Piracy in Somalia

Threatening global trade, feeding local wars

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Summary points

- Piracy off the coast of Somalia has more than doubled in 2008; so far over 60 ships have been attacked. Pirates are regularly demanding and receiving million-dollar ransom payments and are becoming more aggressive and assertive.

- The international community must be aware of the danger that Somali pirates could become agents of international terrorist networks. Already money from ransoms is helping to pay for the war in Somalia, including funds to the US terror-listed Al-Shabaab.

- The high level of piracy is making aid deliveries to drought-stricken Somalia ever more difficult and costly. The World Food Programme has already been forced to temporarily suspend food deliveries. Canada is now escorting WFP deliveries but there are no plans in place to replace their escort when it finishes later this year.

- The danger and cost of piracy (insurance premiums for the Gulf of Aden have increased tenfold) mean that shipping could be forced to avoid the Gulf of Aden/Suez Canal and divert around the Cape of Good Hope. This would add considerably to the costs of manufactured goods and oil from Asia and the Middle East. At a time of high inflationary pressures, this should be of grave concern.

- Piracy could cause a major environmental disaster in the Gulf of Aden if a tanker is sunk or run aground or set on fire. The use of ever more powerful weaponry makes this increasingly likely.

- There are a number of options for the international community but ignoring the problem is not one of them. It must ensure that WFP deliveries are protected and that gaps in supply do not occur.

Map of Somalia
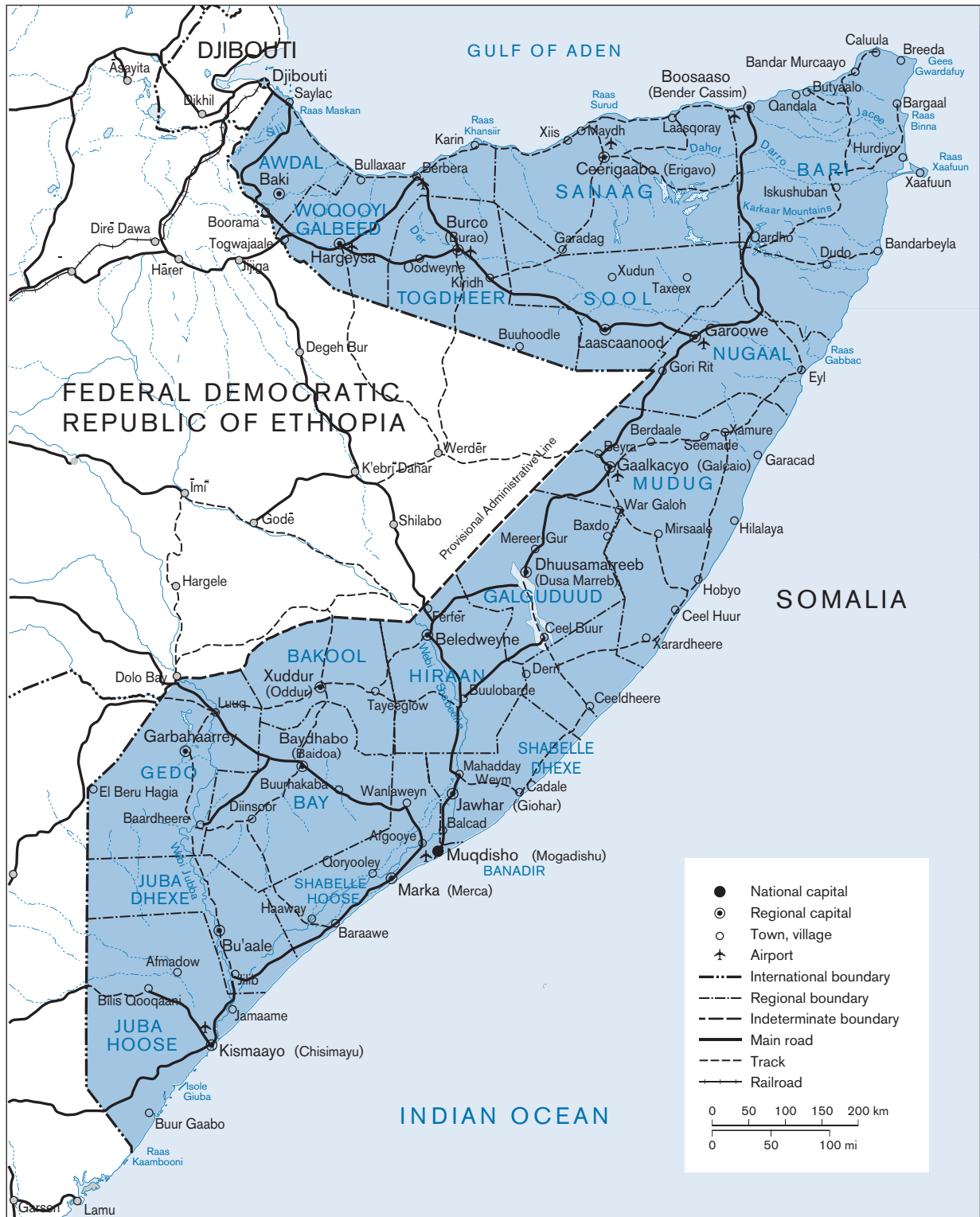
Source: United Nations Somalia Map, No 3690 Rev. 6 Jan 2007.

