Private Security Governance
Assessing the Conditions for Private Measures Fighting Somali Piracy

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By Helge Staff, University of Bremen & Jacobs University

Abstract
Along with the widespread privatization in many fields debates arose about the appropriate role of private actors and under what conditions private actors can provide international security. Yet, research on the privatization of security has almost completely focused only on the operative providers of private security: PMSCs. To understand private security, its advantages and dangers, however, one needs to arrive at a comprehensive view of private security. Beyond PMSCs, private businesses and their associations have established institutions playing a key role in the private provision of security. The question is approached by testing conditions derived from two streams of literature outside of the security realm: environmental governance and public goods theory. The testing is conducted by analyzing the activities of PMSCs and the shipping industry fighting Somali piracy. Here operational and regulative private initiatives can be found and conditions which favor or constrain the private provision of security assessed.

Introduction
Who is responsible for my security? This normative question remains at the heart of political history and current debates on the privatization of security. The cases of recent Western military interventions have shown that there are pervasive reasons for politicians and militaries to rely on private security services although their performance on the ground has raised pressing questions. Beyond the heated debates concerning the normative dimension we just do not know in which cases private security is empirically appropriate and in which it is not (Singer 2008: 260). Therefore, one arrives today at the question: under which conditions can private actors provide international security?

Why is answering the proposed research question not only relevant for real-world affairs but also for academia (King/Keohane/Verba 1994: 15)? First, and contrary to market-based approaches in environmental governance or social policy, the provision of security was always at the heart of the modern state (Sørensen 2004: 11). To analyze empirically under which conditions private actors could provide security is therefore of great relevance to judge confidently further moves in the privatization of security. Reliable political and economic advice in which cases public or private forces are needed is actually made possible. Second, the academic relevance of the topic is
caused by the insufficiency of the approaches to study the privatization of security so far. Scholars of International Relations, Political Science, or Security Studies have to a great extent only looked at the operative privatization of security (Krahmann 2010; Deitelhoff/Fischer-Lescano 2013; Muthien/Taylor 2002) and missed the regulative initiatives by private actors like business associations or individual firms outside of the security realm. An interesting exception is the work by Deitelhoff and Wolf (2010) who explore the security contributions by individual companies in post-conflict settings. Therefore, a full account of the privatization of security, understanding operative as well as regulative elements (Hurrelmann et al. 2007: 10) as equal parts of the same framework of private security governance, is of great need. It could ensure a more balanced and precise judgment on facilitating or constraining conditions of privately provided security. Because this more encompassing approach is missing in the current literature on private security and due to the general weakness of the literature concerning limiting or facilitating conditions of private security, two other streams of literature inform this study: private climate governance and public goods theory. They provide complementing perspectives, as the empirical governance literature focuses rather on the actors and their coordination (independent variable) whereas public goods theory enriches the abstract understanding of security (dependent variable).

When talking about governance and security, it seems rather obvious to look into the literature which has combined these terms to the concept of ‘security governance’. However, the usage of the term has not arrived at a minimal consensus yet. Several authors propose different conceptualizations with a multitude of indicators (Ehrhart 2010: 30-34; Krahmann 2003a; Daase/Friesendorf 2010), others use it as an umbrella term to describe all political approaches to security in general (Adler/Greve 2009: 65; Kirchner/Sperling 2007; Brinkerhoff 2007; Bryden/Caparini 2006). Due to this fuzziness of the literature on ‘security governance’, one might want to look into more developed areas of private governance research. Here especially the field of private climate governance, the private or market-based initiatives to lower carbon emissions, will be reviewed. Public goods theory, the second stream of literature, offers a rational perspective on different kinds of goods, their characteristics, and problems of their provision (Samuelson 1954; Kaul et al. 2003). An interesting article by Elke Krahmann (2008) already combined public goods theory with reasoning about the concept of security by applying it to PMSCs (Private Military and Security Companies). With the help of public goods theory, the term ‘security’ can be divided into diverging kinds of security. These types of security are analyzed in how far they favor private or public provision.
The research question under which conditions private actors can provide international security does not ask for an independent or dependent variable as such. Since one assumes that private actors as the independent variable provide international security (dependent variable), what is at stake here are antecedent conditions framed as condition variables (Van Evera 1997: 9-11) or differing values on the dependent variable. Such antecedent conditions can activate or magnify a causal relationship as well as their absence could hinder or prevent the effect, while the differing values on the dependent variable refer to the types of security to be provided (see figure 1).

![Figure 1: Study variables](image)

The research design chosen here is a single case study. The study will therefore not try to arrive at an answer with a high external validity but aims to test with great internal validity (Bryman 2012: 47-48). As no established literature on favoring or constraining conditions of private security understood in the sense established above exists, a multiple case study does not seem to be appropriate. A first set of conditions should be developed and understood in a single case before testing them in a more demanding setting. A case in this study would be any private security governance framework. The case selected is the counter-piracy activity of private actors at the Horn of Africa and in the Gulf of Aden with a temporal limit of 2008 to 2014, the time frame of the main pirate activity. One of the advantages of choosing Somali piracy as the security threat at hand, beyond the presence of operative as well as regulative private elements, is the revealing quantitative development of pirate attacks in the region. It clearly shows an upward trend peaking in 2011 and a decisive decrease in attacks by 2012 (IMB 2014; IMB 2011a). Three sources of data will inform the main analysis: primary documents by private as well as public actors, academic literature and, perhaps most important, nine semi-structured interviews (Bryman 2012: 471) conducted with persons from the public armed forces, PMSCs, the shipping industry, the maritime insurance industry, and others. In the following, I will first derive five potential conditions facilitating the private provision of security by looking at the case of private climate governance. Second, to account for differences within the good of security public goods theory is utilized to split security into three types. Third, and fourth, the five conditions and three types of security are tested with reference to the case of private measures fighting Somali piracy. Fifth, a conclusion will formulate the main results and further points of research.
Private Climate Governance

This section serves as the first theoretical part and it substitutes for the shortcomings of the literature on security governance as pointed out in the introduction. The literature on private climate governance is particularly suited for this task as it is well developed and emphasizes the role of certain actors as well as the coordination between them. Of the many initiatives and projects already assessed by scholars I focus on the two areas of standard setting exemplified by the Carbon Disclosure Project (CDP) and carbon trading exemplified by the Clean Development Mechanism (CDM). The final part of this section is, of course, devoted to sum up the results and to formulate conditions which can be tested and applied to the private endeavors in the fight against Somali piracy.

