



Maritime Terrorism Nexus
with Piracy and Sea Robbery:
Terrorism Financing in the Maritime Sector
A ReCAAP ISC Capability Building
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Key Questions

- What is the factor responsible for the maritime terrorism nexus piracy and sea robbery?
- How can we improve the existing regional response to address this factor?



Maritime Fact

- Public authorities and private businesses spend billions of dollars annually to secure the operation of transportation and logistics systems by protecting their ships, port facilities, and related maritime infrastructure from armed attacks and the harm to seafarers and the loss of cargo.



I.A. Maritime Terrorism Definition

- Maritime Terrorism can encompass a wide range of potential attack scenarios (a), including ships being hijacked, ships being used as weapons against other ships or port facilities; terrorists entering countries posing as seafarers; and weapons of mass destruction being shipped on merchant ships to terrorist organizations (b).
- Sources:
 - a.) P. Parfomak and J. Frittelli, "Maritime Security: Potential Terrorist Attacks and Protection Priorities", Congressional Research Service Report for Congress.
 - b.) R. Beckman. "International Responses to Combat Maritime Terrorism", in Ramraj, Hor, Roach (eds.), Global Anti- Terrorism Law and Policy (Cambridge University Press, 2005), pp 248 -269.



I.A. Maritime Terrorism: Definition


- Maritime Terrorism is the undertaking of terrorist acts and activities within the maritime environment, using or against vessels or fixed platforms at sea or in port, or against any one of their passengers or personnel, against coastal facilities or settlements, including tourist resorts, port areas and port towns or cities.
- Sources: Chalk, Peter. Neighbourhood watch : the evolving terrorist threat Southeast Asia. Barton, A.C.T.: Australian Strategic Policy Institute.



I.A. Maritime Terrorism: No one definition in ASEAN

- Regarding the ASEAN Convention on Counter Terrorism (ACCT), this task is supposedly simplified by creating a regional definition of shared offenses that cross-references the offenses found in a long list of global counterterrorism instruments.
- One must identify which acts at sea are accepted by that State as shared offenses under the umbrella of maritime terrorism.

- Source: Honniball, Aaron. (2023). "One Treaty to Apply Them All? Defining Maritime Terrorism by Cross-References and Reservations: The ASEAN Region Example." *International Law Studies*, Volume 100, (62), pp. 6-49.




I.B. Maritime Terrorism: Theories and Risks

- 1. Container shipping-scenarios involving radiological or nuclear detonation, or disruption of operations at a port.
- 2. Cruise ships, passenger ferries, container vessels - scenarios involving on-board bombs or food or water supply contamination and passenger ferry scenarios involving on-board bombs and USS Cole-style improvised explosive device attacks.

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- Source: Michael Greenberg. (2022). Maritime Terrorism: Risk and Liability. California, U.S.: RAND Publications.



I.B. Maritime Terrorism: Theories and Risks


- 3. Maritime attacks that leverage cargo containers could target port facilities or inland locations, the resulting supply chain disruptions could implicate a host of contractual and tort disputes.
- 4. Seaports and their infrastructure. Ports are one of the main targets of maritime terrorism. Thousands of workers and seafarers are in or arriving at ports every day. The vulnerable areas in ports are the navigational infrastructure, cranes, berths, pipelines, railroads, bridges, roads, water supply systems, fuel storage, dangerous goods, container terminals, and ships.

-Source: Michael Greenberg. (2022). Maritime Terrorism: Risk and Liability. California, U.S.: RAND Publications.




I.B. Maritime Terrorism: Theories and Risks

- 5. Oil and gas platforms. This type of offshore facility is one of the main targets of terrorist attacks since its defeat causes many human casualties, great material and environmental damage, and energy supply disruption.
- Critical infrastructure. These facilities should include fuel depots and hazardous cargo facilities that are regularly located in or near seaports. Terrorist attacks on these depots can cause significant human, material, and environmental damage.
- Sources: Mikhail Zelenkova, Yuliya Laamartia, Marina Charaevab, Tatyana Rogovac, Olga. (2022). "Maritime terrorism as a threat to confidence in water transport and logistics systems". X International Scientific Siberian Transport Forum. Transportation Research Procedia, 63 (1), pp. 2259-2²⁶⁷.




I.B. Maritime Terrorism: Theories and Risks

- 6. Major bridges. Although it was not a maritime terrorism attack, an example of an attack on a bridge was when a cargo ship, the Dali, struck the Francis Scott Key Bridge in Baltimore last March 26, 2024, killing 6 construction workers and destroying the bridge. This attack disrupted the port commerce of Baltimore for several days.
- Sources: Mikhail Zelenkova, Yuliya Laamartia, Marina Charaevab, Tatyana Rogovac, Olga. (2022). "Maritime terrorism as a threat to confidence in water transport and logistics systems". X International Scientific Siberian Transport Forum. Transportation Research Procedia, 63 (1), pp. 2259–2267.




I.B. Maritime Terrorism: Theories and Risks

- 7. The use of the sea as a means by which terrorist attacks can be carried out against land targets.
- For example, on September 30, 1978, the Israeli navy intercepted and sank the missile-laden cargo ship, *Agius Demetrius*, off the coast of Sinai, near Dahab. This foiled a plot devised by Fatah to attack Israel's southern coastal city and seaport of Eilat. The terrorists intended to destroy the oil tanks and pumping stations of the Eilat-Ashkelon pipeline by firing rockets into the port of Eilat and then directing a 600-ton ship filled with 5-6 tons of explosives to the beach, which was full of tourists. The ship's keel was designed to explode on impact with sand. While under the supervision of Israeli security forces, the ship sailed through the Suez Canal and the Gulf of Suez, where it was intercepted under the Cypriot flag.
- Source: Mikhail Zelenkova, Yuliya Laamartia, Marina Charaevab, Tatyana Rogovac, Olga. (2022). "Maritime terrorism as a threat to confidence in water transport and logistics systems". X International Scientific Siberian Transport Forum. Transportation Research Procedia, 63 (1), pp. 2259–2267.




I.B. Maritime Terrorism: Theories and Risks

- 8. The use of ships carrying weapons, military equipment, and ammunition to support the capacity building of terrorist groups.
- For example, on January 3, 2002, the ship *Karine A.* was hijacked in the Red Sea, carrying weapons for strikes against Israel.
- Source: Mikhail Zelenkova, Yuliya Laamartia, Marina Charaevab, Tatyana Rogovac, Olga. (2022). "Maritime terrorism as a threat to confidence in water transport and logistics systems". X International Scientific Siberian Transport Forum. *Transportation Research Procedia*, 63 (1), pp. 2259–2267.




