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Counting the Costs of Somali Piracy

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ABOUT THIS REPORT

The upsurge in attacks by Somali pirates between 2005 and mid-2009 reflects decades of political unrest, maritime lawlessness and severe economic decline. Piracy has dire implications for economic development and political stability in Somalia, with economic prospects constrained, business confidence compromised and human security worsening. It could also have a destabilizing effect on global trade and security unless immediate steps are taken to craft a coordinated strategy to address the complex factors that trigger and sustain crime and impunity on the high seas. However, poorly designed and implemented strategies could inadvertently strengthen the hand of extremists in and around Somalia. The Somali authorities and their international partners should plan for a sustained application of "smart power" by all stakeholders. This paper offers practical strategies to mitigate the rising costs of Somali piracy and lay the foundation for lasting peace.

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1. Background

Roughly the same size of France and six times the size of the U.S. state of Virginia, Somalia has a 3,025 km coastline (longer than the U.S. portion of the Gulf of Mexico, which is some 2,700 km) on the northeastern corner of Africa. Its recent history has been marred by violence and instability. Since the fall of the Siad Barre regime in 1991, there have been more than a dozen attempts to forge political consensus and establish a functioning central government.[1] Although the Transnational Federal Government was established in 2003, with its capital in the southern city of Mogadishu, it remains fairly ineffective. De facto, Somalia is governed by a system of clans operating in three relatively autonomous regions – Somaliland in the northwest, Puntland in the northeast and Central Somalia in the central and southern regions.[2]

Poverty and unemployment are rife in Somalia. The World Bank estimates that over 40 percent of Somalis live in extreme poverty (less than a dollar a day) and almost 75 percent of households subsist on less than $2 a day.[3] Approximately two-thirds of Somali youth are without jobs.[4] A combination of inter-clan rivalry, corruption, arms proliferation, extremism and pervasive impunity has facilitated crime in most parts of Somalia, particularly in Puntland and Central Somalia. This criminal activity eventually moved from land to the sea.

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[1] Bureau of African Affairs, "Background Note: Somalia," U.S. Department of State, May 2009, http://www.state.gov/r/pa/ei/bgn/2863.htm#political (accessed May 28, 2009).
[2] The main clans are the Hawiye (southern coast), Darod in Puntland, Ishaak in Somaliland and the Rahanwen in the south. These clans account for some 85 percent of the population.
[3] Somali poverty figures are estimated to be 10 percentage points higher for rural and nomadic populations.
[4] John CK Daly, "Somalia: Pirates of the Gulf," International Relations and Security Network, March 12, 2009, http://www.isn.ethz.ch/isn/Current-Affairs/Security-Watch/Detail/?id=97585&lng=en (accessed May 28, 2009).

Chart 1. Map of Somalia Showing Major Clans

Source: University of Texas Libraries

Clan militia made the transition to maritime crime by claiming to protect Somalia's territorial waters from poachers and polluters. [5]   Under a number of names (including: the Central Somalia Coast Guard, the National Volunteer Coast Guard, and the Somali Marines) clan militia started by forcibly levying taxes and fines on ships they managed to board. This quickly evolved to hijacking.   Piracy off Somalia has now crystallized around major clans based around the coastal villages of Eyl and Garaad in Puntland, and the coastal villages of Hobyo and Harardhere in the central area of Somalia.[6] According to some reports, senior officials in Puntland are believed to be abetting piracy networks.

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[5] Mohammed Olad Hassan, "It's a Pirate's Life for Me," BBC News, April 22, 2009, http://news.bbc.co.uk/2/hi/africa/8010061.stm (accessed May 28, 2009).
[6] Roger Middleton, "Piracy in Somalia: Threatening Global Trade, Feeding Local Wars," Chatham House Briefing Paper, October 2008, 4-5.

