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## The Economic Impact of Modern Maritime Piracy

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I present the issue of quantifying the impact of modern maritime piracy practises on world trade. For this purpose the case of Somali piracy is investigated. Data is carefully analysed with the statistical methodology of modern empirical economics to identify the causal effect of pirate attacks on trade volumes and transportation costs. This is a good example for the detection of small causal effects that are drowned out by much larger fluctuations in the data, if these are not carefully removed. Furthermore, a gravity model for international trade is incorporated.

I find that piracy substantially reduces the amount of goods shipped through the affected area (average annual trade reduction of 4.3 billion USD from 2000 to 2019), while no significant effect on transportation cost can be found.

This research was conducted as part of my Master's thesis and is of relevance due to the long ongoing issue of appropriate anti-piracy measures. [T. Besley, T. Fetzer, and H. Mueller, "The welfare cost of lawlessness: Evidence from Somali Piracy", Journal of the European Economic Association 2015; A. Burlando, A. D. Cristea, and L. M. Lee, "The Trade Consequences of Maritime Insecurity: Evidence from Somali Piracy", Review of International Economics 2015]

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