

The Political Economy of Maritime Piracy in the Gulf of Guinea:

Dissecting the Kidnap for Ransom Menace

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ABSTRACT

The Gulf of Guinea (GoG) accounted for nearly half of all reported piracy incidents in the first three months of 2021 according to the first quarter report of the International Maritime Bureau (IMB). Further in 2020, 195 piracy incidents were recorded globally, with 135 attributed to crew kidnapped. Of this, the GoG accounted for 96 percent of crew kidnapped, making the region the most dangerous maritime expanse in the world. While these reports detail comprehensively the nature of attacks and dynamics of kidnapping, they fail to document the demand and supply undercurrents of this criminal activity. In particular, they fall short of recognizing the actors fueling the kidnap for ransom ‘business’ by paying or facilitating the payment of huge sums to secure the release of kidnapped crew. Other significant reports on piracy in the GoG are also silent on ransom payments and how they aggravate insecurity in the region. This creates a serious analytical gap for policymakers seeking to address the problem of piracy in the region. It further frustrates measures being put in place by regional actors to prevent the menace through the cooperative mechanisms created under the Yaoundé Architecture. This policy paper provides an overview of maritime piracy, emphasizing the political economy of maritime piracy while highlighting the destabilizing effects of ransom payments on maritime security in the GoG. The goal is to sensitize both regional and international maritime actors, as well as provoke a policy response in tackling the issue.

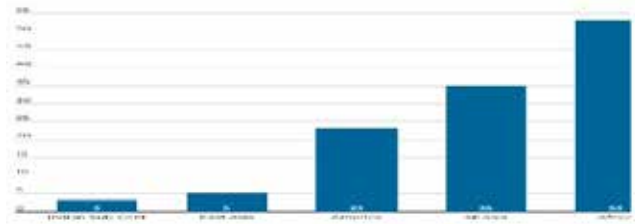
Keywords: *kidnap for ransom; piracy; maritime security; Gulf of Guinea; political economy.*

INTRODUCTION

The GoG is a vast expanse of water stretching almost 6,000km from Senegal in West Africa to Angola in Central Africa. It is of strategic importance due to its geographic location, resources and huge potential for development. Geographically, the GoG is an important maritime route for commercial shipping (including oil and gas and other goods) to and from Europe and America to West, Central and Southern Africa. About 1,500 fishing vessels, cargo ships, tankers and other vessels navigate the GoG's waters daily¹. As a major source of hydrocarbon resources, the region produces millions of barrels of crude oil per day with Nigeria² and Angola ranked as the top oil producers in Africa and 11th and 16th respectively globally³. Countries such as the United States (US), China, India and Spain get some of their supplies from the GoG⁴. Oil companies have also made huge investments for both onshore and offshore drilling, since the region has the fastest rate of discovery of new oil reserves in the world further attracting new investments for further exploration⁵. In addition to this, the GoG has rich fishing and marine resources with fishing trawlers coming to the region from all over the world, though many operate illegally through corrupt state practices and derisory security checks.

As intimated above, the GoG is one of the world's most important shipping routes for both oil exports from the Niger Delta and consumer goods to and from Central and West Africa, but it is not very well guarded, a situation that creates ideal conditions for criminal acts at sea. Piracy in the region, including armed robbery, kidnapping of seafarers and hijacking of ships, has been ongoing since the last decade. The figure below illustrates incidents of maritime piracy for 2019 in comparison to the rest of the world showing the stark contrast between piracy in Africa and the other regions.

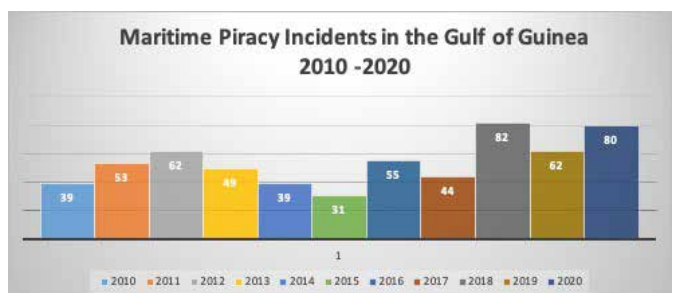
Figure 1: Incidents of Maritime Piracy: January to September 2019



Source: ICC International Maritime Bureau Piracy and Armed Robbery Against Ships Report, January – September 2019

In 2020, a total of 139 piracy incidents occurred worldwide as compared to 128 in 2019⁶. Kidnapping incidents among these attacks contributed to 95 percent of all kidnapping at sea, according to the International Maritime Bureau (IMB). By May 2021, 23 incidents were recorded – which included the kidnapping of 13 Turkish seafarers⁷. The high number of incidents in the year 2020 can be attributed to the Coronavirus (COVID-19) pandemic. Due to the pandemic, specifically, its induced travel restrictions, there were delays in mandatory vessel crew changes, which caused fatigue in seafarers, and reducing their diligence, thereby making it easier for criminals to operate⁸. In addition, as the security focus shifted to the enforcement of COVID-19 restrictions at the expense of other security imperatives, maritime security was greatly affected. The chart below records maritime piracy incidents from 2010 to 2020, where the rise and fall of piracy can be observed as pirates responded to changes in the security environment.

Figure 2: Maritime Piracy Incidents in the Gulf of Guinea



Source: International Chamber of Commerce (ICC) International Maritime Bureau (IMB) Piracy and Armed Robbery Against Ships Reports: 2010 to 2020

¹All Africa, (2021) West Africa: EU Maritime Security Factsheet - the Gulf of Guinea: Available at: <https://allafrica.com/stories/202101260200.html>. Accessed July, 30th 2021

²For instance, Nigeria has proven oil reserves of 36.2 billion barrels whiles Angola has 8.4 million barrels.

³Reese, Frederick. (2009). Countries with the most oil and who they're selling it. Available at: <https://stacker.com/stories/2791/countries-most-oil-and-who-theyre-selling-it>, Accessed August 15th 2021.

⁴Ibid.

⁵Okafor-Yarwood, I. and Pigeon, M. (2020). Stable seas: Gulf of Guinea. Report published by One Earth Future. P. 15.