I.B. Maritime Terrorism: Theories and Risks

- 9. The hijacking by terrorists of ships and passengers to negotiate and achieve their political goals.
- An example is the October 7, 1985, event in the Mediterranean Sea off the coast of Egypt, when terrorists from the Palestine Liberation Front seized the Italian cruise ship Achille Lauro with 511 passengers, demanding the release of Palestinian militants from Israeli prisons.
- Source: Mikhail Zelenkova, Yuliya Laamartia, Marina Charaevab, Tatyana Rogovac, Olga. (2022). "Maritime terrorism as a threat to confidence in water transport and logistics systems". X International Scientific Siberian Transport Forum. Transportation Research Procedia, 63 (1), pp. 2259–2267.



I.B. Maritime Terrorism: Theories and Risks

- 10. Terrorist attacks against critical maritime infrastructure, the destruction of which could mean an attempt to challenge and damage the prestige and dominance of the great powers, and through it, the Western perception of life.
- For example, on October 6, 2002, the French oil tanker Limburg was attacked on the traverse of the port of Daba in the Gulf of Aden. It was a symbolic warning by al-Qaeda to the West for its undivided dominance in the use of natural resources and the economy. The spill of nearly 100,000 tons of crude oil into the sea polluted more than 500 sq. km of water.
- Source: Mikhail Zelenkova, Yuliya Laamartia, Marina Charaevab, Tatyana Rogovac, Olga. (2022). "Maritime terrorism as a threat to confidence in water transport and logistics systems". X International Scientific Siberian Transport Forum. Transportation Research Procedia, 63 (1), pp. 2259-2267.



I.B. Maritime Terrorism: Theories and Risks

- 11. The use of water drones as a means of carrying out a terrorist attack. Aquatic drones are unmanned maritime vehicles that can operate autonomously or remotely.
- United States Navy ships and aircraft have shot down 15 drones fired by Yemen's Iran-aligned Houthis in the Red Sea area. The US military's Central Command (CENTCOM) said on Saturday that the US-led naval coalition was responding to a large-scale attack by "Iranian-backed Houthi terrorists" launched into the Red Sea and Gulf of Aden between 4am and 6:30am (1:00-03:30 GMT).
- Source: Al-Jazeera. (March 9, 2024). "US-led coalition shoots down 15 drones fired by Yemen's Houthis in Red Sea."

I.C. Maritime Terrorism Example: Superferry 14 Bombing (2004)

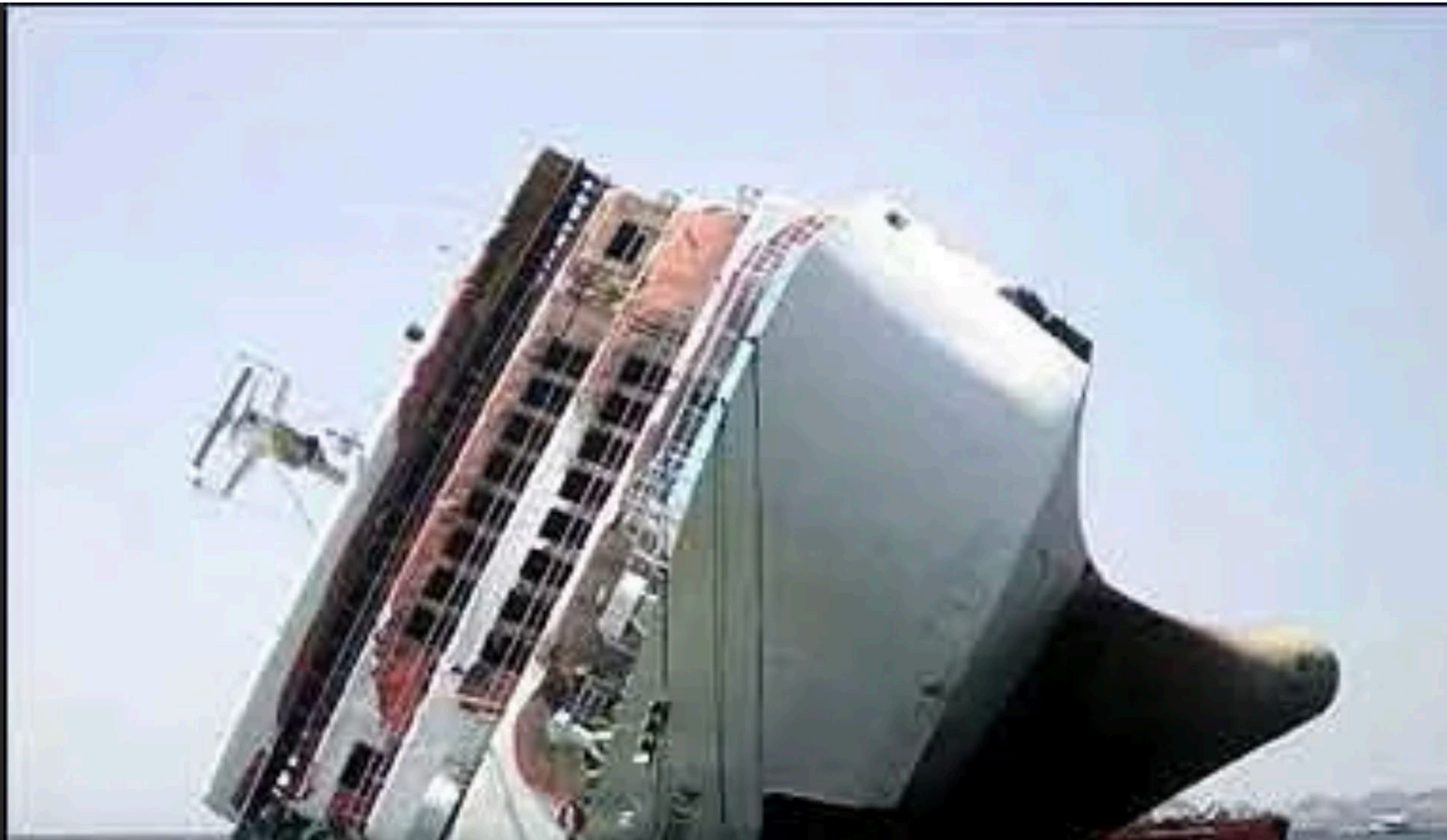


Photo: Superferry 14 (1) (Photo by Pauline Wilson - International Wiki)

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I.C. Maritime Terrorism Example: Superferry 14 Bombing

- At 11 pm on 27 February 2004 ferry departed from Manila for Cagayan de Oro City
- 899 passengers and crew
- An hour after departure, an explosion onboard started a fire that engulfed the ship. The survivors boarded rescue boats.
- The vessel sank. About 116 people lost their lives.
- The Abu Sayyaf Group terrorists claimed responsibility for this attack.



