Developments towards regional maritime integration

Magnus Teye Addico

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DEVELOPMENTS TOWARDS REGIONAL MARITIME INTEGRATION
-WITH A CASE STUDY OF THE WEST/CENTRAL AFRICAN REGION

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THE WORLD MARITIME UNIVERSITY
MALMÖ, SWEDEN
DEVELOPMENTS TOWARDS REGIONAL MARITIME INTEGRATION
-WITH A CASE STUDY OF THE WEST/CENTRAL AFRICAN REGION

BY
M. T. ADDICO

Thesis submitted to the faculty of the WORLD MARITIME UNIVERSITY in partial fulfilment of the requirements for the award of the Master of Science degree (MSc) in General Maritime Administration.

Signature

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THE CONTENTS OF THIS THESIS REFLECT MY OWN PERSONAL VIEWS
AND ARE NOT NECESSARILY ENDORSED BY THE WORLD MARITIME
UNIVERSITY
To S. WALLA

for his untiring efforts at
regional maritime cooperation
in West/Central Africa.
PREFACE

There has indeed been a large volume of academic writing on the subject of international economic integration and various studies have been conducted and on-going on aspects of regional integration in shipping, particularly, one dealing with the development of a regional shipping line. However, there appears to be none of the writings devoted specifically to the systematic development of regional maritime integration to embrace all the economic and non-economic arrangements/policies that are possible. Yet, significant efforts are being made in a number of regions of the world, towards exploring regional approaches in dealing with the complex problems posed by the rapid technological and operational developments in shipping.

In this thesis, I have set out to provide a systematic background exposition and an analytical framework for formulating policies and dealing with the emerging phenomenon of regional sectoral integration in shipping. In particular, I have attempted in the first place to take account of leading contributions to the shaping of the subject as well as developments in international/regional cooperation in shipping. I have also attempted to provide a conceptual framework on which to base an analysis of a regional scheme for integrating maritime resources. The thesis contains a fairly comprehensive listing/appraisal of arrangements/policies that are possible under a regional maritime integration scheme, although it does not suggest that all these activities are necessary in all regional maritime integration schemes.
To meet the objectives, the thesis is informally divided into two main parts; the first part, made up of the first five chapters, is devoted to literature review, evolutions, generalizations/conceptualizations on the subject. The second part, consisting of the last two chapters, contains a case study of the West/Central African region. The region is considered as a whole and no attempt is made to analyse the maritime needs/problems of individual countries in the region, although brief appraisals are made on the economic significance of some of the countries. The second part also contains the conclusions that could be drawn from earlier chapters.

There is no emphasizing the point that the target of this study is to put into perspective the evolution and rationale for regional sectoral integration in shipping, particularly in West/Central Africa, and to appraise the various activities/arrangements that are possible under such an integration scheme. This is expected to assist in regional maritime policy formulation and future research studies on the subject.

MALMÖ
SEPTEMBER, 1985

M.T. ADDICO
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I am indebted to Prof. A. Monsef, my course professor, WMU, who supervised this thesis from the choice of the topic through to the end. His advice and guidance throughout the postgraduate programme has been invaluable. I am also indebted to Prof. E. G. Frankel, professor at MIT, USA and Shipping, Ports & Aviation Advisor at the World Bank, for placing at my disposal (during a two-month internship program at the Transportation Department of the World Bank, Washington DC.) statistical data relevant to the subject and making constructive comments on the draft.

My obligations to the writings of the various authors have been made clear by the citations in the text. My ideas on the subject have further been illuminated by discussions during the study period, with shipping personalities through visits to several shipping establishments in the UK, Danmark, USA, the Netherlands, Norway, Poland and Sweden including previous wide travel in West/ Central Africa as a member of the regional freight rate negotiating committee. The persons from whom I have derived benefit in the preparation of this thesis, are too numerous to mention names here. The above, however, are in no way responsible for any deficiencies that might be inherent in the study.

Finally, I owe a particular debt of gratitude to my wife, Gifty, who in the mid of motherhood, patiently produced this fine typescript at short notice and of course my baby Wilfred whose nocturnal cries were enough "alarm clock" calls to work!

