Southeast Asia's Maritime Security Dilemma: State or Market?

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Introduction

In the past few years, an increasing number of Private Security Companies (PSCs—sometimes also referred to as Private Military Companies, PMCs [1]) have emerged and are offering and conducting maritime security services in Southeast Asia. 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 PSCs are an alternative or viable supplement to government efforts to protect national waters, shipping lanes and other maritime assets.

Noting the critical importance of the maritime environment in Southeast Asia, the paper provides an overview of possible threats to maritime security. It then reviews current security arrangements in the region, looking at resources of government law enforcement agencies and the controversial nature of some of their operations, and outlines current regional cooperation to combat crime and other maritime security threats. The paper assesses 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 also explores the role played by PSCs today and their impact within and beyond Southeast Asia and discusses concerns about PSCs and the services they offer. It 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, assessing problems associated with both in dealing with contemporary maritime security threats in Southeast Asia.

Maritime Southeast Asia and Threats to Security

Indonesian navy patrol in the Malacca Straits

Southeast Asia is home to important sea-lanes and straits, including the Malacca Straits, one of the busiest waterways in the world. Each year more than 60,000 merchant vessels transit the straits, 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 heavily 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. [2]

Southeast Asia is also rich in gas, oil and mineral resources and both onshore and offshore energy installations operate throughout 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 around the world. Many 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 therefore requires efficient security arrangements. 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. Examples of local resistance and violence against companies include the protests against Unocal in East Kalimantan, where locals demonstrated against the pollution of their seas and demanded payment of compensation. In 2000, the conflict 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 2000-2001 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. [3] 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. [4]

Criminal activities at sea in Southeast Asia include illegal fishing, smuggling of goods and people, fraud and piracy. With the introduction of the 200-nautical-mile Exclusive Economic Zone (EEZ) in 1982 and the increasing problem of over-fishing in parts of the region, illegal fishing has resulted in conflict between local and foreign fishers and the loss of revenue for affected local fishermen and their home countries. [5] Smuggling of people, wildlife and goods, such as cigarettes, weapons and alcohol, on small, medium-sized and large vessels is also a security concern in Southeast 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 fraud and maritime piracy. Fraud—or theft by deception—in the maritime sector includes insurance fraud, document fraud and container fraud, to mention but a few. [6] Ensuing financial losses can be substantial, as entire vessels or cargos can go 'missing', or a seemingly valuable cargo can consist of shoddy 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.

Members of the Singaporean navy in an anti-piracy exercise, Singapore Straits

Southeast Asia has since the late 1980s also become one of the global 'hot spots' of pirate attacks on commercial vessels and fishing boats. According to data from the International Maritime Bureau's Piracy Reporting Centre, the number of actual and attempted pirate attacks reported worldwide from 1992 to 2006 ranged from 90 attacks in 1994 to as many as 469 reported incidents in 2000. [7] The data indicates that between 1992 and 2006, Southeast Asia was the most 'pirate infested' region in the world. From 1990 to 1992, the waters between the Malacca and Singapore Straits were identified as the most pirate-prone. But after the initiation of coordinated anti-piracy patrols in this area, the focus of piracy shifted to the South China Sea. Between 1993 and 1995 a high proportion of reported attacks took place in the South China Sea. Particularly affected were the territorial waters of Hong Kong and Macau and the so-called HLH 'terror-triangle', encompassing the waters between Hong Kong, Luzon in the Philippines and China's Hainan island. [8] While the number of attacks began to decline in this area by the mid 1990s, China once again became the focus of international concern when in the late 1990s growing numbers of hijacked vessels were found in Chinese ports. However, since the mid-1990s, as Soeharto's New Order regime unravelled, Indonesian ports and territorial waters have been identified as the most pirate-infested in Southeast Asia. In 2004, for example, Indonesia accounted for 93 out of 329 attacks recorded worldwide. In the early 21st century the busy Malacca Straits has had the second highest number of reported incidents, with 37 attacks recorded in 2004. In 2006, the number of attacks in the Malacca Straits dropped to 11, while incidences in Indonesia remained comparatively high, with 50 out of 239 worldwide reported attacks taking place in the country's waters. [9]

