Ports & Terminals

September 2012



The International Maritime Bureau's Piracy Reporting Centre recently reported a worldwide decline in the number of piracy and armed robbery attacks against ships in the first six months of 2012, with 177 worldwide reported incidents compared with 266 incidents for the corresponding period for 2011.

However, notwithstanding the worldwide decline, disproportionate increases in piracy and armed attacks have been observed in other parts of the world, especially off the coast of Indonesia, where 28 of 32 ships attacked so far in 2012 were successfully boarded.

Other parts of the world which have seen an increase in piracy activity are the Gulf of Guinea, where incidents are reported to have been particularly violent, and, more specifically, off the coast of Togo, where Nigerian pirates have already successfully hijacked five panamax product tankers this year.

This all adds up to a sizeable challenge to port authorities and operators. The port authority

and the relevant national/governmental authorities, by whose rules and regulation it must abide, may be described as the gatekeepers' for movements of security personnel on and off vessels.

Confusion reins

At present, the rules, regulations and procedures implemented and the fees charged by various port authorities vary considerably. Not only do they affect the logistics of On Board Security Transfer (OBST) operations (of both personnel and weapons) conducted by private marine security companies (PMSCs), but ancillary operations such as the importation and storage of equipment and firearms and the positioning of off-duty personnel are affected as well.

Importantly, the documentation issued at key points during OBST operations - such as end user certificates, customs clearances, log books - will be critical in ensuring the unhindered onward passage of the vessel to scheduled port







calls, and even more so in the event of an incident on board.

Fragmented, increasingly onerous and inconsistent red tape and bureaucracy exercised by relevant governmental and port authorities, coupled with increasing costs (a single movement of one security team through a port may cost the PMSC as much as \$10,000) have led to the establishment of a number of floating armouries in the high risk area of the Gulf of Aden. While such facilities may seem convenient, they are largely unregulated and may cause particular problems when the all-important paper trail is required to show provenance of and license to use firearms.

The lack of standardisation hinders the PMSC's ability to board teams and weapons safely, efficiently and legally while meeting the needs of their customers – the owner/operators – who are themselves under pressure in navigating the already commercially sensitive issue of armed security whilst minimising deviation and delay.

Tighter control

That said, the increasing role of PMSCs in the fight against piracy has resulted in tightening of the regulatory framework in which such companies operate. Recent developments such as the publication in March 2012 by the Baltic and International Maritime Council of GUARDCON. a standard form contract for the use of armed/unarmed security personnel onboard ships and, in July 2012, a consultation between the International Standards Organisation and relevant stakeholders aimed at establishing international regulation for armed guards by November 2012,

are the result of a marine security industry which is desperate for standardisation.

Notwithstanding industry-led efforts to increase regulation for the PMSCs themselves, the lack of international regulation means that the broader issue of conflicting port state laws presents significant problems for all who are involved in the maritime security industry.

Taking Sri Lanka's Port of Galle as a case study, the harbour is in a unique and strategic position, only six nautical miles away from the international maritime shipping route. It has become recognised as an ideal location from which to tackle the issue of sea piracy, particularly for ships affected by Somali pirates.

The performance of OBST operations in Sri Lanka began during the fourth quarter of 2010, with just a handful of PMSCs operating in the country. Rapid expansion and an increase in piracy has seen OBST activity at the Port of Galle rise to current levels of approximately 790 operations per month.

The Sri Lanka Ports Authority, with the Sri Lanka Ministry of Defence and Sri Lanka Navy have coordinated efforts to facilitate an OBST procedure at the Port of Galle which is both highly regulated and efficient.

Registration requirement

A PMSC wishing to conduct OBST operations via the Port of Galle must register with an approved local agent and submit relevant documentation (including appropriate corporate licences and firearms permits) to obtain pre-clearance from the MOD.

Comprehensive details of security personnel and weapons' serial numbers must be registered with the MOD and kept fully updated.