I.C. Maritime Terrorism Example: Economic Costs

- ASG terrorists placed 4 kgs. of TNT inside a television set in the lower portion of the vessel.
- Total Loss in Tangible Assets: PhP70M
- Opportunity Cost Losses-Shipping: PhP1B
- Lost Employment Opportunities: PhP5M
- Hospital Costs: PhP3M

- Source: Fabe, Amparo Pamela. (2013). "The Costs of Terrorism Bombings by the ASG. Philippine Sociological Review, Vol. 61, pp. 229-250.



I.A. Piracy: Definition

UNCLOS Article 101:

Piracy consists of any of the following acts:

(a) any illegal acts of violence or detention, or any act of depredation, committed for private ends by the crew or the passengers of a private ship or a private aircraft, and directed:

(i) on the high seas, against another ship or aircraft, or against persons or property on board such ship or aircraft;

(ii) against a ship, aircraft, persons or property in a place outside the jurisdiction of any State;

(b) any act of voluntary participation in the operation of a ship or of an aircraft with knowledge of facts making it a pirate ship or aircraft;

(c) any act of inciting or of intentionally facilitating an act described in subparagraph (a) or (b) five areas.

UNCLOS Article 101(c) finds that piracy includes aiding and abetting for § 1651 purposes.



I.A. Understanding Piracy

Property and economy are key to defining all of these roles. The filibuster and corsair, which at first glance appear to be more strictly political categories, are defined by economic activities.

Filibusters such as William Walker and John Quitman were intent on taking over foreign governments in order to establish colonies where property interests would be unfettered - i.e., where plantation slavery and untaxed trade could expand.

Sources: Lane, Kris. (1998). *Pillaging the Empire in the Americas*. New York: M. F. Sharpe.



I.A. Understanding Piracy

The corsairs of the Barbary Coast were understood by many North Africans to be the enforcers of a legitimate customs or port tax impose on European ships passing through their coastal waters. Like privateers, they were paid for their labor through agreed-upon shares of seized property.

Pirates did not expect to live long, nor did their criminal reputations allow them to invest in a family or in the future.

Sources: Pennell, C.R. ed in 2001, "Introduction," *Bandits at Sea: A Piracy Reader*. New York: New York University Press.



I.A. Understanding Piracy

During the Golden Age of Piracy in the Caribbean (circa 1650-1700), the pirates proclaimed themselves as "nationless."

They were castaways and runaways (from the military, slavery, impressment and forced migration) living in the colonial fringe.

Sources: Marcus Rediker. (2004). Villains of All Nations: pirates in the Golden Age. Boston, US: Beacon Press.



I.A. Understanding Piracy

Pirates are noticed for their “binge consumption” in port havens of Tortuga and Port Royal. They exerted social pressure upon one another to share their gains. Their personal fortunes fluctuated from poverty to fortune.

They spent their gains on lavish consumption such as liquor and prostitution and extravagant consumables such as fancy clothes and jewelry.

Sources: Richard Wilk (2007). “Loggers, Miners, Cowboys, and Crab Fishermen: Masculine Work Cultures and Binge Consumption,” Paper presented to the Yale Agrarian Studies Program, Nov 30, 2007.



I.A. Piracy: Theories and Risks

TYPE	ACTIVITIES
Pirate	Sea bandits or sailors who seize property and people by force.
Privateer	Pirates who operate with legal license from a state government to attack enemy port and ships during wartime and who tries to evade taxes and who enjoys a contractual share of seized goods.



I.A. Piracy: Theories and Risks

TYPE	ACTIVITIES
Corsair	A type of sailing ship extended to apply to mercenary cost board or customs agents along the Barbary Coast of North Africa.
Freebooter	A soldier who works for booty or plunder.
Filibuster	American adventurers who staged coups in Latin American states.




I.A. Piracy: Theories and Risks

TYPE	ACTIVITIES
Buccaneer	A French or English castaway colonists who survived by hunting or raising livestock and smoking it to sell meat to passing ships.
Smuggler	Trader who deals with illegal goods (contraband) and who trades with the enemy and who avoids taxes, customs and international blockades.



I.B.Piracy Theories

- The regulation of piracy in 1982 UNCLOS can be found in chapters 100 to 107. Based on the definition of piracy in article 101, it can be seen that piracy has three elements, namely:
 - The action is committed for private ends. Thus, such action cannot be made under the permission or authorization of a government;
 - The action is committed against another ship. This means that at least two ships involved in this action are required. The mutiny is not considered as piracy;
 - Such action is committed on high seas or other territory outside of the jurisdiction of any state.
- Source: Bunga, Gerald. (2021). THE REGULATION OF PIRACY AND ARMED ROBBERY AT SEA IN INTERNATIONAL LAW, Fakultas Hukum, Universitas Nusa Cendana



I.A.Piracy:Example

Piracy attacks take place in Nigeria's Niger Delta region where pirates steal goods such as oil, metals and cocoa.


On October 2013 off Nigeria's coast, pirates attacked an oil supply vessel and kidnapped the captain and chief engineer, both American citizens. Pirate attacks off Nigeria's coast have jumped by a third this year as ships passing through West Africa's Gulf of Guinea, a major commodities route, have increasingly come under threat from gangs wanting to snatch cargoes and crews. Direct losses from piracy affect international insurance rates.

Source: Reuters. "Pirate attacks by heavily armed gangs surge off Nigerian coast." October 18, 2013.



I.A. Sea Robbery Definition

- Armed Robbery Against Ships, in accordance with the Code of Practice for the Investigation of Crimes of Piracy and Armed Robbery against Ships of the International Maritime Organisation (IMO) Assembly Resolution A.1025(26), is defined as:
 - 2. "Armed robbery against ships" means any of the following acts:
 - (a) any illegal act of violence or detention, or any act of depredation, or threat thereof, other than an act of "piracy", committed for private ends and directed against a ship, or against persons or property on board such ship, within a State's internal waters, archipelagic waters and territorial sea;
 - (b) any act of inciting or of intentionally facilitating an act described above.



