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Q&A with David Gressly about the FSO Safer

**“Every day that goes by is another day that we take a risk that this vessel will break up”**



### **The Sana'a Center for Strategic Studies**

is an independent think-tank that seeks to foster change through knowledge production with a focus on Yemen and the surrounding region. The Center's publications and programs, offered in both Arabic and English, cover diplomatic, political, social, economic and security-related developments, aiming to impact policy locally, regionally, and internationally.

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*Cover Photo:*

*David Gressly, the United Nations Resident & Humanitarian Coordinator for Yemen, updates participants at the Yemen International Forum in Stockholm, Sweden, June 19, 2022, on efforts to carry out a \$144 million plan to transfer more than a million barrels of oil from the deteriorating FSO Safer floating storage facility on the Red Sea // Sana'a Center Photo*

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David Gressly, the United Nations Resident & Humanitarian Coordinator for Yemen, joined the Sana'a Center Media Call on June 13, fielding questions from journalists and researchers about the two-stage, \$144 million UN plan hoped to head off a Red Sea environmental catastrophe. Gressly, in a conversation facilitated by Sana'a Center Chief Economics Editor Spencer Osberg, spoke about phase 1 of the plan, which involves transferring more than a million barrels of oil from the FSO Safer to a new, temporary vessel to avert the possibility of the dilapidated floating storage facility failing.

Gressly said political obstacles have eased for now, and the four-month operation, which also involves cleaning and scrapping the Safer, can begin as soon as US\$80 million is raised to cover the first stage; the UN had commitments for about US\$60 million by the time Gressly discussed the project, and he was reaching out to countries, negotiating with private donors and even crowdfunding to raise the rest. Thorny issues surrounding sale of the oil, which have derailed previous efforts to resolve the crisis, will be dealt with after a replacement vessel is in place.

*Editor's Note: This Q&A has been edited for length and clarity.*

**Spencer Osberg:** The main topic of today's conversation is the FSO Safer oil terminal off the coast of Hudaydah and the recent efforts to mitigate the potential for a catastrophic oil spill related to such. ... Mr. Gressly, thank you for agreeing to be on this call. The floor is yours.

**David Gressly:** Well, Spencer, thank you very much. It's really great to be here. And I would like to thank both you and the Sana'a Center for the opportunity to reach out to all of the media that's online. ... I would like to start off with a brief outline of the overall plan that we have in place and then talk about the resource requirements, which is the critical piece that we're facing right now. We do have an operational plan that has the confirmed commitment from the authorities here in Sana'a. Equally important, the government of Yemen. In fact, we just had consultations on that today in both Sana'a and Aden to reconfirm that. So this plan is well endorsed in terms of the overall approach. So that was an important step to get this operation going. We are very far advanced on procurement of the salvage operation and vessel procurement for transferring the oil. So we're basically ready to go. We [require] about \$144 million. We need to carry the whole operation through in two stages: an initial emergency operation just to get the oil out of the current Safer tanker into a secure vessel; and then a longer-term second stage to replace the existing capacity that the current FSO vessel represents. And so, frankly speaking, the primary constraint we face is no longer really political, security or procurement or operational, it's resources.

And that's really why I want to highlight that aspect today. We made an appeal in the Netherlands back in May, where we raised about US\$33 million of the US\$80 million needed to start this operation to do the emergency phase. And we need the additional US\$64 million approximately to complete the second stage. So we get the US\$33 million plus the roughly US\$5-6 million that we already had in hand. So we're roughly in the US\$40 million range. ... Most recently, both the USA as well as the Kingdom of Saudi Arabia have pledged an additional US\$10 million each, which gets us approximately to the \$60 million threshold of the initial US\$80 million that we need to raise to start the operation. We have discussions with other donors for the second stage well underway, so we're optimistic that we'll raise the funding for both stages in an appropriate time.

So, for the operational plan, we have about a US\$20 million gap, and we really need to raise that as soon as possible. We're still in a good period for the operation, but by the time we get to October and November, the environment to carry out the operation becomes more difficult. But more importantly, it's because of the nature of the winds and currents. It increases the chances that this vessel, which is old and decaying, will break up. That would be the highest time of risk, in fact. ... And that's why we're calling on the public to help us cross the finish line to get that first US\$80 million in place. So US\$20 million is really not much when you look at the overall cost that this catastrophe would have if indeed there were a spill. The estimates that we've received on the cleanup alone would be US\$20 billion.