Beyond the idea of ‘global’ governance, Elke Krahmann (2003b: 340) considered government as the counterpart of governance and concludes, “using government and governance as ideal-typical poles at either end of a continuum ranging from centralization to fragmentation permits an analysis of the transformation of political authority at the national, regional and global levels”. Here, especially, the transformation from public to private authority is relevant. Claire Cutler, Virginia Haufler, and Tony Porter (1999: 5) understand private authority to exist “when an individual or organization has decision-making power over a particular issue area and is regarded as exercising that power legitimately” and that “such authority does not necessarily have to be associated with government institutions”. This influence of private actors in terms of normative, discursive, or structural features (Pattberg 2007: 7) goes beyond traditional forms of lobbying and rather constitutes a system of rule in the sense of Rosenau (1995:13). The involvement of private actors in the governance of climate change required first a complete transformation of the issue itself through the interest of capital. Whereas business denied human induced climate change for a long time, insurance companies began to change their mind during the 1990s (Newell/Paterson 2012: 62-63; Brunnengräber 2009: 190). Companies in the insurance market, and especially reinsurers, had a genuine interest in keeping the increasing extreme weather events at a minimum (Newell/Paterson 2012: 62). But gradually other companies in non-insurance fields perceived climate change as a business risk, too. Such risks could be costs resulting from potential later public regulation, reputational costs, risks of legal liabilities, or the mistake not to invest into a future market (Newell/Paterson 2012: 43-44). So, action against climate change became to be framed within the rational self-interest of a profit-seeking actor. This set in motion a powerful process due to the forces of the international market. Because once climate change was understood as a risk in terms of future costs for individual companies, it also became an important factor in the calculation of
investors (Newell/Paterson 2012: 65). But in order to get this information on which to base an investment decision, first a standard is needed on how to measure such risks and how to report them. Here the story of the Carbon Disclosure Project (CDP) begins. The CDP was initiated in 2000 by 22 institutional investors from the United Kingdom with the goal “to collect information on the climate change impact of the world’s largest corporations” (Clapp/Thistlethwaite 2012: 60). In this way the CDP directs investment into companies fighting climate change and overall into a low carbon economy (Clapp/Thistlethwaite 2012: 60). Newell and Paterson (2012: 65) expressed the underlying rationale as “what gets measured can be managed”. Basically, the CDP sends out a questionnaire to companies listed at the stock exchanges and asks them to report on CO₂ emissions, climate change related risks, and their counter- or emission reduction strategies (Newell/Paterson 2012: 65). This information is then collected, analyzed, and made available to investors who can base their decisions on the data. Ans Kolk, David Levy and Jonatan Pinkse (2008: 729) report that in 2003 46% of the 500 world’s largest companies replied, but in 2007 the ratio had already grown to 77%. In sum, a non-economic factor has first been transformed into an insurance risk, then to a business risk, and finally to a criterion for investment. In order to make this criterion visible, a group of private actors drew up a reporting mechanism and implemented it successfully among the largest corporations of the global economy. Another interesting case of a reporting standard is the WBCSD-WRI Greenhouse Gas Protocol which serves as a reporting scheme for companies on their greenhouse gas emissions (Newell/Paterson 2012: 122). Green (2010: 32) identifies three conditions responsible for the success of this private standard setting: the institutions involved displayed a great amount of expertise with no other focal institutions being able to provide the same. Government action was blocked due to negotiation failures and thus a vacuum existed which was then filled by private authority. And the standard setting process was executed in a most transparent way incorporating many actors and their diverse interests which achieved legitimacy and reputation.

Besides a standard reporting mechanism it has also become important to know how to measure a ton of CO₂ emissions, how to measure projects that compensate for one ton of CO₂, and what kind of credits one would get for compensating. Other standards like the Chicago Climate Exchange (CCX) create carbon markets (Green 2013: 8-9). Such private or voluntary carbon markets are characterized by the fact that no “centralised means of issuing credits exists. Indeed, firms can (although the number doing so is declining) simply issue credits themselves without any third party verifying their claims” (Newell/Paterson 2012: 118). Therefore, a great set of standards has been developed which compete for customers. Many standards have tried to find a
market niche and put special emphasis on social or public-relations-focused projects (Newell/Paterson 2012: 118-122). Yet, the standards discussed till now are to a large extent private, although a certain role of public actors remains. This is not the case in the instance of the Clean Development Mechanism (CDM) which deals with mechanisms set up by states. Interestingly, the states have decided to use market mechanisms and private actors to accomplish the desired goals instead of relying on authoritative administrative options. The basic idea of the later CDM was to enable countries to cooperate and to offset one’s own emissions in a different country or to trade emissions on a common market which would enhance flexibility and cost-efficiency (Newell/Paterson 2012: 78-79). The CDM works the way that public or private actors pay for a special project in another state to offset a certain amount of emission and gain in return a certain number of credits called CER (Certified Emission Reduction). The many private and public actors involved in the planning, implementation, and evaluation of such projects as well as the manifold business opportunities in this long process have been highlighted by Newell and Paterson (2012: 84) and Stripple and Lövbrand (2010: 171-173). To understand the mechanism of the CDM, it is crucial to note the strong market mechanism which pushes the investments. This can be called “the geography of offsets” (Bumpus/Liverman 2008: 133). The whole idea only makes sense if developed states with high emissions can meet their reduction targets by investing into offsetting in other regions. There only a fraction of the costs is required compared to offsetting projects in developed states. The difference between developing and developed states fuels the entire process.

After having described some initiatives and projects within the realm of private climate governance, I will now turn to the question of how the empirical lessons of this stream of literature can be applied to private security governance. What kind of conditions limiting or facilitating the private provision of the good in question here can be formulated? First and in order to motivate private actors to engage in activities normally seen as a public matter, the issue at hand has to be perceived as a risk to firms causing real costs to their ongoing operations. This happened with regard to climate change, which was negated earlier, but gradually evolved to be perceived as a serious risk (Newell/Paterson 2012: 43-46). Second, the involvement of the financial and insurance industry and consequently the role of capital markets appear to be crucial. These actors actually can stipulate or even enforce counter-activities like the CDP. They create further incentives to companies outside of the financial or insurance sector by forcing them to lower their risks (Newell/Paterson 2012: 60-77). Third, an important condition is that governments or public actors are either blocked, like in the case of the climate negotiations, or are in another way unable to
address the problem in a serious way. Jessica Green (2010: 32) pointed out how a private institution can become focal when there is no other one endowed with the expertise or reputation to play that role. And even if governments provided a small basis of norms or regulations, private actors can then prosper on this basic set through what Jessica Green (2013: 2) has called a “coral reef” process (Abbott 2012: 543). Fourth, the market logic only works when the issue can be commodified to some extent. Once the issue is perceived as a threat to business this risk or the amelioration of this risk has to be transformed into a standard commodity which can be measured and traded on the market place. This has happened in the standard setting initiatives and also in carbon trading. Fifth, the market needs to be powered by an outside dynamic. The offset market CDM is fueled by the difference between developing and developed countries. Great cost-savings and a large array of commercial actors are enabled by the offset of emissions which are decoupled from the place that has emitted them. Thus, I arrive here at five interlinked conditions (risk perception, involvement of capital markets, governmental inability, commodification, market dynamic) which fuel when they are present and limit when they absent private governance activities.

**Public Goods Theory**

After having derived a set of conditions from the literature on private climate governance, I will now turn to public goods theory. Whereas the focus in the previous section was on the different actors and their interplay, this section rather looks at the outcome, which is security. I will first provide a more general outline of the kinds of goods and their characteristics. Then this section will provide a short set of conditions by dividing security up into three different types of goods guiding the following empirical analysis. In 1954 Paul A. Samuelson (1954: 387) identified two kinds of goods in his influential article ‘The Pure Theory of Public Expenditure’. They were differentiated according to at which level the good would be consumed and were thus labeled private consumption goods and collective consumption goods. Since then, scholars have described many more kinds of goods with an abundance of special cases. But mostly goods are distinguished according to two criteria: rivalry and excludability (Kaul/Grunberg/Stern 1999: 3). A good is non-rival “when a unit of the good can be consumed by one individual without detracting, in the slightest, from the consumption opportunities still available to others from that same unit” (Cornes/Sandler 1999: 8). And excludable are “goods whose benefits can be withheld costless by the owner or provider” (Cornes/Sandler 1999: 8-9). If one puts these two criteria in their overall four different shapes into a 2x2 matrix (table 1), one obtains four different kinds of goods, which will be discussed in the following.
Table 1: Types of goods (Engerer 2011: 137)

