

Economic Effects of Sea Piracy on Somalia

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Abstract

The piracy problem started with the collapse of Somalian government in 1991 when landlords and militia gained control over different regions of the country. Young pirates of Somalia armed themselves with the latest weapons and started hijacking foreign fishing ships initially and later on started hijacking huge commercial ships and very large crude carriers passing through their shores.

Proliferation of sea piracy in Somalia has substantial implications on international trade as well as severe economic effects on the Somalian economy.. As per the annual reports of International Maritime Bureau Piracy Reporting Centre, more than 1600 acts of piracy have been committed from 2006 to 2010 leading to immense economic losses and deaths of over 54 sea farers. Proliferation of sea piracy in Somalia has substantial implications on international trade. More than 16000 ships pass through Gulf of Aden every year on their way to the Suez Canal in Egypt transporting Asian goods and oil from the Persian Gulf region to Europe and North America. According to International Maritime Bureau, sea piracy costs global economy between 1 Billion to 16 Billion US dollars every year.

Keywords: Sea Piracy, Economic impact, Trade.

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