Black Market

How the Charcoal Trade Fuels Al Shabab

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To take out al Shabab, one need look no further than charcoal. The United Nations has repeatedly called for countries in the region to disrupt the group’s trade in this environmentally destructive product, but, as the most recent Somalia UN Monitoring Group report revealed, such efforts have been lackluster. And so, with its patience wearing thin, the UN has now taken matters into its own hands by approving a naval intervention.

The trade in Somali charcoal is immense, amounting to at least $250 million per year, a third of which, according to UN estimates, lines al Shabab’s pockets. Most of the charcoal goes to buyers in the Gulf region, a dhow trip away from Somalia across the Arabian Sea. It circulates within the Gulf countries’ free trade zone and might then be distributed to markets in the Arabian Peninsula and further afield. In these markets, demand for Somali charcoal to fire meat grills and heat shisha pipes is particularly high because it comes from acacia wood, which burns longer and with a more pleasant aroma than charcoal sourced from most other regional suppliers. As a result, charcoal from Somalia sells for almost twice the price [2] of that from Sudan or Nigeria.

Al Shabab’s role in the Somali charcoal trade is significant. Even after setbacks in recent weeks—including the death of its leader Ahmed Abdi Godane at the hands of the U.S. military and its loss of control of Barawe, a port through which the group had conducted much of its business since it lost Kismayo in September 2012—it still profits from the charcoal trade. Al Shabab’s financial model of “cash-flow surveillance” ensures that it benefits at every stage of the trade. For example, the group controls most of the hinterland transport network for the product and is estimated to earn more than $25 million [3] per year through taxes on it. Some claim that charcoal is the largest contributor [4] to the group’s war chest. ( Levying taxes on businesses is another major source of funding. )

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