Attacks and Attempted Attacks Worldwide and in the Asian Region

	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06
Actual + attempted* attacks worldwide	106	103	90	188	228	247	202	300	469	335	370	445	329	276	239
Actual attacks worldwide	NA	54	68	152	186	205	166	242	318	238	286	332	237	205	176
Actual + attempted attacks Asian Region*	83	75	66	118	143	117	105	191	314	190	197	246	188	143	134
Actual attacks Asian Region	NA	NA	52	94	117	94	78	152	208	138	155	177	136	112	100

* The Asian Region includes here: Indonesia, Malaysia, Malacca Straits, Myanmar, Philippines, Singapore Straits, Thailand, South China Sea, China, Cambodia, HLH Area, Bangladesh and Vietnam.
Source: ICC, *Piracy and Armed Robbery Against Ships. Annual Report 1 January – 31 December 1992-2006*, International Chamber of Commerce, International Maritime Bureau, 1992-2007.

Location of Actual and Attempted Attacks: South China Sea and Southeast Asia

	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06
South China Sea	31	6	3	2	6	5	3	9	4	-	2	8	6	1
HLH Area	27	12	7	4	1	-	-	-	-	-	-	-	-	-
China/HK Macau	1	6	31	9	5	2	-	2	-	-	1	3	4	1
Indonesia	10	22	33	57	47	60	115	119	91	103	121	93	79	50
Malacca Straits	5	3	2	3		1	2	75	17	16	28	37	12	11
Singapore Straits	-	3	2	2	5	1	14	5	7	5	2	8	7	5
Malaysia	-	4	5	5	4	10	18	21	19	14	5	9	3	10
Thailand	-	-	4	16	17	2	5	8	8	5	2	4	1	1
Philippines	-	5	24	39	16	15	6	9	8	10	12	4	-	6

Source: ICC, *Piracy and Armed Robbery Against Ships. Annual Report 1 January – 31 December (2004, 2005 and 2006)*, Paris: International Chamber of Commerce, International Maritime Bureau, 2005, 2006, 2007.

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 are conducted by organised pirate gangs—or syndicates—that 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'. Overall, modern day pirate attacks are a concern because the perpetrators 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 increased hostage taking of crewmembers and vessels for ransom. [10]

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 (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, 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. [11] However, the recent peace agreement between GAM and the Indonesian authorities, which was signed in August 2005 and included the gradual disarmament of the GAM and a withdrawal of Indonesian forces from Aceh, could reduce the number of attacks conducted by GAM members in the Malacca Straits. [12] Even though this may reduce the overall threat of such attacks in this area, 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. [13] Expert opinion about the volatility of water areas such as the busy Malacca Straits vary, ranging from those believing that a maritime terrorist attack is only a matter of time [14] to those arguing that the security situation in high-risk areas, particularly the Malacca Straits, is under control. [15] Yet, regardless of how one may interpret the situation, the possibility of a maritime attack can never be entirely ruled out. Furthermore, there are also less well-protected waters in Southeast Asia, where maritime terrorist attacks have taken place. One example is the waters of the (southern) Philippines, where the Moro Islamic Liberation Front (MILF) and the Abu Sayyaf are active and have been involved in maritime attacks, including the bombing of the SuperFerry 14 in February 2004 by Abu Sayyaf members, in which more than 100 people lost their lives. [16]

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 experienced rapid economic development. Due to their economic success in the first half of the 1990s, Southeast Asian countries were able to strengthen and modernise their defence forces, including their navies. 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. [17]

While military spending varied between countries, 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. However, as Bateman pointed out in 1996, the Southeast Asian countries remained only medium

maritime powers despite the modernisation programs. Even in comparison to the naval forces of neighbouring countries, such as Japan and China, the naval capabilities of Southeast Asian forces remained moderate. [18]

Honor guard, Thai navy

In 1997, the expansion and modernisation of the military forces in Southeast Asia slowed due to the Asian financial crisis, which affected all countries in the region, but particularly those of Thailand, Indonesia, and to a lesser degree Malaysia. Consequently, equipment procurement plans were delayed, postponed or, in rare cases, entirely suspended. In the immediate aftermath of the crisis, Indonesia, which suffered most, cut back its military budget by 40 percent. Thailand also cut back heavily on military spending, while Malaysia and the Philippines 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. However, most local economies, as well as military spending, recovered within a few years. Indeed, growing concerns about the political stability of Indonesia, unresolved boundary disputes accelerated amidst increasing demand for natural resources, and concern about the presence of foreign powers in the region, led local governments to increase military spending. [19] In addition, after September 11, 2001, some countries in the region, including the Philippines and Indonesia, received substantial financial assistance and training from the U.S. to strengthen the capacities of their militaries and police forces to combat terrorism. [20] Furthermore, as Simon states:

> As regional economies began to recover in 1999, several Southeast Asian militaries adopted a new strategy to enhance modernisation. 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, plans to transfer internal security responsibilities to the police as the internal situation warrants. [21]

Indeed, while naval forces play an important role in safeguarding national waters and responding to criminal activities, they increasingly share these tasks with government agencies such as the marine police and other maritime agencies, such as coast guards, many of which were established after the end of the Cold War. [22]

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 those of neighbouring countries. Consequently, Singapore waters enjoy the reputation of being safe, and very few criminal incidents are reported there.

Honor guard inspection, Royal Malaysian Navy

Malaysia has also substantially increased 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. [23] The Malaysian Maritime Enforcement Agency (MMEA) was established in 2005 to coordinate these activities and to actively protect Malaysian waters. [24] In recent years, Malaysia also set up new naval bases while enhancing the capabilities of the marine police in areas of heightened security concern, such as the waters between Sabah and the southern Philippines. [25] 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. [26] 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 because they believe, or know, that law enforcement agencies are themselves involved in illegal activities."[27] 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 face more substantial problems. In the wake of 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 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. [28] The Philippine naval authorities encounter similar problems. Despite some modernisation, the Philippine navy is considered the weakest in Southeast Asia. [29] In fact, the Philippine Navy, Coast Guard and other law enforcement agencies have only limited resources available to secure the vast archipelagic waters of the country. 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. [30]

Philippine navy and coast guard personnel with U.S. military personnel in a joint exercise

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. [31] Corruption combined with a lack of resources leave criminals as well as politically motivated groups such as the MILF 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 kilometres of archipelagic and territorial waters and a further three million square km of EEZ and continental shelf. 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.

Indonesian soldiers board navy ship

Several 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. There have, however, been important changes in recent years regarding the division of tasks of government agencies responsible for security. 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) are in charge of 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. 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. [32] 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), particularly after the Asian financial 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. [33] 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. [34] 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. [35]

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 based on reports from crewmembers or personal experiences. [36] One Singaporean ship manager, for example, pays the Indonesian Navy to protect its vessels while at berth in Aceh and one of his company's vessels was detained 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 paid $200,000 in cash and his vessel was allowed to leave the following day. [37]

This type of corruption is often explained by the comparatively low salaries army, navy and police personnel receive. [38] 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 for this article, with the military and police 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:

> [T]he 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. [39]

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.' [40]

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 [41] mining operations in Indonesia's eastern region of Papua (formerly known as Irian Jaya) since the 1970s. 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. [42] 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. [43] 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. [44]

Cooperation

Given the geographic feature of Southeast Asia, many security concerns are transnational, 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.

After the end of the Cold War, co-operation between Southeast Asian countries increased in the wider region, with former communist states such as Laos and Vietnam becoming more integrated in Southeast Asian security initiatives. [45] 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. 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. 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 its policy of non-interference in domestic affairs. [46]

ASEAN leaders meet in Japan in 2003

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 among 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 piracy 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" [47]

Emphasis has also been placed on bilateral cooperation and agreements among Southeast Asian nations. Bilateral efforts to combat maritime crime include a series of bilateral agreements among 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. [48] 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. In April 2006, the MALSINDO and EiS initiatives were brought together under the umbrella of the Malacca Straits Patrol Network. 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. [49] 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. Indeed, 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 joint patrols, meaning that hot-pursuit´ into, or patrolling of waters of neighbouring countries, is not permitted. [50]

Countries from outside Southeast Asia, such as Japan, China, India, Australia and the U.S. 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. However, Indonesia and Malaysia in particular have so far rejected the idea of foreign military forces patrolling or being stationed in their country's waters. Sensitivities about sovereignty are often cited as the main

reason behind this refusal. [51] 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. [52] Additionally, rivalry between external countries such as the U.S. 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. Overall, 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 among states, opened the door for private companies offering maritime security services in maritime Southeast Asia.