I.B. Sea Robbery

- In ReCAAP there are three main pillars namely: information sharing, capacity building, and cooperative regulations. Information sharing is done through the Information Sharing Center.
- ReCAAP promotes multiregional collaboration in dealing with piracy and armed robbery at sea.
- Article 2 of ReCAAP defines armed robbery at sea as: "Any illegal acts of violence or detention, or any act of depredation, committed for private ends and directed against a ship, or against persons or property on board such ship, in a place within a Contracting Party's jurisdiction." Therefore, this action must occur within the jurisdiction of the coastal state in order to be included in the armed robbery at sea definition.



I.B. Sea Robbery

- Based on Article 14, in order to increase the capacity of the contracting state in handling piracy and armed robbery at sea, each contracting state must provide great assistance to other states requesting it. Capacity building can be done through the provision of technical assistance such as education and training programs.



I.C.Sea Robbery: Example

Approximately 1,000 ships pass Singapore Strait every day. The strait plays a crucial role in international navigation and global trade. An August 9, 2023 report released by the Regional Cooperation Agreement on Combating Piracy and Armed Robbery Against Ships in Asia Information Sharing Centre (ReCAAP ISC) Report indicates that 51 incidents have occurred on board ships while underway in the Singapore Strait since January 2023.

This number far exceeds the 38 such incidents during the same period last year. The Philip Channel, off Pulau Cula, is a hotspot, even though most cases involved petty theft and caused minor or no injuries to crew members.

Source: Anh, Thu Nguyen. "Sea robbery in the Singapore Strait." Asian Maritime Security, The Lowy Institute. <https://www.lowyinstitute.org/the-interpreter/sea-robbery-singapore-strait>. September 13, 2023.



I.C. Sea Robbery: Example

The majority of the robberies took place during the hours of darkness. They were opportunistic and non-confrontational in nature, with the perpetrators escaping upon detection by the crew. Target ships tended to share common characteristics such as lack of vigilance, fatigued crew members, having low freeboard, and traversing at slow speed.

Such sea robberies are flourishing in the Singapore Strait because those who commit maritime crime are generally facing financial difficulties brought about by unemployment, slow socio-economic recovery after Covid-19, and depletion of fish stocks. As a consequence, they turn to petty crime, attempting to steal crews' property and ships' valuables to earn their livelihood.

Source: Anh, Thu Nguyen. "Sea robbery in the Singapore Strait." Asian Maritime Security, The Lowy Institute. <https://www.lowyinstitute.org/the-interpreter/sea-robbery-singapore-strait>. September 13, 2023.



Impacts of Sea Robbery at Singapore Strait

First, it puts crew members and other individuals on board at risk, both physically and psychologically.

Second, the incidents cause loss of property, including engine spares and scrap metal.

Third, shipping companies are expected to pay for added security and insurance when operating in areas where sea robbery is prevalent. Fourth, incidents can result in the interruption of maritime transport and adversely impact international trade.

In addition, sea robbery can lead to collisions as ships manoeuvre to avoid threat situations, potentially leading to the temporary closure of the strait.

Source: Anh, Thu Nguyen. “Sea robbery in the Singapore Strait.” The Lowy Institute. <https://www.lowyinstitute.org/the-interpreter/sea-robbery-singapore-strait>.



II. Maritime Terrorism Nexus Piracy and Robbery

- Sulu Sea is becoming the core of geopolitics issues between Indonesia, Malaysia and the Philippines.
- Maritime enforcement agencies face problems locating ASG members as they island-hop to avoid arrest. ASG has also utilised the shallow waters and mangroves of the area to outmanoeuvre the authorities. They often conduct their kidnappings and sea-jackings in small boats to evade detection from satellite systems and reduce visual exposure to aerial or naval patrols.
- Source: Kenneth Yeo, 'Philippines', Counter Terrorist Trends and Analyses, Annual Threat Assessment, 11, no. 1 (January 2019): 9-15.



Maritime Terrorism Nexus Piracy and Robbery

-The Sulu-Celebes Sea remains critical for the survival of terrorist groups in Mindanao. Foreign fighters worldwide continued to enter Mindanao to support IS- affiliated groups such as Abu Sayyaf, Maute Group, Ansharul Khilafah Philippines and Bangsamoro Islamic Freedom Fighters.

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-Source: Robert Postings, 'The Philippines: Destination for ISIS Foreign Fighters from Europe and Beyond?', The Defense Post, 12 September 2018, <https://thedefensepost.com/2018/09/12/philippines-isis-foreign-fighters-europe/>.



Maritime Terrorism Nexus Piracy and Robbery

- Key to these efforts are the joint Maritime Command Centres (MCCs) established in Tarakan (Indonesia), Tawau (Malaysia) and Bongao (Philippines).
- These MCCs aim to facilitate intelligence sharing and coordinate joint patrol operations among the three countries.
- Source: Prashanth Parameswaran, 'Are Sulu Sea Trilateral Patrols Actually Working?', Wilson Center (blog), 29 January 2019, [https:// www.wilsoncenter.org/blog-post/are-sulu-sea-trilateral-patrols-actually-working](https://www.wilsoncenter.org/blog-post/are-sulu-sea-trilateral-patrols-actually-working).



III. Answers to Key Questions

- 1.) What is the factor responsible for the maritime terrorism nexus piracy and sea robbery?
 - Terrorism Financing in the Maritime Sector
- 2.) How can we improve the existing regional response to address this factor?
 - Add a Countering Financing Terrorism Unit as part of the Trilateral Cooperation Agreement
 - Inter-agency collaboration in CTF between the MCCs and the PPTAK (Indonesia), (Bank Negara Malaysia (Malaysia), (Anti-Money Laundering Council) Philippines



IV. Terrorism Financing: Definition

Article 2(1)(a) and (b) of the Terrorist Financing Convention form the basis of what particular unlawful intention applies to the financing of terrorist acts, and what specific types of terrorist acts the TF offence should cover:

1. Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and wilfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:

a) An act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex; or

b) Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or an international organization to do or to abstain from doing any act.

Source: Financial Action Task Force, Recommendation 5



Terrorism Financing: Financial Action Task Force

“We must seize the initiative and collectively implement asset recovery to cut off the lifeblood of criminal enterprise – their money and their assets. This must be a key preventive strategy that all governments must adopt.”

Raj Kumar, President, Financial Action Task Force



Terrorism Financing: INTERPOL

INTERPOL Secretary General Jürgen Stock said:

“Just as criminals will trade any commodity to generate profits, every avenue must be followed to deprive them of these illicit gains. Choking off the illegal revenue streams is essential in promoting rule of law and protecting vulnerable communities”.