M.T.A
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GLOSSARY OF TERMS & ABBREVIATIONS

ACP: African, Caribbean and Pacific group of States
AMPTC: Arab Maritime Petroleum Transport Company
ASEAN: Association of South-East Asia Nations
AWAFC: American West African Freight Conference; covering the US east and gulf coasts and West/Central African traffics
CEWAL: Associated Central and West African lines; covering traffic from all North European ports to Zaire and Angola
COWAC: Continent West Africa Conference; covering traffics from Bayonne to the North Cape including the Baltic, split into Northern and Southern sectors, the dividing point being Antwerp
COLREG: International Regulations for the prevention of collisions at sea
COMECON: Council for Mutual Economic Assistance
CSG: Consultative Shipping Group
ECOWAS: Economic Community of West African States
EEZ: Exclusive Economic Zone
ECA: UN Economic Commission for Africa
FEWAC: Far East West Africa Conference; split into two ranges: Angola - Cameroon and Nigeria - Senegal ranges

Flag State Control: Control exercised by a state on all ships registered under her jurisdiction

FOC: Flags of Convenience or OR - Open Registry
IAILA: International Association of Lighthouse Authorities
MARPOL: International Convention for the Prevention of Marine Pollution
MEWAC: Mediterranean West Africa Conference
MINCONMAR: Ministerial Conference of West and Central African States on Maritime Transport
MOU: Memorandum of Understanding on port state control entered into by the North Sea states

MTO: Multi-modal Transport Operator

NAMUCAR: Naviera Multinacional del Caribe

PORT STATE CONTROL: Control exercised by a coastal state on all ships calling at her port(s) aimed at enforcing minimum standards of operation on all ships according to international regulations

RCD: Regional Cooperation for Development

ROCC: Regional oil Combating Centres

SAR: Maritime Search and Rescue

SSR: Maritime Search and Rescue Region

SOIAS: International Convention on Safety of Life at Sea

STCW: International Convention on Standards of Training, Certification, and Watchkeeping

TSPP: International Conference on Tanker Safety and Pollution Prevention

UASC: United Arab Shipping Company

UKWAL: United Kingdom West Africa Lines; covering UK and Eire traffic

UNCLOS: UN Conference on the Law of the Sea

UNEP: UN Environmental Programme

WISCO: West Indies Shipping Corporation
CHAPTER 1. INTRODUCTION

1. 1 BACKGROUND TO THE STUDY

Regional Maritime Integration, from the standpoint of this thesis, could be viewed as a process of creating a single regional economic entity for shipping from two or more State economies which fall within the same shipping range, and sharing in a common shipping service/problems. Such a regional economic entity for shipping could be part of a broader regional economic community, or viewed as a definitive maritime region delineated with reference to physical, oceanographic, economic and other marine related factors, leading to a sectoral integration in shipping. The general concept, which is the focal point of this study, being however concerned with policy optimisation leading to efficiency in maritime resource use; particular reference to developing countries.

The attainment of objectives of such an integration scheme in shipping seems a complicated affair having regard to the many factors; political, social and economic deriving from both domestic and international sources, which beset most regional integration schemes. Quite a number of shipping personalities I have talked to in the preparation of this thesis, have highlighted the complicated nature of regional integration in shipping although I have found out that many associate regional maritime integration largely to the one task of establishment of a regional shipping line, which could earnestly be a complicated undertaking. This however, need not be the case,
for apart from the possible establishment of a regional shipping line (to generate economies of scale in the provision of shipping services to participating countries), there are quite a number of significant facets of shipping deserving regionalised policy treatment and which have indeed come under some forms of regional cooperation in recent years. These include:

(i) implementation of regional port State control for the control and elimination of sub-standard ships

(ii) implementation of ship-source marine pollution combat-ment measures

(iii) regional Marine Search and Rescue operation (SAR)

(iv) regional ocean service with regard to mapping, charting and geodesy

(v) regional maritime training institutions

(vi) regional marine research centres

(vii) regional approaches in the implementation of relevant provisions of the UN law of the sea convention

(viii) aggregation/pooling of cargo on a regional level and the rationalisation of sailings of individual shipping lines in the region

(ix) regional consultation machinery on freight rates and the regional protection of shippers' interests

