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NEWS RELEASE

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– FOR IMMEDIATE RELEASE –

Somali Piracy's Impact on the Global Economy Nears \$7 Billion in 2011 **According to Oceans Beyond Piracy Report**

COLORADO, USA – February 8, 2012 – Oceans Beyond Piracy released a report that raises concerns about the cost of Somali Piracy to the world economy. Approximately 80% of all costs are borne by the shipping industry, while governments account for 20% of the expenditures associated with countering piracy attacks. The report estimates the 2011 economic cost of piracy was between \$6.6 and \$6.9 billion.

“The report assesses nine different direct cost factors specifically focused on the economic impact of Somali piracy,” explained Anna Bowden, the report’s author, “Over the past year we have had substantial cooperation from maritime stakeholders which has helped to ensure the figures are as reliable as possible.”

The breakdown of the most notable costs includes \$2.7 billion in fuel costs associated with increased speeds of vessels transiting through high risk areas, \$1.3 billion for military operations, and \$1.1 billion for security equipment and armed guards. Additionally, \$635 million is attributed to insurance, \$486 to \$680 million is spent on re-routing vessels along the western coast of India, and \$195 million is the estimated cost for increased labor costs and danger pay for seafarers.

The vast majority (99%) of the billions spent are attached to recurring costs associated with the protection of vessels – costs which must be repeated each year. This figure is in sharp contrast to the \$38 million spent for prosecution, imprisonment, and building regional and Somali capacity to fight piracy. Average ransoms increased 25% from approximately \$4 million in 2010 to \$5 million in 2011. Although the total cost for ransoms was \$160 million for 2011, money collected by pirates represents a mere 2% of the total economic cost. While

ransoms provide the incentive for Somali pirates to attack vessels and hold hostages, they represent a disproportionately small cost compared to the nearly \$7 billion spent to thwart these attacks.

“The human cost of piracy cannot be defined in economic terms,” Bowden added. “We do note with great concern that there were a significant number of piracy-related deaths, hostages taken, and seafarers subject to traumatic armed attacks in 2011. This happened in spite of the success of armed guards and military action in the later part of the year.”

Officially launched at a press conference held at the Royal United Services Institute for Defence & Security Studies (RUSI) in Whitehall, London, the paper was presented to maritime experts and international press. The report will be used to raise important issues for the Oceans Beyond Piracy Working Group, which is expected to release recommendations for a better coordinated, and longer-looking strategy against piracy in July 2012.

For more information about *The Economic Cost of Somali Piracy 2011*, contact Anna Bowden at +1.303.709.5498 or by email at abowden@oneearthfuture.org. The publication of the report was made possible through the support of the One Earth Future Foundation, sponsor of the Oceans Beyond Piracy Project, which sponsors project initiatives in London and India.

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Oceans Beyond Piracy (OBP) is a project of One Earth Future Foundation (OEF). OEF is a private foundation located near Denver, Colorado in the United States, which is committed to multi-stakeholder initiatives to resolve issues related to conflict. OBP encourages close cooperation across the international maritime community to develop long-term, sustainable solutions to piracy. More information can be found at: www.oceansbeyondpiracy.org