Somali piracy rose to global prominence with an increase in attacks during 2008 (111 attacked and 47 hijacked)[7], record ransom payments (a reported $3.2 million was paid for the release of the *MV Faina)* [8], and the deployment of over 30 naval vessels from over a dozen nations in the Gulf of Aden and the Indian Ocean.[9] It is noteworthy that actual and attempted hijackings rose significantly in spite of the deployment of a multi-nation armada in late 2008. Records indicate that hijackings between January and end-May 2009 surpassed the total for 2008; also, attacks during the first quarter of 2009 were ten times higher than the same period in 2008. Somali piracy affects vessels from various parts of the world and impacts global trade via its effects on the global shipping industry (an estimated $500 million in 2008).[10]

2.   Who are the Pirates?

Somali pirates are generally young (late teens to early 30s) and are drawn from the vast number of poorly educated, unemployed and disaffected men. They are usually armed with automatic rifles (AK-47), rocket-propelled grenades and an assortment of light weapons. Three broad categories of pirates could be identified: battle-hardened clan-based militia, youth looking for quick money to finance plans (like marriage or emigration) and fishermen who are forcibly recruited for their navigational skills.[11]

Pirates typically operate in gangs of four to six people, and are organized and provided with boats, weapons and supplies by a handful of "pirate bosses." Their financiers, based further inland, do not engage in piracy directly. They invest in the piracy enterprise in the expectation of sharing in any ransom that is generated. The pirate bosses are critical to the perpetuation of Somalia's major piracy networks.

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[7] International Maritime Bureau Piracy Reporting Centre, http://icc-ccs.org/index.php?option=com_content&view=article&id=30&Itemid=12 (accessed May 28, 2009).
[8] BBC News, "Somali Pirates 'Free Arms Ship'," BBC News, February 5, 2009, http://news.bbc.co.uk/2/hi/africa/7871510.stm (accessed May 28, 2009).
[9] Countries that have deployed naval forces in the Gulf of Aden and Indian Ocean as at end-May 2009 include: Australia, Canada, China, Denmark, France, Germany, Greece, India, Iran, Italy, Japan, South Korea, The Netherlands, Pakistan, Portugal, Saudi Arabia, Russia, Singapore, Spain, Sweden, Turkey, United Kingdom and United States.
[10] Robert R. Frump, "Danger at Sea: Piracy Threat Likely to Keep Growing Despite Greater International Response," *Shipping Digest*, January 12, 2009, http://www.shippingdigest.com/news/printable.asp?sid=5800 accessed May 28, 2009).
[11] Robyn Hunter, "Somali Pirates Living the High Life," BBC News, October 28, 2008, http://news.bbc.co.uk/2/hi/africa/7650415.stm (accessed May 28, 2009).

GlobalSecurity.com lists four networks (see footnote), while experts at an international expert group meeting which met in Kenya in November 2008 listed five (see Table 1).[12] Each network is comprised of dozens of armed militia, a few conscripted fishermen and hundreds of unemployed young men loosely organized in gangs. [13]

Table 1. List of Main Piracy Networks in Somalia

Location	Affiliation
Eyl	Isse Mahmuud and Leelkase, Darood clan
Garad	Omar Mahmuud, Darood clan
Hobyo	Habargedir (Saad, Ayr, Suleiman), Hawiye clan
Hardheere	Habargedir (Ayr, Sarur, Suleiman), Hawiye clan
Mogadishu	Habargedir (Ayr), Hawiye clan

Source: International Expert Group on Piracy off the Somali Coast, Final Report, November 2008

Somali piracy is brazen, but remains a relatively low-tech affair. Pirates utilize small skiffs which can travel up to 30 knots.[14] Coordinated attacks involving three to five of these boats are used in tandem to swarm targeted vessels until the pirates can board a ship with grappling hooks and ladders. Multiple skiffs distract and unsettle the crew on the targeted vessel until one gang is able to board, followed by the others. Ships that get hijacked are usually slow vessels (traveling 15 knots or less), with low sides (or at least sitting low in the water).