The boundaries and names shown and designations used on maps in this report do not imply endorsement or acceptance by the author or Chatham House.

Introduction

Piracy[1] off the coast of Somalia is growing at an alarming rate and threatens to drastically disrupt international trade. It provides funds that feed the vicious war in Somalia and could potentially become a weapon of international terrorism or a cause of environmental disaster. For long piracy has been a problem mostly associated with the Malacca Straits between Indonesia and Malaysia, but it is now a growing issue for fragile African states. Up to 25 September 2008, 61 actual and attempted hijacks had been recorded by the International Chamber of Commerce (ICC) International Maritime Bureau (IMB).[2] In the last week of August 2008 alone four vessels were captured, and the year has seen Somali piracy rise up the news agenda, propelled by the capture of the Luxury yacht *Le Ponant*[3] and the kidnap of a German couple who had been sailing their yacht through the Gulf of Aden. Since the end of 2007 piracy activity has shifted away from the Mogadishu port area and into the Gulf of Aden. The actual number of attacks could well be higher: not all incidents will have been reported as there is much illegal activity in Somali waters, and the official statistics do not measure the impact of piracy on Somali coastal trade. Some 16,000 ships a year pass through the Gulf of Aden, carrying oil from the Middle East and goods from Asia to Europe and North America. So one of the most important trade routes in the world is now threatened by the chronic instability in Somalia.

Piracy has been a problem in Somali waters for at least ten years. However, the number of attempted and successful attacks has risen over the last three years (see Figure 1). The only period during which piracy virtually vanished around Somalia was during the six months of rule by the Islamic Courts Union in the second half of 2006. This indicates that a functioning government in Somalia is capable of controlling piracy. After the removal of the courts piracy re-emerged. With little functioning government, long, isolated, sandy beaches and a population that is both desperate and used to war, Somalia is a perfect environment for piracy to thrive.

Figure 1: Number of actual and attempted attacks in Somalia and Gulf of Aden
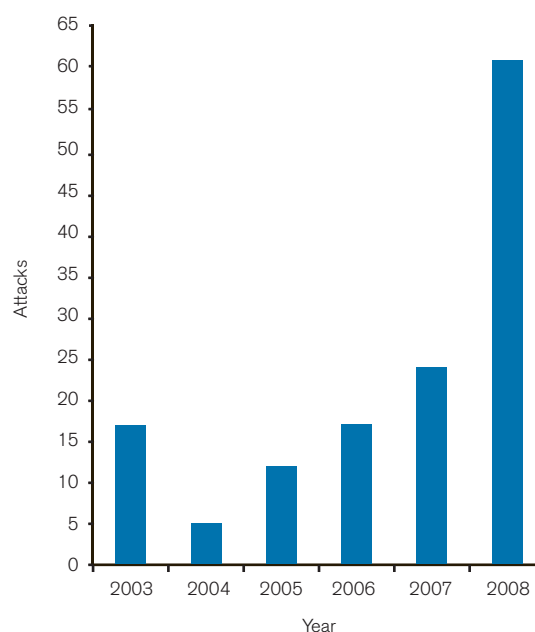
Source: ICC International Maritime Bureau, *Piracy and Armed Robbery against Ships – Report for the Period 1 January–30 June 2008*, July 2008. Figures correct as at 25 September 2008.

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1   Piracy is defined by the United Nations Convention on the Law of the Sea (UNCLOS) as:

'   *Piracy consists of any of the following acts:*

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

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

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

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

    (c) any act inciting or of intentionally facilitating an act described in sub-paragraph (a) or (b).

    Piracy is considered to occur in international waters while Armed Robbery at Sea occurs in territorial waters or in port.

2   In their reports the ICC IMB split waters around Somalia into 'Somalia' and 'Gulf of Aden'. This recognizes the overlap with Yemen in the Gulf of Aden. It is possible, however, to speak of Somali piracy as encompassing both areas; some activity in the Gulf of Aden may originate from Yemen and Yemenis but the overwhelming majority is Somali-run and -inspired. ICC IMB latest statistics available at www.icc-ccs.org.

3   'Somali pirates seize French yacht, 4 April 2008', BBC. http://news.bbc.co.uk/2/hi/africa/7331290.stm.