The disruption to international shipping would have a major cost as well, costing huge amounts on a daily basis. ... It will certainly have a significant impact on the ecosystems. The Red Sea is known for its pristine environments, which would no longer be pristine after such a spill. The reefs and the mangroves across the Red Sea could be affected. It might take as much as 25 years to restock the fisheries. Any country along the Red Sea could be affected. It would depend on the currents and winds at the time of the spill that would determine which countries, but that means all countries are currently at risk. Tourism on the Red Sea would be affected. The desalination plants would be affected. It would affect not only the Arabian Peninsula coastline of the Red Sea but also the African coastline. So, of course, Yemen, currently in conflict, would be the most affected. Fishing communities would be devastated with maybe as many as 200,000 jobs wiped out overnight. This industry supports over 2 million people, directly or indirectly. Whole families would be exposed to the pollutants. Millions of people would be forced to breathe more polluted air.

The ports of Hudaydah and Saleef would be closed. These are the ports that supply the majority of Yemenis with food, whether commercial or humanitarian assistance, but also fuel and other life-saving commodities. Seventeen million Yemenis are already uncertain where their next meal comes from, even in the current circumstances with the ports open. There's too much at stake to allow this to happen. And we're so close, we just need to bridge that gap and we can start this operation. As I said earlier, we need about US\$144 million to carry the whole operation through. We need US\$80 million to start it, to get the emergency operation done, and then we'll work on the long-term replacement capacity. ...Every day that goes by is another day that we take a risk, a chance that this vessel will break up and the catastrophe that I describe will unfold. We need to take action. And as I mentioned earlier, as we get into October, November, December, the odds of that happening will be significantly higher. So, we're running out of time. That's why today I'm announcing a social media fundraising campaign to help us close the gap. We're asking the global public and not just member states, the global public, to crowdfund a quarter of the remaining gap.

That would be US\$5 million for this emergency operation. ... Importantly, every dollar that the public puts forward in this operation sends a message to all other member states and private companies and foundations that have not yet contributed or could contribute, that they also need to act now before it's too late. The campaign itself will be located on the UN website at [UN.org/stopRedSeaSpill](https://www.un.org/stopRedSeaSpill). It will be hosted by the UN website, and it will also be accessible through the UN Foundation where there is a donation page hosted.

**Osberg:** We've been following this at the Sana'a Center for a while, and one of the things that was very much aggravating about the situation is that the Safer was used as a political bargaining chip between the parties, essentially. And arguments over who would own the oil, where would it get sold? There have been previous attempts to do an assessment of the vessel and an agreement in principle agreed between the Houthis and the UN, only for that to be reneged at the last moment. What changed? How come there seems to be an amenability to addressing this issue now?

**Gressly:** Well, first of all, I think certainly here in Sana'a, there is a recognition that this vessel is decaying. More importantly, they understand that the vessel cannot be repaired. And I think it got stuck in the past over whether this vessel could be repaired or not. It cannot be repaired. It's deteriorated too much. It's not even a modern design. It was built in 1976. So it's a very old vessel, single hull, very inappropriate anymore for this. And that's understood here in Sana'a, as well as in Aden; I think that was an important step forward. Secondly, in Sana'a, we heard repeatedly that as a part of the solution, a replacement capability, not an augmentation of that, but a replacement capability – capacity, I should say, for storage – would, should, be a part of the overall program.

So we built that into the UN operational plan that we have shared. As you know, we signed a memorandum of understanding based on that approach, which is the two stages that I described earlier, and that seems to have very good political support here in Sana'a. And just as important are the discussions we've had with the government of Yemen on this issue. They really want us to move forward. We've spoken to countries in the region. ... They basically say the same thing, if you can get this done, get it done, because it can only have a negative impact on all of us. So I think the key to answering your question is the understanding that the vessel cannot be repaired. It needs to be a replacement capability. We're working to make sure that that's included in the package, and that helped make the difference in these discussions.

**Osberg:** One of the things that we knew that was holding up the progress was basically, where would the sale of the oil go? Who would get the money from that? How was that dealt with in the current discussions? And what is the estimated value of the oil on board and what might happen to it?

**Gressly:** I think it's good-quality oil. We don't know the current quality after so many years of storage there. So that's still a bit of a question mark. But it's 1.1 million barrels. So you could take that times the current price. And, you know, it's a lot of money. So it is quite valuable, and we'll know more as this operation gets underway based on the actual quality after it's fully tested. So it's significant. And also, the ownership is a bit complex as I think many of you would know, multiple entities own it. So the way we're dealing with it now is not to confront that problem first. So, the oil will not be sold. It will simply be placed in a safer, assured vessel that is maintained and designed with modern design to safeguard the oil so it will not spill into the ocean. That buys us the time over months, who knows how long it might take, to discuss what to do with the potential sale of the oil. So the first thing to do is to secure the oil and then worry about the details of selling it and where the proceeds go later. It's going to be a bit of a complex political question, among other things.

