworm Books, 1998), pp. 31-2, 137-42, 47-50.

<sup>29</sup> Bateman, "Naval Balance in Southeast Asia - Search for Stability ": n. p. Ian Bostock, "Asia's Amphibious Capability Assessed," Jane's Intelligence Review 12.10 (2000), pp. 43-6. Malcolm H. Murfett, "All Bets Are Off: The Maritime Situation in Southeast Asia in the Year 2000," Seapower at the Millenium, ed. Geoffrey Till (Thrupp: Sutton Publishing in association with Royal Naval Museum Publications, 2001), pp. 167-71.

- <sup>30</sup> Edith Regalado, "PR Can't Police Sea Lanes between Mindanao, Indonesia," Philippine Star 16 October 2006: n. p.
- <sup>31</sup> Poorly Paid Philippines Police Officers Pawn Guns, 29 June 2006, Australian Broadcasting Corporation, Available: <http://www.abc.net.au/news/newsitems/200606/s1674506.htm>, accessed 29 June 2006. For corruption within the Navy see: Lt Antonio F. Trillanes IV PN, Corruption in the Philippine Navy Procurement System, March 2002, Available: <http://www.pcij.org/HotSeat/trillanes4.html>, accessed 20 September 2004.
- <sup>32</sup> Hasjim Djalal, "Combating Piracy", pp. 145-8. Bateman, "Naval Balance in Southeast Asia - Search for Stability ", n. p.
- <sup>33</sup> Hasjim Djalal estimates that the Indonesian Navy would need at least 300 fully operational vessels to secure Indonesian waters. Hasjim Djalal, "Combating Piracy", pp. 145-6.
- <sup>34</sup> Human Rights Watch, Too High a Price. The Human Rights Cost of the Indonesian Military's Economic Activities (2006), pp. 4-5. However, as the report points out, these estimates are controversial.
- <sup>35</sup> Military funding through business activity is highly controversial as it diminishes state control over armed forces. For a discussion of the Indonesian case, see: Human Rights Watch, Too High a Price.
- <sup>36</sup> Human Rights Watch, Too High a Price, p. 2.
- <sup>37</sup> Peter Chalk, "Contemporary Maritime Piracy in Southeast Asia," Studies in Conflict & Terrorism 21 (1998), p. 94.
- <sup>38</sup> Author's Interview (confidential), February 2004, Singapore.
- <sup>39</sup> In 1997, for example, a major on an operational appointment received about Rp500,000 (Us \$214) per months. Tim Huxley, "Indonesia's Armed Forces Face up to New Threats," Jane's Intelligence Review 9.1 (1997), n. p.
- <sup>40</sup> Human Rights Watch, Too High a Price, p. 46.
- <sup>41</sup> Human Rights Watch, Too High a Price, pp. 46-7.
- <sup>42</sup> More precisely, the Grasberg mine in Papua is operated by PT Freeport Indonesia, which is 90.64% owned by Freeport McMoRan and 9.36% owned by the Indonesian government.
- <sup>43</sup> Global Witness, Paying for Protection. The Freeport Mine and the Indonesian Security Forces (Global Witness, 2005).
- <sup>44</sup> Abid Aslam, Rights: Us Oil Giant Sued over Human Rights Abuses in Indonesia, 2001, Available: <http://www.globalpolicy.org/soecon/2001/0621exxon.htm>, accessed 15 May 2005. These cases are, however seldom straightforward, as oil/gas and mining companies are known to have paid separatist and other local movements while similarly paying the state forces to protect them from attacks.
- <sup>45</sup> Abid Aslam, Rights: Us Oil Giant Sued over Human Rights Abuses in Indonesia.
- <sup>46</sup> Bradford, The Growing Prospects for Maritime Security Cooperation in Southeast Asia, p. 64-5.
- <sup>47</sup> These efforts have been discussed in detail by other authors, see, for example: Hasjim Djalal, "Combating Piracy," 143-59. The author offers among other things an in-depth discussion of the South China Sea Workshop. Mark J. Valencia, "Piracy and Politics in Southeast Asia," Piracy in Southeast Asia. Status, Issues, and Responses, eds. Derek Johnson and Mark J. Valencia (Singapore: Institute of Southeast Asian Studies, 2005), pp. 103-21.