The Rise of Private Security Companies

We live in an increasingly privatised world. Privatization of state sector industry and enterprises, the expanded scope of private education, the supply of utilities such as water and electricity by private companies, and private healthcare are only a few examples of the growing impact of privatisation on our daily lives. The wave of privatisation started in the 1980s and saw the expansion of the market into realms which were formerly the responsibility of governments. This process was part of the neo-liberal revolution, pushed initially by powerful states, such as the US and Britain, and some multilateral organisations, including the Word Bank and the International Monetary Fund. It aimed to extend the assumptions of neo-classical economics into general policy prescriptions, hence privatisation in tandem with trade liberalisation, deregulation and fiscal austerity became core policy foci. [53]

The trend of privatisation in the last decade extended to military and security services. While outsourcing of military services is hardly a new phenomenon, in the past fifteen years, a new kind of 'private military actor'—the Private Security Companies (PSCs)—has risen to prominence. PSCs are private business companies, offering a vast menu of military and security services, ranging from logistics support, risk analysis, training of military units, and intelligence gathering, to the rescue of hostages and the protection of assets and people in conflict zones. While PSCs have been operating for a decade, the Iraq war brought to world attention the existence and involvement of PSCs in wars and post-war reconstruction efforts on an unprecedented scale. The heightened attention PSCs received gave rise to a number of concerns about the nature of services provided by these companies. These concerns centred mostly on the lack of transparency and public oversight of PSCs' operations and business practices, and the question of whether or not the protection of national security and the provision of military services should remain the domain of governments and international organizations, rather than the profit-driven private sector. [54] Proponents of privatisation have dismissed these concerns and have argued that private companies can offer more effective military services at a cheaper price than state militaries and can respond to crisis more rapidly. [55] These arguments are in line with those of supporters of privatisation of other sectors, and the privatisation of military services should be understood as one element in the neo-liberal revolution. However, other political and geo-strategic factors also played a role in the rise of the private military industry. Most important among them are the global and national changes in both politics and security generated by the end of the Cold War, including the changing nature of conflict after 1989. With the end of the Cold War the number of internal and regional armed conflicts, formerly held in check by the two superpowers, increased. Many of these conflicts, predominantly in the

developing world, were fought over control of natural resources and the wealth and power resulting from the exploitation of these resources. Furthermore, with the end of the Cold War a global downsizing of major armies began, particularly so in the former Soviet Union but also in the U.S. and Britain, leaving an abundance of well trained and experienced soldiers available to set up, and be employed by, PSCs. Also, the reduction in size of the military at a time when numerous conflicts in different parts of the world emerged, led the U.S. and other governments to increase military outsourcing in order be able to respond to these conflicts. [56] However, the latest increase in demand for PSC services, fostering the establishment of even more PSCs, is linked to the War against Terrorism and the conflict in Iraq. [57] The same (or similar) companies and individuals active in places such as Iraq also offer maritime security services in Southeast Asia.

PSCs in Maritime Southeast Asia

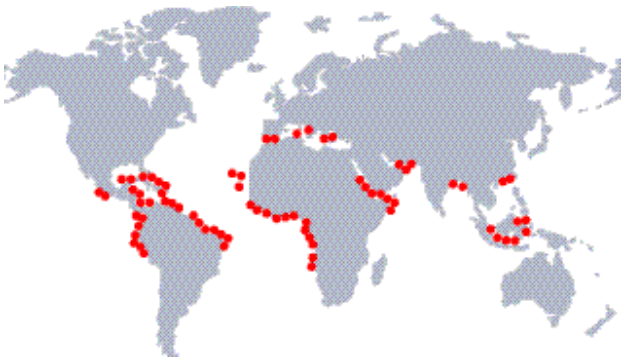
Image from Glenn Defense Marine website

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, including Glenn Defense Marine (Asia), which was established in 1946. 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 since September 11, 2001. While these companies are part of the worldwide process of privatization 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 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 U.S. that triggered the implementation of new security measures affecting waters and ports in Southeast Asia. In fact, 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.

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 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 U.S. and Great Britain, [58] 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 an impressive presence on the Internet. These companies hire additional personnel and acquire 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. [59]

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.



