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**DEPARTMENT OF COMMERCE (DOC)**

SIPDIS: DHS, DOC, DOD, DOS

DATE: 01/31/2009

Title: Shepherd Hijacking

DRAFTED BY: Corby, Communications Director

OFFICE DIRECTOR: Jordan, Situation Director

TEAM MEMBERS: Cannata, Clarke

DEADLINE: (OPTIONSAL) (DATE BY WHICH RESPONSE NEEDED)

INTERESTED PARTIES: PL Chemicals

ISSUES: Stakeholder PL Chemical should be allowed to negotiate; possible consequences of military action on trade partners, international trade, US businesses, regional stability and the cost of chemical cleanup; jurisdictional procedures under international law, mainly the UN Convention on the Law of the Sea.

BACKGROUND: On January 31, 2009, the Shepherd, a chemical tanker carrying peroxide and owned by PL Chemicals, was hijacked by an unknown pirate organization. The Shepherd and contents are valued between $200 - $300 million. A pirate representative contacted PL Chemicals demanding a $20 million ransom. Multiple USG agencies have responded and are coordinating the USG’s response.

Position of Interested Party: PL Chemicals would like to negotiate for the release of the Shepherd and avoid military intervention

Office Recommendations: In prior incidents worldwide, ship owners have successfully negotiated for the release of hijacked ships.

Option 1: Allow PL Chemicals to negotiate for the release of the Shepherd.

Option 2: Direct intervention after diverting from primary shipping lanes.

CONCLUSION: Office recommends Option 1 with support from other USG agencies due to stakeholder’s position, sensitivity of ship contents, value, and potential to disrupt regional trade flows. Military intervention would negatively impact US business and our trade partners.

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