



PIRACY IN THE 21ST CENTURY AND ITS IMPACT ON THE SHIPPING INDUSTRY

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ABSTRACT

Pirates are not something that we can see in Hollywood movies, which go around spreading evil and looting the cargo ships during transit in the sea. This happens in reality also, and the maritime industry or the shipping industry has been adversely impacted by piracy. In this paper, we will look onto the problems created by piracy, its impact on trade and how businesses around the globe are getting affected by it. We will also look on a few factors on how the organizations around the world are trying to cope up with this problem so as to safeguard the interest of all the parties associated and connected with this industry.

OBJECTIVE OF THE STUDY

- To study how pirates in the 21st century impact the global trade carried out through shipping industry.
- How the industry is dealing with this problem.
- What are the steps taken by the countries around the globe to deal with piracy?

INTRODUCTION

In today's world, as economies integrate with each other, global shipping industry has seen a drastic growth and as much as 80% of the global business is done through the shipping industry. Goods worth billions of dollars are moved from one part of the world to the other, the reason being that it is the cheapest mode of transporting large cargo shipments but

sometimes they fall prey to what we call as Pirates or Sea terrorists. This piracy has seen a rapid growth over the past years grabbing attention of various agencies and government bodies to cope up with this problem and ensure smooth functioning of the industry.

Mainly the trade routes between Europe and Asia have seen a steadfast growth in piracy, and have been termed as “emerging market” in the dark world of this sea terrorism. It also impacts the Horn of Africa, a strategic area that connects, via the Gulf of Aden, trade flows between the east and west to the neighbouring Strait of Bab el- Mandeb and into the Suez Canal. Other impacted areas include Southeast Asia, the Bay of Bengal and the Caribbean. Somalia is seen as the prime location for all the pirate attacks due to high poverty rates, low coastal security and no government functioning. Around 20,000 ships per year move across these areas carrying goods worth billions of dollars. This act of piracy does not only result in the loss of goods but also costs lives of several wayfarers, sailors and other employees working onboard during the transit of goods around the globe. Many companies are trying to overcome this problem just by taking a longer route and by avoiding the use of the routes where they can fall prey to pirate attacks. This further is a great threat to this industry that already faces various financial and economical issues. In this study we will study, how piracy poses a threat to the shipping industry globally and what steps have the governments taken to deal with this problem.

LITERATURE REVIEW

- Peter Chalk in his article “The Maritime Dimension of International Security Terrorism, Piracy, and Challenges for the United States” talks about the reasons, threats, factors and statistics that tells us about the impact of Sea terrorism or piracy on the world economy and how countries like the United states of America are dealing with it. The data analyzed in this research paper is the one that was recorded in the RAND terrorism database that is maintained by the USA. The research paper further specifically talks about how this terrorism is impacting the US economy and what are the threats and security enhancement steps taken by the government of the country to deal with it. A few of these initiatives involve- coming up with a Container Security Initiative (CSI), which involves deployment of the U.S. Coast Guard and Border Protection (CBP) officers and their foreign counterparts to pre-screen container ships bound for and departing from U.S. shores. Other initiatives involve The International Ship and Port Facility Security (ISPS) Code, The Proliferation

Security Initiative (PSI) and The Customs-Trade Partnership against Terrorism (C-TPAT) that have been talked about in the research paper in detail.

- Jon Vagg in his article “ROUGH SEAS? Contemporary Piracy in South East Asia” talks about the risk areas that are specified by the shipping industry taking the Asian continent into consideration. He further elaborates on these areas that include majorly the South China Sea, the Singapore Strait, the Vietnamese, Philippines and the Indonesian waters and how terrorism in these waters increased drastically in the early 2000’s. The author determined a few basic factors influencing these attacks in these regions that includes- economic dislocation because of development and people saw piracy as an opportunity, some of the pirate attacks had state agencies or government involvement also which was majorly due to smuggling and corruption, which resulted to an unaccounted income for the government officials. The data collected was majorly from secondary sources.
- Stephanie Hanson “2009” in his article “Combating Maritime Piracy” talks about the case of a ship being hijacked by the Somalian pirates full of Russian artillery and tanks and later the same pirates hijacking an oil super tank. Due to this a lot of countries deployed their navies in the Gulf of Aden to counter piracy. This article talks about the steps taken by these countries navies to counter piracy, the impact on the shipping industry back in 2008 when sea terrorism was at its peak and how the companies dealt with it.