⁶ICC-IMB Piracy and Armed Robbery Against ships report – 01 January – 31 December 2020

⁷ICC-IMB Piracy and Armed Robbery Against ships report – 01 January – 31 December 2021

⁸Interview with Naval Officer, Abidjan, June, 2021

Kidnaping for ransom (KFR) has over the past decade grown in momentum in the GoG region. Pirates have increased their sophistication and reach further away ashore. For example, during the first six months of 2021, pirates and armed robbers operated off seven countries in the GoG (Nigeria, Benin, Cameroon, Equatorial Guinea, Ghana, Sao Tome and Principe, and Gabon) targeting a variety of vessels to include tankers, container ships, general cargo vessels, fishing vessels, passenger vessels, and numerous vessels supporting oil drilling and production⁹. Armed KFR groups have used motherships to support operations up to 200 nautical miles (NM) from shore. It is not uncommon for these groups to fire upon vessels during boarding and attempted boarding. Previously, KFR groups would generally kidnap two to six high-value crew members to include the master, chief engineer, and any Western or foreign crew members, but in 2021 there were three incidents where ten or 15 crew members were kidnapped at one time¹⁰. Kidnapped crew members are normally taken ashore in the Niger Delta region where KFR groups demand ransom payments in exchange for the safe return of the crew members.¹¹ Piracy in the GoG, with its attendant KFR, poses a major threat to trade as it causes an increase in operational risks, and consequently, the cost of doing business due to the high cost of maritime insurance. It also deters foreign investors as the region has gained a reputation for being unsafe for seafarers. In some extreme piracy incidents, seafarers have lost their lives.¹²

It is for this reason of insecurity in the maritime space and loss of critical revenues to states and businesses that informed the promulgation of the GoG maritime safety and security architecture (Yaoundé Architecture) in 2013. At the Yaoundé Summit, regional leaders committed to cooperate and pool resources to address the threat of piracy and other maritime crimes, leading to the creation of policy and institutional structures to enable effective response. Nonetheless, in spite of the increasing threat of piracy and its effects on regional security, little attention is paid to the key aspect of piracy, notably KFR, in the maritime security discourse in the GoG. While substantial effort has gone into analysing the causes and effects of piracy in the region,

there is an apparent lack of interest in investigating the political economy of piracy in relation to KFR. Ransom payments in the context of piracy in the GoG is generally ignored in mainstream maritime security discourses. One article poignantly states:

“The morality of paying ransoms and the effect they have on encouraging more attacks is beyond this article and in any event when it comes to paying ransoms in a shipping context that train has long left the station.”¹³

Two reasons for the lack of interest in ransom payments and how it facilitates the piracy ‘business’ may, firstly, point to the fact that in the past, the average ransom of about US\$40,000¹⁴ paid per head for kidnapped crew was easily absorbed by shipping companies without placing a serious financial burden on ship owners.¹⁵ Secondly, KFR is currently used as a tool of profiteering rather than for terror, an industry that also involves a wide spectrum of actors. Both of these factors have been found to revolve around the political economy of piracy.

However, the worsening spate of MKFR in the GoG should arouse interest in the existing debate on whether humanitarian concerns should override regional security imperatives. Whereas GoG countries are less likely to pay ransoms, the effects of ransom payments by external governments and ship owners strikes at the core of maritime security in the region and requires serious attention. Further, since the external actors who usually pay ransoms are better placed to weigh the trade-offs of ransom payments and mitigate the consequences, it is imperative for GoG countries who are the direct victims of such phenomenon to play a decisive role in devising a response to it. With recent hikes in ransom payments reaching US\$300,000¹⁶, and insurance premiums rising sharply, this paper revisits the debate in order to inform appropriate policy interventions in the region. The paper addresses the urgent need for a common understanding and response to the issue under the regional maritime security architecture. By analyzing the politico-economic structures related to piracy, as well as its general impact in the GoG, a number of lessons could be derived to aid counter-piracy

⁹MSCI Advisory. (2021) 2021-008-Gulf of Guinea-Piracy/Armed Robbery/Kidnapping for Ransom. Available at: <https://www.maritime.dot.gov/msci/2021-008-gulf-guinea-piracyarmed-robberykidnapping-ransom>. Accessed July 5th 2021

¹⁰ibid

¹¹Op. cit. MSCI Advisory (2021)

¹²B&FTonline (2021) Piracy in the Gulf of Guinea: a worrying trend. Available at: <https://infocrise.public.lu/en/actualites/2021/attaque-pirate-bourbon-evolution-802.html>. Accessed July 30th, 2021

¹³Askins, Stephen, (2021). Nigerian Piracy – Have we reached a tipping point? Tatham and Co. Available at: <https://tathamlaw.com/knowledge/nigerian-piracy-have-we-reached-a-tipping-point-2/> Accessed July 25th, 2021

¹⁴UNODC (2021). Pirates of the Niger Delta: Between Blue and Brown Water, UNODC Global Maritime Crime Programme.

¹⁵Interview with shipping agent, Abuja, July 2021.

¹⁶op. cit. UNODC, 2021

efforts, specifically those focusing on GoG piracy. Piracy can, nonetheless, be expected to continue to plague the GoG shores so long as pirates can act with impunity and operate in an environment where the weighted risk is low relative to the benefits.

Overview of Piracy in the GoG: Trends in Kidnap for Ransom

Maritime piracy in the GoG has evolved since the International Maritime Organization (IMO) rated the GoG second only to the Strait of Malacca in the number of attacks in 2004¹⁷. Prior to this, piracy and maritime kidnap for ransom - MKFR in particular was synonymous with the Gulf of Aden where much international attention was focused until it was curtailed in 2012. With the decrease in piracy attacks in the Gulf of Aden came a corresponding increase in piracy attacks in the GoG. To appreciate the dramatic increase in maritime piracy and insecurity in the region however, it is essential to recognize the context in which it is happening. A gamut of important dynamics has co-mingled to produce and accelerate the problem. Common among the factors contributing to the high number of piracy incidents is the high rate of unemployment and inadequate implementation of maritime laws¹⁸. State fragility in the GoG, particularly in Nigeria has shaped conditions in which large sections of the population are forced to survive by other means. This is further engendered by the absence of functioning state institutions to provide critical social services to the citizenry, and weak law enforcement to ensure law and order¹⁹. The instability resulting from the activities of non-state groups has, over the years, created a system of profits that benefits large sections of the population and even maritime industry players²⁰.

