

## Somalia

# Piracy boosts Somalia, says report

JANUARY 13, 2012 by: Katrina Manson in Nairobi

Piracy off the coast of Somalia may be a global scourge costing \$12bn a year, but a new report argues ransoms deliver much-needed development to the failed state.

The average hijacking ransom brings in the equivalent of the export of 1,650 heads of cattle, while keeping hostages – 1,016 were captured in 2010 – provides jobs for local cooks, producers and traders, according to the report by Chatham House. It calculates up to 100 people are needed to secure every hijacked ship.

“[Piracy \(http://www.ft.com/cms/s/0/ca636db0-36d6-11e1-9ca3-00144feabdco.html\)](http://www.ft.com/cms/s/0/ca636db0-36d6-11e1-9ca3-00144feabdco.html) appears to lead to widespread economic development,” says the report’s author Anja Shortland, who argues the flow of ransom payments has helped to boost the local exchange rate, to raise real wages and to reduce inflation.

In the absence of a functioning state that has failed to eliminate al-Qaeda-linked rebels further south, the report says pirates provide “local governance and stability”.

Seed money from ransoms, which garnered a record \$135m last year, has helped set up dozens of trucking companies that have reduced transport costs of staples such as rice, even as global inflation bit hard and a regional food crisis helped plunge Somalia further south of pirate strongholds into famine.

While UN secretary-general Ban Ki-moon says Somali piracy is “completely unacceptable” and UK prime minister David Cameron calls it “a complete stain on our world”, policymakers have to date v scrambled unsuccessfully to come up with a series of measures to combat it.

“Naval forces have so far been unable to make the oceans safe from Somali piracy,” says a report from the UK’s foreign affairs committee this year, noting 36 per cent of the world’s traded materials – about 28,000 vessels – moves through the high-risk area off the Somali coast.

Many diplomats and UN officials say land and sea solutions must be combined, deploying everything from fire power and court cases to forming alternative employment, but Ms

Shortland argues excessive force on land will undermine efforts to halt piracy.

“[Some] are talking about military intervention on the beach – shooting fishing vessels to smithereens is a different approach from the land-based approach one might be thinking of: I just have a feeling that bombing them might be the expensive solution,” Ms Shortland told the Financial Times before publishing the report.

While the report acknowledges some piracy money goes into drugs and flashy cars, Ms Shortland, a development economist at Brunel University, argues instead that the benefits stretch far wider than a pirate financier elite. She says any abrupt military solution that stopped piracy would deprive thousands of people of jobs and “quite noticeable trickle-down”.

By assessing night-time light emissions seen from satellites and by comparing daylight satellite imagery over time, Ms Shortland argues provincial towns in pirate regions have seen “massive investment” since 2002.

However, some coastal communities have failed to experience the same economic boom.

“If one wanted to look for friends for a land-based solution, one might be able to exploit the disappointment of the coastal communities,” she said. “The fact that [previous pirate stronghold] Eyl has managed to push pirates out rather suggests the local community might be able to deny pirates a base.”

The UK, which says it may triple aid to Somalia over three years, is among those to deploy both carrots and increasingly strong sticks. As part of a £250m five-year aid package to Somalia, the UK wants to focus on “wealth creation” by initiating 45,000 jobs nationwide, including support to fisheries and livestock industries in the main pirate region. Yet it also supplies warships and has in past months reversed its policy to allow armed private security on board UK-flagged ships, a decision some consider imprudent given that it has not published any guidance about the use of force.

A UK spokesman told the Financial Times there had been “progress” in tackling piracy, including “cutting-edge work to intercept financial flows ” and backing for prisons that house about 1,000 pirates.

Somali pirates on Thursday tried to board a Spanish navy ship off the Horn of Africa but it repulsed the attack and arrested six pirates, Reuters reports from Mogadishu, quoting the European Union Naval Force Somalia.