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## Africa Economic Brief

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*The findings of this paper reflect the opinions of the authors and not those of the African Development Bank, its Board of Directors or the countries they represent.*

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## Economic Impact of Maritime Piracy

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### Key Points

Increased maritime piracy off the coast of Somalia is affecting the delivery of food aid to war torn Somalia. It is also creating a challenge to maritime trade and other maritime economic opportunities.

- Rerouting tankers carrying oil from the Gulf of Aden to the Cape of Good Hope costs around \$3.5 billion in annual fuel costs.
- Increased insurance costs are passed on to consumers, making African products less competitive.
- Maritime piracy is also affecting tourism and fishing. Reports indicate that for Seychelles the cost of piracy alone stood at 4 percent of GDP in 2009.

Piracy needs to be combated. A number of initiatives are being implemented by the United Nations and regional economies. The Bank can contribute to combating piracy by raising awareness of the impact through knowledge products and financial contribution to improve port infrastructure and supporting the capacity building efforts led by IMO.

### 1 – Introduction

Maritime piracy is a traditional threat to maritime security.<sup>1</sup> It has been a challenge for mariners as long as ships have gone to sea. In ancient times, even Julius Caesar was captured and held for ransom by pirates. Maritime piracy pose substantial risks to seaborne trade, with considerable commodities, ranging from raw materials and energy to high-value manufactured products, being shipped between global economic powerhouses, like Western Europe and the Far East through several of the world's most dangerous waterways, notably the Strait of

Malacca and the Gulf of Aden. These waterways are often geographically constrained - narrow but strategically vital. The widths of the Strait of Malacca and the Gulf of Aden vary from 35 to 135 nautical miles and from 13 to 175 nautical miles, respectively. Both chokepoints lie within the 'hinterlands' of piracy attacks. Their physical landscapes, plus high volume of maritime traffic, have made these chokepoints highly vulnerable to piracy attacks.

The great number of incidents of piracy and armed robbery against ships off the Somali coast and in the Gulf of Aden (which is a

<sup>1</sup> According the United Nations Convention on the Law of the Sea (UNCLOS) (article 101) "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)."

strategic transit point) has become an increasing concern not only for the maritime industry but also to most African countries as it threatens global seaborne trade and maritime economic activities for African countries on the East coast of the continent. Maritime piracy is having a negative impact on the cost of shipping (for merchandise trade and oil) and shipping related activities (such as port and transshipment activities), tourism and fishing. By hijacking large tankers, seizing their cargoes, and delaying or preventing their delivery, piracy poses additional risks and costs to all. The implications entail increased military presence and operations in affected areas, the re-routing of ships, higher insurance premiums, and increased costs associated with hiring security personnel and the installation of deterrent equipment.

The United Nations has also taken a special interest because the deteriorating situation off the war-torn Somalia and the Gulf of Aden is affecting delivery of food aid to Somalia.

## 2 – Maritime Economic Opportunities

The maritime domain provides direct economic opportunities to a number of African countries and it facilitates international trade to merchandise goods for all the countries. Maritime related activities such as shipping, port facilities, tourism, fishing, oil and mineral harvesting promote economic growth. Maritime economic activities take place both within a country's exclusive economic zone (EEZ) or beyond it. Specific laws and rights apply to each situation.

### 2.1 – Maritime Economic Opportunities

The significant dependence of African countries on international trade makes maritime transport a crucial factor in Africa's economic development. Maritime transport provides a gateway to international markets for Africa's exports; port facilities play an important trade facilitation role to landlocked countries; fishing and tourism are important sources of income and employment to littoral and island economies; the sea is an important source of oil, gas and minerals; and, the sea has been used for connecting cables and pipes for data services and mobile telephone connectivity.