Along the GoG, piracy reigns prominently among the maritime threats in the region. It is important to note that maritime piracy is not a new phenomenon, as it has existed for as long as people and commodities have traversed the oceans. However, the nature

and manifestations has evolved and transformed considerably. Three types of pirates and maritime criminal groups have been identified from the Niger Delta area in Nigeria. These are deep offshore pirates, coastal and low-reach pirates and riverine criminals²¹. This study however looks particularly at the political economy of the activities of deep offshore pirates who are capable of operating far from the West African coast targeting international shipping traffic. They are also able to take more hostages per attack, with numbers estimated between four and six²².

Within the GoG, piracy continues to change in terms of the frequency of attacks, operational sophistication and target selection. In terms of the frequency of attacks, incidents in the GoG region have fluctuated over the last ten years. The region recorded a total of 608 cases of pirate attacks between 2010 and 2020, whereas 2018 and 2020 recorded the highest incidents with 82 cases each²³. Notwithstanding fluctuation in annual attack rates, the majority of the incidents over the last decade occurred in Nigeria²⁴. For instance, about 60 per cent of incidents in 2019 recorded in the region occurred off the waters of Nigeria²⁵. Piracy increased in the first quarter of 2021, with the GoG maintaining its position as the most dangerous waters in the world. Forty-three per cent of all reported piracy incidents occurred in the region, during the first three months of 2021²⁶. The region accounted for all 40 kidnapped crew incidents as well as the sole crew fatality²⁷. Though globally there were 38 piracy attacks in the first quarter of 2021 compared to 47 attacks in the first quarter of 2020 and 38 in the same period of 2019, violence against crew has been on the rise as compared to previous years²⁸. The main target of pirates in the GoG is currently expatriate crewmen. A record 130 crew members were kidnapped in 22 separate incidents in 2020. Since 2019, the GoG has experienced an unprecedented rise in the number of multiple crew kidnappings. In the last quarter of 2019 alone, the GoG recorded 39 crew kidnapped in two separate incidents²⁹.

¹⁷Shafa, B.M. (2011). Maritime Security in the Gulf of Guinea Sub-region: threats, challenge and solutions." US Army War College, Carlisle, PA.

¹⁸Op.cit. Okafor-Yarwood, I. and Pigeon, M. (2020).

¹⁹ibid

²⁰Op.cit. UNODC (2021).

²¹Jacobsen, K. L., Sernia, G., & Faipoux, H. (2021). Pirates of the Niger Delta: Between Brown and Blue Waters. Global Maritime Crime Programme of UNODC.

²²ibid.

²³ICC-IMB Piracy and Armed Robbery Against ships reports –2010 to 2020

²⁴CC-IMB piracy reports

²⁵ibid

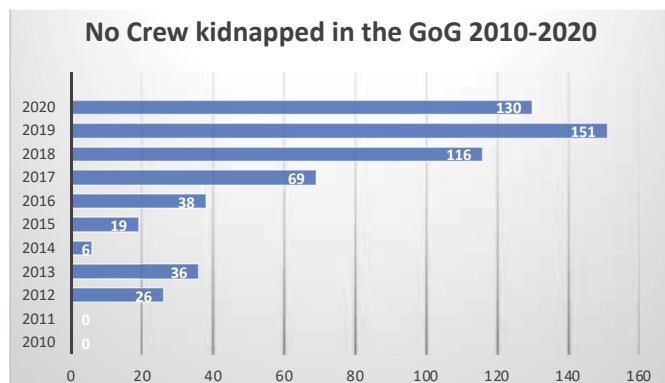
²⁶CC-IMB, 2021. Gulf of Guinea remains world's piracy hotspot in 2021, according to IMB's latest figures. Available at: <https://iccwbo.org/media-wall/news-speeches/gulf-of-guinea-remains-worlds-piracy-hotspot-in-2021-according-to-imbs-latest-figures/#:~:text=Gulf%20of%20Guinea%20remains%20world%E2%80%99s%20piracy%20hotspot%20in,figures%20from%20the%20ICC%20International%20Maritime%20Bureau%20%28IMB%29>. Accessed September 14, 2021

²⁷ibid.

²⁸ibid.

Incidents in the GoG are particularly dangerous as over 80 percent of attackers were armed with guns. All three vessel hijackings and nine of the 11 vessels fired upon in 2020 related to this region³⁰. Crew kidnappings were reported in 25 percent of vessel attacks in the GoG – more than any other region in the world³¹. This indicates the level of sophistication with which pirates carry out their activities. Around 591 crew were captured in piracy attacks in the GoG from 2010 to 2020. Figure 3 below charts the number of crew kidnapped since 2010 to 2020 in the GoG.

Figure 3: No. of Kidnapped Crew in the GoG



Source: ICC/IMB reports 2010-2020

There has been a sharp increase in sophistication of the types of weapons deployed as well as the range of attacks. Originally, the pirates used machetes, knives, and pistols during attacks, but this has changed to AK-47s, M-16 rifles, and rocket propelled grenades. This clearly indicates the possible connection to another maritime crime prevalent in the region – the smuggling of small arms and light weapons (SALW). Further, before 2010, piracy in the region was limited to coastal areas less than 30NM from shore. As ships kept their distance from shore, the pirates improved their operational attack range with the use of mother vessels or speedboats. They quickly matched it with new capacity to operate their skiffs without mother vessels out to 100-120NM from shore³². Overtime, pirates have sharpened their navigational ability which has enhanced their capacity to extend their operational reach even farther offshore. For example, a group of armed pirates on 17 July 2020 boarded a product tanker, MT Curacao Trader, approximately

210 nautical miles off the coast of Benin and abducted some 13 crew members³³. The furthest recorded kidnapping occurred on 11 March 2021 when pirates kidnapped 15 crew from a Maltese flagged Chemical Tanker, 212NM south of Cotonou, Benin. In another incident, a fishing vessel hijacked on 8 February 2021 was used by pirates as a mother vessel to facilitate other attacks. Once kidnapped, crew are removed from their vessel and can be held on shore until their release is negotiated. The furthest crew kidnapping in 2020 occurred almost 200NM from land with the average kidnapping incident taking place over 60NM from land, according to the IMB³⁴. The rise in kidnapping incidents further away from shorelines demonstrates the increasing capabilities of pirates in the GoG. Given these developments, the IMB advises vessels in the region to remain at least 250NM from the coast at all times, or until the vessel can transit to commence cargo operations at a berth or safe anchorage³⁵.