As piracy in the Indian Ocean became increasingly common, ships began to steer well clear of the Somali coast. This has required the pirates to operate further out to sea. To do so, they have developed a "mothership" strategy of seizing medium-size fishing trawlers, holding their crew captive, and using the trawler to lay in wait for larger, more

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[12] Global Security identified the following: (1) the National Volunteer Coast Guard (NVCG), commanded by Garaad Mohamed, is said to specialize in intercepting small boats and fishing vessels around Kismayu on the southern coast. The Marka group, under the command of Sheikh Yusuf Mohamed Siad (also known as Yusuf Indha'adde), is made up of several scattered and less organized groups operating around the town of Marka. The third significant pirate group is composed of traditional Somali fishermen operating around Puntland and referred to as the Puntland Group. The Somali Marines are the most powerful and sophisticated of the pirate groups. It has a military structure, with a fleet admiral, admiral, vice admiral and a head of financial operations. http://www.globalsecurity.org/military/world/para/pirates.htm (accessed May 28, 2009)

[13] Xan Rice, "Pirate strikes off the African coast this year: How the Gulf of Aden and the coast of east Africa leapt to the top of the world piracy charts," www.guardian.co.uk, November 18, 2008, http://www.guardian.co.uk/world/2008/nov/18/piracy-somalia-africa (accessed May 28, 2009).

[14] A skiff is a small (40 foot), flat-bottomed open boat with a pointed bow and a flat stern. It was originally developed as an inexpensive option for coastal fishing. Skiffs used by Somali pirates are powered by outboard motors.

lucrative target vessels to pass. If no suitable targets are found in the short-term, pirates may return to shore in northern Somalia or possibly eastern Yemen in order to refuel and re-supply, before setting out to sea once more.

Hijacked vessels tend to have limited crews or lack an effective look-out for pirates that would enable them to take evasive measures. They also generally lack non-lethal protective measures such as water cannons or acoustical devices to ward off attacks. Targets vary and have included: oil tankers like the *Sirius Star*; cargo vessels like *MV Faina*; fishing vessels like *Playa de Bakio*; relief cargo ships like the *Maersk Alabama*; luxury yachts like *Le Ponant*; and cruise ships like the *Seaborn Spirit*.

3.   Understanding the Business Model

Piracy operations unfold in seven phases: reconnaissance and information gathering; coordinated pursuit; boarding and takeover; steaming to safe area; negotiations; ransom payment; and disembarkation and safe passage.

Although most pirate gangs seek targets of opportunity, successful gangs are believed to receive ship information (ship routing, capacity, cargo, crew and defenses) from port or government officials. Armed with this information, they lie in wait to execute a coordinated attack. This reconnaissance and information gathering phase helps reduce operating costs and focus the efforts of the pirate gangs. Coordinated attacks (described above) usually result in boarding and takeover. According to most reports, a pirate attack takes approximately fifteen minutes to complete. Once a ship is commandeered by the gang(s), the crew is forced to steer towards a favored pirate mooring, usually off villages such as Garad, Eyl, Hobyo or Harardhere, in northeast or central Somalia.[15] This reduces the likelihood of rescue and facilitates the provision of supplies for the pirates and their captives during the negotiation process --- which could last for days or months.

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[15] Roger Middleton, "Piracy in Somalia: Threatening Global Trade, Feeding Local Wars," Chatham House Briefing Paper, October 2008, 5.

Most ransoms are delivered directly to the hijacked ships either by boats hired by private security companies contracted by shipping agents and their insurance companies or, more recently, via drops to hijacked vessels from specially equipped light aircraft. Estimates of annual ransom paid to Somali pirate networks in 2008 vary from $50 million to $130 million.[16] Hijacked vessels are released and granted safe passage after the ransom is paid. The actual and perceived success of piracy has led to a proliferation of recruits and an ever-increasing number of pirate gangs.