Map of regions of pirate activity from Yacht-Secure Ltd. website

While some companies, such as the London-based company Yacht-Secure Ltd., specialize in the protection of specific assets, 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. [60] While not all companies offer all services, almost every company offers assistance with security plans and risk analysis consulting services. 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

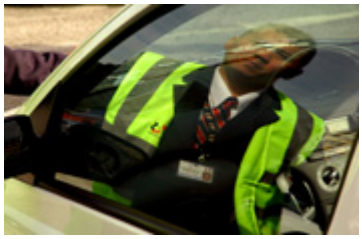


Image from Group 4 Securicor website

The role played by PSCs in maritime Southeast Asia is twofold. First, a number of companies provide services that are in the realm of militaries and local law enforcement agencies. Background Asia, for example, has supplied escort vessels for tankers, and the Australian based PSC Counter Terrorism International (CTI) has provided protection for a vessel which departed from an oil rig and travelled through the Malacca Straits. [61] Also, Group 4 was reportedly hired to manage security issues for the US based oil company Caltex Pacific Indonesia for its operations in Riau Province, Sumatra. [62] Second, statements, reports and risk assessments produced by PSCs have increasing impact on decision-making processes of governments and businesses, as well as the formation of opinion in the public sector. PSC personnel, for instance, participate in conferences concerned with maritime security issues and PSC reports regularly find their way into the mainstream media.

There are practical, ethical, technical and legal problems associated with a number of maritime security services conducted by PSCs. When, for example, oil/gas or mining companies hire foreign

PSCs, conflicts with local forces could emerge. Therefore good local contacts are crucial for PSCs operating in Southeast Asia. Furthermore, numerous problems can arise as commercial vessels protected by PSCs not only move between states and jurisdictions, using the right of innocent passage, but also often sail under the flag of yet another state. Some governments are also concerned about a range of services offered by PSCs such as providing 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 [63] 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 and 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. [64] 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.”[65]

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, 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. A core problem hinges on 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 its employees to carry firearms in Singapore, including those of companies whose headquarters or offices are based in the city-state. [66] 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. [67] 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. These locals not only have permission to operate in the country, but may also have additional local knowledge and connections. [68]

The use of armed guards, however, cannot only pose a problem in the legal sense, as the use of armed guards can potentially also create problems for clients. A ship owner or an oil/gas company, for example, has to trust a PSC to employ reliable people as armed guards on its 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 escalate an already volatile situation and that a shoot-out on an oil or chemical tanker could prove disastrous. [69] Also, when protecting smaller vessels, including yachts, it is important to hire guards who will use weapons with restraint. In fact, 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 malicious intent. However, extreme actions by PSCs may occur at sea and out of sight of authorities or witnesses, and hence are difficult to monitor or control. Indeed, if PSC employees carry guns, they will be prepared to use them. 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." [70]

The role played by PSCs in shaping the perception of maritime security issues in Southeast Asia is also in some cases problematic. [71] It is often difficult, if not impossible, for outsiders to receive more detailed information about findings and assessments in PSC reports or to determine on which sources the reports are based and what research methods have been employed by the PSC which compiled the report. [72] Customers of PSCs, academics, the public and other observers should 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. In short, PSCs are primarily directed toward generating profits 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. [73] 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, its Chairman and CEO, Lt-Col Tim Spicer. [74] This new classification of the Malacca Straits impacts on the insurance premiums ship owners are required to pay when their vessels transit the strait, and, hence, has significant consequences for the maritime industry. Representatives of the shipping sector as well as regional governments 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. [75] 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 "questioned the methodology employed by Aegis". [76] The SSA also criticized in a separate statement the fact that the "decision appeared to have been taken on the findings of a single report from one commercial security organization". [77] 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."[78] 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. [79] In summary, while PSCs play an increasingly important role in securing maritime Southeast Asia, their presence poses important problems for the region.