**Osberg:** Thank you. I'll open up to the floor now.

## Participant Q&A:

Is it possible to start the work before you have the full US\$80 million? And the second part of this is, will it be too late? When will it be too late to do the work this year if it can't be started before you have the US\$80 million? And finally, what has been the involvement – other than the Saudis who finally offered this US\$10 million – [of] all the other Red Sea coastal states, all of whom would be seriously at risk if the disaster happened?

**Gressly:** It's very difficult to start without the full amount. We don't need the full amount to do the initial salvage work. That would take roughly half the amount that we're talking about, which would be to secure the vessel and make it safe for the transfer and so forth. And that's the most technically complex part. But unless you have a vessel to put it in, which is the second part – and have enough funding to either purchase or lease it, and we're looking at leasing at this point in time – to store it properly and to keep it safe, then you don't have a complete solution, even for the emergency part. So at the end, maybe we can get away with US\$78 million, maybe we can get away with US\$77 million. But I think we have to stick to our target of US\$80 million to make sure that we can actually complete it. I don't want to start an operation that we cannot successfully see all the way through. It would break everybody's confidence if we started it and we didn't have a vessel to put the oil into, so we just can't go down that road. We'd also increase the overall cost to do some of these things twice. So that's why we're really insisting on the US\$80 million at this point in time. When will it be too late? ... Once the spill happens, it's too late. It's simple as that. What I'm trying to say is that the summer period would have been a good period to do it when the probability of a breakup is not so high. But as we go into the end of the year, October, November and December, that changes and the stresses on the vessel will increase. ... So we will start when we get the full funding. If it's more complicated, we'll still start because we need to do it. But we're taking a chance every day by delaying it.

In terms of the countries that are participating along the Red Sea coast, to my knowledge, it's only Saudi Arabia so far in the region. Qatar has put money in as well. They pledged US\$2 million. We have gotten offers of technical support from countries such as Egypt, for example, through the Suez Authority, and we appreciate those offers. But many of the countries don't have a great deal of resources, particularly if you start looking at Somalia, Djibouti, Eritrea, even Sudan. So I think we have to take a more broad, regional approach, a global approach, if we're going to find the resources to do this in the timeframe we need to.

Have you already purchased the new vessel? And when do you expect to start the oil transfer process, in case you receive the full funding?

**Gressly:** If we get the core funding, we need to do about two months of preparation work through a salvage company to prepare the current FSO vessel for the transfer, about nine weeks actually. So even from the start date of the operation, we need nine weeks before we can actually start physically moving the oil.

We have not yet finalized the procurement of a temporary vessel to hold the oil. We have a number of options that we can move quickly on, so that's not an operational constraint for the first stage. For the second stage, which is the longer-term replacement capacity, we intend to bring a salvage company here to Sana'a to review different options in [the] first week of July, to talk about the second phase and how specifically to carry that out. We will obviously do the same thing in Aden so that everybody knows what the options are moving ahead, so that we do things in a way that works for everyone.

In terms of outreach to regional actors, what discussions have you had with the UAE regarding the plan? I don't believe they've donated funds and their ambassador to the Security Council has questioned the sincerity of the Houthis' commitment to the deal.

**Gressly:** We actually did a joint mission, myself together with the Netherlands' ambassador to Yemen and the US special envoy, to speak with senior officials in Abu Dhabi. We got positive feedback and interest, but also some concerns about the ultimate commitment of the authorities, particularly here in Sana'a. That's a common question I get. So that discussion will have to continue as they have not made a contribution yet.

On the concern of the commitment here in Sana'a, I have had multiple discussions over the months, including today, in fact, where, as reiterated from the president of the Supreme Political Council here and the de facto authorities' Foreign Ministry here reaffirming once again, their support.

Will the money from selling the scrap be placed in an escrow account so that government employees can be paid?  
Will the Safer be dismantled immediately after the oil transfer?

**Gressly:** The current plan for the second stage is for the existing tanker to be sold as scrap. It's probably worth quite a bit given current steel prices. It would be used to offset the second-stage costs. Basically, it's more the oil. And that, as we discussed earlier, is still a very open question how that will be managed. ... However, with the existing vessel, it will be thoroughly cleaned so that it doesn't present any pollution kind of threat at all. That's a pretty expensive piece of work as well, to make sure that even the vessel that will be salvaged will be very, very well cleaned.