- (i) Seaborne Trade – The continent is heavily dependent on international trade. According to the WTO International Trade Statistics (2010), intra-Africa trade is about 11.5 percent of total Africa trade. Therefore, the bulk of Africa's international trade (oil, minerals and agricultural products) is transported by sea.
- (ii) Port Services – Coastal countries earn foreign currency by providing transit services to landlocked countries. Countries such as Egypt, Kenya, Tanzania, Mozambique, South Africa, Namibia, Cameroon, Ghana and Nigeria are key international gateways to the continent's exports. The coastal countries earn much needed foreign currency from the port services they provide. For example, the Nigerian Maritime Administration and Safety Agency (NIMASA), has recently published a paper entitled "Nigeria as an African Trade Hub" highlighting the vast opportunities in the Nigerian

maritime sector to include ship building and ship repairs, human capacity development, ship breaking and recycle facilities amongst others. In fact, besides being one of Africa's most important oil producers, Nigeria already accounts for over 65 percent of the total maritime trade traffic in volume and value within the West and Central African sub-region. Egypt also provides vital trans-shipment services to trade between Europe and Asia.

- (iii) Fishing – According to the FAO, Africa's fishing industry earned US\$1.73 billion in 2007.<sup>2</sup> The industry also earns additional income through fishing licenses to foreign operators. Besides being the main income-earning activity for many Africans, fish also provides the most important source of protein to the majority of the African population, playing a vital role in nutrition and food security. Fish makes a vital contribution to the food and nutritional security of 200 million Africans and provides income for over 10 million.<sup>3</sup>
- (iv) Tourism - Africa has a large untapped tourism potential, and the industry has the capacity to drive the continent's growth. Tourism is a major source of income to island economies such as Seychelles and Mauritius. In addition to tourists who come directly to the islands, the island countries also benefit from stopovers and refueling from cruise ships.
- (v) Oil, gas and minerals - The upstream oil industry in Africa is a key component in the continent's development. Africa holds an estimated 117 billion-barrel of oil reserve, corresponding to 9.5

<sup>2</sup> FAO Fishery and Aquaculture, Year Book (2007).

<sup>3</sup> Erastus Mwencha a keynote address on "The Geostrategic Importance of Africa's Maritime Domain: Opportunities and Challenges" to an audience of African, U.S. and European partners during the Maritime Safety and Security: Towards Economic Prosperity Conference October 13, 2010, at the Millennium Hotel in Stuttgart, Germany (<http://www.aficom.mil/getArticle.asp?art=5407&lang=0>).

percent of the world's reserves, and produces 12.6 percent of the world's output. Five countries dominate oil production (Nigeria, Angola, Libya, Algeria and Egypt) and account for 85 percent of the continent's production.

- (vi) Submarine cables and pipes - Africa has seen a surge in the installation of intercontinental submarine cables that aim to improve the region's connectivity. This has created new business opportunities ranging from provision of data services and mobile telephony services and has facilitated faster data transfer. For example, SEACOM's submarine cable is a fiber optic cable providing high capacity bandwidth to Southern Africa, East Africa, Europe, and South Asia, went into commercial operation in July 2009 after a delay of four weeks, due to "enhanced pirate activities" on the route taken by its cable-laying ships. SEACOM's enormous capacity will enable high definition TV, peer to peer networks, IPTV, and surging Internet demand. The other is the SAT-3/WASC (South Atlantic 3/West Africa Submarine Cable) submarine communications cable linking Portugal and Spain to South Africa, with connections to several West African countries along the route. It forms part of the SAT-3/WASC/SAFE cable system, where the SAFE cable links South Africa to Asia. A number of other cables are also being planned for Africa's east and west coasts, and will massively increase connectivity to the region.

## 2.2 – Exclusive Economic Zones

The maritime activities are exploited within a country's EEZ. Under the 'Law of the Sea', an EEZ is a sea zone over which a state has

special and sole exploitation rights over all marine resources. The 'Law of the Sea' also defines that landlocked countries should be given the right of access to and from the sea, without taxation of traffic through transit states. Foreign countries have the freedom of navigation and over flight, subject to the regulation of the coastal states. Foreign states may also lay submarine pipes and cables.