The illustrative profile (Table 2) suggests that financiers stand to make significant profits. According to reports from captured pirates, they traditionally divide some 30 percent of the ransom payment equally among themselves. This provides them with two to three times the income of the average worker. According to a United Nations report, piracy receipts in Puntland are three times the region's income.[17] These funds help sustain officials who provide assistance to the pirates. This guarantees the continued flow of intelligence and support. The apparent profitability of the business model and the ease of entry from the large pool of unemployed Somalis have swollen the ranks of the pirates in recent months.

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[16] See Lauren Ploch, Christopher M. Blanchard, Ronald O'Rourke, R. Chuck Mason, and Rawle O. King, "Piracy Off the Horn of Africa," Congressional Research Service, April 20, 2009, 2 and CNN, "Pirates Collect $150 Million in Ransoms," November 21, 2008, http://edition.cnn.com/2008/WORLD/africa/11/21/pirates.ransom.payments/index.html (accessed May 28, 2009).
[17] International Expert Group on Piracy off the Somali Coast, "Piracy off the Somali Coast: Workshop Commissioned by the Special Representative to the Secretary General of the U.N. to Somalia, Ambassador Ahmedou Ould-Abdallah," Final Report, November 10-21, 2008, 20.

Table 2. Illustrative Annual Income and Spending[18]
(assuming 1 financier, 4 boats and 12 pirates)

INCOME
    Investment by Financier

	Skiff and outboard motor	$14,000
	Weapons and ammunition	$2,000
	Grappling hooks and ladders	$1,200
	Navigation aids, GPS	$4,000
Ransom payments (2)		$600,000
Total Income		**$621,200**

SPENDING
    Operational Costs

	Food, Supplies, etc	$72,800
	Equipment maintenance	$31,200
	Care of Hijack Victims	$15,750
	Bribes to officials	$180,000
	Total Operating Costs	**$299,750**

PROFIT

Total Profit (gross)	$321,450
Total Profit (less investments)	**$300,250**
Financier's Share	$120,250
Pirates' Share (12)	$180,000
Share per pirate	$15,000

Source: Author's calculations based on available data and anecdotal evidence

4.   Costs to the Somali Economy

A significant proportion of ransom payments enters the Somali economy via payment for services, as well as the purchase of consumer durables, high-end vehicles and real estate. Piracy proceeds have contributed to a real estate bubble in piracy havens like Eyl. Anecdotal evidence suggests that property prices rose sharply between 2007 and 2008. This has created hubs of economic activity around piracy centers. However, investments in infrastructure or public services are still lacking. This, coupled with

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[18] This illustrative profile of a network assumes three successful hijackings each year, with only two resulting in ransom payments. The pirate gangs are assumed to make nine attempts but three of which are successful --- consistent with the 2008 IMB piracy data. The costs of food and supplies assumes 208 working days for the gangs in a typical year. According to reports from captured and active pirates, the ransom is divided in the following manner: 20 percent for the financiers, 20 percent for operating costs, 30 percent for bribes and 30 percent equally among the pirates. The cost of caring for hijacked victims assumes three hijackings, 15 crewmembers over a 25-day period.

deteriorating law and order (as evidenced by the proliferation of illegal arms and well-funded militia), has affected the business climate. In a sense, the non-crime economy has been crowded out by the piracy-fuelled business. There is also the danger that ransom payments are creating new and better equipped warlords, with potentially adverse consequences for political reconciliation n Somalia. While it is true that a number of local businesses benefit, the piracy asset bubble and conspicuous expenditure patterns of the pirate gangs suggests that this economic activity is unlikely to be sustainable. Domestic and outside investors are also discouraged because of impunity and crime.

5. Costs to the Global Economy

Piracy imposes costs on the global economy. According to international shipping organizations, insurance rates for ships have risen to $20,000 per voyage in 2009 because of piracy, from an estimated $500 in 2008 – a forty-fold increase.[19] Also, avoidance (namely, the alternate route around the Cape of Good Hope) adds roughly 3,500 miles to the journey. The cost of this diversion is particularly worrisome during spikes in oil prices. Deterring pirates is also costly. For example, long range acoustical devices cost $20,000-30,000 each and permanent onboard security guards could be prohibitively expensive. It costs an estimated $1.3 million to deploy a frigate for a month, and approximately $200-350 million to sustain naval vessels in the Gulf of Aden annually[20].