Could you please share why the UN has chosen the path of public donations rather than going to the private sector to fill the gap?

**Gressly:** Well, we haven't decided that. We've decided to go to all potential donors, member states first. We are doing current outreach to private companies. In fact, together with the special envoy for the United States to Yemen and myself, we co-hosted a meeting with, I think, 30 multinational companies in Washington about a month ago to also call on them to contribute. So we're doing a multi-pronged approach. Member states, private companies, we're open to foundations. We haven't really initiated that work yet except for public support, but also now the general public, and I think over time we will see more funding come in from these different types of sources. So we're looking at all of them.

Why has the UN agreed to replace the FSO Safer in addition to salvaging the vessel and its oil? Isn't this effectively a ransom payment to the Houthis?

**Gressly:** Well, that's an interesting way of phrasing the question. Basically, all we're doing is replacing the existing storage capacity. That's all we're talking about — different options on how to do that. That was what opened the discussions to a successful conclusion. I'm not going to go any further than that on the answer, but we need to find a way forward on this. And this is what works. It doesn't seem to cause a problem in the region or with the government of Yemen. So right now, it's not causing a problem. And if it's a key to unlock this, I think it's a fairly low cost for finding a way forward.

Would it be possible to borrow the money off the back of the future proceeds of the sale, and does the dispute over ownership preclude this? Have any private firms, firms, foundations contributed?

**Gressly:** The answer to the second question is not yet, though we're optimistic that that could change. And we continue that outreach. The ownership is reasonably clear. But there's a difference between ownership and control, let's be frank about it. And that's a part of the dilemma that we face here. So given the different risks involved in the ownership of the oil and any potential to sell it at this point in time, to me, it's highly, highly unlikely that you could ever borrow funds against that in any secure way except an extraordinarily steep discount, which I don't think is in the interest of the people of Yemen in any way. So we haven't pursued that line.

One of the things I've heard is that a big fear companies have is that the area around the Safer is mined with sea mines or that there are other security, physical risks to the operation. Could you elaborate on that a little bit and how those are being addressed?

**Gressly:** We have a significant mine action program in Yemen with very good expertise, and their assessment is that this is a manageable threat, of the sea mines in particular. So this is not a game-stopper for us. It just requires careful work in order to avoid that. We're working with SMIT [Salvage] on this as the salvage company. They've done their own internal assessments from these kinds of risks, and we're all comfortable moving ahead, having taken all of that into account. So that's one of the operational challenges, but not one that we consider insurmountable at all.

Have you ever previously appealed to the general public for cash?

**Gressly:** Well, yes. ... I think most recently Ukraine, for example; in fact, we're following the footsteps of the UN Foundation in that regard. So this is not unique, but it's not what we do every day either. So I understand why the question is asked, but no, it's not the first time.

The US is only now contributing while Canada has not. How disappointing is it that countries have dragged their feet on supporting this project to the point where it may not start anytime soon?

**Gressly:** Well, I wouldn't call it disappointment. It's not a personal thing, it's just a risk thing. Every day that we don't get these contributions, the risk goes up. And it would be unfortunate, as I said, [if] we don't get the contributions. We look forward to continuing discussions with Canada and other member states who have not yet been able to contribute to do so. To be frank with the audience here, this is unusual to try to get contributions for something of this nature. It's far easier for me to raise money to respond to a catastrophe than to prevent a catastrophe. Most of the budget lines in various governments are not designed so much for prevention as they are for emergency response.

During the salvage operation of the oil, what are the risks of the operation itself causing this spill? And what is being done to mitigate them?

**Gressly:** The inert gasses that normally would inhibit explosions are no longer there because the system that maintains that no longer functions. So, one of the first things that will be done is to install a temporary system on board the vessel to reintroduce inert gasses to stabilize those chambers that contain the oil. That's just one measure among many. There will, of course, be oil booms around the vessel in case there is any kind of spillage in the process of transfer. But we're dealing with an extraordinarily experienced company [that] actually dealt with the problem in the Suez Canal. ... They know what they're doing. I've been quite impressed talking to them. They



have to deal with toxic gasses, so they'll have to have breathing apparatuses to go in and do this safely. But they will work to secure the vessel, from a safety point of view for operation, as well as secure the vessel for a safe transfer of the oil. I have great confidence in the information I've received from them on how that will be carried out. Can't say that there is no risk — it is an old decaying vessel. But the operation is the best option to stop the spill.