The dominant position of shipping in the foreign trade of all countries cannot be overemphasised; accounting for an estimated 95% of all movements of goods in international trade. However the logistics/manpower requirements for the efficient and inevitable handling of ship-generated matters as above, on a national
level, are immense and might be beyond the reach of several countries particularly the capital deficient developing ones. Even where a country has the required resources, the tasks might be largely regional in character and might operationally call for a regionally integrated maritime policy. The above problems have been recognised and in recent years there has been a trend towards forging a regional approach in finding solutions to the problems of shipping in several respects. This trend towards regional cooperation finds expression in several parts of the world - in Europe, Asia, West/Central Africa, East Africa and South America/Carribean. (this is covered in chapter 2.4).

To buttress the aforementioned points notable writers and schools of thought on international maritime affairs, have in recent times called attention to the increasing need for a regional approach in handling international maritime affairs. Prof. Sturmejy noted that while regional cooperation is not easy (as various attempts at forming multi-national shipping lines and economic communities have vividly shown) the attempt is worthwhile, and in the case of the UNCTAD code of conduct for liner conferences, he asserts, "without regional cooperation it is certain that shippers in many developing countries are going to feel deceived". This is because a country along a shipping route, is in many cases just one of several served by a conference and only a few of developing countries, for want of resources for research etc, are able to stand up to liner conferences on a more of less equal footing. Furthermore the conferences' operational results are based on an aggregated
data involving countries on the shipping route, and such a
data gives an individual country little guidance on how to
react to conference freight rate demands. In this and other
similar circumstances, the disadvantaged countries could be
placed in a stronger position if they arrange to cooperate
among themselves.

It is in recognition of these problems that at the 10th session
of UNCTAD in Geneva 14-25 June 1982, a resolution (48x) on
merchant fleet development was adopted recommending that Govern-
ment of States members of UNCTAD take steps where appropriate to
implement recommendation dealing with regional pools, maritime
legislation, joint ventures and long term shipping arrangements.
A further resolution 106 (v) of UNCTAD V included a clause urg­
ing developing countries which are situated within the same liner
service area to pool information on cargo movements and service
requirements with a view towards developing joint sailing arrang­
ements to increase the competitiveness of their liner fleet.

In the technical field of marine environment protection, Sasamura
mentioned that the long term objectives of the International
Maritime Organisation (IMO), in this area, is to promote the
development and implementation of regional arrangements on
cooperation in combating pollution in case of emergency. The
problem of prevention/combate of ship-source marine pollution
is largely a regional problem since the dispersion of various
pollutants is controlled more by physical characteristics such
as currents and sea surface temperatures than by any other
sectors. Morgan stated that "if nations are expected to
to cooperate with each other to solve various problems in the ocean they must use some sort of regional approach, since obviously the oceans of the world comprise too large a unit to be treated as a whole. This is particularly so in the implementation of provisions of the law of the sea convention, in which case complicated baselines and ocean zones have to be delineated involving sometimes small islands and archipelagos. Large amount of resources are also required in the exploration of the ocean seabed.

Further, in the important area of creating the necessary national machinery to undertake Flag State and Port State control duties, a regional approach appears to be under increasing consideration. Prof. Vanchiswar 4/ noted that there are instances where a number of Governments in a region, while appreciating the importance and need for an effective maritime safety administration have expressed the following views:

(a) a number of countries in the region would have difficulties at the present stage in setting up appropriate national maritime safety administration due to non-availability of qualified personnel and on the grounds of economy

(b) a regional organization for the purpose can benefit all the member states even if in varying extents and

(c) such a regional organization can be more cost effective

There is no gainsaying the fact that a regional maritime administration as envisaged above, could constitute an institutional framework for dealing with regional problems of ship safety and
environmental protection, to the mutual benefit of all countries in that region.

Indeed, the economic problems of many countries emanate from resource constraints imposed largely by "smallness" in size. H. Myint 5/ identified that many of the underdeveloped countries are very small countries, with less than 15 million population each. Where small countries could come together in an integration scheme, they could eventually take advantage of economies of scale derived from larger resources and markets.