A country's EEZ extends to a distance of 200 nautical miles (370 km) from its coast. It includes territorial waters, contiguous zone and continental shelf:

Disputes over EEZs occur when EEZs overlap. For example, when two countries' EEZs are less than 400 nautical miles (nm) apart. In such cases, it is up to the neighbouring states to delineate the actual boundary. However, in practice any point within an overlapping area tends to default to the nearest state. They also occur when

### Exclusive Economic Zones

**'Territorial waters'** is a zone that extends 12 nautical miles from the coast, and over which the state is free to set laws, regulate and use any resource. Vessels from other countries are given the right of "innocent passage", i.e. "passing through waters in an expeditious and continuous manner not prejudicial to peace, good order or security of the coastal state". Countries can temporarily suspend innocent passage in specific areas of their territorial sea for security reasons.

**'Contiguous zone'** is a zone that extends a further 12 nautical miles beyond the territorial waters, or 24 nautical miles from the coast. Within the contiguous zone, a state can continue to enforce laws with respect to pollution, taxation, customs and immigration.

**'Continental shelf'** is the natural prolongation of the land territory up to 350 nautical miles (648 km) from the coastal baseline over which states also have the exclusive right to harvest mineral and nonliving material in the subsoil.

countries want to extend their EEZs beyond the established 200 nm.

## 2.3 – Extension of EEZs

Countries can make requests to extend their EEZ to expand control and exploration of maritime economic opportunities such as minerals and oil. Requests for extension of EEZs must be submitted to the UN Commission on the Limits of the Continental Shelf. Nine African countries have either made full or partial submissions to the UN Commission on the Limits of the Continental Shelf for extensions of their continental shelves beyond 200 nautical miles. The countries include Ghana, South Africa, Kenya, Mauritius (in the region of Rodrigues Island), Seychelles (concerning the Northern Plateau Region), Joint submission by Mauritius and Seychelles (in the region of the Mascarene Plateau), Cote d'Ivoire, Namibia, Mozambique and Nigeria.<sup>4</sup> However, none of the submissions have yet been evaluated by the Commission.

Extensions of the 'Continental shelf' must be based on geological evaluations, but are usually underpinned by economic considerations, such as the possibility of exclusively exploring mineral and oil reserves located beyond 200 nm from the countries' coastlines. For example, Nigeria's National Boundary Commission plans to extend the country's EEZ by 150 nm. This would extend Nigeria's maritime boundary from its entitled 200 to 350 nm. All ships coming through that area will come under Nigeria's authority, and the country will be in control of all mineral exploitations and fisheries resources.

## 3 – Maritime Piracy in Africa

Maritime economic opportunities in Africa are increasingly being threatened by the

<sup>4</sup> <http://www.un.org/Depts/los/>

growing threat of maritime piracy. Until very recently, maritime piracy has been largely concentrated in Asia. However, in 2007, for the first time since statistics on pirate attacks have been kept, the number of pirate attacks in East Africa surpassed those in Asian waters. This continued into 2009, with attacks in Africa surpassing those in Asia by far. However, reported piracy attacks in East Africa slowed down in 2010 while South China Sea experienced a significant increase.

Instances of piracy are monitored both by the International Maritime Organisation (IMO) and by the International Maritime Bureau (IMB), which acts as a focal point in the fight against all types of maritime crime. According to the IMO incidents of piracy and armed attacks against shipping increased at an unprecedented rate. A total of 489 incidents were recorded by the IMO in 2010 compared to 406 in 2008 and 206 in 2009 (Graph 1). Most of the incidents occurred in East Africa and South China Sea.

Maritime pirate attacks in Africa are concentrated in Somalia and Nigeria. However, the attacks are not limited to these countries. According to the IMO, seventeen

other littoral countries experienced pirate attacks during 2008-2010.<sup>5</sup>