Private Versus Government-Provided security—Between a Rock and a Hard Place (A Conclusion)

Pirates, terrorists, insurgents and criminals pose a serious threat to maritime security in Southeast Asia. It is important to address these security concerns, not because they are likely to trigger warfare between countries, but because they pose a threat to international trade, the environment and the security and stability of individual nations and/or entire regions. Indeed, maritime security threats such as piracy, terrorism and the vulnerability of maritime installations, including oil/gas platforms, have increased the demand for security initiatives in Southeast Asia in recent years. As discussed above, security in the region is provided primarily by government forces, but increasing numbers of private companies now offer security services. 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 lack sufficient personnel and modern equipment 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 impacts on regional maritime security. Cooperation among government agencies in Southeast Asia and with countries outside the region remains limited, primarily because of concerns over sovereignty, rivalry among countries and a lack of resources. 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 provide effective maritime security. However, most Southeast Asian countries face 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. Major investments in maritime forces to address maritime security issues are therefore not likely to be made in the near future. [80] 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. [81] 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 several improvements have to be made to ensure that PSCs will operate according to the law and will not commit human rights abuses when protecting the interests of powerful clients. Some steps have been taken within the privatised military industry itself to ensure that PSCs and their employees operate professionally to limit violence. Individual companies such as Hart, for example, have their own 'code of conduct' or 'ethics code' published on their websites. [82] PSC operators also stress the strict oversight over their employees and often emphasise the exceptional training and discipline of their staff. [83] Furthermore, the International Peace Operations Association (IPOA) [84] was established in April 2001 to:

> promote high standards in the peace operations industry and inform the public and policy-makers about skilled private companies and their contributions to international peace and human security. IPOA is committed to maintaining industry-wide standards to ensure sound and ethical professional and military practices in the conduct of peacekeeping and post-conflict reconstruction activities. [85]

Images from the IPOA website

Members of IPOA, among them major companies such as Blackwater, Armorgroup and Hart, [86] proclaim that they operate in accordance with the IPOA Code of Conduct requiring that members adhere to "all relevant international laws and protocols on human rights", work only for "legitimate, recognized governments, international organizations, non-governmental organizations and lawful private companies", and follow other rules concerning

transparency and accountability of their operations. [87] It remains to be seen, however, whether IPOA has the clout, or the willingness, to protect human rights in instances in which company profit is at stake. Independent supervision by an organisation or government without a financial interest in the operations conducted by PSCs would undoubtedly be more objective in its judgement. Consequently, if the employment of PSCs in the maritime sector is to increase in Southeast Asia, 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 is therefore necessary for those 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 may lead to conflict between PSCs and local governments, between PSCs and international law, and between PSCs and citizens of various states. If governments in the region want to decrease the spread and influence of PSCs in Southeast Asia, they will 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

1. 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. This paper is concerned with maritime security services offered in archipelagic Southeast Asia, (Malaysia, Thailand, Indonesia, the Philippines and Singapore). As these services are mostly provided outside areas of active armed conflict or war, I will use the term PSC.

2. 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, Berlin: Verlag Dr. Koester,
2004, pp. 58-9.

3. 'Rights & Environmental Disputes Flare', February 2001, accessed 15 May 2005.

4. 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.

5. See for example: Anucha Charoenpo, 'Illegal Thai Fishing Robbed Indonesia of Billions of Catches and Cash', Southeast Asian Press Alliance, 2003, 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.

6. Eric Ellen (ed), *Shipping at Risk - The Rising Tide of Organised Crime*, Paris: ICC Publishing SA, 1997, pp. 112-4.

7. International Maritime Bureau, *Piracy and Armed Robbery Against Ships* (Annual Reports 1992-2006), Paris: International Chamber of Commerce, 1992-2007.

8. Peter Chalk, Non-Military Security and Global Order. The Impact of Extremism, Violence and Chaos on National and International Security, New York: St Martin's Press, 2000, pp. 68-71.

9. International Maritime Bureau, *Piracy and Armed Robbery Against Ships* (Annual Reports 1992-2006), Paris: International Chamber of Commerce, 1992-2007.

10. International Maritime Bureau, *Piracy and Armed Robbery Against Ships* (Annual Reports 1992-2006), Paris: International Chamber of Commerce, 1992-2007. International Maritime Bureau, *Piracy and Armed Robbery Against Ships. Annual Report. 1 January - 31 December 1997*, Barking, Essex: International Chamber of Commerce, 1998, pp. 35-6. In those cases the vessel's original cargo is disposed of and the ship is then registered under a different name.

11. Phar Kim Beng, 'No Relief in Indonesian Oil Slump', 4 September 2004, accessed: 15 May 2005.

12. 'Rebels Become Malacca Pirates', Fairplay International Shipping Weekly, 2 August 2006, accessed 8 August 2006 (password required).