In terms of target selection, the trajectory of targeting has evolved from mugging, through oil piracy (petro-piracy) to maritime kidnapping for ransom (MKFR). Pirates traditionally limited their operations to ‘maritime muggings’, involving the boarding of ships to steal the contents of the ship’s safe and any valuables such as mobile phones. With time, their target selection shifted to stealing oil cargo, in what experts termed ‘oil piracy or petro-piracy’. This entails the raiding of oil tankers in order to steal and sell their hold on the black market. However, the collapse of global oil prices in 2015 forced pirates to alter their target selection, refocusing their efforts on abducting sailors or crewmembers in what is known as MKFR. Below table summarises the evolutionary trajectory of target selection by pirates in the GoG.

²⁹ICC-IMB Piracy and Armed Robbery Against ships report – 01 January – 31 December 2019

³⁰ICC-IMB Piracy and Armed Robbery Against ships report – 01 January – 31 December 2020

³¹ibid

³²Morizur, F., (2020). Sea Piracy in 2025: Piracy 2.0? Maritime Executive, 22 April, <https://www.maritime-executive.com/blog/sea-piracy-in-2025-piracy-2-0> [Accessed 21 August, 2021]

³³See Ovcina, J., (2020). Updated: Pirates kidnap 13 seafarers in the furthest offshore attack in Gulf of Guinea, Offshore Energy, 20 June, <https://www.offshore-energy.biz/pirates-kidnap-15-seafarers-off-nigeria-in-the-furthest-offshore-attack-in-gog-yet/> [Accessed 25 August, 2021]

³⁴ICC. (2021) Gulf of Guinea records highest ever number of crew kidnapped in 2020, according to IMB’s annual piracy report. Available at: <https://iccwbo.org/media-wall/news-speeches/gulf-of-guinea-records-highest-ever-number-of-crew-kidnapped-in-2020-according-to-imbs-annual-piracy-report/>. Accessed November, 2021

³⁵ibid

Figure 4: Evolutionary Trajectory of Target Selection by Pirates in the GoG

S/ No.	Trend	Period	Principal Targets	Drivers/ Enablers
1	Maritime muggings	2000 -2009	Ship's contents and valuables	<ul style="list-style-type: none"> • Non-protected anchorage • Limited security patrol • Poor security awareness by ship crew
2	Oil piracy/ Petro-piracy	2010 -2014	Oil Cargo	<ul style="list-style-type: none"> • High global oil prices • Fragility of the amnesty programme
3	Maritime kidnapping for ransom	2015 – present	Crew members	<ul style="list-style-type: none"> • Collapse in global oil prices • Access to information and technology of geolocation • Lack of secured beaching areas for captured ships • Easy access to high speed crafts

Source: *Freedom Onuoha, 2020*³⁶

Almost half of MKFR operations in the GoG occur around Nigeria's Niger Delta region and target vessels (tankers, tugs, offshore supply vessels, and cargo vessels) with expatriate crew, due to their potentially high ransom value³⁷. For this reason, it is anticipated that maritime kidnapping incidents will remain high in the years to come unless concrete steps are taken to address it across the region.

As demonstrated above, trends in piracy and MKFR has increased steadily since piracy took off in the GoG in late 2000. Between 2016 and mid-2019, virtually all successful and failed MKFR attacks in the region took place relatively close to the southern and western Niger Delta, up to 120NM from the coastline. The average distance of attacks from the Niger Delta then increased significantly in the last quarter of 2019³⁸. Throughout 2020, attacks took place both close to Nigeria but also at significant distances from the Niger Delta coastline, affecting countries from Togo to Gabon. For instance, the Bourbon Evolution 802 was attacked 220nm off Nigeria on March 14, 2021³⁹. The most disturbing trend for merchant shipping in the GoG has been the spread of attacks over a larger area⁴⁰. The increased capability is arguably partly engendered by the Nigeria Navy's Intervention Brigade operations which have forced pirates to adapt and expand their range further offshore. Recent trends may also suggest that pirates are developing the requisite camp infrastructure to keep hostages for longer periods, which will also mean demand for higher ransom payments in the future. There are also increasing attacks on soft targets such as fishing vessels with no security escort or armed protection. For instance, less than 2 weeks apart (19th May and 1st June 2021) there were two attacks on Ghanaian registered fishing vessels off the coast of Ghana with a total of 10 crew members abducted.⁴¹

The Political Economy of Piracy in the Gulf of Guinea

Cossa⁴² defines political economy as an ordered knowledge of the cause, the essence, and the rationale of the social system of wealth, that is, man's concern with wealth as a social factor to be grasped in its essence through its causes, its rationale, and in its relation to prosperity at large. The phrase, social

³⁶Onuoha F. (2020) Understanding Insecurities in the Gulf of Guinea. Lecture notes

³⁷ICC-IMB Piracy and Armed Robbery Against ships report – 01 January – 31 December 2020

³⁸ICC-IMB Piracy and Armed Robbery Against ships report – 01 January – 31 December 2019

³⁹InfoCrisis. (2021) Pirate attack against a Luxembourg-flagged vessel in the Gulf of Guinea: Available at: <https://infocrisis.public.lu/en/actualites/2021/attaque-pirate-bourbon-evolution-802.html>. Accessed July 30th, 2021

⁴⁰Risk Intelligence. (2021). Gulf of Guinea piracy: Threat analysis and trends. Whitepaper. Available at: https://dua.dupli.com/wp-content/uploads/sites/16/2021/03/Whitepaper_GulfofGuinea_2021.pdf Accessed July 30th, 2021

⁴¹The Maritime Executive. (2021) Gulf of Guinea Pirates Kidnap Crew from Second Ghanaian Fishing Vessel. Available at: <https://www.maritime-executive.com/article/gulf-of-guinea-pirates-kidnap-crew-from-second-ghanaian-fishing-vessel>. Accessed: November 5th 2021.