Piracy around Somalia

How the pirates operate

Pirates operate using small skiffs with powerful outboard engines that can be pulled up onto the beach. These boats are fast and manoeuvrable but they lack the range necessary for richer pickings. Pirates now regularly use 'mother ships' to increase their range. The IMB recently put out a warning identifying potential mother ships.[4] These are generally fishing trawlers that the pirates capture closer to shore and then use as staging posts for attacks further out to sea. Reports from a Yemeni fishing vessel that appears to have been used as a mother ship indicate that the pirates patrolled the entrance to the Gulf of Aden in the captured vessel and then deserted it in their skiffs once a suitable target was spotted.[5] The use of mother ships helps to explain how pirates have managed to increase their range so dramatically; the old warning to stay at least 50 nautical miles from the coast has now been replaced by warnings to stay at least 200 nautical miles away.[6]

It is generally thought that from sighting pirates to being boarded takes approximately fifteen minutes. Such a short space of time helps to explain why even with international patrols in the area ships are still captured. To prevent an attack a naval vessel would need to be close and have a helicopter ready to go at moment's notice. This is not to say that prevention is impossible: the USS *Peleliu* was able to scare pirates away from the *Gem of Kilakari* on 8 August 2008 after launching helicopters,[7] but the *Peleliu* was only ten miles away and able to respond quickly. In other circumstances captains must take whatever evasive action they can. In one instance a tugboat put itself into a high-speed spin and continued until the attackers gave up and left. Other less nauseous ways of preventing boarding include sonic cannon and water guns. Sonic cannon can only point in one direction, however, so an attack by more than one skiff renders them ineffective. The other serious complaint about using non-lethal weapons to deter pirates is the lack of protection they offer to crew members, who become sitting targets for pirates with automatic weapons and rocket launchers while operating the device.

It is possible to identify the factors that make a ship more vulnerable: low sides, low speed, low crew numbers and lack of adequate watch-keeping. Pirates have consistently targeted ships with low sides (including *Le Ponant* and the *Danica White*) as these are easier to board from their own low skiffs. At present it seems that scaling the high sides of large oil tankers is beyond their capabilities. It should be pointed out that this did not prevent them from taking speculative pot shots at the Japanese tanker MV *Takayama* with rocket-propelled grenades (RPGs).[8] Low speeds also make a vessel more vulnerable; the pirates' small vessels can move fast and sluggish transport tankers and pleasure yachts will have difficulty evading determined attackers. There is little that a ship-owner with a slow, low-sided ship can do in such circumstances. But some problems can be ameliorated. Low crew numbers have become increasingly common as higher insurance premiums and fuel costs cut into ship-owner's margins. Without a full complement of crew it is impossible to maintain a sufficient watch in dangerous waters, making evasive measures less effective.

Where the pirates originate

Puntland, the semi-autonomous region in the northeast of the country, appears to be the base for most pirates in Somalia. A small number of acts of piracy in the Gulf of Aden may originate in Yemen but most illegal activity originating there is connected to fishing and

4   IMB, Pictures of suspected pirate mother vessels, 13 August 2008. http://www.icc-ccs.org/main/piracy_al.php?newsid=20, accessed 21 August 2008.

5   Sa'eed Al-Batati, 'The shadow of death in the Arabian Sea', *Yemen Times*, available at: http://yementimes.com/article.shtml?i=1169&p=report&a=2, accessed 21 August 2008.

6   IMB, http://www.icc-ccs.org/prc/piracyreport.php.

7   'U.S. Navy foils pirate attack on ship', *Chicago Tribune*, 9 August 2008. http://www.chicagotribune.com/news/nationworld/chi-pirates_wor_09aug09,0,6414894.story.

8   Johan Lillkung, '*They opened fire with machine guns and rockets*', *The Observer*. 27 April 2008. http://www.guardian.co.uk/world/2008/apr/27/somalia.

protecting fishing grounds. Traditionally, most pirates, including the infamous Afweyne, come from Harardheere (Xaradheere) and Hobyo in Central Somalia – although Afweyne is reportedly unlikely to be involved in current operations. The Mayor of Eyl has asserted that 'the pirates who hijacked the ships are the same ones who received ransom payments before'.[9] This would support other reports that the pirates are not engaged only in one-off attacks but are in the business for the long term.

The fact that the pirates originate from Puntland is significant as this is also the home region of President Abdullahi Yusuf. As one expert said, 'money will go to Yusuf as a gesture of goodwill to a regional leader'[10] – so even if the higher echelons of Somali government and clan structure are not directly involved in organizing piracy, they probably do benefit.

Puntland is one of the poorest areas of Somalia, so the financial attraction of piracy is strong. Somalia's fishing industry has collapsed in the last fifteen years and its waters are being heavily fished by European, Asian and African ships.[11] Some pirates have claimed that they are involved in protecting Somalia's natural resources and that ransom payments should be viewed as legitimate taxation. Indeed the pirates captured by France following the *Le Ponant* incident had a 'manual of good conduct'.[12] In any case, in a region where legitimate business is difficult, where drought means agriculture is nothing more than subsistence farming, and instability and violence make death a very real prospect, the dangers of engaging in piracy must be weighed against the potentially massive returns. (An unsubstantiated rumour offers a further hint as to the emergence of piracy in Somalia and illustrates how good intentions can backfire. In the 1990s a private security firm had a contract to establish coastguard facilities. The exercise fizzled out but some analysts now trace the nautical skills of the pirates to that experiment and anecdotal evidence suggests that equipment meant for the coastguard has been used in piracy expeditions. Captured sailors have also reported that pirates who held them claimed to have been former coastguards – see Box 1.)