Terrorism Financing: United Nations

1. International Convention for the Suppression of the Financing of Terrorism (1999). The specific provisions of Article 2 of this Convention are as follows:

Any person commits an offence within the meaning of this Convention if that person by any means, directly or indirectly, unlawfully and willfully, provides or collects funds with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out:

(a) An act which constitutes an offence within the scope of and as defined in one of the treaties listed in the annex; or,

(b) Any other act intended to cause death or serious bodily injury to a civilian, or to any other person not taking an active part in the hostilities in a situation of armed conflict, when the purpose of such act, by its nature or context, is to intimidate a population, or to compel a government or to compel a government or an international organization to do or to abstain from doing any act.



Terrorism Financing: UN

3. United Nations 2003 Convention against Corruption

Merida Convention (see point b, Paragraph 1 of Article 14)

(b) Without prejudice to article 46 of this Convention, ensure that administrative, regulatory, law enforcement and other authorities dedicated to combating money-laundering (including, where appropriate under domestic law, judicial authorities) have the ability to cooperate and exchange information at the national and international levels within the conditions prescribed by its domestic law and, to that end, shall consider the establishment of a financial intelligence unit to serve as a national center for the collection, analysis and dissemination of information regarding potential money-laundering.



Terrorism Financing: UN

2. United Nations 2000 Convention against Transnational Organized Crime, which also known as the Palermo Convention. The specific provision of this framework area is as follows (see point b, Paragraph 1 of Article 7):

(a) The Convention pertains to the recognition by Member States of the seriousness of the problems posed by it. States that ratify this instrument commit to implement multiple measures against transnational organized crime;

(b) Shall, without prejudice to articles 18 and 27 of this Convention, ensure that administrative, regulatory, law enforcement and other authorities dedicated to combating money-laundering (including, where appropriate under domestic law, judicial authorities) have the ability to cooperate and exchange information at the national and international levels within the conditions prescribed by its domestic law and, to that end, shall consider the establishment of a financial intelligence unit to serve as a national center for the collection, analysis and dissemination of information regarding potential money laundering.



Terrorism Financing: FATF Recommendation 8

Recommendation 8

Combatting the Abuse of Non-Profit Organizations

Aims to ensure that NPOs are not misused by terrorist organizations:

- (i) to pose as legitimate entities;
- (ii) to exploit legitimate entities as conduits for terrorist financing, including for the purpose of escaping asset freezing measures; or
- (iii) to conceal or obscure the clandestine activity.



Terrorism Financing: FATF Recommendation 10

Recommendation 10 Customer Due Diligence

Financial institutions should be required to verify the identity of the customer and beneficial owner before or during the course of establishing a business relationship or conducting transactions for occasional customers.



Terrorism Financing: FATF Recommendation 30

Recommendation 30 Responsibilities of law enforcement and investigative authorities

Countries should ensure that designated law enforcement authorities have responsibility for money laundering and terrorist financing investigations within the framework of national AML/CFT policies.



Terrorism Financing: FATF Recommendation 32

Recommendation 32 Cash couriers

Countries should have measures in place to detect the physical cross-border transportation of currency and bearer negotiable instruments, including through a declaration system and/or disclosure system.



Terrorism Financing: FATF Recommendation 38

Recommendation 38 Mutual Legal Assistance

Countries should ensure that they have the authority to take expeditious action in response to requests by foreign countries to identify, freeze, seize and confiscate property laundered; proceeds from money laundering, predicate offences and terrorist financing; instrumentalities used in, or intended for use in, the commission of these offences; or property of corresponding value.



Terrorism Financing: EU 6 AML Directive

The EU's 6 AML Directive (6 AMLD) came into effect 3 December 2020 and was implemented by regulated entities by 3 June 2021.

It aims to strengthen anti-money laundering (AML) rules in the EU and place higher responsibility on regulated entities to fight financial crime.

This directive applies to financial institutions, virtual asset service providers, tax advisors, and auditors.



Terrorism Financing: EU 6 AML Directive

The 6AMLD includes a broader definition of money laundering, stricter penalties for offenders, mandatory central registers for beneficial ownership, increased cooperation between authorities, and the identification of 22 predicate offenses that can be associated with money laundering.

Predicate offenses are related to money laundering because they provide the illegal proceeds that are laundered through financial systems to hide their origin and make them appear legitimate. Criminals engage in predicate offenses to generate income from illegal activities, and then they use various techniques to conceal the origin of the funds and make them appear as if they were generated from legal sources.



Terrorism Financing: EU Anti-Money Laundering Directive

The EU's 6 AML Directive (6 AMLD) extends criminal liability to allow for the punishment of legal persons, such as companies or partnerships.

Companies may be criminally liable for the actions of employees who engage in criminal activity.


The sentence for money laundering crimes increased to a minimum of at least four year imprisonment.

This requires EU Member States to criminalize certain predicate offenses whether they are illegal in that jurisdiction or not.



Terrorism Financing: 22 Predicate Offences

Terrorism
Drug trafficking
Arms trafficking
Organized crime
Kidnapping
Extortion
Counterfeiting currency
Counterfeiting and piracy of products
Environmental crimes
Tax crimes
Fraud
Corruption
Insider trading and market manipulation
Bribery
Cybercrime
Copyright infringement
Theft and robbery
Human trafficking and migrant smuggling
Sexual exploitation, including of children
Illicit trafficking in cultural goods, including antiquities and works of art
Illicit trafficking in hormonal substances and other growth promoters
Illicit arms trafficking



V. Terrorism Financing in the Maritime Sector

Asia - Sulu Celebes Sea

Middle East - Gulf of Aden,
Red Sea, Bab Al-Mandeb Strait

Africa - Somalia and West Niger


Caribbean - waters off of Venezuela,
Trinidad, Guyana, and Suriname



Terrorism Financing in the Maritime Sector: Terrorism Activities


1. Operational Activities - Surveillance, Reconnaissance, Rehearsal, Final Preparations, Final Attack

2. Support Activities- Financing, Recruitment, Procurement, Transportation, Travel, Safe Havens, Multiple Identities, Communications and Training




Fabe-Toledo Framework on Terrorism Financing in the Maritime Sector

Activities	Description
Operations	Terrorists organizations carry out pre-operational surveillance. This includes travel to the target location, use of yachts, patrol boats and dinghies. They purchase firearms and create improvised explosive devices. They invest in aerial drones and uncrewed surface vessels for maritime surveillance operations.
Propaganda and Recruitment	They use social media for the recruitment of supporters has become common. Terrorists purchase domain names and administer websites. They acquire newspapers, magazines radio and television stations.