- <sup>48</sup> Valencia, "Piracy and Politics in Southeast Asia", pp. 104-6.
- <sup>49</sup> Bradford, The Growing Prospects for Maritime Security Cooperation in Southeast Asia, p. 69. George Joseph, Nov S'pore meet for council overseeing anti-piracy centre, Business Times, Singapore, 5 September 2006, n. p.
- <sup>50</sup> Valencia, "Piracy and Politics in Southeast Asia", pp. 104-5. Bradford, The Growing Prospects for Maritime Security Cooperation in Southeast Asia, p. 66-7.
- <sup>51</sup> Ministry of Defence Singapore, Launch of Eyes in the Sky (EiS) Initiative, 13 September 2005, Government of Singapore, Available: [http://www.mindef.gov.sg/imindef/news\\_and\\_events/nr/2005/sep/13sep05\\_nr.html](http://www.mindef.gov.sg/imindef/news_and_events/nr/2005/sep/13sep05_nr.html), accessed 6 November 2006.
- <sup>52</sup> Rajeev Sawhney, Redefining the Limits of the Straits: A Composite Malacca Straits Security System, 18 May 2006, Institute of Defence and Strategic Studies, Available: <http://www.ntu.edu.sg/rsis/publications/Perspective/IDSS0372006.pdf>, 3 November 2006.
- <sup>53</sup> Catherine Zara Raymond, Piracy in Southeast Asia. New Trends, Issues, and Responses, October 2005, Working Paper no. 89, Institute of Defence and Strategic Studies, Available: <http://www.ntu.edu.sg/idss/publications/WorkingPapers/WP89.pdf>, accessed 28 December 2005, pp.16-7.
- <sup>54</sup> Raymond, Piracy in Southeast Asia. New Trends, Issues, and Responses, p. 16-7.
- <sup>55</sup> Malaysia and Indonesia have suggested that those states relying on the Malacca Straits and other Asian sea lanes should provide funds or equipment to littoral states to increase security, rather than their active involvement in securing Asian sea lanes.
- <sup>56</sup> Ian Storey, "China's "Malacca Dilemma", " China Brief (2006), vol. VI, I 4.
- <sup>57</sup> Bradford, The Growing Prospects for Maritime Security Cooperation in Southeast Asia, p. 74.
- <sup>58</sup> William Langewiesche, "Anarchy at Sea," The Atlantic Monthly September 2003, pp. 76-7.
- <sup>59</sup> These include in Britain, *Gray Page Limited*, in Germany *MarineServe GmbH* (MSG), in Israel *G.S. Seals*, in the USA the *Trident Group* and in Australia *Counter Terrorism International* (CTI), to mention just a few.

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- <sup>60</sup> This is also the case for PSCs offering non-maritime related services. See: Peter Warren Singer, Corporate Warriors: The Rise of the Privatised Military Industry (Cornell: Cornell University Press, 2003), pp. 73-5.
- <sup>61</sup> There are also a number of companies that offer a range of technical maritime security products, including electrical fences for vessels and non-lethal weapons.
- <sup>62</sup> David Boey, "Ship Owners Using Hired Guns. Guards Provide Anti-Piracy Security for Vessels in Regional Waters," Straits Times 8 April 2005, p. 3.
- <sup>63</sup> Author's Interview with Mike Martino, Counter Terrorism International (CTI), Murdoch University, Perth, 16 September 2005.
- <sup>64</sup> "Group 4 security company called in by Caltex in Riau" in: Down to Earth, 49, May 2001. Online: <http://dte.gn.apc.org/49Cal.htm>; accessed 15 May 2005.
- <sup>65</sup> Boey, "Ship Owners Using Hired Guns", p. 3. Tracey Sua, "For Hire: Guardians of the Sea," Straits Times 15 April 2005, pp. H4-5.