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<th>Excludable</th>
<th>Non-Excludable</th>
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<td>Rival</td>
<td>Private Goods</td>
<td>Common Pool Resources</td>
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<tr>
<td>Non-Rival</td>
<td>Club Goods</td>
<td>(Pure) Public Goods</td>
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The first type of goods are public goods or more specified pure public goods as also club goods and common pool resources are sometimes subsumed under the heading of public goods. Pure public goods constitute an ideal-type; they are both non-rival and non-excludable. A widely cited example is a lighthouse (Kaul/Grunberg/Stern 1999: 4). Once put up and operating the service can be enjoyed by any ship regardless of whether it contributed to the lighthouse or not. In addition, one ship using the lighthouse for orientation does not diminish the benefits for a second ship doing the same. Club goods are goods that are produced by a group of users for their own benefit. As the good is non-rival, there should be no competition within the club for the greatest share of the benefits. But because the good is excludable the free-rider problem can be solved by creating a club which issues a fee for membership financing the production of the good. Goods which cannot be excluded via such a mechanism and are thus non-excludable but rival at the same time are called common pool resources (Cornes/Sandler 1999: 277). As common pool resources are not excludable, many actors engage in consuming the good making it hard to restrict access and to uphold a sustainable level of overall consumption (Ostrom/Gardner/Walker 1994: 8). The last category, most important for this study, but less described in public goods theory, are private goods. Private goods are rival as well as excludable and therefore perfectly tradable in the market. “Their ownership can be transferred or denied conditional on exchange – that is, paying their price” (Kaul/Mendoza 2003: 79).

Yet, the basic question remains in which cases is the state and in which cases is the market the more adequate provider of a good. Here the conclusion of public goods theory is simple, at least first hand: “Markets and states are two of society’s mechanisms for coordinating economic activity. Each plays a role in providing private as well as public goods. Sometimes one mechanism works better, sometimes the other. It all depends on the good (or service) to be provided” (Kaul/Mendoza 2003: 79). The simple message here is that a private good is most likely better provided by the market and a public good by the state. However, Elke Krahmann (2008: 384-385) rightly points out that private goods have been provided by states and public goods by private companies, but the basic characteristics of a good could at least hint to the provider most ad-
equate according to these characteristics. The good at hand in this study is security and thus the
ccharacter of security in terms of public goods theory needs to be discussed and, if possible, secu-
rity to be grouped into one of the above mentioned types of goods. But before starting this task
one should note that the character of a good is not set once and for all (Kaul/Mendoza 2003: 80-

81). Whether a good is private or public is dependent on time and space in the sense that technol-
gy and social institutions determine the character. Without property rights and fences dividing it,
land could be seen as a public good in the type of a common pool resource as which some lands
have historically been used. It has been shown how security has changed its character of being a
private or a public good in history several times. From its Latin roots referring to a condition of
individuals (Rothschild 1995: 61) it was transformed to a collective good during the enlighten-
ment (Rothschild 1995: 63) and subsequently attached to the nation and the nation state (Roths-
schild 1995: 64), while being widened to concepts of international, global or human security to-
day (Haftendorn 1991: 11; UNDP 1994).

To identify clear types of goods within security one needs to divide security up into more specific
concepts. This task has already been accomplished by Elke Krahmann (2008). She has split secu-
rity into three meanings, each with a certain mechanism and a different mixture of the main char-
acteristics of public goods theory. Her convincing account is therefore chosen to guide the further
discussion. The first meaning of security is the absence of a threat which means that the risk was
prevented (Krahman 2008: 382). This preventive approach focuses on the actual causes of a
threat and deals with them beforehand. The mechanism of prevention achieves security after the
causes of a threat are eliminated and therefore the threat is nonexistent anymore or at least dimin-
ished. Here the character of security as a public good is illustrated. The prevention of a threat
serves everybody who would have been affected, so nobody can be excluded from this effect and
the consumption of this kind of preventive security by one does not decrease the consumption
available to others (Krahmann 2008: 386). The second meaning of security identified by Krah-
mann (2008: 382) is the suspension of a threat linked to the mechanism of deterrence. “Rather
than attempting to deal with, and remove the causes of a threat, security based on deterrence
seeks to hold off a threat from becoming an actuality” (Krahmann 2008: 382). The mechanism
works in the way that actions are carried out which make the opponent credibly believe that an
attack would fail or produce heavy if not unbearable costs to the aggressor himself. Elke Krah-
mann (2008: 386-387) describes security based on deterrence as a club good. The members of the
club pay a toll so that the club can produce a credible deterrence towards an outside opponent. In
this way, the good of security is excludable to outsiders but non-rival between the members of the
club. The third meaning of security is the survival of a threat (Krahmann 2008: 382). This type of security aims to deal with the consequences of a threat and not with its causes in contrast to prevention. The mechanism of protection strives to achieve survival and to limit the amount of harm caused by a threat to a minimum, which does not only include defensive means but could also mean to employ an offensive strategy. Protection is linked by Krahmann (2008: 387) to the class of private goods because actors can easily be excluded from enjoying the benefits of protection and because it is rival as “others cannot employ the same resources for their own protection” (Krahmann 2008: 387). Furthermore, Krahmann hints at a negative effect. The protection of one individual, state or alliance could endanger another individual, state or alliance (Krahmann 2008: 387). So what possible values for the independent variable can be assumed from the discussion on public goods theory and security? In most simple terms public goods theory tells us that private initiative will be enhanced, if the good at hand is a private good and thus excludable as well as rival (Kaul/Mendoza 2003: 79). Elke Krahmann (2008) has convincingly divided security up into the three types described above. In combination with the claim above, one can assume for the later analysis that private actors are most favored by protective security, less by deterrence, and least by prevention.

**Conditions of Private Security Fighting Somali Piracy**

The theoretical recourse on the literature about private climate governance and public goods theory has yielded five conditions which could facilitate, if present, private governance initiatives and three types of security, each different in meaning and character concerning the specific type of good. The following empirical section serves to test the theoretical results of private climate governance by applying them to the case of Somali piracy.

**Risk Perception**

The first condition is risk perception. I will show how the risk perception of Somali piracy is different from other cases of piracy and what values are especially threatened. The way private actors perceive an issue as a threat or not most likely affects their motivation to do something about the issue. If an issue is perceived as a threat which potentially can cause significant costs to the private actor or his industry, the issue becomes crucial and is perhaps no longer seen only as an issue to be treated by public actors. Yet, piracy is most likely as old as commercial shipping and modern maritime trade was always affected by it to different degrees. There is first of all a direct cost in ransom payments. These payments have increased heavily over time and constitute one trigger for private security measures (Interview, Mody 2014). The project ‘Oceans Beyond Pirac-
cy’ (2010: 9) reports an average ransom of $150,000 per ship in 2005 compared with an average ransom of $3.4 million in 2009 demanded after a vessel was hijacked. The effects of hijacking in contrast to other forms of piracy are obvious when considering the losses of trade. Whereas in 2006 38% of attacks by Somali pirates where directed towards hijacking the ship with assumed losses of trade of $6,490 million, the rate of hijacks rose to 92% in 2007 with about $18,000 million losses of trade, a loss never experienced with Malaccan or any other form of modern piracy (Bensassi/Martínez-Zarzoso 2012: 879).