Somalia's neighbors are also impacted by the costs of piracy. Increased insurance premiums and diverted trade affects economic growth, while continued maritime insecurity contributes to the "bad neighborhood syndrome" which discourages investment and tourism. Egypt has been affected by reduced traffic primarily caused by piracy. Revenue from the Suez Canal is expected to fall from $5.1 billion in FY08 to $3.6 billion in FY10; a 30 percent decrease in two years.[21] (Suez Canal receipts are Egypt's third highest foreign currency earner after tourism and remittances.)

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[19] Robert R. Frump, "Danger at Sea: Piracy Threat Likely to Keep Growing Despite Greater International Response," *Shipping Digest*, January 12, 2009.
http://www.shippingdigest.com/news/article.asp?sid=5800&ltype-feature (accessed May 28, 2009).
[20] John Knott, Somalia" Clan Rivalry, Military Conflict and the Financial and Human Cost of Piracy," 17th March 2009, http://www.mondaq.com/article.asp?articleid=76272 (accessed May 28, 2009).
[21] Louis Wasser, "Somali Piracy Costs Suez Canal Business," *San Francisco Chronicle*, 29 April 2009.

Estimates of the direct and indirect costs of piracy to the global trade range from $1 billion to $16 billion.[22] While the numbers might appear substantial, some analysts argue that they are relatively insignificant. They point out that the costs represent less than 0.1 percent of world trade and that only 0.6 percent of the 21,000 ships passing through the Gulf of Aden were attacked and 0.2 percent actually boarded. In their view, the adverse impacts of piracy can be absorbed by insurance coverage and relatively little is passed on to the consumer.

The human costs are noteworthy. Piracy has resulted in loss of life, trauma inflicted on hostages and their families. It also threatened to undermine human security in the Horn of Africa by disrupting much-needed foreign relief assistance. Targeting relief shipments worsens food insecurity in Somalia, where an estimated 3.2 million people (over one-third of the population) rely on food aid and humanitarian supplies.

The potential that terrorist groups operating from Somalia, such as *Al Shebab*, could learn from the pirates and develop their own maritime capacity should be noted.[23] Extremist groups could also partner with local networks to advance their agenda of destabilizing the region. However, there is currently no evidence of links between piracy and terrorism.[24]

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[22] Peter Chalk, "The Maritime Dimensions of International Security: Terrorism, Piracy and Challenges for the United States," RAND Corporation, 2008.
[23] Author's May 2009 interview with Somalia expert Dr. Andre le Sage, Africa Center for Strategic Studies, National Defense University.
[24] Ted Dagne, "Somalia: Current Conditions and Prospects for a Lasting Peace," Congressional Research Service, February 18, 2009.

6. Review of Recent Proposals

Addressing Somali piracy requires treading a fine line between weakening and defeating clans that could be a buffer against extremist groups with purported inks to *Al Qaeda,* and ensuring political stability and human security in the Horn of Africa. As discussed earlier, most pirate networks are controlled by the Hawiye and Darood clans, who have proved to be effective allies in containing the Union of Islamic Courts. Destabilizing them could inadvertently strengthen the hands of extremists. As Somali politics is organized around clan loyalties, anti-piracy measures should target criminality without creating power vacuums or affecting the delicate balance of power. There are no quick fixes. Strengthening local capacity to restore and maintain law and order will take time, but will provide an effective Somali solution.[25] Any successful strategy must reflect political-economy linkages in this very fragile state. An overview of recent proposals follows.

