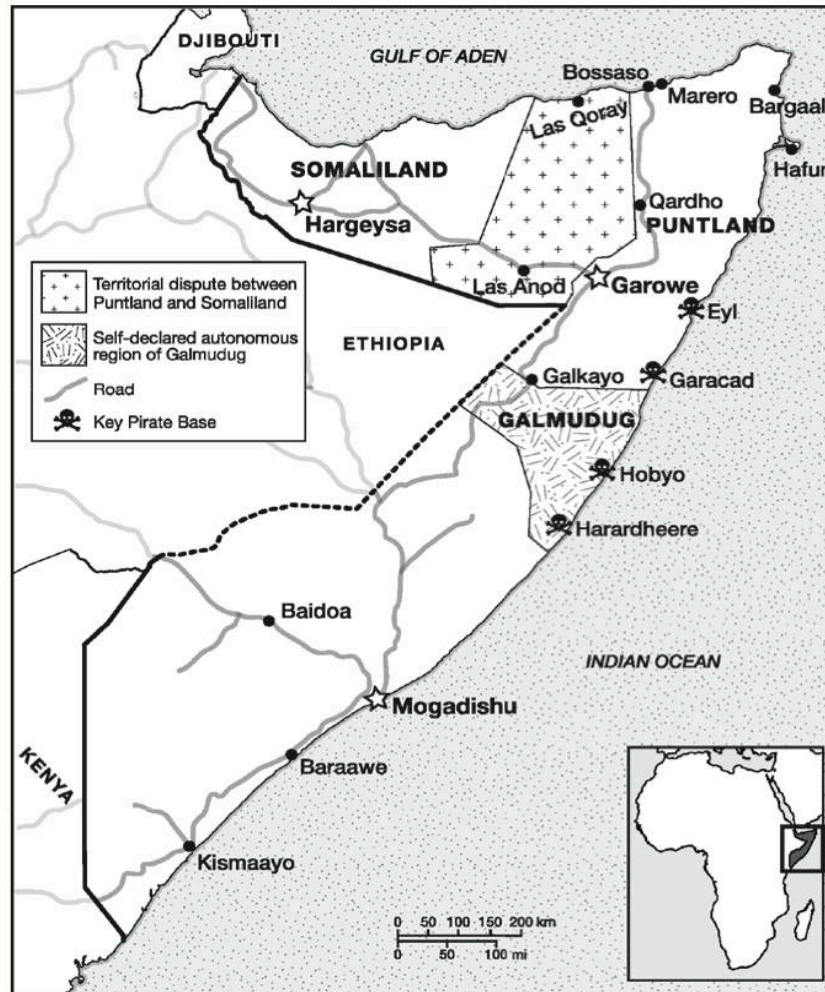


THE PIRATES OF SOMALIA

The End of a Golden Age?



Somalia







Pirate Venture Capital

- “Single Investor:” one man puts up the cash and capital
- “Cooperative”: equal shareholders
- “Private Equity”: head fundraiser and organizer, but multiple investors.



Figure 1: Payroll of the *Victoria* Gang

	Notes	Salary
<u>The Officers</u>		
"Computer"	Commander-in-Chief, Head Investor	\$900,000 (\$670,000 after expenses)
Loyan	Interpreter	\$150,000
Mustuku	Accountant	\$12,000
"Commander of the Khat"	Supplies logistics officer	\$20,000(?)
<u>Attackers (Shock Troops)</u>		
Mohamad Abdi	First to board the ship	\$150,000 (plus Land Cruiser Bonus)
Eight others		\$37,000 each
<u>Cooks</u>		
Head Cook		\$20,000
Sous-chef		\$9,000
<u>Holders</u>		
20 men		\$12,000 each
<u>TOTAL:</u>		\$1.8 MILLION

Figure 2: Expense Sheet for the *Victoria* Gang

	Total/ Day	Total (72 Days)
Khat		
1 kg/ pirate onboard @ \$76/kg	\$1,520	\$109,440
Transportation		
Two Land Cruiser rentals	\$800	\$57,600
Diesel for emergency generator	\$225	\$5,625 (25 days)
Four metric tons diesel for heating system	n/a	\$6,839
Gasoline for supply skiffs	\$38.40	\$2,765
Weapons		
2 BKM machine guns @ \$12,000 ea.	n/a	\$24,000
Ammunition	n/a	\$6,000
Food		
Two goats	\$250	\$12,500*
Vegetables, fruit, pasta	\$60	\$4,320
Beverages	\$40	\$2,880
<u>TOTAL:</u>		\$229,204



The LRAD: A Bullhorn on Steroids



“Laser Test Could Put Heat on Pirates” (AP)



“Laser Canon Set to Blind Pirates” (BBC)



Artist's representation of the BAE laser distraction system

The Pros and Cons of “Getting Tough”

- *MV Wail*
- *MV Samho Jewelry*
- *SV Quest*



- “Mid-level option” of taking the crew ashore and scuttling the vessel

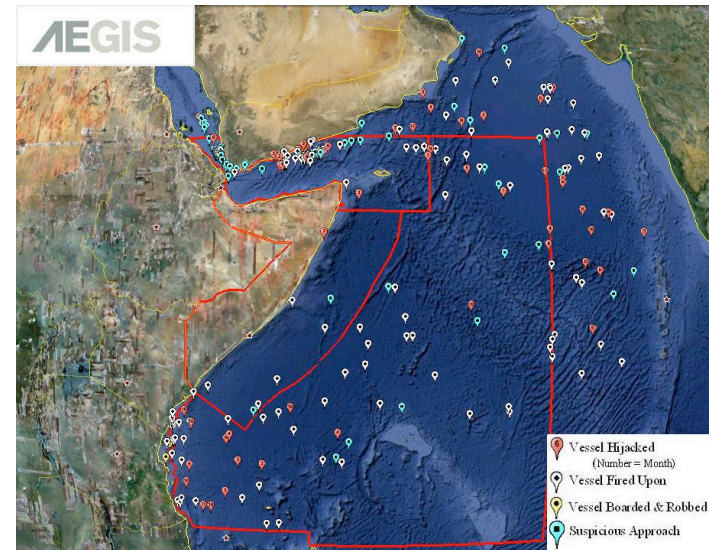
Armed Guards: As Likely to Hinder as to Help?



Yemeni security team in the employ of Gulf of Aden Group Transits (GoAGT)

Pirate Insurance

- War Risk and Kidnap and Ransom (K&R)
- Insurance hikes get passed on to the consumer
- Insurance premiums increasing, yet risk of piracy is decreasing



Joint War Committee (JWC) exclusion area, prior to December 2010

The End of a Golden Age?

- Have the Somali pirates begun to price themselves out of the market?
- What is the future of piracy?

Shameless Self-Promotion

The Pirates of Somalia, published in Canada by HarperCollins and Knopf in the US