But in order to receive a ransom, the pirates have to kidnap the crew, which points to the fact that the crew is the actual primary target of Somali pirates. The crew members are usually not killed but possibly assaulted during as well as after the attack in order to achieve better results in the negotiation process. This horrific treatment of crew members can be seen as another yet very important factor which changed the perception of ship owners and made them intensify private security measures (Interview, Mody 2014; Interview, Cook 2014). In addition, crew members themselves started demanding more security up to the point of threatening to stop signing up for transits through the High Risk Area (HRA), which would have seriously affected the trade routes and costs (Interview, Roberts 2014). This highlights the interesting and in the literature usually not covered role of seafarer unions and especially their international body, the ITF (International Transport Workers’ Federation). Several interview partners have unanimously stressed that seafarer unions did use pressure on the shipping industry in order to reach a higher state of security for the seafarers (Interview, Mody 2014; Interview, Belcher 2014; Interview Cook 2014). The ITF (2010: 15) demanded closer protection by naval forces and called upon the responsibility of ship owners or flag states, yet declined the possibility of private security guards (ITF 2010: 15). But apparently the position of the ITF shifted in the sense that now private armed guards are seen as a possible measure to ensure the security of seafarers (Interview, Belcher 2014; Piracy Daily 2013). Another threatened value besides the crew is time. The operation of a commercial vessel to transport goods from one place to another is based on the assumption that it will perform a certain number of transits each year to pay for the operating costs and make a profit. Any extra time that a ship spends on sea or in port means less transits made and thus less money for the owner (Interview, Roberts 2014). Already the minor navigational adjustments vessels have to implement when steering through the area in order to stay in safer parts are a cost to the owner (Interview, Roberts 2014). The saving in time made by being able to take a direct route can actually pay for the services of an armed private security team (Interview, Roberts 2014). This is easily imaginable when considering what Martin Stopford (2009: 244) calculated for a ship with high freight...
rates when it only slows down from fourteen to eleven knots: Just this reduction of speed would constitute a loss in revenue of $12,960 a day. In conclusion, the risk of piracy has always been present and also been regarded as a risk to commercial shipping. The perception of the gravity of the threat, though, changed due to the inability of governments to tackle the risk, the higher ransoms, and the extent of hijackings. Two values were threatened especially by Somali piracy which was the crew as well as the time a ship needs for a transit through the HRA.

Involvement of Capital Markets

The second condition to be looked at is the involvement of capital markets. In the case of piracy threatening commercial shipping this condition is not so much about investors as such but about those companies who provide the capital necessary to mitigate risks: the maritime insurance industry. In general terms there are four important types of coverage: cargo, hull, protection & indemnity (P&I) and war (King 2010: 32-35). The war cover, however, is based on a list of certain regions which are considered to be war risk areas. If a ship moves into a Listed Area designated by the London Market’s Joint War Committee, the underwriter requires notification as a condition of cover (Interview, Roberts 2014). Therefore the role of the Joint War Committee has also been described as a marine stewardship proceeding “through a nonterritorial securitization of ocean space” (Lobo-Guerrero 2008: 232). Till 1983 the peril of piracy was generally covered under war risk insurances but then moved to the hull cover (Allianz 2009: 9). This produced several difficulties as the hull cover with its annual basis regardless of the specific transits proved to be too inflexible for a peak risk like piracy (Allianz 2009: 8). In mid-2005 the Joint War Committee decided to enable moving the piracy peril into the war cover but this was not directly implemented by the market, due to perceived higher costs for customers (Interview, Roberts 2014). Yet after the area affected by Somali piracy was declared a High Risk Area in 2008, the peril of piracy has now moved mostly to the war insurance and that gives the assured certainty in the event of a loss. (Interview, Roberts 2014). Another issue on which the maritime insurance industry had to act were ransom payments, as they used to be not covered by the market directly. A possible way was the procedure of ‘general average’ which means “a voluntary agreement by the owner, charterers, insurers and other interests to pay a proportionate share of a vessel’s expenses” (Allianz 2009: 9). Yet a process of ‘general average’ tends to be rather lengthy considering the high number of actors involved (Allianz 2009: 9). Due to this a new maritime kidnap and ransom cover, or K&R, emerged (Interview, Roberts 2014). Such maritime extortion policies cover the whole crew but require a sophisticated insurance company to make a significant financial commitment, as response teams need to be retained at any time (Interview, Roberts 2014). In sum, one can see
certain reactions of the insurance industry itself, which had to develop new practices or change existing ones in order to cope with Somali piracy. But to what extent was the insurance industry active beyond its own direct business?

The creation of the Best Management Practices for Protection against Somalia Based Piracy (BMP) is one important initiative to consider, as the insurance industry took an active part in it. These guidelines were developed in 2008 in a joint effort by several industry associations including BIMCO, ICS (International Chamber of Shipping), INTERCARGO (International Association of Dry Cargo Shipowners), the Joint Hull Committee, the Joint War Committee, INTERTANKO, and OCIMF (Oil Companies International Marine Forum) (Interview, Belcher 2014; Interview, Roberts 2014). Beyond participation in the drafting, the insurance industry also contributed to the costs paid for the distribution of the printed BMP3 and 4 editions (Interview, Roberts 2014). In addition, “provisions are now commonly included in insurance contracts requiring insured vessels trading through high risk areas to conduct their voyages […] in compliance with anti-piracy measures, such as Best Management Practices for Protection against Somalia Based Piracy” (MacDonald Eggers QC 2013: 270). If the insured vessel does not comply, the insurer is discharged of liability or he is off-risk altogether (MacDonald Eggers QC 2013: 270-271). To be able to test the compliance insurers tried during the drafting process to make sure that the guidelines were objectively testable and issued guidance on those points to insurers (Interview, Roberts 2014). Such an ‘enforcement’ of industry standards through insurance policies is an interesting and strong but, of course, self-interested contribution by the insurance industry towards private security governance. Yet, they helped to draft, publish, and enforce private guidelines at the same time.

But what is the overall impact of Somali piracy on the maritime insurance industry, and can a similar effect as in the case of climate change be observed? According to estimates by Neil Roberts (Interview, 2014) of the London Market’s Joint War Committee, about $450 million have been paid in pure ransoms so far. This number has to be at least doubled due to the cost for lawyers, translators, ransom delivery, negotiators, and others in the before mentioned ‘negotiation-industry’ so that he arrives at a likely costs of $1.2 billion (Interview, Roberts 2014). This number seems to be very high. Yet if considering that the sinking of a single ship like the “Costa Concordia” with many passengers, a difficult removing operation, and environmental damage has so far cost about $1.4 billion on top of the hull itself (Interview, Roberts 2014), one can conclude that the ransoms which the pirates demand are not industry destabilizing. However, if more at-
tacks had happened and owners had started to divert around the HRA, it could have been another severe blow to the crisis-ridden shipping industry and therefore also to the dependent maritime insurance industry (Interview, Robert 2014). In summary, the maritime insurance industry did not only change internal procedures or create a new product like K&R, but was also highly active in the drafting and implementation of the BMP series. Furthermore, it provided with adjustable premiums another incentive for ship owners to employ PCASP (Privately Contracted Armed Security Personnel). But overall the quantitative impact cannot compare with the potential losses anticipated in other fields including climate change.