Some commentators believe direct military action could address what is perceived to be a security failure in a fragile state. This includes proposals for the use of more lethal force to neutralize pirates on the high seas and/or destroy their bases on the land. Given the substantial financial investment and significant political capital required to assemble and sustain multi-national navies in the Gulf of Aden, other commentators believe that private security firms could be a more efficient option.[26]   Lethal force as a first option could exacerbate violence and endanger the lives of hostages. Also, pirate gangs do not have permanent land bases and could quickly reorganize and deploy from other locations. Other commentators consider piracy to be an unavoidable nuisance and add that it is cheaper to pay the pirates than hire security guards. They contend that low-key ransom payments are affordable and less likely to raise insurance premiums. This approach is not sustainable because it could encourage the growth and expansion of pirate activity which, over time, could make such payments prohibitive. Yet another school of thought advocates a focus on providing development assistance and employment alternatives for the pirates, citing the "legitimate" concerns of the militia ---

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[25] Ken Menkhause, "The Seven Ways to Stop Piracy," in Foreign Policy, April 2009
[26] J. Peter Pham, "Countering Somali Piracy by Involving the Private Sector," in World Defense Review, http://worlddefensereview.com/pham043009.shtml (Accessed May 28, 2009)

including environmental pollution and poaching. Available evidence suggests that
Somali piracy has more to do with private gains for the networks than the public good.

Former commander of U.S. naval forces in Europe, Admiral Harry Ulrich, believes that
improved maritime domain awareness must be part of a multifaceted strategy.[27] This
includes efforts to improve and expand surveillance of Somalia's territorial waters and
facilitate information sharing among relevant national and international institutions.
Enhanced maritime domain awareness could provide vital information to help reduce
piracy, while also addressing legitimate concerns surrounding poaching, pollution and
the dumping of toxic waste. However, the technology and human resources required
are costly. The establishment of adequate facilities for the Somali coastline could cost
between $750 million to $1.25 billion.[28] This does not include costs for maintenance,
administrative/logistical support or capacity building. Somalia and its neighbors have
neither the resources nor the skills to implement this strategy. A successful plan clearly
requires unwavering political will by Somali leaders and the staunch support of an
external partner.[29]

Interpol Secretary General Ronald Noble has called for a more robust international
legislative framework to help ensure successful prosecutions.[30] He believes that
Interpol's 187 member states could play a collaborative role in enhancing information
sharing and facilitating investigations.

U.S. Secretary of State Hilary Clinton unveiled a more comprehensive four-point plan in
April 2009, which focused on expanding international efforts, freezing the assets of the
bosses, supporting efforts to prosecute and address regional stability concerns.[31] A
more comprehensive and targeted approach is clearly needed.

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[27] Admiral Ulrich's comments were made at a USIP event on 17th December 2008, "Piracy and Peace in the
Horn of Africa": see http://www.usip.org/events/2008/1217_piracy_peace_africa.html for details.
[28] These estimates are based on extrapolations from recent estimates for a 10-platform system to improve
maritime domain awareness in the Gulf of Guinea.
[29] U.S. leadership of the strategy to counter maritime drugs trafficking in the Caribbean could provide a
model. See: James Kraska and Brian Wilson "U.S. Maritime Narco Trafficking Arrangements in the
Caribbean," in World Policy Journal.
[30] *Le Monde*, "Interpol favorable au renforcement de l'arsenal legislative contre la piratarie maritime," May
29, 2009.
[31] Secretary of State Hillary Clinton, "Announcement of Counter-Piracy Initiatives," U.S. Department of State,
April 15, 2009, http://www.state.gov/secretary/rm/2009a/04/121758.htm (accessed May 28, 2009).