Fabe-Toledo Framework on Terrorism Financing in the Maritime Sector

Activities	Description
Training	Terrorists organizations utilize funding for the training of operatives in weapons handling, bomb making, firing proficiency, clandestine communications and ideology.
Salaries	Terrorist organizations set aside funds for their leaders and members. They also give money to families of deceased members and jailed members. They give money for orphans and recruit them for operations. They use fintech apps and crypto wallets.



Fabe-Toledo Framework on Terrorism Financing in the Maritime Sector

Activities	Description
Social Services	Terrorists organizations set up social organizations to undermine the credibility of the legitimate government, to build support within local populations and to help them in recruitment efforts. They establish social institutions that provide health, social and educational benefits for the women, youth and children.



Terrorism Financing in the Maritime Sector: The Sulu Celebes Sea

The Sulu Archipelago measures approximately 6,100 kilometers from east to west.

Sulu-Sulawesi Sea offers a safer route for super tankers. Bigger tankers navigating to and from East Asia and the Middle East have to divert through this waterway due to the depth constraints of the Straits of Malacca.





VI. Trilateral Cooperation Agreement: Before Implementation

The waters bordering Indonesia and the Philippines are gateways for terrorists travelling from one part of Southeast Asia to another.

Jemaah Islamiyah members, and other Islamic militant groups from Indonesia use this route to travel to training camps in the Philippines.

Terrorists travel from Kalimantan Timur (Indonesia) to Sabah (Malaysia) and proceed to Tawi-Tawi and Sulu/Mindanao (the Philippines).



ABDUCTION OF CREW

In Sulu-Celebes Sea and off waters in Eastern Sabah (2017)

3 ABDUCTION INCIDENTS Fishing banca, *Giang Hai*,
Super Shuttle Tug 1

4 ATTEMPTED INCIDENTS *Ocean Kingdom*, *Donghae Star*,
Phu An 268, *Doña Annabel*

Last actual incident in March 2017 and last attempted incident in April 2017



CURRENT STATUS SINCE ABDUCTION IN MARCH 2016

- 59** Abducted
- 43** Released/rescued
- 7** Killed
- 9** In captivity

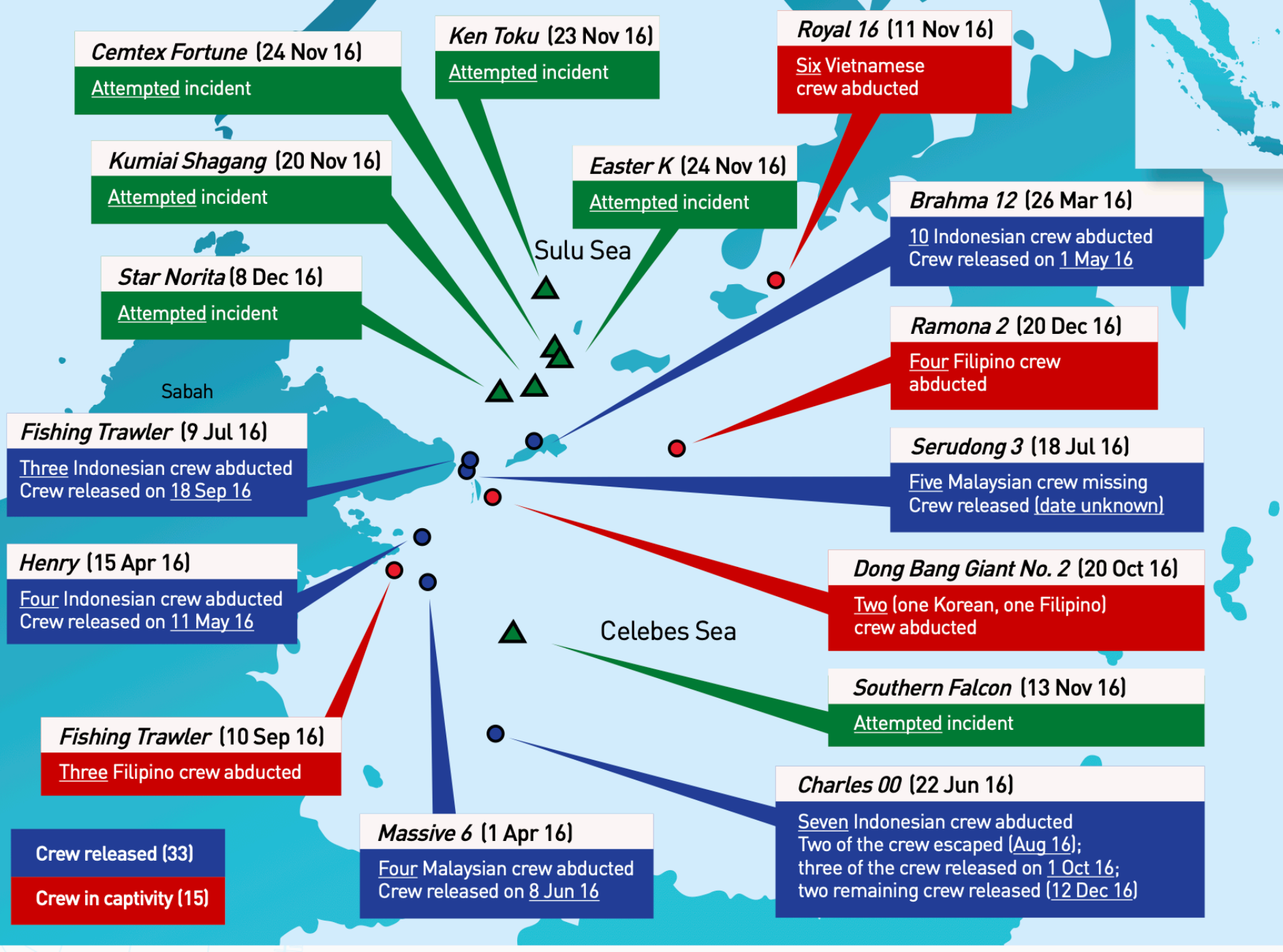


ReCAAP ISC'S ADVISORY TO SHIPS

Re-route where possible, otherwise:

- Exercise enhanced vigilance
- Conduct risk assessment
- Adopt piracy countermeasures to mitigate risk
- Make timely reporting
- Maintain communication





Cemtex Fortune (24 Nov 16)
Attempted incident

Ken Toku (23 Nov 16)
Attempted incident

Royal 16 (11 Nov 16)
Six Vietnamese crew abducted

Kumiai Shagang (20 Nov 16)
Attempted incident

Easter K (24 Nov 16)
Attempted incident

Brahma 12 (26 Mar 16)
10 Indonesian crew abducted
Crew released on 1 May 16

Star Norita (8 Dec 16)
Attempted incident

Ramona 2 (20 Dec 16)
Four Filipino crew abducted

Fishing Trawler (9 Jul 16)
Three Indonesian crew abducted
Crew released on 18 Sep 16