From analysis, Sapir and Lutz 6/ demonstrated that as each country specializes in the production of shipping service based on comparative advantage considerations, costs may fall in the long run as quality and quantity of services increases. However much of the analysis was based on conventional trade theory as "there simply has been no empirical work on the determination of comparative advantage in services", 7/. An extension of the analysis to an integration scheme would seem to suggest that a regional bloc of countries could generate considerable comparative advantage in the production of shipping services in relation to the rest of the world.

In reviewing the literature on this field, there appears to be lacking a formal presentation/development of this concept of regional maritime integration to highlight its strengths and weaknesses, appraise the required activities, and to provide a guide to particularly developing countries in a region who find the need to integrate their maritime economies/resources in order
to take advantage of economies of scale in shipping. The aim of this thesis is to attempt at contributing to knowledge in this field by providing useful background information on relevant aspects of the subject while paying particular attention to the evolution of maritime integration in the West/Central African region.

The remainder of this introductory chapter (section 1.2), helps to throw further light on the objectives of the thesis. It also serves as a reader's guide by presenting the outline/scope of the thesis and reviewing the methodology with an indication where these are located in subsequent chapters/sections.

1.2 PLAN/SCOPE OF THE STUDY

The study has been divided into seven (7) chapters. The next chapter (chapter 2), reviews work so far done and on-going in international maritime cooperation in order to put into perspective the evolution of international cooperation in shipping giving rise to regional approaches. The centres of maritime cooperation are separated into three categories; technical, commercial and one dealing with management of territorial sea and economic zone including cooperation in the exploration of marine resources. The chapter also briefly surveys the present extent of regional cooperation in shipping and ends with an introduction to the main task of the study – regional maritime integration. Chapter three ($) introduces the principles of international economic integration as it relates to the regime for shipping. The theoretical considerations include the
employment of traditional international trade theory to explain trade in shipping services as well as the principles behind a sectoral integration in shipping. A review is also made of the criteria for regional grouping including the various regional problems that are expected to be generated by such regional grouping.

In chapter four, (4) the institutional arrangements and policies for dealing with regional maritime integration is discussed. The chapter suggests the framework for the establishment of a regional maritime administration and looks at the various activities, technical/commercial, that have to be dealt with under a regional integration scheme.

The important task of appraising the performance of a regional maritime integration both ex-ante and ex-post is taken up in chapter five. The approach is to look at the statistical framework for analysing the effects of regional maritime integration on trade flows and balance of payments of particular countries in a regional bloc.

In chapter six, the particular case of the West/Central African region is considered. This region has had a short but impressive history of regional cooperation in shipping and envisaged future regional policies could effectively lead to an integration of the maritime economies of the region. The region also offers a clear example of shipping matters being dealt with under a broader regional economic community, viz the Economic Community
of West African States, ECOWAS and as a development in Sectoral Integration in Shipping under the Ministerial Conference of West/Central African States on Maritime Transport which extends to countries not members of ECOWAS but which fall within the same shipping range.

The last chapter presents a summary of various conclusions and recommendations that could be derived from the study.

Within the constraints of time and finance, particularly for field research, the study hopefully provides considerable background work on the subject which could be usefully further developed by field research undertaken over a longer time frame and with benefit of adequate resources.
Seafaring has been a vital part of human history and progress, going back over three millennia, for a simple reason: Man found out early enough that the most efficient means for moving people and materials in any quantity is by flotation in some sort of craft in the water. Indeed the basis for modern principle of marine transport, was set when the Romans determined it cost more to cart a large quantity of grain 75 miles by land, than to ship it by sea from one end of the empire to the other.

As civilization developed, commerce grew rapidly. People needed to move themselves and heavy things over great distance: stones and timbers to build towns, wine and grain to support lives, rock, salt, tin, copper, iron etc. People needed a suitable platform for finding and taking ocean resources. Commercial shipping began. Today ocean shipping accounts for some 95% of international trade in goods thereby making it to play a central and essential role in the economies of all nations.