⁴²Cossa, L. (1893). An introduction to the study of political economy. Macmillan and Company.

⁴³ibid

system of wealth, implies that the facts dealt with by political economy occupy a definite field and constitute a fixed system which is social, because it is related to the concerns of men banded together into a civil society, that is, a society performing the functions of a State⁴³. Such a society must be a moral agent in order to foster and bring to perfection its individual and constituent members. Simply put political economy tries to describe the relationship between politics and the economy. It analyses how political forces affect the economy and assesses how the economy affects politics also using the tools of economics to study politics. In this sense piracy as a socio-economic activity directly affects the policies and economics of states in the larger GoG domain. By engaging in piracy and especially MKFR pirates and their interlocutors benefit directly from this deadly menace, while the local community, insurers, ship owners etc. benefit indirectly through increased premiums. In the end this has a negative effect on the GoG region which continues to be tagged as one of the dangerous waters in the world.

Further, there is often talk of the prevalence of piracy in the GoG, but less often discussed is the industry developing around the menace and the actors profiteering either directly or indirectly from it. As a result of the worsening spate of MKFR, businesses have to factor in the costs of independent security contractors, extra insurance, and, sometimes, ransom money. According to the non-governmental organisation, One Earth Future Foundation, the cost of piracy to the GoG was \$818.1 million in 2017, an increase from \$793.7 million in 2016.⁴⁴ Twenty-five per cent of this sum was reportedly spent on security, whilst additional war risk premiums for ships traversing the GoG amounted to \$39.2M in 2017.⁴⁵ Overall, the annual cost of piracy and armed robbery to West African nations is estimated at \$2 billion.⁴⁶ Figure 5 illustrates conservatively the economic costs of piracy in West Africa from 2012 to 2017.

Figure 5: The Cost of Piracy in West Africa – 2012-2017

Year	Total economic cost (USD)	Cost of insurance (War Risk and MKFR)	Labor	Stolen goods
2012	740-950M	423-431M	30-105M	34-101M
2013	565-681M	40.1M	9,2M	303M
2014	983M	40.1M	81.6M	364,000 to 1M
2015	719,6M	42,3M	40.6M	5.9M
2016	793,7M	42M	114M	600,000
2017	818,1M	39,2M	111M	413,000

Source: *Compiled from state of Maritime Piracy report by Oceans Beyond Piracy (OBP)*

Overall as Aning⁴⁷ argues, piracy imposes direct costs on humanitarian assistance and has an impact on maritime economic activities such as oil production, cost of energy, insurance and shipping costs, tourism and fishing. It also leads to increases in ship insurance costs, ship security and higher insurance premiums⁴⁸. This could mean the hiring of private security guards and installing non-lethal deterrent equipment. Ultimately, the costs of these actions are passed onto the tax payer and the consumer. Piracy also reduces the incomes of countries or communities that depend on port revenues⁴⁹. In effect, MKR has short to medium and long term effects on the economies of GoG countries. With the current reach of pirates further into international waters there are also fears of attacks on oil installations and possible collusions with violent extremist groups in the Sahel⁵⁰.

As shown in Table 7 below, this piracy industry appears to revolve around key actors whose roles directly or indirectly influence the supply and demand undercurrents. However, the profits generated from the act benefits entire societies in coastal states and creeks from which pirate gangs launch their operations.

⁴⁴EXX Africa (2020) Gulf of Guinea: Trends and Commercial Impact of Piracy Attacks, Available at <https://www.pangea-risk.com/wp-content/uploads/2020/02/GULF-OF-GUINEA-TRENDS-AND-COMMERCIAL-IMPACT-OF-PIRACY-ATTACKS.pdf>. Accessed August 20th 2021.

⁴⁵ibid.

⁴⁶Al Jazeera. (2019) Counting the Cost: What's the cost of piracy in West African waters? Available at <https://www.youtube.com/watch?v=8Yc6nWkn83U&feature=youtu.be>. Accessed July, 5th 2

Figure 6: Actors and Their Roles in MKFR in the GoG

Srl	Actors	Role
1	Pirate groups	Provide different skillsets ranging from intelligence gathering, navigation, and engineering, to actual armed attacks and hostage guard operations
2	Investors and sponsors	Provide financial resources to facilitate pirate attacks
3	Insurance and other financial companies	Provide KFR rider and war risk insurance for ships transiting the region. Owners using GoG are required to have specific piracy cover or risk six-figure payouts from own account.
		As the piracy industry continues to thrive, so does the insurance industry revolving around it.
4	Shipping companies (ship owners)	Make ransom payments to secure release of abducted crew
5	Middlemen (including shipping industry and pirate negotiators)	Set ransom rates and secretly facilitate hostage release at a commission. This situation creates a business incentive on all sides.

6	Independent or private security contractors	Benefit from increased demand to offer extra protection to ships traversing the region. Demand for private protection services in the GoG has increased as ship owners scramble to boost their security against attacks.
7	Local political and or traditional leaders as well as port authorities, local security and law enforcement operatives	Provide intelligence, insider information and offer political protection to pirates at a fee.

Source: *Authors compilation*

Combined, these actors create the demand and supply dynamics that further the MKFR ‘business’ in the GoG. The push factors including high unemployment in the region, corruption and mismanagement of state resources, as well as marginalization and social injustices, combine with weak security and law enforcement in the maritime domain to generate the demand for piracy. On the other hand, the payment of ransoms by ship owners, who are covered by marine insurers backed by other financial institutions constitutes the supply side of the KFR industry that continues to bankroll pirates and their collaborators who are then able to undertake more daring and sophisticated attacks. The net impact of such an industry reflects in the high cost of goods and services and consequently, high cost of living experienced by the average citizen in the GoG. However, these unique roles and their effects are often neglected in the analysis on piracy in the GoG, distorting the policy propositions that are often proffered. Nonetheless, a cursory analysis reveals that piracy in the GoG could not assume its current proportions if ransom payments were curtailed. While some western states have a no ransom payment policy, the dilemma of paying ransoms remains a contentious and often neglected subject.