**Governmental Inability**

To show the kind of governmental inability and the private reaction in the case analyzed here, I will use again the twofold characterization of security as being provided operatively as well as regulatively. In operative terms the biggest challenge for any public actor is undisputable the size of the HRA affected by Somali pirates. In geographical terms it includes the Red Sea, the Gulf of Aden, the Arabian Sea, the Gulf of Oman, and a huge part of the Indian Ocean limited by a straight line running south at the tip of India intersecting with a line which runs east just slightly north of Madagascar (BMP4 2011: 86-87). In numbers this area is approximately 3,700,000 square miles wide, which is 1.5 times the area of mainland Europe (EUNAVFOR 2014a). The assets needed so that a military helicopter could help an attacked vessel within one hour were estimated at about 84 naval ships each with a serviceable helicopter (Interview, Cook 2014; Interview, Roberts 2014). Such a number of military vessels to be deployed, that also need support units, is beyond any reasonable scale for the current navies. Operation Atalanta, the European Union Naval mission and one of the big contributors in the fight against Somali piracy, currently operates only with four surface vessels including one supplier and three maritime patrol aircraft (EUNAVFOR 2014b). The solution of the public actors to the problem was, put very simply: reducing the area which had to be guarded. And so an ‘International Recommended Transit Corridor’ (IRTC) was established in 2009 which runs through the Gulf of Aden and thus through the most affected area (EUNAVFOR 2011). In the IRTC coordination is crucial because of the small number of assets present in the vast area. The main coordinating body is SHADE (Shared Awareness and Deconfliction) situated in Bahrain. The coordinating meetings focusing on the IRTC are hosted by the CMF (Combined Maritime Forces) with 27 nations and 14 organizations participating (international law enforcement, shipping industry, since 2011 an organization of PMSCs as well) (CMF 2011; Ehrhart/Petretto 2012: 28).
Concerning the public regulation of privates fighting piracy one can try to combine many different norms established by the law of the sea, national laws or regulations of the International Maritime Organization (IMO). But two important and not publically regulated questions emerge. First, how should vessels behave transiting the HRA? And second, how can one ensure the quality of PMSCs employed against pirates? The first question was taken on by the before mentioned BMP. Although the BMP are created by the industry, a significant array of public actors endorses them: including all three multinational fleets (EUNAVFOR, CMF, and NATO), their respective and other national shipping centers (MSCHOA (Maritime Security Centre – Horn of Africa), NATO Shipping Centre, UKMTO (United Kingdom Marine Trade Operations), and the U.S. Maritime Liaison Office (MARLO)) as well as INTERPOL (BMP4 2011: 81-85). Besides this support, two important roles of public actors concerning the BMP series need to be acknowledged. First, UKMTO and IMO helped the shipping industry to coordinate themselves in producing ‘The Advise to Masters’, a forerunner to the BMP1, according to Hansen (2012: 565). Second, the shipping centers, namely MSCHOA and UKMTO, are very important within the BMP. Two of the three fundamental requirements within BMP4 are to register and to report to both offices (BMP4 2014: V). Therefore in practice, public actors have played a significant role in coordinating private actors both before drafting the guidelines and in the implementation of them. The guidelines themselves, however, are written and established by the maritime industry associations. The second question raised above concerns the quality of PMSCs in the maritime market. Due to the risk an owner takes when allowing private armed guards onboard his or her multi-million dollar ship, the quality of the PMSCs and their employees is of great importance to the shipping industry (Interview, Klöcker 2013; Interview, Belcher 2014). The first important private document that emerged was a standard contract for the employment of armed guards called GUARDCON developed by the shipping association BIMCO (2012a) with the involvement of other industry actors like for example INTERTANKO who now regard it as the industry standard (Interview, Belcher 2014). A second standard needed were rules for the use of force (RUF) to prevent indiscriminate and unsophisticated usage of guns by armed guards. In this case a clear standard has not evolved yet. Many PMSCs have established their own ones (Interview, Benecke 2014) or rely on a version of another BIMCO (2012b) guiding document. But also SAMI, the maritime PMSC association, has produced and promotes a certain set of RUF called ‘The 100 Series Rules’ (2013) (Interview, Cook 2014). A third set of documents is dealing with the corporate structure of maritime PMSCs. Here the IMO declined self-regulation by the maritime security industry but entrusted ISO with developing such a standard influenced by the Maritime Security Committee Circulars 1404, 1405, and 1406 of the IMO as well as other documents and the SAMI standard. Yet
the core drafting team only involved actors from the shipping and the maritime security industry like BIMCO representing INTERTANKO and INTERCARGO as well, ICS and SAMI (Interview, Cook 2014). The document developed by private actors was accepted both by the ISO and the IMO which subsequently adopted it as the ISO PAS 28007. Here a somewhat public standard was drafted by private actors which utilized the reputation and standing of public actors like the IMO and ISO to execute their interests. This, indeed, could display an interesting case of how effectively private standards can flourish on an institutional “coral reef” (Green 2013: 2) of public actors. In conclusion, public actors were operatively unable to guard the entire HRA with naval forces but were very important in helping to decrease the rate of attacks by setting up the IRTC and acting more robust. On the regulative side governments and international organizations partly coordinated and supported the drive of private actors to set up their own rules due to the missing clear public regulative frameworks.

**Commodification**

This section will look at the operative provision of security, its development, and whether a certain commodification facilitating private exchange can be observed. In the following, I will describe the basic product which emerged for the protection of a single merchant vessel transiting the HRA and how it has developed over time. In the beginning of the employment of PCASP and during the most effected years of 2008-2011 the basic product sold to shipping companies was a team of four to five Western ex-soldiers, ideally ex-marines or navy personnel, armed with semi-automatic assault rifles, and including in many cases a medic, a more experienced team leader and also a marksman (Interview, Benecke 2014). The team would embark the ship in Suez, Egypt or in Galle, Sri Lanka, according to the direction of the merchant vessel and it would stay onboard for the entire transit through the HRA. One transit lasts approximately ten to fourteen days but the team would embark ideally right on another vessel afterwards (Interview, Benecke 2014). Two significant developments, however, happened over time as the attack rates and therefore the risk decreased. Both are related to savings on the biggest factor in the product, the costs of labor. First, the average team sizes were reduced to three or now even just two men (Interview, Benecke 2014). In this case a normal watch schedule is no longer workable and basic tactics for defense are more difficult (Interview, Benecke 2014). Second, the composition of the teams changed in terms of nationality of the guards. The more expensive Western-trained ex-service men were replaced by cheaper Eastern European and South Asian ones raising further questions about the quality of the guards (Interview, Benecke 2014; Interview, Klöcker 2013).
At this point the regulative side of security needs to be looked at as well and how the development of private industry standards has impacted upon the commodification of private security in the context of Somali piracy. Shipping companies needed more trust in the services of PMSCs and the quality of PCASP on their vessels. The already mentioned GUARDCON standard contract developed by BIMCO aimed to fulfill this purpose (BIMCO 2012c: 1). The contract fixes very basic but important issues constituting a general baseline on the quality of the product. For example, it is stated that the team includes at least four guards including one “appropriately experienced leader” (BIMCO 2012c: 4). Of high importance is clause 8, as it defines the master’s authority vis-à-vis the PCASP. GUARDCON establishes clearly that the master at all times is the highest authority onboard even granted with the right to command the guards to cease fire, only restricted by their right to self-defense (BIMCO 2012b: 6). This standard contract can be understood as a further step to increase the quality of PCASP and thus the trust in the services of PMSCs by standardizing the basic product. Overall, one can conclude that the shipping industry and practice over time have developed a standard product used to mitigate the risk of Somali piracy. However, the product is flexible so as to adapt to external changes like the decrease in attack rates. Therefore high commodification enhancing the private security activities can be asserted.