Serudong 3 (18 Jul 16)
Five Malaysian crew missing
Crew released (date unknown)

Henry (15 Apr 16)
Four Indonesian crew abducted
Crew released on 11 May 16

Dong Bang Giant No. 2 (20 Oct 16)
Two (one Korean, one Filipino) crew abducted

Fishing Trawler (10 Sep 16)
Three Filipino crew abducted

Southern Falcon (13 Nov 16)
Attempted incident

Crew released (33)
Crew in captivity (15)

Massive 6 (1 Apr 16)
Four Malaysian crew abducted
Crew released on 8 Jun 16

Charles 00 (22 Jun 16)
Seven Indonesian crew abducted
Two of the crew escaped (Aug 16);
three of the crew released on 1 Oct 16;
two remaining crew released (12 Dec 16)



V. Terrorism Financing Assets in the Maritime Sector Focus on the Abu Sayyaf Group

Cash

Cash from Kidnap for Ransom

Cash from IS Foreign Terrorist Fighters

Cash from government aid to citizens during Covid-19

Cash from Philippine Digital Banks

Bank Accounts, approximately 50 accounts

Donations transferred through Six Private Remittance Companies

Cigarette Smuggling

Barter Trade


Cryptocurrencies

Use of Fintech Apps of Indonesia and Philippines

Weapons smuggling

Kinship Ties in Southeast Asia

Source: Fabe, Amparo Pamela. The Terrorism Financing Assets of the Abu Sayyaf Group. Unpublished research, 2023.



VII. The Trilateral Cooperation Agreement

Joint aerial and navy patrols

Immediate assistance for safety of people and ships in distress

National focal points for sharing of information and intelligence

Hotline of communications

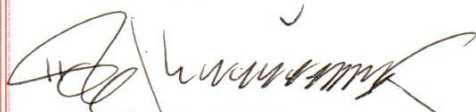



REPUBLIK INDONESIA

**Joint Declaration by
President of the Republic of Indonesia and
President of the Republic of the Philippines
on Cooperation to Ensure Maritime Security in Sulu Sea**

1. President Joko Widodo of the Republic of Indonesia and President Rodrigo Roa Duterte of the Republic of the Philippines, met in Jakarta on 9 September 2016 to discuss the growing security challenges, such as the abduction of innocent civilians by armed groups in the region particularly in the Sulu Sea.
2. The two Leaders recognized the importance of cooperative measures that have been duly taken by the Countries concerned, including:
 - a. the Joint Declaration on Immediate Measures to address Security Issues in the Maritime Areas of Common Concern among Indonesia, Malaysia, and the Philippines adopted in Yogyakarta, 5 May 2016;
 - b. Framework Trilateral Cooperative Arrangement Indonesia – Malaysia – The Philippines on Immediate Measures to Address Security Issues in the Maritime Areas of Common Concern, signed in Jakarta, 14 July 2016; and
 - c. the Joint Statement Trilateral Meeting Among the Defence Ministers of Indonesia, Malaysia, and the Philippines, signed in Bali, 2 August 2016.
3. The two Leaders agreed to encourage the earliest and effective implementation of the cooperative frameworks as referred to in Paragraph 2 above.
4. The two Leaders emphasized their high political commitment and shall take all necessary measures within their competence to ensure the security of the Sulu Sea.

Signed in Jakarta, on this 9th day of September 2016, in two originals in the English Language.


Joko Widodo
President of the Republic of the
Indonesia


Rodrigo Roa Duterte
President of the Republic of the
Philippines



VIII. Trilateral Cooperation Agreement: After Implementation

Situation on Abduction of Crew from Ships
While Underway in the Sulu-Celebes Seas
and Waters off Eastern Sabah

First Quarter ReCAAP Reports

2020

2021

2022

2023

2024



2020 ReCAAP First Quarter Report

First Incident of Abduction of Crew in 2020

The Philippine Coast Guard (ReCAAP Focal Point) reported to ReCAAP ISC that six gunmen dressed in black suits with masks in a grey speedboat with twin engine (40 HP) abducted eight crew from a Malaysia-registered fishing trawler (with marking SSK 00543). On 17 January 2020 at about 1500 hrs, the fishing trawler was found abandoned and with no crew on board at approximately 4.24 nm off Pulau Tambisan, Lahad Datu, Sabah, Malaysia. On 18 January 2020, the Malaysian authorities reported that they recovered three of the eight missing crew in the vicinity of Lahad Datu, Sabah. The Philippine authorities conducted maritime patrols in the area, particularly near the Sulare island. The remaining five crew are still held in captivity.

As of 31 Mar 2020, five crew are still being held in captivity. The Philippine and Malaysia authorities continue to step up patrol efforts, conduct pursuit operations and intensify military operation to rescue the crew in captivity and neutralise the militant group.



2020 ReCAAP First Quarter Report ReCAAP ISC Advisory

As the risk of the abduction of crew in the Sulu-Celebes Seas and waters off Eastern Sabah is high as demonstrated by the incident on 17 January 2020, the ReCAAP ISC reiterates its advisory issued via the ReCAAP ISC Incident Alert dated 21 November 2016 to all ships to reroute from the area, where possible. Otherwise, ship masters and crew are strongly urged to exercise extra vigilance while transiting the area, and report to the Operation Centres of Philippines and Eastern Sabah Security Command (ESSCOM) of Malaysia.



2021 ReCAAP First Quarter Report Rescue of the Remaining Four Abducted Crew

In March 2021, the Philippine Coast Guard (ReCAAP Focal Point) reported to the ReCAAP ISC the rescue of the remaining four crew who had been abducted on 17 January 2020 from fishing trawler SSK 00543 at approximately 4.24 nm off Pulau Tambisan, Lahad Datu, Sabah, Malaysia.

The description of the rescue operations is as follows:

1 On 18 Mar 2021, when the abductors were ferrying the four abducted crew towards Tawi-Tawi province to avoid the intensified military operation in the province, their watercraft capsized in bad weather. Three of the abducted crew were rescued by the Philippines authorities in the vicinity waters off Pasigan Laut Island, South Ubian, Tawi-Tawi, the Philippines, and brought to the Tandubas Municipal Police Station (MPS). One of the crew was reported missing.