The small village of Eyl and others right up to the tip of Somalia have played host to many recently hijacked ships. The pirates have generally taken captured vessels to small ports like Eyl and held them there until ransom has been paid. The notable exception to this rule was the case of Jürgen K. and Sabine M., the German yachters taken into the mountains[13] and held on land for 41 days until they were released on 9 August following a ransom payment believed to be between half-a-million and one million dollars.[14] Clearly, the difference here was that the vessel itself held no value but the two sailors did.

Ransoms

If Somalia provides the perfect environment for piracy, it is the payment of massive ransoms that provides the motivation. A few years ago ransoms were in the tens to hundreds of thousands of dollars range. So far in 2008 they have hovered between half-a-million and two million dollars, although recent reports indicate that demands have again shot up; $3.5 million has been demanded for the release of the MV *Stella Maris* which has been held since 20 July.[15] Total ransom payments for 2008 probably lie in the range of US$18–30 million. Inflation of ransom demands makes this an ever more lucrative business. Shipping firms, and sometimes governments, are prepared to pay these sums since they are relatively small compared with the value of a ship, let alone the life of crew members. The international

9   'Somalia: pirates are stronger than us: Eyl Mayor', Garoweonline.

10   Interview with author, August 2008.

11   *Illegal, Unreported and Unregulated Fishing. 4th Chatham House Update and Stakeholder Consultation Meeting – Report*, Chatham House, April 2008. Available at http://www.illegal-fishing.info/item_single.php?item=event&item_id=136&approach_id=8.

12   Thierry Leveque, 'Somali pirates tell French police of 'sea militia'', Reuters. 17 April 2008. http://www.reuters.com/article/latestCrisis/idUSL17838540.

13   'Uns geht es immer schlechter', *Der Spiegel*, 22 July 2008.

14   'Somali pirates free two Germans', BBC, 9 August 2008. http://news.bbc.co.uk/2/hi/africa/7551298.stm.

15   Daniel Wallis, 'Somali pirates want $8 mln to free three ships', Reuters, 2 September 2008.

shipping association BIMCO has said that the payment of ransoms has probably exacerbated the situation and would prefer the industry not to pay, but it recognizes that there is little alternative as long as any sort of rescue or intervention is unlikely. As pirates become more brazen, it seems unlikely that shipping firms will be prepared to risk the loss of life and equipment for the greater good.

New trends

The most noticeable change in the past year has been the shift in the main area of activity. Whereas in 2007 a lot of piracy was focused on Southern Somalia and Mogadishu port where, according to the UN monitoring group, port officials helped facilitate several attacks,[16] in 2008 the vast majority of attacks have taken place in the Gulf of Aden. This makes sense since, as noted above, the Gulf is a major shipping route with around 16,000 vessels passing through each year and offers much richer pickings than Mogadishu. The funnel-like shape of the Gulf also means that shipping is easier to locate and hunt down than in the sea off Somalia's southern coast. As will be discussed below, this shift in focus should be of great concern to the international community.

The pirates have improved their equipment and now use GPS systems and satellite phones. It is also likely that they are plugged into an international network that feeds information from ports in the Gulf, Europe and Asia back to Somalia. All this, coupled with their use of mother ships, now gives them a greater ability to find and capture potential targets. Pirates are no longer simply opportunists; their operations are becoming increasingly sophisticated and are likely to continue developing in this direction if responses do not change. Establishing how organized the piracy gangs are is difficult but the growth in activity in 2008 seems to indicate that this is becoming an increasingly professional operation. Some reports say numbers of pirates have increased from the hundreds to the thousands.[17]

Worryingly, it appears that pirates are becoming more aggressive; East Africa analysts report that pirates are using MANPADS (Man Portable Air Defence Systems) in territorial waters and several recent reports indicate that they have begun to use RPGs during their attacks.[18] In the past their method of attack was limited to firing automatic weapons as they approached a vessel, and the use of grenade launchers introduces a much greater risk of loss of life and damage to property. The firing of RPGs at tankers (such as at the *Takayama*) should be a reason for grave concern, particularly because of the risk of fire. In general captured crew are well treated, although the enormous psychological strain should not be underestimated, but two examples demonstrate that there is nothing romantic about being held by pirates. The two German yachters referred to earlier reported that they had been beaten,[19] and crew aboard the *Lehmann Timber* reported that they lacked food and water and that their captors were becoming increasingly erratic as their captivity dragged on.[20] The first reported fatality was reported by the Malaysian International Shipping Corporation (MISC) on 22 August 2008 after pirates had boarded a palm oil tanker three days earlier.[21]

If pirates are becoming more ruthless it is likely to be only a matter of time before more people are killed. And operating in an area full of rich pickings and with enormous rewards on offer seems likely to point to a trajectory of increasing ruthlessness.

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16   *Report of the Monitoring Group on Somalia pursuant to Security Council resolution 1766 (2007)*. 24 April 2008.
     http://daccessdds.un.org/doc/UNDOC/GEN/N08/290/68/PDF/N0829068.pdf?OpenElement.