### 3.1 – East Africa

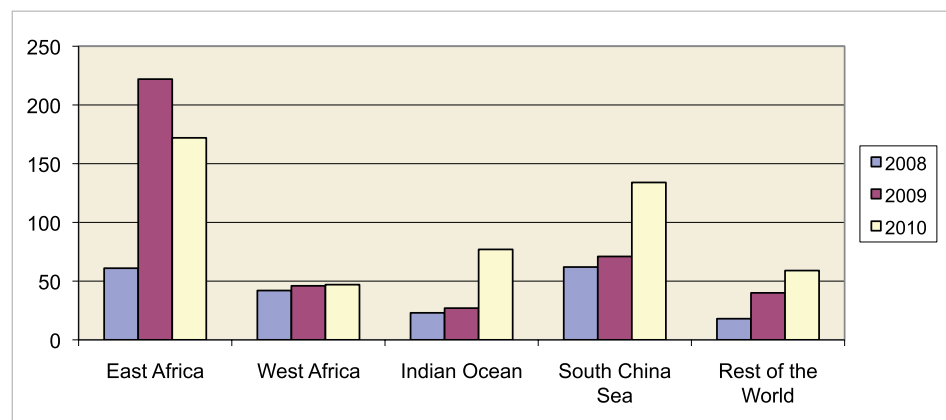
The majority of incidents in maritime piracy in East Africa are off the coast of Somalia. Even though the first pirate attacks of any significant number were only recorded in 2000, the roots of the current crisis date back to 1991 when Mohammed Siad Barre was overthrown, leaving the country without an effective central government and locked in civil conflict. Taking advantage of the power vacuum, rival warlords carved out influence over regional territories – first on land, and then increasingly at sea. Fishermen, dismayed at the inability of the central government to protect their country's EEZ, and at the number of foreign fishing vessels illegally exploiting their traditional fisheries, took matters into their own hands. Initially arming themselves to chase off the illegal foreign fishing vessels, they quickly realised that robbing the vessels was a lucrative way to make up for lost income. Seeing their success, land based warlords co-opted some of the new pirates, organising them into increasingly sophisticated gangs.

The year 2009 was the worst in pirate attacks in East Africa. The attacks off Somalia and in the Gulf of Aden rocketed by over 250 per cent in 2009. Reported incidents increased from 61 in 2008 to 222 in 2009 (Graph 1). A total of 48 vessels were hijacked and 4 crew members were killed. Incidents in East Africa are mainly in international waters (Graph 2). Out of the 222 reported incidents in 2009, 204 were in international waters.

Kenya and Tanzania are also affected by piracy but not anywhere near the levels seen off the coast of Somalia. According to IMO, many of the pirate attacks reported in these two countries are actually committed by Somali pirates operating farther and farther from their territorial waters. Somali pirates can now sail as far as 250-400 nm away from coastlines to launch an attack.<sup>6</sup> For example, the *Sirius Star* was captured off the Kenyan coast while the *Maersk Alabama* was attacked en route to Mombasa. An attempt on a Dutch container ship was over 500 nm east of Dar es Salaam.

Increased presence security in the Gulf of Eden led to a decline in incidents off the coast of Somalia. IMO reports show that the number of reported pirate attacks in East Africa decreased from 222 in 2009 to 172 in 2010. Out of the 172 attacks, 168 were in international waters, 2 were in territorial waters and 2 in port area. While most of the attacks occurred off the coast of Somalia and the Gulf of Aden, isolated attacks were reported on a fishing vessel in Seychelles international waters; Dar es Salaam Anchorage; north of Zanzibar Island; south east of Port of Mombasa; east of Lindi (Tanzania); east of Pemba Islands (Tanzania); north west of Zanzibar Island; and Mozambique Channel (off Madagascar).

**Graph 1 Piracy and Armed Robbery Against Ships (2008-2010)**



Source: International Maritime Organisation.

<sup>5</sup> The countries include Angola, Cameroon, Congo, Democratic Republic of Congo, Egypt, Equatorial Guinea, Eritrea, Ghana, Guinea, Cote d'Ivoire, Kenya, Liberia, Morocco, Mozambique, Sierra Leone, Tanzania and Togo.

<sup>6</sup> D.M. Zogg (2009). Why the US navy should not be fighting piracy off Somalia. Naval War College, Newport, R.I.