**Market Dynamic**

The fifth and last condition derived from the case of private climate governance and now to be analyzed in the private security realm is called market dynamic. A big share of maritime PMSCs was established by ex-servicemen calling their old mates, setting up a small business, and selling their military expertise. In this way they created the current market structure of many but predominantly rather small companies (Interview, Mody 2014; Interview, Cook 2014). SAMI, the industry’s main association, represents currently about 160 PMSCs and related companies from about 40 different countries making up around 75% of the total industry (Interview, Cook 2014). One can assume accordingly that more than 200 single PMSCs operate in the maritime security market overall. Nevertheless, the market will certainly not stay the same given the reduced threat level but also other factors, including the effects of private or public standard-setting and regulation (Clyde & Co 2013: 1). With standards like ISO PAS 28007 the demands concerning the corporate structure have risen while the demand in quality concerning the actual service has fallen due to lower risks and customers wanting to save money (Interview, Benecke 2014).
Although a certain contracting and maturing of the private maritime security market has started, it is still very different from the market of land-based PMSCs operating in Iraq or Afghanistan. These markets are characterized by a dominance of rather big U.S. firms contracted by the U.S. government. In the maritime security market, however, the main customer base are private companies, the ship owners. In addition, the size of the contracts is also smaller as no government is involved. The big contracts offered by the U.S. favored, of course, also bigger companies (Interview, Cook 2014). Another difference is the dominance of British firms in the maritime security market representing around a third of the SAMI membership (Interview, Cook 2014). As London has established itself as the main spot for the maritime industry overall, the maritime PMSCs with a better access to British actors are favored (Interview, Mody 2014; Interview, Belcher 2014). A factor likely to contribute to the market structure of many smaller firms can be found in the market structure of the shipping industry. In 2004, the 36,903 major commercial vessels of the world were owned by 5,518 different private companies (Stopford 2009: 84). Hence the average ship owner only owns seven ships. Peter Cook (Interview, 2014), CEO of SAMI, concludes:

So if I am a large corporate security provider […], I walk into a guy who’s got seven ships, who may well have an office only just bigger than this. He doesn’t necessarily want somebody with big corporate ideas. He wants somebody who is going to treat him as a very important person.

The smaller corporate scale of a great number of shipping companies may therefore favor smaller PMSCs being willing to go at great length in order to please their customer. On the other hand, one needs to note that one third of the 36,903 ships in 2004 were owned by only 112 companies (Stopford 2009: 84). And since the shipping market exhibits such a diverse set of companies, some very big and transnational, some very small with only one or two ships, the demand for private security is also diverse. This and the harsh competition between the PMSCs due to decreasing attack rates, the current shipping crisis, and the character of a free market competing for contracts from actors within another free market (Interview, Belcher 2014) is also represented in the price range. Protection for a standard transit can, depending on quality, team size, and company, cost between $22,000 and $80,000 for ten to fourteen days (Interview, Benecke 2014). In conclusion, no market dynamic similar to the one identified in the case of private climate governance was apparent here. Rather many factors shaping the supply and demand side of private maritime security were highlighted but without isolating a single factor facilitating or limiting the market overall.
Public and Private Provision of Security off the Somali Coast

After discussing conditions facilitating or limiting private initiatives with a focus on the actors, now possible values on the dependent variable, which is security, will be analyzed. These types of security (protection, deterrence, prevention) with their certain character in public goods theory should exhibit different roles for private and public actors to play in them. The following sections will analyze in how far which kind of security corresponds with or even favors a private provision.

Protection

Elke Krahmann (2008: 383) states that security in the meaning of protection is defined “as the survival of a threat that does become reality”. By this definition protection is reactive, yet not restricted to mere defensive measures (Krahmann 2008: 383). In terms of public goods theory, it is characterized as a private good being both rival and excludable at the same time. Therefore, one could expect market actors to be favored in the provision of this type of security. Yet, protection of merchant vessels in the case of Somali piracy does not exhaust itself in the employment of PCASP. Passive measures, the so-called ‘hardening’ of the ships, serve to set up another layer of defense against pirate attacks. The main instrument for implementing such measures are the BMP documents. The latest edition, BMP4, proposes several of them, for example enhanced vigilance and watch keeping (BMP4 2011: 23). Sandbags, hardening of windows, or anti-RPG screens could help to protect the spot first attacked by pirates, the bridge (BMP4 2011: 25-26). Even physical barriers like razor wire or electrified wire can be established on the ship to prevent the pirates from boarding the ship using ladders (BMP4 2011: 27-29). One of the most debated but potentially most far reaching practices proposed by BMP4 (2011: 38) is the introduction of citadels. “A Citadel is a designated pre-planned area purpose [sic!] built into the ship where, in the event of imminent boarding by pirates, all crew will seek protection” (BMP4 2011: 38). What makes the citadel an effective tool against Somali pirate attacks aiming at the kidnap of the crew is the equipment inside the citadel. It includes engine control, steering capabilities, independent communication devices, but food and comfort facilities as well, allowing the crew to stay inside as long as naval forces need to arrive (SAMI 2011: 3). Thus the citadel works as a strong protection for the most threatened value, the lives of the crew. Huggins and Kane-Hartnett (2013: 3) estimate that during the height of Somali piracy around 80% of the transiting vessels actually had implemented some sort of BMP recommendations. Such passive measures once implemented surely show security in the meaning of protection as a private good. Their benefit can be exclud-
ed from others and the resources to implement them are spent in a rival way (Krahmann 2008: 387).

Since the surrounding vast space of the sea is not protectable, it has become clear by now that the single unit which can be protected effectively is the single commercial vessel passing through this space. In this sense the vessel, as it is in its nature as a floating craft, is excluded from the space around. The protection only works immediately on that single ship. Operatively, a public protection of single vessels was also partly practiced in the form of VPDs (Vessel Protection Detachments) demanded by the shipping industry (Interview, Belcher 2014). However, VPDs face a number of problems as Peter Cook (Interview, 2014), CEO of SAMI, explains: The first and perhaps most important one is the higher costs which result from a number of reasons. In general, because of the state’s duty of care towards its soldiers and sophisticated military procedures and rules, VPDs would be much bigger than a private team of four or five. Here the general expectation is that a wounded soldier will receive surgical support within an hour making the presence of a surgical team onboard or nearby a necessity. Furthermore, most commercial vessels are built and licensed for a crew between ten and twenty persons, adding another twelve or more to this would invalidate the classification of the ship creating huge and expensive trouble for the owner. The costs of VPDs are especially contentious if they are publicly paid for, as most owners do not even use the flag of their nations but open registries like Panama, Liberia, or the Marshall Islands, which profit very much from this but would not contribute to the protection of vessels flying their flag. A further point directly relates to the public character of VPDs as well. While GUARDCON has established the sole authority of the master, such a clear regulation seems doubtful in the case of military units onboard a commercial vessel receiving commands from a civilian.