Further collaboration between relevant Sri Lankan authorities facilitates the importation by registered PMSCs of controlled items (e.g. weapons and body armour) into the country by air, and coordinates the transport to and storage of such items at secure facilities in the port, allowing PMSCs to use Sri Lanka as an operational hub for the storage of spare equipment and weapons.

Before each OBST operation, the PMSC must obtain specific approval from the MOD. At the Port of Galle, the operation approval process has an approximate turn-around time of 48 hours. Elsewhere, this process may be prohibitively lengthy – for example, 21 days in Durban and 14 days in Mombasa. Such extended timeframes are simply not feasible for the PMSCs who are already facing significant pressure from vessel owner/operators for an almost instant turnaround.

To further minimise delay, Sri Lankan Customs and immigration officials will meet vessels off port limits with all necessary paperwork, negating the need for an otherwise unscheduled port call.

Clear view

A key feature of the Sri Lankan system is transparency and a clear paper trail: each and every security team member, firearm, item of body armour or equipment must be recorded and his or its movement on and off board documented.



The area in and around the port provides a secure, comfortable location for security teams to recuperate off-duty between transits.

Contrast this with recent reports of an alleged drugging of an off-duty security officer during a port call in Africa, and the limitations of facilities which can be offered onboard floating armouries and the appeal is clear.

Increased vessel calls (even to off port limits) for the purposes of OBST operations provides an opportunity for the port authority and local agents to promote and provide additional, unrelated vessel services. These may include crew changes, embarking/ disembarking of superintendants, safety inspectors, surveyors, and repair teams, transfer of spares and equipment, delivery of provisions, bunkering and general ship chandlery services.

A secure port and surrounding area can be utilised as a resting point for teams between transits, and more time spent in the country by individual personnel equals more cash injected into local businesses, facilities and amenities and a boost to the local economy.

In offering an OBST framework which is stringently regulated at government level, but which is maintained at realistic levels in terms of requirements, time and price, Sri Lanka has so far avoided the establishment of the relatively unregulated floating armouries which have appeared in less hospitable locations, diluting the industry's efforts to standardise and regulate.

Opportunities abound

In summary, although there is a strong indication that the efforts to reduce piracy activity off the coast of Somalia and the Gulf of Aden have been successful, the noticeable increase of attacks in other parts of the world must serve as a reminder to the maritime industry that piracy continues to be a threat on a global scale and that the industry as a whole must continue its efforts to fight back.

The public call for standardisation of OBST operations by governments and port authorities and the success demonstrated in the Port of Galle are a clear indication that the role played by the port and the port authority is an important one in the fight against piracy.

OBST operations are already taking place in or outside a growing number of ports across a range of jurisdictions including Jordan (Aqaba), Oman (Muscat, Salalah), South Africa (Durban, Richards Bay, Cape Town), the UAE (Fujairah), India (Mundra, Mumbai), Kenya (Mombasa), Tanzania (Dar Es Saalam), Yemen, Djibouti, Angola, Nigeria, the Seychelles and Mauritius.

The potential for developing the strategic role of the port and the port authority in the global fight against piracy is significant and holds appeal from a financial, commercial and moral perspective.

For more information, please contact Simon Cartwright, Partner, on +971 4 423 0520 or simon.cartwright@hfw.com, or your usual HFW contact.

Lawyers for international commerce

HOLMAN FENWICK WILLAN LLP Friary Court, 65 Crutched Friars London EC3N 2AE United Kingdom T: +44 (0)20 7264 8000 F: +44 (0)20 7264 8888

© 2012 Holman Fenwick Willan LLP. All rights reserved

Whilst every care has been taken to ensure the accuracy of this information at the time of publication, the information is intended as guidance only. It should not be considered as legal advice

Holman Fenwick Willan LLP is the Data Controller for any data that it holds about you. To correct your personal details or change your mailing preferences please contact Craig Martin on +44 (0)20 7264 8109 or email craig.martin@hfw.com

hfw.com