It must be obvious that the advent of commercial shipping caused a continuous body of international custom or regulation to evolve over a long period of time. These maritime regulations survived wars, piracy, the rise and fall of empires and kings, because shipping has essentially become an international business transcending national boundaries. More so international maritime custom survived because, as Prof. Gold nostalgically puts it:
"it reigned on the sea where no King or Chieftain exercise continuous control. The mariners of all waters had common lives, fears, and experiences, guided by the sun by day, and the stars at night and regulated by the common customs of the sea merchants — the ancient sea law. This formed a system by itself, which centuries later would be absorbed in the various territorial laws of nation States."

However the customs which initially evolved through the experiences of the ancient maritime nations had increasingly failed to meet the varied problems of a rapidly developing international maritime trade. Even within the preceding span of less than two decades, the world shipping scene has undergone a dramatic change. In 1959, for example, there were about 36,000 ships of 100 GRT and more, aggregating about 125 million grt. Today the number of ships plying the same sea has increased to about 70,000 and the total tonnage now exceeds 400 million GRT. Quite obviously the density of shipping operation has increased in many sea lanes. Sizes of ships have also changed significantly. The largest cargo vessel in operation during 1959 was Universe Apollo of 104,500 dwt. Today the largest vessels in operation are mammoth tankers of some 500,000 dwt. Further, the composition of cargo carried by ships have expanded, ranging from general consumer cargo, raw materials, to oil, chemicals and various kinds of gaseous substances. Some of the cargoes which so many present-day ships carry are potentially most dangerous 10/.

Maritime accidents today are of disastrous proportions involving not only loss of lives and property but tremendous pollution to oceans and beaches. Little wonder then that nations throughout the world are gravely concerned about the need for more effective,
concerted action to prevent maritime casualties and to eliminate the pollution of the seas and beaches from the operation of ships.

It must also be noted that Man has not only navigated the oceans for commerce, but has also tried to appropriate large areas of it for his own varied uses, mainly fishing. Naturally, human nature being what it is, there were others who resisted these attempts. "what we know as the law of the sea today is essentially the response of international society to the need for regulating ocean navigation and the need for reducing conflicts arising out of the appropriation of ocean space" 11/.

In the aforementioned circumstances, the international community has found the need for increased cooperation in finding solutions to these largely international ship-generated problems; The concept of finding global solutions to global problems. International cooperation in shipping has indeed been growing rapidly following the expansion of international shipping in the years prior to world war II. This cooperation is carried out in three main fields:

i) **Technical field** : involving the safety of navigation, marine environment protection and related matters.

ii) **Commercial field** : dealing with optimal economic efficiency in the carriage of international seaborne trade by liner and non-liner carriers including the development of maritime infrastructure.
iii) **Ocean Management field**: dealing with delineation and management of territorial waters, exclusive economic zones and the exploration of marine resources.

2.1 **INTERNATIONAL COOPERATION IN THE TECHNICAL FIELD**

In the technical field of shipping, widespread unsafety of navigation, culminating in the sinking of several ships since the late 19th century, led to strenuous international effort in enacting standards of safety and of training for ship navigation and pollution prevention.

The cause of unsafety of ships was attributed to the ship, the environment/natural phenomenon and the navigator; more often a combination of these causes.

As far as the **ship** was concerned, earlier unsafety problems had to do with manoeuvrability/absence of loadline rules. In the circumstances, ships were made to carry more cargo than they were able to transport making them heavy and slow to manoeuvre, thus affecting their sea worthiness. It was reported that between 1873 and 1880, 534 British coal ships sank and 2,729 seamen lost their lives, in this circumstances. During the same period a total of 1,965 ships (among them 1,171 sailing ships) sank and 10,827 died.

Following the **work of Samuel Plimsoll** in 1870 which led to the 1876 British merchant shipping act/the Plimsoll Mark, the
the international community started to react. In 1930 the first international loadline conference was held prescribing rules to govern the weight of cargo that could be loaded on ships of various designs and under varied conditions. Today it is well recognised that it is not only the loadline which is important to safety of the ship in a seaway but also the condition of the hull, engine and other equipment such as fire fighting and life-saving equipment. These and other safety rules have since the 1930s come under constant International review and updating so as to keep pace with developments in shipping; as we shall see later under the activities of the International Maritime Organization.

The environment/natural phenomenon affect shipping by way of adverse weather conditions such as typhoon, storm, fog which also affect the movement of icebergs and visibility on a route. Natural phenomenon such as narrowness of channels vis-a-vis traffic congestion also affect shipping significantly.