As shown above, the market has developed a similar product, a service to protect commercial vessels transiting the area, but cheaper and therefore with fewer men and less regulations. “The PMSC’s defensive/client-based orientation towards security […] allows for a ‘closeness’ in protection that is better configured for countering the rapidity of Somali pirate attacks while avoiding the legal and operational challenges naval forces confront in trying to suppress piracy” (Spearin 2012: 825). Furthermore, public Western militaries are often reluctant to use deadly force against pirates, as they are treated as criminal suspects to be brought back to shore or to be tried in court. PCASP, if attacked, react directly with potentially deadly force resulting in a much higher risk for pirates to be killed by private guards than by public soldiers (Fitzsimmons 2013: 91). Here, of course, protection merges with deterrence, as the concepts are sometimes hard to separate in prac-
tice. It becomes obvious that the single aim of PCASP is to protect the vessel they are embarked on, contrary to naval forces no further intention is present. The guards will neither try to arrest the pirates nor to rescue them if, for example, their engine was shot leaving them in a very dangerous situation considering the waves in the open sea. In conclusion, protection in the way Krahmann (2008) conceptualized it is largely given in the case analyzed here. The limited meaning of security which allows for excludable and rival practices favors the private provision while public forces face a number of difficulties as the example of VPDs shows.

**Deterrence**

Security can also have the meaning of deterrence. “Security based on deterrence seeks to hold off a threat from becoming an actuality” (Krahmann 2008: 382). This type of security is associated, as shown above, with the category of club goods, which are excludable but non-rival. The social phenomena of the empirical reality, however, do not always match convincingly with theoretical concepts. This section will show many forms of deterrence and some club goods as well, but they occur seldom in a joint manner. So far the analysis has always focused on single commercial vessels, now it switches to a group of ships, convoys, in order to show joint security measures implemented in a non-rival but excludable way. Interestingly, convoys are offered by public and private actors alike as club goods are situated between public and private goods, too. Concerning convoys organized and executed by public actors three types can be distinguished (Marley 2011: 102): group transits, escorted group transits, and national convoys. Group transits are also known as GOA GT (Gulf of Aden Group Transits), which use the IRTC and are registered at the maritime bureaus following a group transit schedule published by MSCHOA with ships of similar speed making up one group (Jones 2009: 12). In the case of a GOA GT, the merchant vessels are not directly convoyed by a naval vessel, but the group of vessels passes through the corridor which at large is protected by different naval assets coordinated via SHADE (EUNAVFOR 2011). The second type, escorted group transits, are real convoys with “a disparate group of freighters clustered near a warship” (Marley 2011: 102). The third type of publicly provided convoys are national convoys, “a group of vessels from a single country, often with their own accompanying warship” (Marley 2011: 102). Such convoys are registered either directly with the nation executing the transit or with MSCHOA (2014), which publishes a schedule for such convoys as well. Countries like Russia, China, South Korea, Japan, Turkey, and India have used and use this scheme to protect their own merchant fleets (gCaptain 2011; MSCHOA 2014). However, in contrast to the name and the definition by Marley (2011: 102) national convoys do not necessarily only consist of vessels flying the flag of that nation or owned by a national. No data is indi-
cating that foreign vessels are declined by any national convoys. Apparently all three kinds of convoys provided by public actors are without direct costs. Thus, only in the case of a pure national convoy paid by tax money one could speak of something like a club good. However, at the moment this distinctive feature of a club toll is missing, although there are proposals for the introduction of such a general convoy toll system (Hughes/Jones 2012: 87).

The private version of convoys obviously necessitates a toll to be paid to the service provider who has outfitted and operates one or more private armed ships to protect several merchant vessels transiting the HRA. In this case it is not the question of a club good, as many units are grouped together and they all enjoy this excludable but non-rival benefit while paying for the service. If at all one could ask whether the case of a group of ships by the same owner actually constitutes a club. Nevertheless the important question remains whether a convoy is a form of deterrence or just mere protection. Although a protection benefit cannot be negated, the main purpose of private armed vessels escorting a convoy is to deter any attackers. “While the presence of embarked guards is not obvious until pirates initiate an attack, the military-style appearance of most escorts encourages pirates to avoid attacking in the first place” (Pitney Jr./Levin 2014: 184). Such private vessels, mainly former naval patrol boats, have the advantage of showing their “warlike silhouettes” signaling a much stronger defense than any team of PCASP embarked on the victim vessel can (Pitney Jr./Levin 2014: 147). According to Pitney Jr. and Levin (2014: 187), more than 1,000 private escorts have been executed within the last 4.5 years, all successful. But overall, the product of embarked PCASP is favored and bought in by many more shipping companies, with private navies offering perhaps a better service to special customers who operate at low speed or have to transport special crafts like an oil rig (Interview, Cook 2014). In conclusion, security as deterrence and the features of a club good are hard to combine. In this case the different security measures by public and private actors worked differently than in the conceptualization by Krahmann (2008). It could be shown, however, that a club good actually lies in between private and public goods sharing features with both. Both sides have tried to provide it, each facing problems but less so in the case of public convoy operations.

**Prevention**

Security in the meaning of prevention addresses the causes of a threat in order to achieve its general absence (Krahmann 2008: 382). Everybody would benefit from this absence, as nobody could be excluded and it would be also non-rival as an increase in the beneficiaries would not lead to diminishing benefits for anybody. But as in the previous section here no complete overlap
between the type of security and the type of good can be observed in the empirical reality of the case. One set of actors providing clearly a public good are the national and international naval fleets operating in the HRA. Three multinational fleets are present: the Combined Maritime Task-force, a U.S.-led naval initiative, the Operation Atalanta executed by EUNAVFOR, a European Union naval response to Somali piracy and the threatening of the World Food Program vessels, and Operation Ocean Shield, a similar mission carried out by NATO (Geiß/Petrig 2011: 17-25). In addition, many national navies have operated or do operate in the region with the intent to suppress piracy as well. Some have joined the international navies and some operate individually or coordinated via SHADE. Most notably is the presence of Chinese, Indian, Russian, Japanese, South Korean, and Iranian naval assets (Geiß/Petrig 2011: 17; Interview, German Navy Officer 2014; Interview, Jugel 2014). But all these naval initiatives are not addressing the causes of Somali piracy, which would need to be addressed onshore. However, the navies clearly provide a non-rival and non-excludable public good as they try to decrease the overall attacks. Since the area is not completely protectable with the naval assets available, the easiest solution, as already mentioned, is to reduce the area which needs to be secured. Private actors opted for the solution to focus on the security of single vessels (excludable) whereas the public navies just focused on a smaller area (non-excludable), which is known as the IRTC. Besides the decision to protect a smaller area, it is further an option to seal off the bottleneck from which the threat originates. Therefore, the navies are not only covering the IRTC but are also patrolling along the Somali shore to prevent the pirates from reaching the open sea (Interview, Jugel 2014). Hence, EUNAVFOR and NATO engaged in operations close to the shore in order to catch pirate groups within the first two miles off the beach blocking their access to the ocean (Interview, Jugel 2014). Concerning the role of the navies Mr. Cyrus Mody (Interview, 2014) of the International Maritime Bureau emphasizes that they are the only ones who actually remove the threat from the water. This is achieved by the destruction of pirate gear and boats as well as by arresting pirates or sending them back to shore (Interview, Jugel 2014). However, especially the practice of arresting and trying pirates ran into huge difficulties (Guilfoyle 2010: 150; Wambua 2010; Gathil 2010). Overall, the navies and related public actors are decreasing the attack rates for everybody producing a public good. Furthermore, the practice to catch pirates before they can even leave littoral waters has a preventive character. Land-based countermeasures do exhibit such a character more clearly (Hansen 2008; Bueger 2012) but their assessment would be beyond the scope of this study. No private role in the provision of a public security related good could be found so far. Only the standard setting initiatives and the push by industry associations for a greater quality of PMSCs and PCASP via ISO PAS 28007, GUARDCON or The 100 Series Rules could be under-
stood as a somewhat public good, though they certainly do not exhibit any direct feature of preventive security. The BMP4 play an important role as well, but they are rather focused on protection than prevention. As a result operative security as a public good to be enjoyed by everyone transiting the HRA is only produced by public navies directly. Yet private actors have been widely engaged in a somewhat regulative way to establish standards in order to achieve a better situation also to be enjoyed by everyone as well. However, it did never amount to prevention as conceptualized by Krahmann (2008).