7. Policy Recommendations

An effective set of policies must address underlying and sustaining factors, reflect local and regional capacity, and facilitate a coordinated solution. U.S. President Thomas Jefferson responded to piracy in the 18th and 19th century by founding the U.S. marines; an innovative solution for a non-traditional problem. Countering Somali piracy requires similar foresight, tenacity and creativity. U.S. leadership in the Multilateral Contact Group on Piracy Off the Coast of Somalia provides a forum to help coordinate a comprehensive solution.[32] The following elements should be part of a successful strategy.

i. ***Apply "smart power"***: The situation is complex and requires much more than an increased naval presence. Attacks have increased and become more brazen since the multi-nation armada amassed in the Gulf of Aden. The upsurge in piracy is linked to Somalia's enduring political and economic problems, as well as a pervasive disregard for the rule of law. More vigorous diplomatic efforts and more targeted development assistance must complement security-related initiatives. Deterrence must also be carefully targeted to minimize adverse political-economy consequences. For example, targeting financial flows of wrongdoers is preferable to blanket measures that could weaken an entire group.

ii. ***Adopt a balanced approach***: Including non-military elements of foreign policy is necessary, but not sufficient. Equal attention and resources must be devoted to defense, diplomacy and development in this context. The European Union's Joint Strategy Paper for Somalia pledges €212 million for development assistance from 2008-2013, while the EU's joint naval endeavor – Operation Atalanta – plans to spend an estimated $450 million in one year. Such imbalance must be avoided. Resources devoted to development and diplomacy must be adequate and sustained.

iii. ***Reconsider Global Legislative Framework***: Since 1982 successive U.S. administrations have discussed, but not ratified, the United Nations Convention on the Law of the Seas (UNCLOS), which provides an international legal framework for dealing with criminal activity on the high seas. This convention, and international efforts to apprehend and prosecute criminals, have been somewhat weakened as a result. The U.S. should negotiate thorny issues and find ways to forge consensus around an internationally-recognized legal framework. A number of stakeholders (like the U.S. and the United Kingdom) have entered into bilateral arrangements with governments in the Horn of Africa. However, these need to be complemented with expanded efforts to strengthen legislative and judicial frameworks.

iv. ***Engage civil society and isolate criminals***: Somali civil society should be sensitized that piracy is not a "foreign" problem; it has dire consequences for political and economic progress in Somalia. Change agents in society should be supported as they initiate and sustain improvements in human security. Training, mediation and capacity-building activities by institutions like USIP are vital. Civil society would also be crucial in helping isolate the leaders of criminal groups who organize and benefit from piracy.

v. ***Bolster sub-regional capacity***: Work with Somalia's neighbors to strengthen sub-regional capacity to police and prosecute effectively. Such an approach is not without precedence. A similar initiative by the Association of Southeast Asian Nations (ASEAN) has dramatically reduced piracy in and around the Straights of Malacca, the erstwhile global leader in piracy. The U.S. Navy is already working on multi-disciplinary initiatives like the Africa Partnership Station concept, the Gulf of Guinea maritime security communiqué and the East Africa and South West Indian Ocean program. Lessons from these initiatives could help address the daunting, but not insurmountable, challenge that is Somali piracy.

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[32] United Nations Security Council Resolution 1851 mandated the formation of the Contact Group, which first met in January 2009. It consists of 24 governments and five international organizations (the African Union, European Union, International Maritime Organization, NATO and the United Nations Secretariat).

ABOUT THE AUTHOR

Raymond Gilpin is Associate Vice President for USIP's Sustainable Economies Center of Innovation. He leads the Institute's work on analyzing complex economic relationships during all stages of conflict (including prevention, mediation, resolution and post-conflict). Gilpin collates sound practices from practitioners and experts and designs appropriate capacity-building and reach-back tools for conflict environments. Before joining USIP, he served as academic chair for Defense Economics at the Africa Center for Strategic Studies, National Defense University (2003-2007); where he pioneered work on development economics and resource management in Africa's security sector. He was also lead faculty for Center's work on energy, maritime security and China. Prior employment includes: director for International Programs, Intellibridge Corporation (now part of Eurasia Group); senior economist at the African Development Bank Group; research director at the Central Bank of Sierra Leone; and economist at the World Bank. Gilpin holds a doctorate from Cambridge University in the United Kingdom. His thesis was on Macroeconomic Stabilization and Parallel Markets (1993). He also holds an Executive Certificate in International Finance and Capital Markets from Georgetown University.

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