### 3.2 – West Africa

Incidents of maritime piracy in West Africa occur mainly in Nigeria. They are directly linked to oil production in the Niger Delta. Some pirates claim to be fighting for a fairer distribution of Nigeria's vast oil wealth, and as a protest to the damage caused by oil production in the Delta. The cost of maritime piracy to Nigerian society and the economy have been significant, not only to the oil industry, but to local fisheries and regional trade as well.

Incidents of piracy and armed robbery in West Africa increased from 42 in 2008 to 46 in 2009 and to 47 in 2010 (Graph 1). Unlike the attacks in East Africa, most of the attacks in West Africa occurred in territorial waters while the ships were at anchor or berthed (Graph 2). Other countries that are affected by maritime piracy and robbery in West Africa, even though not to the extent of Nigeria, are Cameroon (Douala Anchorage), Cote d'Ivoire (Abidjan Anchorage), Pointe Noire Anchorage (Congo), Liberia and Guinea (Conakry). Most of the incidents are theft that happen in port area and are due to poor port security.

## 4 – Impact of Maritime Piracy

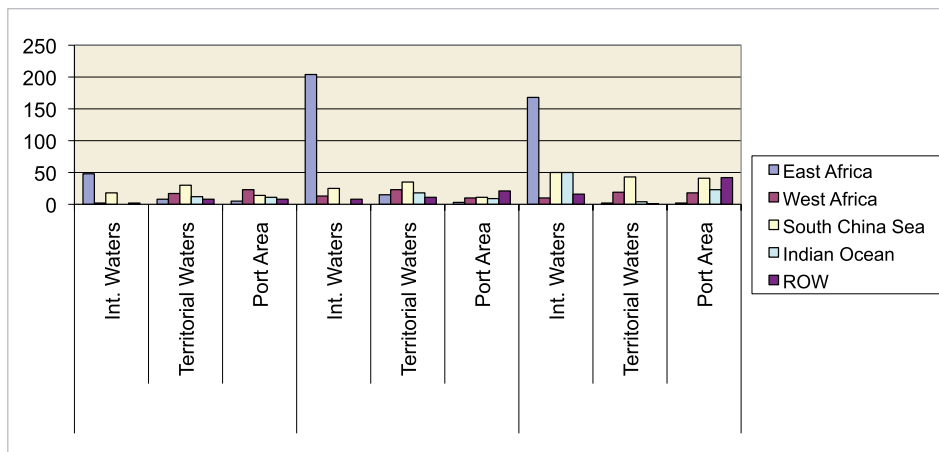
Maritime piracy imposes direct costs on humanitarian assistance and has an impact on maritime economic activities such as oil production and cost of energy, insurance and shipping costs, tourism and fishing.

### 4.1 – Humanitarian Assistance to Somalia

Maritime piracy impedes the delivery of relief aid necessary to sustain and nourish a substantial part of the population of Somalia. Civil war, combined with a series

**Graph 2 Location of Incidents and Status of Ship**

Acts of Piracy and Armed Robbery Against Ships  
Location of Incidents (2008-2010)



Source: International Maritime Organisation.

of devastating droughts, has created a dire humanitarian crisis in Somalia. There are more than one million internally displaced persons in the country. According to the World Food Programme (WFP), more than 2.6 million people in Somalia were dependent on food aid in 2008; the number now stands at 3.25 million people.

Between 80 and 90 per cent of food aid for Somalia arrives by sea. In 2007 the WFP reported that the number of ships willing to carry food aid to Somalia had been cut by half because of the increased dangers faced by humanitarian relief vessels in Somali waters.<sup>7</sup> Ship owners fear that their vessels would be seized by pirates and their crews held for ransom. In response, seven NATO warships were deployed off the Somali coast as part of 'Operation Allied Provider' to help combat piracy, and specifically to protect the WFP.<sup>8</sup>

### 4.2 – Oil Production and Cost of Energy

Threats to energy security from maritime piracy are a concern. In November 2008,

the Sirius Star carrying two million barrels of crude oil from Saudi Arabia to the United States (worth approximately \$100 million) became the largest oil tanker to be seized by pirates. It was held for two months until being released upon payment of a ransom.

