Abstract Research Master Thesis

**Constructing Pirate Economies**

*Somali Pirates, Marine Insurance and the Politics of Transnational Ransom Industries*

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Drawing on the ANT-based economization approach, my thesis analyses the evolution and logics of the pirate ransom economy off Somalia. I argue that ransom piracy should be seen as a transnational industry that connects the pirates in Somalia to the global shipping and insurance industry in London. The industry paid ransoms and thus actively drove the escalation of pirate attacks in the Gulf of Aden. Also governmental authorities that allowed for such payments are part of the ransom economy.

In Somalia, piracy and maritime violence emerged originally due to state failure, underdevelopment and illegal fishing. Foreign fishing vessels, often licensed by warlords and regional administrations, clashed with local militias organized and financed by the Somali fishing industry. While occasionally hijacking ships and fining them (including merchant ships), these militias usually relied on the local fishing industry for funding. Ransom payments by the global shipping and insurance industry, however, provided a new source of income and enabled maritime them to become independent from local political and economic actors. Piracy evolved into a violent business that focused on hijacking ships for profits.

This 'economic' transformation was arguably driven by the global shipping and insurance industry and the political arrangement of governmental and business practices in which it operates. The industry has historically been constructed as a deregulated, depoliticised and globalized business sector. The practice of ‘outflagging’ (Flags of Conveniences) has detached ships from governmental control and responsibility. As a result, governments did not get involved in Somali hijackings, which were hence resolved by shipping actors. Ransoms were paid because of economic calculations, not because of political concerns (ransoms are usually below the value of the ship, the cargo and especially the crew). Put differently, piracy became ‘economic’ because it was treated as such by the industry and governmental authorities. In that process, Somali concerns and grievances over illegal fishing were replaced by economic calculations of ‘criminal’ ransom pirates and the global shipping and insurance industry.

In both Somalia and London piracy has become a well organized business that relies on specialized actors and services. In Somalia, financing networks, supply structures, business practices and negotiators support pirate activities onshore. Ransoms also functions as an alternative development strategy that fuels local economic growth and supports impoverished communities. In London, kidnap for ransom insurance, risk consultants, lawyers and professional negotiators facilitate the negotiation and payment of ransoms. For some of these actors piracy has in fact also been a profitable business, while for many ship owner it was often only a marginal cost factor.