⁴⁷Aning, K. (2020) Enhancing Maritime Safety and security in the Gulf of Guinea: A threat assessment synopsis. Unpublished briefing notes.

⁴⁸Op.cit. Aning, K. (2020)

⁴⁹ibid

⁵⁰Kwarkye, S (2022). West African coastal terror attacks: just the tip of the iceberg, ISS

⁵¹Askins, S. (2020) Nigerian Piracy – Have we reached a tipping point? Tatham&Co. Available at: [\(Nigerian Piracy – Have we reached a tipping point? - Tatham Law](#). Accessed December 5th 2022

⁵²ibid.

Ransom Payments in the GoG

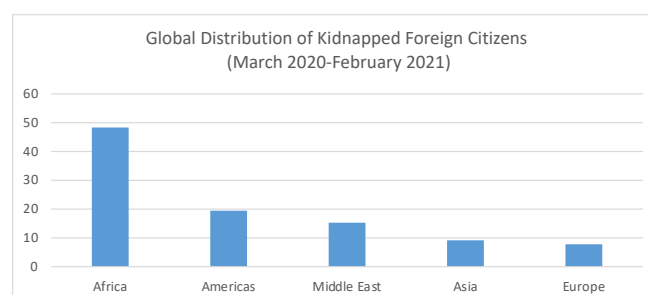
Getting a complete picture of pirate activity in the GoG is not easy; however, there are some developing trends. Pirate gangs receive information on ships transiting the area and typically aim for those without armed escorts. Once hostages are kidnapped, the length of time taken to secure their release has crept up from around 25.5 days in 2016 to 33 days in 2019⁵¹. Towards the end of 2018, captured crew were kept for almost 40 days. During the capture of the *Anuket Amber*, crew were held for 64 days and the *Pomerenia Skybeing* for 54 days⁵². This obviously has implications for how kidnapped crew are kept, as they are exposed to the swampy environment with its attendant illnesses and other unsanitary conditions. This has led to some reported deaths as happened from the *Indian Duke* also crew member who is reported to have died in adverse conditions⁵³. Thus being held in the jungle of the Niger Delta comes with different risks than being held aboard the hijacked ship. Added to this is the direct costs of feeding the hostages as well as securing them against attacks by rival pirate gangs⁵⁴.

Nigerian kidnapping of crew is *transnational*, as it involves foreign nationals and the incidents are usually resolved outside Nigeria⁵⁵. The kidnappings follow rules and like Somali pirates their Nigerian counterparts understand that “...it is financially rewarding to develop a reputation for the decent treatment of hostages and keeping one’s word”⁵⁶. It means that if a ransom is paid then the crew are released. But negotiating with pirates is an art as captured below:

*Bargaining over the price of a hostage is a highly unusual bartering situation. There is a single seller and no close substitute for the hostage.... There are no clear rules or norms to structure the negotiation.... Even without the problem of establishing trust and a cooperative bargaining protocol, price setting is fiendishly complicated. The buyer’s and seller’s reservation prices are private knowledge. Price targets may shift over time.*⁵⁷

Unlike in Somalia where both crew and ship were hijacked, the GoG has mostly crew ransomed. On average, between US\$30,000 and US\$50,000 per head appears to be the norm⁵⁸ even though ransom may vary sharply according to the price set by pirates, the importance of the crew to the shipping company and other intervening factors. Again unlike Somalia, the gang leaders stand the risk of being caught by maritime authorities or rival gangs; hence, the leader has just about a month to maximise profits. Below chart shows the global distribution of kidnapped foreign citizens.

Figure 7: Kidnapped Foreign citizens – Global Distribution (March 2020-February 2021)



Source: UNODC Hostage Support Partnership

When it comes to insurance, the Oceans beyond piracy documents two main types of insurance most commonly taken out by ship owners to cover their vessels against piracy. These are War Risk insurance and Kidnap for Ransom - K&R insurance⁵⁹. While policy details vary on an individual basis, these two primary types of piracy-related maritime insurance cover claims in West Africa similar to those they cover in the Indian Ocean. The current War Risk Area for the West African GoG region is defined by the Joint War Risk Committee- JWC as Togo, Benin, Nigeria, and the Gulf of Guinea waters of the Beninese and Nigerian Exclusive Economic Zones north of Latitude 3N⁶⁰. This definition was established in the Joint War Risk Committee Circular JWLA21, released in June of 2013. K&R insurance policy specifically covers the payment of ransom to ensure the release of crew members taken hostage. Additionally, K&R policies may cover related costs, such as in-transit loss of ransom money, crisis consultants, legal liabilities, and additional expenses including, but not limited to,

⁵³Natu, N. (2020) Mumbai: Pirates forced 18 Indian seafarers to camp near crocodile-infested swamp in Nigeria. Available at: https://timesofindia.indiatimes.com/city/mumbai/mumbai-pirates-forced-18-indian-seafarers-to-camp-near-crocodile-infested-swamp-in-nigeria/articleshow/73239638.cms?utm_source=twitter.com&utm_medium=social&utm_campaign=TOIMobile. Accessed January 20th 2022

⁵⁴Op.cit. Askins, S. (2020)

⁵⁵Shortland, A. (2019). *Kidnap: Inside the ransom business*. Oxford University Press.

⁵⁶Ibid

⁵⁷Op.Cit. Shortland, A. (2019)

⁵⁸Ibid

⁵⁹OBP (2013) The State of Maritime Piracy. Available at: <https://oneearthfuture.org/research-analysis/state-maritime-piracy-2013> Accessed January, 20th 2022.

⁶⁰Op.cit. OBP (2013)w

death and injury to crew members, as well as rehabilitation costs⁶¹. In effect such high insurance premiums on the ships traversing the GoG has proved to be inimical to the general economic development of states in the GoG. Notwithstanding above, improvements in the arrest and prosecutions of pirates has seen an improvement with the enactment of the anti-piracy law in Nigeria. The Suppression of Piracy and Other Maritime Offences Act of 2019 (SPOMO) has to date been able to convict 13 pirates on two separate hijacking cases⁶².