13. John F. Bradford, The Growing Prospects for Maritime Security Cooperation in Southeast Asia, p. 70.

14. See, for example, Michael Richardson, *A Time Bomb For Global Trade: Maritime-related Terrorism in an Age of Weapons of Mass Destruction*, Singapore: Institute of Southeast Asian Studies, 2004.

15. Malaysian and Indonesian officials have, for example, stated that they do not need US troops operating in the Straits of Malacca to combat terrorism, stressing their own capabilities to address the threat. David Rosenberg, 'Dire Straits: Competing Security Priorities in the South China Sea', Japan Focus, 13 April 2005, accessed 15 May 2007.

16. Juliet Labog-Javellana and Philip Tubeza, 'Superferry 14 Bombing Solved, Says Arroyo', Philippine Daily Inquirer, 12 October 2004, p. A1.

17. Sam Bateman, 'Asean's Tiger Navies', Jane's Navy International 102.3 (1997), n. p. 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 also: 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.

18. Bateman, 'Sea Change in Asia-Pacific', n. p. Bateman, 'ASEAN's Tiger Navies', n. p. Russia, France or the UK are considered major maritime powers, with the US the only naval super power.

19. 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. Malcolm Davis, Rahul Bedi and

Richard Scott, 'Back on Course', Jane's Defence Weekly 24 January 2001, n. p.

20. David Capie, 'Between a Hegemon and a Hard Place: The US 'War on Terror' and Southeast Asian-US Relations', Pacific Review, vol 17, no 2, pp.229-36.

21. 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.

22. Sam Bateman, 'Naval Balance in Southeast Asia - Search for Stability', Jane's Defence Weekly 11 May 2005, n. p.

23. Hasjim Djalal, 'Combating Piracy: Co-Operation Needs, Efforts, and Challenges', Derek Johnson and Mark J. Valencia (eds), *Piracy in Southeast Asia. Status, Issues, and Responses*, Singapore: Institute of Southeast Asian Studies, 2005), p. 148.

24. 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: Malaysian Maritime Enforcement Agency, Homepage, accessed 26 October 2006.

25. Robert Karniol, 'Malaysians Boost Naval Power in South China Sea', Jane's Defence Weekly, 1996, n.p. 'Semporna Rmn Base Opens', 13 July 2005, accessed 27 September 2005.

26. Author's Interview (confidential) in Hutan Melintang, Malaysia.

27. Author's Interview (confidential), Malaysia.

28. See: Pasuk Phongpaichit, Sungsidh Piriyarangsan 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.

29. 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," in Geoffrey Till (ed), *Seapower at the Millenium*, Thrupp: Sutton Publishing in association with Royal Naval Museum Publications, 2001, pp. 167-71.

30. Edith Regalado, 'PR Can't Police Sea Lanes Between Mindanao, Indonesia', Philippine Star 16 October 2006, n. p.

31. 'Poorly Paid Philippines Police Officers Pawn Guns', 29 June 2006, Australian Broadcasting Corporation, 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, accessed 20 September 2004.

32. Bateman, 'Naval Balance in Southeast Asia - Search for Stability', n. p. Hasjim Djalal, 'Combating Piracy', pp. 145-8. Hasjim Djalal estimates that the Indonesian Navy would need at least 300 fully operational vessels to secure Indonesian waters.

33. Human Rights Watch, 'Too High a Price. The Human Rights Cost of the Indonesian Military's Economic Activities', vol. 18, no. 5, June 2006, pp.4-5. However, as the report points out, these estimates are controversial.

34. 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'.

35. Human Rights Watch, 'Too High a Price', p. 2.

36. Peter Chalk, 'Contemporary Maritime Piracy in Southeast Asia', Studies in Conflict & Terrorism 21 (1998), p. 94.

37. Author's Interview (confidential), February 2004, Singapore.

38. 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.

39. Human Rights Watch, 'Too High a Price', p. 46.

40. Human Rights Watch, 'Too High a Price', pp. 46-7.

41. 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.

42. Global Witness, 'Paying For Protection. The Freeport Mine and the Indonesian Security Forces', Global Witness, 2005.

43. Abid Aslam, 'Rights: Us Oil Giant Sued over Human Rights Abuses in Indonesia', 2001, accessed 9 June 2007. 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.