HOW PIRACY IMPACTS THE SHIPPING INDUSTRY

- Increasing costs- as cargo shipments fall prey to pirate attacks, companies nowadays are going for insurance and appointing security personnel to cope up with this problem and avoiding the risk involved.
- To overcome the risk, the shipments are usually moved from a longer route other than the direct routes as these routes are narrow and high chances are there to fall prey to a pirate attack.
- Thin margins- as margins in the international shipment are also less and then getting a pirate attack will further add on to the losses of the companies due to which a lot of companies do not go on new routes of shipping goods.

TRENDS IN THE MARITIME PIRACY & GOVERNMENT INTERVENTIONS

- The trends in the maritime piracy have changed a lot overtime. Until unless there will be ships in the sea, piracy will also be present. We cannot fully eradicate it but the amount to which it has reduced is drastic. The title of most pirated water has shifted overtime from the regions across Somalia to South East Asia.
- According to the international maritime bureau, as various countries have deployed their navies in the Somalian region, piracy in this region has reduced as modern technology helps a lot in overcoming the armed robberies and technologies. But the piracy in areas like Indonesia, Bangladesh, Malaysia, Singapore, Malaysia and the Strait of Malacca are on a rise.
- There has been a new trend seen in the western parts of Africa as these parts are becoming prevalent in piracy activities and hijack ships for ransom. In 2016, this region had 30 hijack incidents until when no incidents were reported in the eastern parts of Africa.
- Even though piracy is declining in a few but prominent parts of the world, new regions are coming up with such instances. It is high time that all the countries should come together to mutually work against this sea terrorism.

The following are a few initiatives taken by the world economies to eradicate sea terrorism or piracy:-

- Over a dozen countries namely- USA, UK etc. have deployed their navies in the eastern parts of African continent which was the hotspot of piracy in the world.
- A treaty named the UN convention on the law of the sea came into effect in the year 1994, with 154 countries joining hands together along with the European Union to fight with piracy. Under this treaty, piracy is declared as a universal crime and pirates are subjected to be prosecuted and arrested by any of the member countries.
- Many patrolling ships have been mainly deployed in the Gulf of Aden as per NATO, US and European Union missions and many independent missions have been initiated by countries like India, Russia etc.
- Djibouti a small nation in the African continent has also come up with a code of conduct just to ensure that proper information is provided to the countries who are helping Africa to fight against its sea terrorism.

- As per the directions from the United Nations Security Council, the EU has launched its first naval operation named operation Atlanta which aims at abolishing toxic waste dumping and safeguarding fishermen's interests in the gulf.
- Many companies having their present and businesses across the globe are employing various security measures like having cannons loaded in their transit ships and having security personnel on the ships just for the sake of safeguarding their ships while on transit.

CONCLUSION

Even though we have seen a decline in the incidents relating to these pirate attacks in the past few years, the threat of goods worth billions being at stake and unsafe during transit has been influencing mainly all companies' decisions of dealing across borders. This is majorly because of the costs involved. As security, insurances etc. are taking major portions of the margins of the shipping industry; the profitability of this sector is reducing. Even though the countries are taking steps to fully eradicate sea terrorism, by coming together, running military operations together, signing treaties together etc. but somewhere or the other they still are failing to deal this problem effectively. Even though overtime pirate attacks in the eastern African regions have reduced but there has been a significant rise in the western parts of the continent now. Finally, it is important for the countries and the companies to keep looking and taking new steps to fight this problem of piracy to benefit the customers present across the globe. To eradicate this problem of terrorism, these parties should take into account that what factors or problems are making the pirate and people of countries like Somalia etc, to get involved in such activities and joint actions should be taken by the countries in eradicating their problem, be it of poverty, hunger or anything if the root cause of the problem is resolved all others will also be resolved. But with this act of piracy we can see how globalization has impacted us, as we are becoming more global centric and are focusing on benefitting all the countries around the globe by fighting against piracy by joining various navies, signing pacts, treaties etc, thus benefitting the masses.

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