The Ethical Dilemma of Ransom Payments

Ransom payments are conducted under very strict rules of secrecy, making it difficult for governments and law enforcement agencies to intervene. Thus, whereas MKFRs are usually reported, little is known about those who arrange and manage ransom payments. Nonetheless, this does not preclude further interrogation on whether ship owners and governments should pay ransom to pirates who kidnap their crew. What should be the overriding concern when deciding whether or not to pay ransom? Should the principal concern be on the overall threat it poses to countries in the region and beyond, or the immediate risk it poses to the life and safety of kidnapped crew? Those who argue in favour of paying ransoms approach the debate from a humanitarian perspective – human life is important, or a purely business sense – ransoms could easily be absorbed as part of operational costs and passed on to the consumer. On the one hand, this argument is based purely on rational choice, where decisions are made on the basis of a deliberate estimation of the tradeoffs between paying ransom or suffering the consequences of losing important crew and disrupting business operations or suffering loss of investment. On the other hand, those who argue against ransom payment consider its enabling capacity for pirates and the wider implications on maritime security.

These raise further difficulty on what constitutes the right policy on ransom. Additionally, it is important to assess the legal and political environment within which MKFR occurs to understand the institutional structures available to support businesses that fall

victim to this menace. In the GoG, there is currently no officially established position on the legality or otherwise of ransom payments. Regional leaders have yet to express a policy stance on ransom payments, and it is not clear what measures are in place to support ship owners in this regard. This has essentially created a ‘self-help’ situation where governments and ship owners are left to define their response to the problem, often taking matters in their own hands. In cases where these ransom paying networks are intercepted or disrupted, collusion and corruption at the political level usually leaves the suspects off the hook and serves as a disincentive to well-meaning law enforcement officials⁶³. a few years ago, in the Gulf of Aden, shipping companies commonly paid ransom to retrieve their vessels from Somali pirates, with the going rate for a large merchant ship believed to have been around US\$5 million⁶⁴. For them, and for oil companies working in the Niger Delta, ransom is one of the recognized costs of doing business. Some Nigerian employees have been kidnapped and released several times. These companies are inclined to pay up quickly, rather than engage in the long, delicate negotiations to reduce the ransom amount. But what these companies pay, ends up setting the price kidnappers expect, regardless of what organization their victims work for. There are security companies that, for a fee, will advise on and assist with ransom negotiations. While their job is to reduce kidnappers’ demands as much as possible, these professional negotiators oppose legislation criminalizing the payment of ransom. They point out that various attempts over the years to outlaw ransom payments have failed to achieve their aim, largely because the families of victims - even when threatened with prosecution - will always find a way to pay⁶⁵. In spite of the lack of a regional position on ransom payments, there is no doubt that the continuous payment of ransoms has set off a vicious cycle of MKFR in the GoG, with each transaction inspiring another transaction.⁶⁶

Frameworks on Maritime Kidnap for Ransom

At the international level, the United Nations (UN) Security Council, in its first ever resolution dedicated explicitly to kidnapping for ransom by terrorists,

⁶¹ibid

⁶²These are the conviction of 3 pirates involved in the hijacking of the MV Elobey and 10 persons in the capture of the Hailefeng II in August 2020 and July 2021 respectively.

⁶³Interview with Naval officer, Lagos, Nigeria, November 2021.

⁶⁴Mellon C, Bergen, P & Sterman, D. (2017) To pay ransom or not to pay ransom? An examination of Western hostage policies. Available at: <https://www.newamerica.org/international-security/policy-papers/pay-ransom-or-not/>. Accessed July, 15th 2021.

⁶⁵The New Humanitarian. (2013) Aid worker kidnappings rise fuelling debate over ransom. Available at: <https://www.thenewhumanitarian.org/news/2013/03/21/aid-worker-kidnappings-rise-fuelling-debate-over-ransom>. Accessed June 20th 2021.

⁶⁶Rukmini, C. (2014) Underwriting Jihad: Paying Ransoms, Europe Bankrolls Qaeda Terror. The New York Times,

⁶⁷UNSC. (2014) Security Council Adopts Resolution 2133 (2014), Calling upon States to Keep Ransom Payments, Political Concessions from Benefiting Terrorist. Available at: <https://www.un.org/press/en/2014/sc11262.doc.htm>. Accessed February 1st 2022.

adopted Resolution 2133 of 2014 calling on states to take measures to prevent terrorists from benefiting directly or indirectly from ransom payments⁶⁷. It is however evident that the Security Council was solely focused on preventing and suppressing the financing of terrorism and did not anticipate MKFR as an active part of routine criminality at sea. This thinking has followed earlier international conventions and instruments on hostage-taking and kidnap for ransom which frame the subject within the scope of terrorism and terrorist financing. For instance, the International Convention Against the Taking of Hostages (1979), obligates states parties to recognize hostage-taking as an offense under their domestic law and cooperate in preventing it. Further the Algiers Memorandum on Good Practices on Preventing and Denying the Benefits of Kidnapping for Ransom by Terrorists⁶⁸, developed by the Global Counter-Terrorism Task force (GCTF) seeks to present some guiding strategies to deny terrorists opportunities for MKFR activity. But these were also seen as part of the international legal framework for countering terrorism. Likewise, the national, bilateral, regional, extra-regional and multilateral initiatives undertaken especially since 2013 to reduce the threat of piracy and maritime insecurity in the GoG through legislative processes, capacity building, and interagency cooperation have been silent on ransom payment and therefore proven less than effective in dealing with the current trends⁶⁹.

Consequently, there has not been an explicit international, regional or national legal frameworks that address the issue of ransom payments. While suspected pirates arrested in connection with MKFR could be prosecuted under national anti-piracy laws, there are major legal and political gaps that enables external parties such as ship owners, insurance companies and pirate negotiators to engage in ransom payments. Major among these is the failure to articulate a regional position on ransom payments that enables uniform enforcement of norms around MKFR.