- <sup>66</sup> Malaysia Warns on Private Marine Security Escorts, 2 May 2005, Available: <http://www.marinelog.com/DOCS/NEWSMMV/2005may02.html>, accessed 6 May 2005. Indonesia Rules out Private Armed Escorts in Malacca Strait, 2 May 2005, Available: <http://www.bloomberg.com/apps/news?pid=10000080&sid=aRlpGcMYBSME&refer=asia#>, accessed 6 May 2005.
- <sup>67</sup> Capt. Noor Apandi Osnin, "Armed Escorts in the Strait of Malacca: A Challenge to Malaysia's Governance," MIMA Seminar on Private Maritime Security: Options for Malaysia (Kuala Lumpur: 2006), pp. 17-8.
- <sup>68</sup> Author's Interview with Stephen Weatherford, Glenn Defense Marine (Asia), Wheelbarrow, Singapore, 28 October 2005.
- <sup>69</sup> Boey, "Ship Owners Using Hired Guns", p. 3. Sua, "For Hire: Guardians of the Sea", pp. H4-5.
- <sup>70</sup> Author's Interview with Mike Martino, Counter Terrorism International (CTI), Murdoch University, Perth, 16 September 2005.
- <sup>71</sup> Karl Malakunas, Armed Escorts in High Demand on Sea, 2005, Available: <http://www.thepeninsulaqatar.com/features/featuredetail.asp?file=mayfeatures102005.xml>, accessed 13 May 2005.
- <sup>72</sup> Quoted in: Boey, "Ship Owners Using Hired Guns", p. 3.
- <sup>73</sup> For a broader discussion see: Carolin Liss. "The Privatization of Maritime Security in Southeast Asia." Private Military and Security Companies. Eds. Thomas Jäger and Gerhard Kümmel. Wiesbaden: VS Verlag. Forthcoming.
- <sup>74</sup> For more details see Carolin Liss, Private Security Companies in the Fight against Piracy in Southeast Asia, 2005, Working Paper no. 120, Asia Research Centre, Murdoch University, Available: <http://www.warc.murdoch.edu.au/wp/wp120.pdf>, 13 November 2005.
- <sup>75</sup> Keith Bradsher, "Insurance Premiums Rise as Threats to Ships Grow," New York Times 25 August 2005.
- <sup>76</sup> Aegis Defence Services Ltd, Available: <http://www.aegisworld.com>, accessed 6 December 2005.
- <sup>77</sup> Jackson Sawatan, Ministers Want Lloyd's Risk Assessment on Straits Corrected, 2 August 2005, Available: <http://www.bernama.com.my/bernama/v3/news.php?id=148194>, accessed 3 August 2005.
- <sup>78</sup> International Chamber of Shipping, Intertanko, Shipowners Challenge Malacca Strait War Risk Zone (Press Release, 2005).
- <sup>79</sup> Singapore Shipping Association, SSA backs Ministerial Initiative (Press Statement, 2005).
- <sup>80</sup> Attacks on Ships in Malacca Strait Fall Sharply Due to Indonesian Patrols – IMB, 30 November 2005, Available: <http://www.forbes.com/finance/feeds/afx/2005/11/30afx2359667.html>, accessed 2 December 2005.
- <sup>81</sup> Burton, John (2006): „Lloyd's drops war rating on Malacca Strait," 9 August. Online: [http://bpms.kempen.gov.my/index.php?option=com\\_content&task=view&id=7070&Itemid=0](http://bpms.kempen.gov.my/index.php?option=com_content&task=view&id=7070&Itemid=0); accessed 13 August 2006. "Malacca Straits removed from War Risk List", in: Insurance Journal. Online available: <http://www.insurancejournal.com/news/international/2006/08/09/71308.htm>, accessed 15 November 2006.
- <sup>82</sup> If issues such as poverty are addressed in these countries, some security threats such as piracy may also be reduced.
- <sup>83</sup> There are however, other, more preferable ways for oil/gar or mining companies to prevent local unrest, including respect for the local people and their culture, as well as the environment, and, a sincere consideration of the interests of the people in surrounding communities.



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