17   'Somalia gunmen use piracy ransoms to fund insurgency', Reuters, 25 August 2008.

18   'Pirates fire rockets at French boat far off Somalia', Reuters, 14 September 2008. http://africa.reuters.com/wire/news/usnLE339233.html.

19   'Somali pirates free two Germans', BBC (see note 14 above).

20   'Fears grow for crew seized by Somali pirates', *Russia Today*, 16 June 2008. http://www.russiatoday.com/news/news/26220.

21   Soraya Permatasari, 'MISC says there's "casualty" among crew of hijacked tanker ship', 22 August 2008.
     http://www.bloomberg.com/apps/news?pid=20601116&sid=aljFzZy9XIOs&refer=africa; and 'Filipino sailor dies on hijacked tanker',*The Star Online*,
     26 August 2008. http://thestar.com.my/news/story.asp?file=/2008/8/26/nation/20080826121000&sec=nation.

Box 1: A victim's story

Captain Darch was the skipper of the Svitzer Korsakov when it was boarded by pirates on 1 February 2008. He and his five crew mates were held for 47 days, until 18 March.

At about 3pm on Friday 1 February, seventy miles north of Cape Gwardafuy, I was alerted by a shout. On our starboard side were five pirates in a six-metre white plastic boat powered by 48hp Yamaha engines. I thrashed the tug to the left, then right, forcing them to sheer away. This cat and mouse game continued until another boat with four more approached. I knew we couldn't avoid them so I stopped our engine. The pirates next attempted to winch their boats to ours but only succeeded in dumping their spare ammunition into the sea. Later the first onto to the bridge said; 'I am Andrew and speak English. This is Omar, our Captain. Do as you are told.'

On the orders of 'Capt. Omar' we moved south. By late Sunday we arrived in Eyl where15 more pirates boarded our ship. From then on around twenty were always aboard, including their personal Mullah. I convinced Omar to let us go north to Gabbac, a more sheltered spot. One pirate called Ahmed told us he had been in the coastguard, and only Ahmed and one or two others who had also been coastguards understood our engines. From then on we were trailed by a US warship and smaller Somali boats resupplied us.

The pirates, armed with AK47s, spent every day chewing khat. We survived on cigarettes, water, goat, camel's milk and chap-attis. Our relationship with the pirates was mostly amicable except for one incident. Omar kept saying 'go on – go on' but the anchorage wasn't safe. He hit me across the back of my head. I said we wouldn't go anywhere if he hit me again and he didn't. Later another man called Omar joined us. He said he was there to make sure we were looked after. During the ordeal, I lost weight but was never really hungry. Genuinely, I think they just needed the money.

Ten days after our capture the Chief Engineer – Fred – and I hatched a plan. I tried to get a coded message to the Americans via Copenhagen. At midnight on the 11th we blacked out the ship and blockaded ourselves into the ballast tank. We listened for the attack, but all we could hear was the Somalis trying to get at us. At five in the afternoon we tried to give ourselves up but they had bolted us in. We thumped on the door and they let us out at seven. After this we lost all our privileges and they followed us everywhere. Sometimes, as time dragged on, the younger pirates suggested killing the Russians and sinking the boat. They thought Fred and I were more valuable.

Every day we talked about the ransom. Initially they asked for $2.5 million but Fred convinced them the company would never give that much. During the negotiations one time the new interpreter (Geli), a schoolteacher, said: 'Look, here this is your last chance – give us the money in three days or the crew will be shot, you can put that in your pipe and smoke it.' The negotiations were handled by Control Risks who have experience at that. They later tried $900,000 but eventually settled for $678,000. The money was assembled as cash in Dubai where they hoped a Somali businessman would handle the delivery for them, but no one would. In the end the money came on a boat. It came alongside with the crew hidden. Our pirates went over and moved the money across. Now the pirates had the boat, the crew and the money! All night the pirates divided the money between themselves. Most left in the morning but Omar and the schoolteacher said it wasn't safe for them to go ashore here, so we dropped them further north.

Next day we met up with the warship. I asked why they didn't attack; one guy said they hadn't received the message; another said: 'Even if we had received it we'd need an order from higher up to do anything.' We were held for 47 days. We went from Oman to Dubai, where we met our wives. I said it was the trip to end all trips but I've been on a few since then.

Source: Interview with the author, 15 September 2008.

The international response

The international community has made several attempts to deal with the issue of piracy around Somalia. The most successful has been escorts for World Food Programme ships which had been unable to enter Somali waters until France, Denmark, the Netherlands and most recently Canada agreed to provide naval escorts from November 2007 to June 2008.[22] A more general approach has focused on Combined Taskforce 150 (CTF150), a coalition naval taskforce covering the Gulf of Aden, Gulf of Oman,

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22   WFP, *Where we work – Somalia.* http://www.wfp.org/country_brief/indexcountry.asp?country=706.