Addressing Maritime Kidnap for Ransom: Policy Options

The nature of MKFR dictates that no one state can address it on its own. This necessitates devising a regional approach to addressing the problem. Any effective response to MKFR must appreciate the interplay of the push and pull factors engendering piracy in the region. Through the Yaoundé architecture, GoG countries have demonstrated the potential to address the problem of maritime piracy, within which MKFR occurs in the region. The case of the FV Hailufeng II⁷⁰ clearly illustrates that regional cooperation, collaboration and information sharing among the actors in the Yaoundé Code of Conduct (YCC) will greatly aid in curtailing pirate activities in the region.

Firstly, regional leaders in the GoG should articulate an unambiguous position on ransom payments that enables national governments to devise follow-up legal and policy actions. Such a position will compel external maritime actors operating within the GoG to conform to regional standards. Subsequent to the above, is the imperative of making MKFR a high-risk activity through the imposition of stiff sanctions on gangs and their collaborators who engage in the piracy business, as well as governments, ship owners and insurance companies who make ransom payments. This could be achieved through the promulgation and implementation of a region-wide legal framework. Due to the absence of a regulation prohibiting ransom payment in most GoG countries, foreign collaborators exploit this gap to negotiate directly with pirates in various countries without recourse to national governments, contributing to the worsening spate of MKFR in the GoG⁷¹. In this sense, the proposal by the Nigerian Senate to enact a law banning payment of ransom to kidnappers and making it a criminal offence for those connected with such payments is in tandem with international best practice against kidnapping⁷². The Amendment Bill to the Terrorism Act is proposed to make ransom payment a criminal offence⁷³. It is hoped that the Bill will also address the question of foreign actors who pay the ransom in MKFR cases. A more

⁷⁰The Chinese fishing trawler Hailufeng 11, licensed to fish in Côte d'Ivoire, was taken by pirates on Thursday, May 14 in the Ivorian exclusive economic zone with 18 crewmembers aboard – eight Chinese nationals, seven Ghanaians and three Ivorian nationals. Through rapid and engaged cooperation among a number of different African states and institutions, the vessel was tracked, and the Nigerian Navy was able to interdict it 140 nautical miles south of the Lagos Fairway Buoy at about 2210 local time on the night of May 16. for more information see: <https://www.maritime-executive.com/article/nigerian-navy-successfully-interdicts-maritime-kidnapping-attempt>

⁷¹Interview with Nigerian Official. November, 2021

⁷²Editorial Board (2021). The Ethical dilemma of banning ransom payments. Available at: <https://guardian.ng/opinion/ethical-dilemma-of-banning-ransom-payments/> Accessed January, 2022.

⁷³The amendment bill states that “anyone who transfers funds, makes payment or colludes with an abductor, kidnapper or terrorists to receive any ransom for the release of any person who has been wrongfully confined, imprisoned or kidnapped is guilty of a felony and is liable on conviction to a term of imprisonment of not less than 15 years”. The bill has passed its second reading in the National Assembly.

sustainable approach to addressing piracy, and thus, MKFR is for states along the GoG to address the structural and proximate causes of piracy. It is an open secret that the epicenter of piracy along the GoG is from the Niger Delta where years of deprivation and exploitation of oil and gas has triggered the recourse to piracy among other vices. However, this state of privation is not limited to Nigeria alone, explaining the transnational nature of piracy in the GoG. Without addressing these root socio-economic concerns, any kinetic approach in dealing with piracy and attendant MKFR will instigate a migration of the threat to other vulnerable areas on land and at sea. It must also be noted here that the Nigeria has taken some bold steps⁷⁴ to curtail the piracy menace which should help reduce maritime insecurity in the GoG, though there are always fears of threat migration.

At the operational level, there is the need to utilize the mechanisms under the Yaoundé Architecture to promote active information sharing between ship masters and maritime law enforcement agencies in the region to facilitate quick response to pirate attacks. This will require building trust between the various structures in the incident reporting mechanism, which has hitherto been hampered by mutual suspicion among maritime agencies at various levels. Other interventions such as the Best Management Practices (BMP) for West Africa has been produced to help ships and seafarers avoid becoming the victims of maritime security incidents in these waters. The BMP aims to help ships plan their voyage and to detect, avoid, deter, delay and report attacks. The use of armed escorts on board ships remains another contentious alternative as most states do not care to have armed personnel approaching their country. In essence, improved information sharing and better cooperation among the GoG states should help to curb this menace.

Conclusion

Maritime kidnap for ransom has become the main preoccupation of pirates in the GoG, generating a multi-million-dollar industry that benefits a gamut of actors. This industry is creating a self-perpetuating cycle that has enabled pirate activity to increase in sophistication and operational reach. In spite

of the increasing attacks on shipping vessels and kidnapping of crew over the past decade, not much is known or disclosed about ransom payments even though it is an entrenched practice in the region. This paper has attempted to give an overview of maritime piracy in the GoG, discuss the political economy of maritime piracy as well as revisit the debate of ransom payments on maritime security in the GoG. By examining the demand and supply subtleties underpinning the piracy industry, the paper draws attention to other forces that may be contributing to the deteriorating maritime security situation in the region beyond the actual piracy attacks. While there is the need to implement measures to prevent pirate activities, articulating a clear regional policy on ransom payments will draw attention to the destabilizing effects of the practice on regional security and elicit an effective response to the problem of piracy financing.

⁷⁴These include the country's Deep blue project which is the first integrated maritime security strategy in West and Central Africa with the aim of tackling the incidences of piracy, sea robbery, and other crimes at sea. for more information see: <https://guardian.ng/news/nimasa-reinventing-war-against-piracy-with-deep-blue-project/>

About the Centre

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About the Project

The three-year project on “Enhancing Regional Research, Capacity Building and Convening of Stakeholders towards a Safer Maritime Domain in the Gulf of Guinea”, covers the coastal countries in West and Central Africa and is being implemented through three key approaches: research, dialogue and capacity building. The project is primarily aimed at promoting a safer maritime security domain in the Gulf of Guinea. Knowledge-based products highlighting key maritime security issues are part of the research outputs in an effort to raise awareness at a policy, technical and operational level. Overall, the project recognizes that piracy and armed robbery in the Gulf of Guinea continue to be significant threats not only to the economies of Guinea countries, but also regional and international shipping, necessitating a harmonized regional response to counter these threats.