44. Abid Aslam, Rights: Us Oil Giant Sued over Human Rights Abuses in Indonesia'.

45. Bradford, 'The Growing Prospects for Maritime Security Cooperation in Southeast Asia', p. 64-5.

46. Mark J. Valencia, 'Piracy and Politics in Southeast Asia', in Derek Johnson and Mark J. Valencia (eds), *Piracy in Southeast Asia. Status, Issues, and Responses*, Singapore: Institute of Southeast Asian Studies, 2005, pp. 104-6. Valencia and other authors discuss cooperation since 1992 in more detail. See also: Hasjim Djalal, 'Combating Piracy', pp. 143-59. The author offers among other things an in-depth discussion of the South China Sea Workshop.

47. 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.

48.Valencia, 'Piracy and Politics in Southeast Asia', pp. 104-5. Bradford, 'The Growing Prospects For Maritime Security Cooperation in Southeast Asia', p. 66-7.

49. Ministry of Defence Singapore, 'Launch of Eyes in the Sky (EiS) Initiative', 13 September 2005,
Government of Singapore, accessed 6 November 2006. Rajeev Sawhney, 'Redefining the Limits of the Straits: A Composite Malacca Straits Security System', 18 May 2006, Institute

of Defence and Strategic Studies, accessed 3 November 2006. Catherine Zara Raymond, 'Piracy in Southeast Asia. New Trends, Issues, and Responses', October 2005, Working Paper no. 89, Institute of Defence and Strategic Studies, accessed 28 December 2005, pp.16-7.

50. Raymond, 'Piracy in Southeast Asia. New Trends, Issues, and Responses', p. 16-7.

51. Storey, Ian, 'China's "Malacca Dilemma"', *China Brief*, vol. VI, no. 8, 12 April 2006, pp. 4-6, accessed 2 November 2006, pp.4-6. However, 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 offering active involvement in securing Asian sea lanes.

52. Bradford, 'The Growing Prospects for Maritime Security Cooperation in Southeast Asia', p. 74.

53. Garry Rodan, Kevin Hewison, and Richard Robison, 'Theorising South-East Asia's Boom, Bust, and Recovery', in Garry Rodan, Kevin Hewison, and Richard Robison (eds), *The Political Economy of South-East Asia. Conflicts, Crises, and Change*, Melbourne: Oxford University Press, 2001, pp.2-3. However, it is beyond the scope of this paper to assess the relationship between PSCs operating in maritime Southeast Asia and the rise of neo-liberal theory and practice. More research on the companies operating in Southeast Asia is needed to fully understand these issues. For a general discussion of the driving forces behind the privatisation of military forces and the consequences of privatising security see: Peter W. Singer, *Corporate Warriors. The Rise of the Privatized Military Industry*, Ithaca: Cornell University Press, 2003, pp.66-70. Deborah D. Avant, *The Market For Force. The Consequences of Privatizing Security*, Cambridge: Cambridge University Press, 2005.

54. International Consortium of Investigative Journalists 'Making a Killing: The Business of War', in: International Consortium of Investigative Journalists, *Making a Killing. The Business of* War, Washington, DC: Center for Public Integrity, 2003, accessed 24 November 2003, p.1.

55. Doug Brooks, 'Messiahs or Mercenaries? The Future of International Private Military Services', in: Adekeye Adebajo and Chandra Lekha Sriram (eds), *Managing Armed Conflicts in the 21st Century*, Portland, Oregon: Frank Cass Publishers, 2001, pp.131-132.

56. Deborah Avant, 'Think Again: Mercenaries', Foreign Policy, July/August 2004, accessed 1 September 2004 (registration required).

57. David Isenberg, 'Corporate Mercenaries. Part 1: Profit Comes With a Price', Asia Times, 19 May 2004. Accessed 1 September 2004.

58. 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.

59. This is also the case for PSCs offering non-maritime related services. See: Peter Warren Singer, *Corporate Warriors*, pp. 73-5.

60. 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.

61. David Boey, 'Ship Owners Using Hired Guns. Guards Provide Anti-Piracy Security for Vessels in Regional Waters', Straits Times, 8 April 2005, p. 3. Author's Interview with Mike Martino, Counter Terrorism International (CTI), Murdoch University, Perth, 16 September 2005.

62. 'Group 4 Security Company Called in by Caltex in Riau', in Down to Earth, 49, May 2001. Accessed 15 May 2005.

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