I heard multiple times that Kuwait will donate the vessel. Plus we have the US\$10 million contributions from both Saudi and the US. This would make US\$60 million plus the vessel. Why are you not going ahead? Am I wrong if I have the impression that it is not about money but about politics — raising the pressure on both Sana'a and its opponents to give UN and SMIT Salvage more room to maneuver?

**Gressly:** Well, we have not received any offer from Kuwait for a vessel. So if we received from any one member state or private firm a vessel, of course that would go a long way, provided that it's an appropriate vessel, that would go a long way to bridge — and in fact, it would bridge — the gap. So we're not opposed at all to an in-kind contribution. ... If by a miracle, tomorrow somebody has a vessel for us to use, we would be happy to make good use of it. But so far, Kuwait — or any other member state or company — has not come forward to offer that to us.

Out of the US\$80 million, what are the costs of the ship, the salvage company and the other operational fees — what is the breakdown of the operational cost?

**Gressly:** I think it's about \$35 million for the salvage operation itself. That's an estimate. It's not a final figure. The leasing of the vessel is estimated around US\$13-14 million. But all of this is subject to procurement, so I'm not going to go into more detail on what the actual cost would be. But that's what the estimations are in the budget, and then, of course, other ... preparatory expenses that need to be done, insurance, things of that nature.

Has something like this ever been tried on this scale, transferring this much oil from one vessel to another in these kinds of circumstances?

**Gressly:** I don't know. I won't be able to answer it. We can find out. Actually, I think it's a fairly routine kind of operation. It's not that big of a deal for a salvage company, they deal with very complex operations. Technically, this is not that complicated of an operation. It's all the political, security issues revolving around it, and the need to mobilize the resources that made this one a difficult one to solve. Technically, for those who know what they're doing, it's not that difficult.

What will be the future location of the FSO Safer's final replacement?

**Gressly:** Well, it depends on the option selected, to be honest. If it's another FSO, which is an offshore storage vessel, it would be in the same place. But there are other options that we're looking at that we will be sharing with the authorities concerned. So I don't want to elaborate on those until we have a chance to talk to them about different options. The temporary vessel will be berthed adjacent — not next to, but in the same area — to maintain the oil, but in a secure area.

Has the Sana'a government agreed to withdraw any armed escorts on this operation? And must the coalition withdraw somewhat in order to get the Sana'a government to do this?

**Gressly:** In terms of military positioning, that doesn't seem to be an issue at this point in time. Of course, we would work closely with all parties in the conflict to make sure that this whole operation is fully deconflicted so that there are no issues there. Hopefully, the truce will continue. That's not even a big issue. But if not, we will, of course, do the deconfliction required. I'm very confident with all the parties involved wanting this to happen, that that's not a major consideration for us. And we'll be working with the local authorities. We have our own liaison officers on this, working on this. So we'll overcome any of these little local issues. I think we put the past behind us and just focus on getting this operation done.

Can you please go into more detail about the humanitarian consequences on the ground in Yemen in the event there is a spill?

**Gressly:** It will affect everything. It will affect fisheries, livelihoods, the ability to access the port, to deliver food into the country. It will affect international shipping because it could inhibit the passage of vessels, it would impact tourism and the revenue that's generated from that. It will affect the pristine environments. It could affect fishing stocks for 25 years in the areas that [are] ultimately affected, you know, US\$20 billion to spend [on cleanup]. Here's what I tell a lot of countries that I work with on this: 'You can do something upfront to prevent this because if you don't, you're going to take your money when the spill happens out of money that's for Yemen – out of the development money, the humanitarian money. You will divert all of that money to clean up the spill.' And I had a really good discussion in that regard in Qatar, with the development foundation [director] there, who understood that instantly. The director said to me,

If we do not act, I will be spending more money cleaning this up than I intended to help Yemen with instead.' And I think that's [what] the biggest humanitarian catastrophe will be, the diversion of assistance that goes away to clean up the mess.

Before the war, the oil flowed from the Marib fields all the way across to the FSO Safer, where it was unloaded. The Houthis disconnected the pipe. Will the replacement FSO include the pipe connection all the way to the pipe on land?

**Gressly:** Well, the details we've agreed on are in the MOU that's also public. What we agreed in terms of a replacement vessel at that point in time, there are different options that could be used that might be more interesting. I would be in a better position to answer your question in July when we have those discussions. So I don't want to preclude those discussions at this point in time.



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