Arabian Sea, Red Sea and the Indian Ocean. CTF150's primary responsibility is to assist in the 'war on terror', so piracy is lower on their list of priorities. However some of the roughly fifteen ships making up CTF150 have been involved in deterring pirate attacks. To strengthen the hand of international naval forces, on 2 June 2008 the UN Security Council passed the US/France-sponsored resolution 1816 that gives foreign warships the right to enter Somali waters 'for the purposes of repressing acts of piracy and armed robbery at sea' by 'all necessary means'.[23] The most recent initiative involves the establishment of a 'Maritime Security Patrol Area' (MSPA) which coalition navies will patrol. The hope is that shipping will stay in these zones and hence be in range of military assistance if they are threatened. To date these measures do not seem to have had much impact, although it is too early to comment on the efficacy of the MSPA.

The hijack of two Malaysian tankers prompted Malaysia to send three ships to the Gulf of Aden in September 2008; however, these will only have responsibility for escorting MISC ships.[24]

In recent years India has begun to take a greater interest in the African side of the Indian Ocean Rim for a number of reasons including a desire to compete with China, but the danger of piracy is also of concern.[25] The Indian navy has indicated a willingness to send support to the Gulf of Aden.[26] Indeed it has gone so far as to remind the government that it is ready to help ships carrying Indian nationals. However, analysts assert that the Indian government is reluctant to involve itself with the internal affairs of another country.[27]

To date France is the country that has taken the most robust stand against piracy off Somalia. Following the ransom payment and the release of *Le Ponant*, French naval special forces tracked down and arrested six pirates who are now awaiting trial in France. Again, when a French pleasure yacht was captured on 2 September, President Sarkozy authorized a successful assault on the boat that rescued the sailors, killed one pirate and captured the rest.[28] Although French action is robust, it is unlikely to act as a deterrent for future attacks since the potential rewards of piracy still far outweigh the potential risks. So far the two operations have not resulted in the death of a hostage but that is a danger that must be considered before future operations are launched. Resources concentrated on preventing piracy will produce greater benefits than those used on dramatic rescues.

The EU has established a mission under the ESDP (European Security and Defence Policy) to provide a coordination cell (EU NAVCO) for the fight against piracy.[29] Coordination of the different naval and air assets in the region could help to improve the efficacy of the fight against piracy. However, at present this cell consists of Commander Andres Breijo-Claur, seconded from the Spanish navy, and only four others, who will receive only €60,000 to facilitate their work. While it is to be welcomed that the EU is taking some action, and the difficulty in organizing common defence action is recognized, this effort may well turn out to be more symbolic than practical. The area of coordination is one in which the EU could provide very useful assistance if the cell is properly staffed and financed.

Why it matters to the international community

There are deeper reasons why the international community needs to take heed of this problem than simple law enforcement. They can be divided into four areas:

- what piracy does to Somalia;
- what it does to international trade, especially oil;
- the danger to the environment;
- the potential terrorist threat.

23   UN SC Resolution 1816. http://www.unhcr.org/refworld/country„UNSC„SOM„48464c622,0.html.
24   'Egyptian ship hijacked near Somalia', AP, 5 September 2008.
25   Alex Vines and Bereni Oruitemeka, *India's Engagement with the African Indian Ocean Rim States*. Chatham House Africa Programme Paper 08/01, 2008. http://www.chathamhouse.org.uk/research/africa/papers/view/-/id/607/.
26   'India, Yemen Act to Combat Pirates', *Sail-World*, 28 August 2008.
27   Interview with author, 22 September 2008.
28   Charles Bremner, 'French special forces seize pirates in operation to free yacht hostages', *The Times*, 17 September 2008.
29   *Official Journal of the European Union L 252/39*, 20 September 2008. http://eur-lex.europa.eu/JOIndex.do.

What piracy does to Somalia

The danger of Somali waters in late 2007 forced the WFP to suspend food deliveries by sea (delivery by land is just as risky and is impractical for transporting large quantities of food aid). According to the WFP, Somalia will require at least 185,000 tonnes of food aid in 2008. This was temporarily solved by the naval escorts for WFP vessels mentioned above. The WFP was forced to stop for two months when the Netherlands completed its stint until Canada announced that the HMCS *Ville de Québec* would escort WFP deliveries. Without the naval escorts and the regular delivery of food aid, Somalia's food stocks were seriously threatened. In a country without a functioning central government that is suffering from drought and war, and with over a million internally displaced people,[30] imported food aid is essential. The uncertainty surrounding escorts for WFP ships needs to end and escorts should be pledged in advance so that dangerous gaps in food delivery can be avoided. If the international community does only one thing, then ensuring the safe delivery of food aid should be the priority.

Somalia is one of the most dangerous and violent places in the world. Arms are freely available throughout the country and there are almost daily reports of explosions, murders, skirmishes, battles and kidnappings across the country. While pirates themselves keep the majority of the funds they generate, a significant amount is passed on to important locals, some of whom are involved in the ongoing war. These regular injections of cash undoubtedly help to finance the war. Some reports[31] link piracy money to the US terror-listed Al-Shabaab, which emerged as a youth militia during the rule of the Islamic Courts and is now fighting an insurgency against Ethiopian and government troops. Eradicating piracy will not stop the war, but it may reduce the money available for arms purchases.