The attack was of particular concern for two reasons:

- First, other than being the largest energy vessel ever hijacked, it was also the largest vessel of any kind ever taken hostage. Additionally, it was considerably farther offshore than the Somali pirates had ever operated; it is estimated that the pirates must have travelled three to four days out on sea to intercept the vessel. The attack showed that the pirates were able to operate in an area of over one million square miles, well beyond the reach of the international patrols in the Gulf of Aden.
- Second, because of the nature of the cargo, there was concern that the hijacking might represent an escalation in the goals and ambitions of the pirates. An

<sup>7</sup> Coordinated action urged: piracy threatens UN lifeline to Somalia, 7 October 2007, World Food Programme, <http://www.wfp.org>.

<sup>8</sup> Horn of Africa crisis, World Food Programme regional alert, 3 February 2009, <http://www.wfp.org>.

oil tanker of this size could cause significant environmental damage if run aground, sunk or set on fire.

More than 10 percent of all seaborne oil passes through the Gulf of Aden to the Suez Canal. The alternate route, traveling around the southern tip of Africa, is significantly longer and more expensive. Routing a single tanker from Saudi Arabia to the United States around the Cape of Good Hope adds approximately 2,700 miles to each voyage and about \$3.5 million in annual fuel costs. This could have an impact on shipping costs for imported raw materials and oil.

As world attention focused on the striking increase in piracy in the Gulf of Aden, and dramatic hijackings such as the *Sirius Star*, the piracy situation in Nigeria was relatively neglected. IMO reports show that 2009 began with the capture of an oil supply vessel and a subsequent attack on a Royal Dutch Shell tanker. Reports show that on 21 January 2010 militants from the Niger Delta region attacked the MT Meredith, a tanker carrying 4,000 tons of diesel fuel, and kidnapped a Romanian crew-member (released a day later).

As a result of pirate attacks on vessels and other incidents, oil production in Nigeria is estimated to have dropped by 20 per cent since 2006 costing the Nigerian economy US\$202 million between 2006 and 2008.<sup>9</sup>

### 4.3 – Tourism and Fishing

Maritime piracy also imposes significant costs on local fishing economies. According to IMO, pirates attacked tuna vessels at least

three times in 2009 as they fished 650 to 800 kilometers beyond Somali territorial waters. One vessel was captured, leading to a ransom payment that exceeded US\$1 million. The threat of pirate attacks has prompted many vessels to avoid some of the richest fishing spots in the Indian Ocean. Dwindling catches have raised concern that the Seychelles and Mauritius could face severe economic problems.

The Seychelles chain's economic survival depends not just on its enduring appeal to tourists but to a greater extent on the fishing industry. The Somali pirates are a direct threat to both. Seychelles has 1.4 million square kilometers of ocean as part of its EEZ and 115 islands. Tourism and fisheries account for 65 percent of the country's GDP, employs 36% of the country's workforce. Tuna and related industries, through re-export of fuel to vessels, port services, electricity and water for vessels account for up to 40 percent of foreign earnings. It has been estimated that the cost of piracy alone (not accounting other threats to maritime activities such as pollution, illegal trade, etc) stood at approximately 4 percent of GDP in 2009.<sup>10</sup>

The threat of piracy has also led to reduced cruise ships which contribute to tourism in the island countries of Mauritius and Seychelles. The Kenyan Cruise Ship industry has also suffered from the effects of piracy and fewer ships dock in Mombasa.

Fishing is the second highest non-oil export industry in Nigeria, and pirate attacks on fishing trawlers have reached the point that many fishing boat captains refuse to sail. Nigeria stands to lose up to US\$600 million

in export earnings due to piracy threats to its fisheries.<sup>11</sup>

### 4.4 – Cost of Shipping and Insurance

The dramatic rise of piracy in the Gulf of Aden is changing the insurance landscape. While piracy is not a new insured risk, the increase in pirate attacks along the Gulf has affected premiums and coverage. Ships that continue to pass through the Gulf of Aden and the Suez Canal have to purchase a war risk insurance coverage. According to a recent report by UNCTAD, insurance premiums for ships traveling through the Gulf have rose from between 0.05% and 0.175% of the value of their cargo, compared to between 0% and 0.05% in May 2008. Premiums for kidnap and ransom coverage have reportedly increased by as much as 1,000%.<sup>12</sup> The additional costs due to piracy are passed on to consumers as shipping companies recoup most of their losses through their protection and indemnity clauses.<sup>13</sup>