2 On 21 March 2021, the missing crew was rescued by the Armed Forces of the Philippines in the vicinity of Kalupag Island, Brgy Kalupag, Languyan, Tawi-Tawi, the Philippines. With the rescue of the four crew, no crew of ships is currently held in captivity by the Abu Sayyaf Group (ASG).



2021 ReCAAP First Quarter Report Rescue of the Remaining Four Abducted Crew

During the rescue operations, the Philippine authorities neutralised the notorious ASG sub-leader Majan Sahidjuan @ Apo Mike, and arrested the ASG Sulu-based member Suhud Salasim @ Ben Wagas. This has brought about a great blow to the operation of ASG in the abduction of crew in the Sulu-Celebes Seas and waters off Eastern Sabah.

However, the threat of abduction of crew remains high as demonstrated by information of planned kidnapping by members of the ASG targeting the abduction of crew from ships passing by Tawi-Tawi and Sabah waters, and the operation on 3 November 2020 by the Philippine authorities in preventing a kidnap-for-ransom plan by the ASG.



2022 ReCAAP First Quarter Report

No abduction of crew incident was reported during January-March 2022. The last known incident occurred on 17 January 2020 off Lahad Datu, Sabah, Malaysia. No crew is currently being held in captivity by the perpetrators, Abu Sayyaf Group.

The Philippine and Malaysian authorities continued to conduct pursuit operations and intensify military operations to neutralise the ASG. In 2021, the operations carried out by the Armed Forces of the Philippines had resulted in the neutralization of some ASG sub-leaders and members. However, as Mundi Sawadjaan is still at large, the threat of abduction of crew from ships remains potentially high, particularly in the areas of Sulu and nearby waters off Tawi-Tawi.

The ReCAAP ISC reiterates its advisory issued via ReCAAP ISC Incident Alert dated 21 Nov 2016 to all ships to reroute from the area, where possible.



2023 ReCAAP First Quarter Report

There was no report of incident of abduction of crew for ransom during January-March 2023. The last known incident occurred on 17 Jan 20. No crew is currently being held in captivity by the ASG. The Philippines, Malaysian and Indonesian authorities continued to maintain surveillance and military operations to neutralise the ASG.

Downgrading of Threat Assessment Level- With inputs from stakeholders and counterparts with vital involvement in securing the Sulu-Celebes Seas maritime security measure, the PCG recommends the downgrading of the threat of the 'Abduction of crew for ransom in the Sulu-Celebes Seas' from 'POTENTIALLY HIGH' to 'MODERATE'. The MODERATE threat level as per their orders, implies that 'incidents are possible to occur but are relatively less severe in nature'. This is based on the perception that despite the presence of the remnants of the terrorist group in the islands of Basilan, Sulu and Tawi-Tawi, the government's continued ground military operations have reduced the strength of the perpetrators to conduct atrocities at sea.

The ReCAAP ISC updated its Advisory on 15 Sep 2022 to all ships to consider re-route from the area as an option based on its prerogative. However, for ship masters and crew transiting the area, they are strongly encouraged to exercise extra vigilance while transiting the area.

ReCAAP ISC 2024

Situation Update

There was no report of incident of abduction of crew for ransom during January-March 2024. The last known incident occurred on 17 Jan 2020. No ship crew is currently held in captivity by the ASG. The Philippines, Malaysian and Indonesian authorities continue to maintain surveillance and military operations to neutralise the ASG.

Downgrading of Threat Assessment Level

The efforts by the Philippine Government in Zamboanga, Sulu, and Tawi-Tawi through the conduct of continuous military operations had led to the subsequent dismantling of the support base and the neutralising of the ASG in the Sulu archipelago.

Against this backdrop, the Philippine Coast Guard (PCG) [ReCAAP Focal Point], together with other stakeholders and counterparts that have vital involvement in the maritime security of the Sulu-Celebes Seas, reviewed the threat situation and recommended a further downgrading of the threat level of 'Abduction of crew for ransom in the Sulu-Celebes Seas' from 'MODERATE' to '**MODERATE LOW**'. This downgraded level means that ***"Incidents are unlikely to occur due to perpetrators' perceived lack of capability to orchestrate any attacks. Nevertheless, minimal damages can be expected to the ship and crew in the event of any potential attacks."***

Updated ReCAAP ISC Advisory

With the downgrading of the threat level on the 'Abduction of Crew for ransom in the Sulu-Celebes Seas' by the PCG, the ReCAAP ISC also updated its Advisory for ships to ***"exercise vigilance and adopt necessary preventive measures while transiting the area"***.



IX. Policy Recommendations

These are my policy recommendations:

1.) The Maritime Coordination Centers need to establish a unit that will also monitor Terrorism Financing in the Maritime Sector. This unit can enhance ReCAAP's information sharing and coordination mechanisms.

2.) An ISC ReCAAP Advisory can add a Section on Terrorism Financing in the Maritime Sector can be added to the Annual ReCAAP report.

3.) A Handbook for Terrorism Financing in the Maritime Sector for ReCAAP is needed.

4.) A database of Terrorism Financing in the Maritime sector experts can be drawn up.



IX. Policy Recommendations

5.) A Study on Terrorism Financing Assets of Threat Actors, Terrorists, Drug Cartels, Transnational Organized Crime in the maritime sector is essential.

6.) These maritime experts will work with maritime insurance professionals in managing increasing risks both from terrorists and geopolitical risks of a potential Taiwan invasion or South China Sea conflict.

7.) An annual Terrorism Financing in the Maritime sector Conference for the Indo-Pacific is necessary.

8.) Best practices in Countering Terrorism Financing in the Maritime Sector by countries in the Indo-Pacific can be discussed and disseminated.



IX. Policy Recommendations

9.) A regular Training Course for the Commercial Shipping Sector on identifying and monitoring Terrorism Financing Assets of Threat Actors, Terrorists, Drug Cartels, Transnational Organized Crime in the maritime sector can be organized.

10.) A regular Training Course for maritime law enforcement officers who forms part of the ReCAAP Contracting Parties on on identifying and monitoring Terrorism Financing Assets of Threat Actors, Terrorists, Drug Cartels, Transnational Organized Crime in the maritime sector can be organized.



X. Conclusions

The factor that is responsible for the maritime terrorism nexus piracy and sea robbery is terrorism financing in the maritime sector.

We can improve the existing regional response such as the Trilateral Cooperation Agreement to address this factor by adding a Countering Financing Terrorism Unit as part of the Trilateral Cooperation Agreement and to increase inter-agency collaboration in Countering Terrorism Financing in the maritime sector through the MCCs with the (PPTAK) Indonesia, (BNM) Malaysia, Philippine (AMLC).



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