The lack of maritime security also allows a busy people- and arms-smuggling trade to flourish and encourages illegal fishing in Somali waters. Greater efforts by the international community to combat piracy should have a positive impact in these areas as well.

What piracy does to international trade

Clearly a company whose cargo is prevented from reaching its destination on time will lose money. Add to this the cost of paying ransoms and already the damaging economic effect of Somali piracy can be seen. The consequences are not limited only to companies whose vessels are hijacked; of wider concern is the growth of insurance premiums for ships that need to pass through the Gulf of Aden. The danger means that war risk insurance premiums must now be paid: premiums are reported to have risen tenfold in a year.[32] If the cost of extra insurance becomes prohibitive, or the danger simply too great, shipping companies may avoid the Gulf of Aden and take the long route to Europe and North America around the Cape of Good Hope. Indeed this option is mentioned by shipping industry insiders as a very real possibility. The extra weeks of travel and fuel consumption would add considerably to the cost of transporting goods. At a time when the price of oil is a major concern, anything that could contribute to a further rise in prices must be considered very serious indeed.

Potential environmental catastrophe

Large oil tankers pass through the Gulf of Aden and the danger exists that a pirate attack could cause a major oil spill in what is a very sensitive and important ecosystem. During the attack on the *Takayama* the ship's fuel tanks were penetrated and oil spilled into the sea. The consequences of a more sustained attack could be much worse. As pirates become bolder and use ever more powerful weaponry a tanker could be set on fire, sunk or forced ashore, any of which could result in an environmental catastrophe that would devastate marine and bird life for years to come. The pirates' aim is to extort ransom payments and to date that has been their main focus; however, the possibility that they could destroy shipping is very real.

30   Internal Displacement Monitoring Centre, *Internal Displacement – Global Overview of Trends and Developments in 2007*, April 2008. http://www.internal-displacement.org/.

31   'Somalia gunmen', Reuters, 25 August 2008 (see note 17 above).

32   Miles Costello, 'Shipping insurance costs soar with piracy surge off Somalia', *The Times*, 11 September 2008.
     http://business.timesonline.co.uk/tol/business/industry_sectors/banking_and_finance/article4727372.ece.

Possible co-opting by international terrorist networks

The other worst-case scenario is that pirates become agents of international terrorism. It should be emphasized that to date there is no firm evidence of this happening. However, in a region that saw the attacks on the USS *Cole*, seaborne terrorism needs to be taken very seriously. For example, a large ship sunk in the approach to the Suez Canal would have a devastating impact on international trade. Terrorism at sea could take many forms: direct attacks on naval or commercial shipping, such as the 6 October 2002 attack on the MV *Limburg*,[33] hostages from pleasure boats being used as bargaining chips for terrorists or high-profile victims of an atrocity, and hijacked ships being used as floating weapons. Terrorist networks could also use the financial returns of piracy to fund their activities around the world.

The potentially massive consequences of this scenario must be taken into account along with the more likely scenario that piracy money is being routed to Al-Shabaab.[34] As has been seen over the last year, pirates in Somalia have become ever more dangerous, but it is impossible to tell what will happen next. It is best to act to prevent the worst-case scenarios rather than try to solve the problem once it has escalated.

Options for the international community

Although the international community must recognize that only a political solution in Somalia offers a long-term solution to the issue of piracy, it is also crucial to understand that measures can be taken to improve the situation while efforts continue towards a political settlement. Set out below are a number of options that could be considered by the international community, the African Union and Somalia's neighbours to reduce the risks of piracy in the Gulf of Aden and off the coast of Somalia. It may be that elements from each option could be adopted.

1. Organize shipping into a safe lane.

At the end of August 2008 coalition naval forces in the Gulf of Aden announced that they had established a 'Maritime Security Patrol Area' (MSPA) which would be patrolled by coalition warships and aircraft. Following a standard route should make it easier for international forces in the area to monitor shipping and respond to distress calls. Problems with this approach arise if the international presence is too light. Shipping organized in a lane would potentially offer an easier target for pirates and, as one senior naval commander explained, 'the pirates will just change their tactics'. The approach will also fail to reduce the danger for ships steaming north-south rather than east-west. However, this move is to be welcomed. The international community should recognize that even if attacks decrease the threat will not have disappeared, and it will need to remain vigilant until Somalia has a full political settlement.

2. Provide a coastguard for Somalia.

In the absence of a reliable and long-term government of Somalia it is unlikely that the Transitional Federal Government (TFG) has the capacity to operate effective coastguard facilities. An effective option may be to create an internationally sanctioned and administered coast-guard for Somalia. This could be run by the UN or African Union and established with external funds. The cost of running a coastguard could be met, at least in part, from collecting fishing dues and import revenue. The money and the force could be held in trust for Somalia. Clearly lessons can be learned from the previous experience of private military companies trying to provide maritime security (see Box 2); hence this option would need to be firmly under the control of an international body.