An increasing number of ships are now avoiding the Suez Canal route and taking the longer route around the Cape of Good Hope. Denmark's A.P. Moller-Maersk, one of the world's largest shipping lines, is routing some of its 50 oil tankers around the Cape of Good Hope instead of through the Suez Canal, and the Norwegian firm Frontline, a major carrier of Middle Eastern oil, may follow suit. Naturally, taking the much longer route around the Cape adds both time and expense to each shipment. Diverting from the canal to the Cape on a trip from the Middle East to refineries in the Mediterranean doubles typical transport time from 15 to 30 days. This naturally

<sup>9</sup> G. Akinsanmi, Nigeria: nation loses N25bn to piracy, sea robberies, AllAfrica.com, <http://allafrica.com>

<sup>10</sup> <http://www.statehouse.gov.sc/>

<sup>11</sup> O. Gabriel, G. Bivbere and I. Ugwuadu, Renewed piracy attacks: fish scarcity looms, Nigeria may lose \$600m export earnings, The Vanguard, 1 June 2008, [www.vanguardngr.com](http://www.vanguardngr.com).

<sup>12</sup> UNCTAD (2009). Review of Maritime Transport.

<sup>13</sup> See Michael Baker ([http://www.cfr.org/publication/22465/building\\_african\\_partnerships\\_to\\_defeat\\_piracy.html](http://www.cfr.org/publication/22465/building_african_partnerships_to_defeat_piracy.html)).

would lead to an increase in commodities transport fees to more than 30 percent and lower competitiveness of traders especially for perishables goods and time (fashion) sensitive goods such as clothing. It is estimated that an extra US\$7.5 billion would be triggered per year if one-third of the Far East-Europe cargoes were geographically re-routed via the Cape of Good Hope involving an extra 15 to 30 days to finish the service moving with the same knots.<sup>14</sup>

Egypt benefits from its geographical position, and from the Suez Canal, which forms part of the world's busiest shipping route, connecting Europe and Asia. Re-routing via the Cape of Good Hope will likely affect the Egyptian authorities (loss of foreign currency earnings), the Suez Canal Authorities (loss of operating earnings and employment), Mediterranean port authorities and terminals (e.g. reduced vessel calls and trans-shipments), and also industry and consumers because of additional costs.

Nigeria accounts for over 65 per cent of the total seaborne traffic for 16 countries in West Africa. As warnings to mariners in and near Nigerian waters become more common, increased shipping costs for Nigerian and Gulf of Guinea destinations are likely as shippers begin to factor higher insurance premiums into their pricing.

## 5 – Measures to Deal with Maritime Piracy

The increase in acts of piracy has led to enhanced cooperation at international and regional levels. Joint efforts are being made in various forums to find adequate solutions to piracy.

### 5.1 – Capacity Building by IMO

In 2009 the IMO's Maritime Safety Committee approved revised guidance to operators: "Recommendations to Government for preventing and suppressing piracy and armed robbery against ships" and "Guidance to ship owners and ship operators, shipmasters and crews on preventing and suppressing acts of piracy and armed robbery against ships."<sup>15</sup> The Committee also agreed that a specific "Guidance on piracy and armed robbery against ships in waters off the coast of Somalia" should include "Best management practices to deter piracy in the Gulf of Aden and off the coast of Somalia" which was developed by industry organisations.

As part of its technical cooperation programme, IMO is assisting countries to build capacity, so that they can effectively contribute to overall efforts to combat piracy, including through relevant national legislations.