As this section draws to a close, it is worthwhile to take a broader look at the subject of public goods provision in the case of Somali piracy. I conclude that all types of security, protection, deterrence, and prevention, and thus diverse goods provided by public and private actors, have in the end and indirectly all produced another public good which is the significant decrease in the attack rates since 2011. The CEO of SAMI, Peter Cook (Interview, 2014), summarized the different initiatives by referring to the image of a three-legged stool:

> A significant reason for the reduction in piracy in the HRA has been the unprecedented cooperation and coordination of the naval forces from many different countries, […] , the second element is BMP4 […] and then you got the armed guards. And it’s a bit like a milking stool, you take one leg away, it falls, it has to have three. […] All three are equally as important as the other. I said and I would suggest that the introduction of armed teams was one of the main reasons why we have seen the reduction in piracy but it […] cannot do it alone. It was the last leg that made the stool stand. It wasn’t the only thing that helped it.

A similar picture was used by Phillip Belcher (Interview, 2014) of INTERTANKO who regarded onshore projects to be very important as well. The mechanism how all these public and private activities and goods worked together is an economic one, as piracy is essentially an illicit economic activity. What shifted over time was the risk-reward ratio for the pirate groups. With more commercial vessels protected by PCASP, with more vessels implementing the evolving BMP and the navies executing a more robust mandate, the personal risk for individual pirates increased. And in addition, the investment opportunity which Somali piracy once was became gradually more unattractive in terms of risk and returns (Interview, Mody 2014). This shows that attack rates most likely only decreased due to the preventive, protective, and deterring activities of public and private actors alike producing operative and regulative security off the Somali coast.
Conclusion

Considering the widespread trend of privatization at the beginning of the 21st century, this study asked under which conditions private actors can provide international security. This question was enriched by leaving behind the conceptualizations of many other scholars before. Whereas private security used to be understood and analyzed in most cases only with regard to the operative private provision of security by PMSCs, this study adopted a twofold character of security provision, inspired by Hurrelmann et al. (2007: 10), being operative as well as regulative. And in fact, to include the regulative or rather standard setting activities of private actors in the analyzed case has proven to widen the horizon of what private security means.

Concerning the conditions derived from the literature on private climate governance, it is not surprising that not all of them are present or work in exactly the same way. Actually, it astonishes that so many of them do work similarly. All in all, one can regard the conditions of risk perception, governmental inability, and commodification to be present in the case of Somali piracy in a similar way and to be powerful facilitators for the private provision of security as well as the involvement of capital markets to a lesser degree. The increasing threat for the values of crew and time coupled with the governmental inability to secure the area on its own, and the activities of the maritime insurance industry provided effective incentives for private actors to care for their own security. The commodification of this security in the form of a private security product further fostered trust in private security solutions and made the market work. Certain dynamics in the market do not work in a similar way as in climate change and can be regarded to be not as powerful here. These results, however, only show conditions favoring private security provision at the actors’ level (independent variable) (see table 2). In order to also account for the dependent variable (security), public goods theory was utilized to divide security into three distinct meanings each associated with a special type of good. Here the study confirms the theoretical assumption. Private goods were rather provided by private actors, club goods by both, and public goods by public actors with the exception of the standard-setting activities of the shipping industry. Especially protection was found to perfectly match the workings of a market further favored by the unique excludability of commercial ships transiting vast areas of water (see table 3). Therefore, concerning the research question asking under which conditions private actors can provide international security the following can be stated: Private actors, PMSCs as well as non-security business actors, can help to provide international security and the private provision of security is facilitated when the threatening issue is perceived as a grave business risk, capital markets or insurance firms are involved to a large degree, governments prove to be unable to deal effectively with
the issue, and the market develops a standard product to counter the threat. Furthermore, private security is greatly favored in a case where protection rather than deterrence or prevention, is needed. Since these results, however, are based on a single case, they are certainly not generalizable yet. External validity was not the aim of this piece of research but a great confidence in the internal validity, in order to actually first identify and test conditions before applying them to a greater set of cases.

<table>
<thead>
<tr>
<th>Conditions</th>
<th>Private Climate Governance</th>
<th>Private Security Governance (Somali piracy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Risk Perception</td>
<td>climate change increasingly perceived as a cost factor, issue transformed to business threat</td>
<td>threat always present, degree and type changed, threatening crew and time</td>
</tr>
<tr>
<td>Involvement of</td>
<td>reinurers first one to perceive the risk and act, investors require information, investment directed according to threat level</td>
<td>maritime insurance industry altered procedures, participated in drafting, publishing and enforcing guidelines (BMP)</td>
</tr>
<tr>
<td>Capital Markets</td>
<td>public actors unable to cooperate and coordinate in effective way, private actors take action, market mechanisms employed by states</td>
<td>public actors unable to deal with the threat due to characteristics of the environment, trigger for private initiatives</td>
</tr>
<tr>
<td>Governmental Inability</td>
<td>private and public standards evolve creating a new product to be traded in new markets</td>
<td>practice and industry action create a baseline product (GUARDCON), standardization creates more trust in product</td>
</tr>
<tr>
<td>Commodity</td>
<td>difference between developed and developing states fuels carbon offsets</td>
<td>no comparable dynamic found</td>
</tr>
<tr>
<td>Market Dynamic</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2: Individual Results (1)

<table>
<thead>
<tr>
<th>Types of Security</th>
<th>Public Goods Theory</th>
<th>Private Security Governance (Somali piracy)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection</td>
<td>Private Good: rival/excludable (private provision more likely)</td>
<td>private solution (PCASP) superior to public one (VPD)</td>
</tr>
<tr>
<td>Deterrence</td>
<td>Club Good: non-rival/excludable (public or private provision likely)</td>
<td>private and public convoys, private product not embraced by market, unclear combination of deterrence and club good</td>
</tr>
<tr>
<td>Prevention</td>
<td>Public Good: non-rival/non-excludable (public provision likely)</td>
<td>navies provide operative public good, no real prevention aside from on-shore projects, unclear combination of prevention and public good</td>
</tr>
</tbody>
</table>

Table 3: Individual Results (2)
Of further interest, also with reference to the existing literature on the effects of PMSCs, is the highly visible difference between operative private security when employed by other private actors like companies or when employed by governments. Disadvantages and negative effects of PMSCs identified in the literature (Muthien/Taylor 2002; Spearin 2003; Deitelhoff 2010; Krahmann 2010; Leander 2005) might not only originate within the PMSCs or private security itself but might also be triggered by the actor type which pays for this private security. Interestingly, the private maritime security market has shown a greater tendency to smaller firms not dependent on government contracts. These differences in the market structures could be further analyzed especially with regard to their effects or to the advantages and disadvantages of privately or publicly employed private security. The widening of our understanding of private security to also incorporate non-security business actors was already introduced by Deitelhoff et al. (2010: 206-218). This approach, coupled with attention to regulative private activities, while not losing the PMSCs out of sight, could actually help to understand the ways private actors provide security both operatively and regulatively in the 21st century. Via this study of private security provision the further development of concepts like security governance could be enhanced, too, as an overall tool for understanding the complex and changing security relations of today.
References

**Interviews**


**Literature**