3. A large naval presence

A proposal popular for its simplicity and straightforwardness is for the deployment of a much larger multinational naval force in the Gulf of Aden and along the Somali coast with a specific mandate to combat piracy. At present the 12–15 ships of Combined Taskforce 150 are primarily involved in the war on terror and combating piracy is an ancillary concern. A much larger dedicated fleet would be likely to reduce the incidence of piracy but is almost certainly prohibitively expensive. It seems more realistic

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33   'Yemen ship attack "was terrorism"', BBC, 13 October 2003. http://news.bbc.co.uk/2/hi/middle_east/2324431.stm.
34   'Somalia gunmen', Reuters, 25 August 2008 (see note 18 above).

Box 2: Private security and Somali piracy

Private security firms have a long history of involvement in attempting to combat Somali piracy. To date, however, none have been very effective and in the majority of cases it is hard to see that anything at all was achieved.

Secopex

This French private security firm signed an agreement in May 2008 with TFG President Abdullahi Yusuf to provide maritime security for Somalia and a bodyguard for the president. The TFG insists that the deal will be paid for by the international community, but so far the $50–200 million needed has not been forthcoming.

Topcat

In November 2005 the TFG signed a $50 million or $55 million contract with the US security firm Topcat to target 'mother ships' being used by Somali pirates. The chief executive of Topcat told the BBC, 'We will end the piracy very quickly; there is no question about that' (http://news.bbc.co.uk/2/hi/africa/4471536.stm). Topcat's deployment was blocked by the US State Department, which judged that it would breach the arms embargo on Somalia.

Al-Habiibi Marine Service

This Saudi-based company was appointed by the government of Puntland in December 2005. However its employees were unable to take up their positions in Somalia.

SOMCAN – Somali Canadian Coastguard

SOMCAN held a contract from the government of Puntland from 2002 to 2005 to provide coastguard facilities for Puntland. Its effectiveness was called into question as three of the company's employees were sentenced to ten years in jail in Thailand for piracy, although they claimed to have been protecting a Thai fishing boat.

Puntland International Development Corporation

PIDC was contracted in 2000 by the government of Puntland to combat piracy. It subcontracted the work to Hart Security.

HART Security

Hart undertook to provide training for a 70-man maritime force in Puntland from November 1999. A vessel was secured and arms were procured through local arms markets. Hart staff took up residence in Somalia. The scheme was supposed to be funded through the collection of fishing dues. Hart wrapped up its operations in June 2002 when it became unclear if a new administration in Puntland had the authority to honour their contract.

to hope for some augmentation of the current force to patrol the MSPA and perhaps the ongoing discussions in Europe and India will produce such a result.

4. Pay no ransoms

This option has been suggested by the shipping industry. Certainly it seems likely that if ransom payments stopped, the incentives to be involved in piracy would decrease. Two problems are evident here. The first is that there is no reason why pirates would not change their tactics and, copying examples from Indonesia and elsewhere, begin to see the value not in ransom but in capturing ships and creating phantom ships, where a stolen ship is re-registered and used to carry new cargoes which are then stolen,[35] or simply targeting vessels to steal their cargo. The second problem is of course that non-payment could very well include the loss of life. It seems unlikely that any shipping company wants to be the first to refuse to pay when the price could be so high. However, a concerted effort to deflate prices (there is no need to pay exactly what is demanded) could have a positive impact.

5. Do nothing

Accepting that the only real solution lies in a political solution inside Somalia, the international community could calculate that some forty ships captured out of

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35   Martin N. Murphy, *Contemporary Piracy and Maritime Terrorism – The Threat to International Security.* International Institute for Strategic Studies, London, 2007, pp. 36–7

16,000 is such a small number that the resources required to protect them would be wasted. However, as we have seen, the issue of piracy is not divorced from Somalia's internal problems, and the potential for an environmental disaster, a terrorist attack or major disruption of trade and subsequent increase in oil prices makes the case for preventative action a strong one.

Conclusion

Whatever the international community decides to do, it must not be at the expense of efforts to secure a political solution inside Somalia. The most powerful weapon against piracy will be peace and opportunity in Somalia, coupled with an effective and reliable police force and judiciary. Containing or ignoring Somalia and its problems is not an option that will end well. Piracy is a very real threat to seafarers, the shipping industry, the environment, international trade and most of all Somalia and Somalis. There is no single solution, but this paper has highlighted some of the actions that may assist in reducing the threat.

If nothing else, it is essential that the international community formulate a plan to ensure that the supply of food aid to Somalia is not interrupted. In the next three months it is of paramount importance that a replacement for Canada is found to escort WFP ships. If there is no permanent solution to the issue of escorting WFP ships, then Somalis will starve and the already severe problems in the region are likely to get worse.

The international community cannot view the issue of Somali piracy as a sideline issue. The danger that international shipping will avoid the Gulf of Aden and that the subsequent increased costs will be passed on to consumers should be of grave concern during a time of economic uncertainty. The potential environmental damage from a botched attack could be catastrophic and long-lasting. And if the nightmare scenario occurs and Somali pirates become tools of international terrorism, failure to act now will seem very reckless.