### 5.2 – Regional Cooperation The Djibouti Code of Conduct

In 2009 a high-level meeting of 17 countries from the Western Indian Ocean, Gulf of Aden and Red Sea areas met in Djibouti and adopted a "Code of conduct concerning the repression of piracy and armed robbery against ships in the Western Indian Ocean and the Gulf of Aden". Signatories to the code of conduct to undertake wide-ranging commitments to cooperate in seizing, investigating and prosecuting pirates in the region, and to review their relevant national laws. The code of conduct allows authorized officials to board the patrol ships or aircraft of another signatory. Nine countries have so far signed the code of

conduct. These include: Djibouti, Ethiopia, Kenya, Madagascar, the Maldives, the Seychelles, Somalia, Tanzania, and Yemen.

### 5.3 – International Cooperation United Nations

Recognizing the seriousness of maritime piracy in the Gulf of Aden, the Secretary-General of the United Nations has called for a multifaceted approach to combating piracy "to ensure that the political process and the peacekeeping efforts of the African Union and the strengthening of institutions work in tandem".<sup>16</sup>

The United Nations Security Council has been actively engaged in formulating adequate responses to the issue of piracy. Several UN Security Council resolutions have been adopted to address the delivery of humanitarian aid to Somalia and the protecting and escorting ships employed by the World Food Programme. In January 2009 the Security Council (resolution 1851) established the Contact Group on Piracy off the Coast of Somalia to facilitate discussion and coordination of actions among states and organizations to suppress piracy off the coast of Somalia. The contact group periodically reports progress to the Security Council.

In support of UN Security Council resolution 1851 and the EU-NAVFOR Somalia set up in 2008 to improve maritime security off the Somali coast, the European Union has established the Maritime Security Centre (Horn of Africa) as part of international efforts to coordinate efforts to deal with piracy. The Centre is part of the European Security and Defence Policy Initiative which provides a service to mariners in the region.<sup>17</sup>

<sup>14</sup> M. Nakamura (2009). Piracy off the Horn of Africa: what is the most effective method of repression? Naval War College, Newport, R.I.

<sup>15</sup> <http://docs.imo.org>

<sup>16</sup> The matter of piracy off Somalia was first brought to the attention of the Security Council by the IMO in 2005.

<sup>17</sup> Detailed information is provided on <http://www.mschoa.org>.

## 6 – Role of the Bank in Combating Piracy

The impact on sea borne trade and maritime economic opportunities pose serious challenges to Africa's development agenda. The Bank can play an important part in combating piracy.

### 6.1 – Producing Knowledge Products

During the US Africa Command-organised maritime security conference in October 2010, the AU Commission deputy chairman Erastus Mwencha underscored that “the leading threat to Africa's maritime domain however remains the threat of ignorance. Until there is a true understanding of the geostrategic importance of Africa's maritime domain for Africa's socio-economic development growth, until there is a true understanding of how central it is for the wellbeing and prosperity of millions

of Africans, the scope and magnitude of all the afore mentioned threats and vulnerabilities will continue to grow and undermine Africa's socio-economic development growth”.

The Bank could monitor and report on the impact of piracy. Such knowledge products could raise awareness of the importance of maritime security to Africa's economic growth and the seriousness of maritime piracy to economic growth in Africa. The Bank can work closely with the IMO which records incidents of piracy.

### 6.2 – Contributing Financial Resources for Fighting Piracy

The Bank should support the African Union (AU) in the development of an integrated maritime strategy to serve as a long-term multi-layered common vision to addressing seaborne challenges and sustain more

wealth creation from the oceans and seas. The long term solution to the problem of piracy off the coast of Somalia is through the creation of economic opportunities so that the youth could be meaningfully employed. The Bank can also contribute to capacity building efforts led by IMO.

### 6.3 – Improvements in Port Security

Michael Baker observes that shipping companies send smaller, older, and cheaper ships to Africa because the ports cannot handle modern fleets.<sup>18</sup> As a result shipping companies deploy their remaining smaller and slower ships for transport to and from Africa, increasing the number of easy targets for pirates and further impeding Africa's ability to export products efficiently.

The Bank can contribute by increasing resources to improve port infrastructure.

<sup>18</sup> <http://www.foreignaffairs.com/articles/66762/michael-lyon-baker/swapping-pirates-for-commerce>