In 1913, following the striking of an iceberg and subsequent sinking of the "Titanic" in the North Atlantic, coupled with the loss of 1513 lives (1912), the international convention on safety of lives at Sea gathered. In 1914 the international Patrol was established with responsibility to detect (drifting) icebergs as early as possible and to report on them to shipping. To be able to receive such messages, ships with more than 12 passengers or a crew of more than 50 had to carry a radio station. The requirements for radio telegraphy and radio telephoney equipment and procedures of today are much more advanced and
detailed.

The condition of the Navigator usually contributes to a marine casualty through deficiencies regarding knowledge, technical ability, health, temperament and attitude of mind. For safety, certain minimum standards of fitness for the task are clearly necessary. During the first half of the 18th century, requirements for the qualification of navigating officers and masters were developed. However, with bigger ships and increasing complexity, adequate knowledge has become most important. The navigator's health and conditions of services is another important factor as all the five senses of man may be impaired by ill health, or fatigue.

These questions have been taken over under the International Labour Organisation (ILO) which since the 1920s formulated a number of conventions dealing with the minimum age, 1920, the unemployment Indemnity (shipwreck) 1920, the seamen's articles of agreement; 1926, the Shipowners' liability (sick and injured seamen), 1936.

Today, comprehensive guidelines on standards of training, certification and watchkeeping of seafarers have been developed by the international community under the umbrella of IMO in conjunction with ILO. The ILO has also issued a more comprehensive convention on minimum standards; the ILO convention 147.

During the last 30-40 years since world war II, development in
size, number/density of sea traffic and speed of ships, coupled with the mass transportation of oil, chemical and gaseous substances, raised new international problems of wider dimensions; particularly that of ship-source marine pollution and the higher probability for grounding, collision, failure of engines, fire etc.

Faced with these problems, the UN in 1958 found the compelling need to deal more effectively and globally with the emerging technical problems of international shipping. It therefore established in that year the International Maritime Consultative Organisation IMCO, now known as the International Maritime Organisation, (IMO) since 22 May 1982. Since its modest start with 21 member States, IMO has steadily grown and its membership at present totals 125 States together with one associate member. The objective of IMO as provided for in article 1 of its convention are inter alia, to provide machinery for cooperation among governments in the field of government regulations and practices relating to technical matters of all kinds affecting shipping engaged in international trade; to encourage the general adoption of the highest practicable standards in matters concerning maritime safety and efficiency of navigation and the prevention and control of marine pollution from ships, and to deal with legal matters related thereto.

The existence of IMO enables the maritime nations to meet regularly and adopt measures which are of mutual benefit.
Since its inception IMO has come to be accepted as the natural focal point for discussing any new or improved procedures.

In 1966 IMCO (IMO) took over the work of the 1930 international loadline conference organizing a second such conference. In 1981 amendments to the International Loadline Convention was adopted giving attention to more parameters than total weight of cargo carried.

Further to the 1913 international convention on safety of lives at sea, IMCO/IMO introduced requirements for radio telegraphy and radio telephony equipment and procedures. Requirements for the safety of the ship and the fitting of ships with relevant equipment were elaborated in the Convention on the Safety of Life at Sea, SOLAS, 1974 as amended in 1978 and 1981.

In 1960 the International Regulations for preventing Collison at sea (COLREG) were adopted by IMO. These were thoroughly revised in 1972 and again amended in 1981.

In the field of training/watchkeeping IMO adopted in 1974 a recommendation on Basic Principles and operational Guidance relating to navigational watchkeeping. This was followed in 1978 with the international convention on Standards of Training, Certification and Watchkeeping (STCW). Other far-reaching conventions in this regard were introduced.

Further to the need for an international action to prevent
maritime casualties, was the increasing need to eliminate pollution of the seas and beaches, from the operations of ships. In little more than 25 years, the amount of oil transported by sea has increased in the order of 700% from 250 million tons in 1954 to more than 1,700 million tons in 1983. Most of this consists of crude oil which is exported from the country of origin to refineries in other locations. To carry this oil, the world’s fleet of tankers has also grown. In 1954 the world tanker fleet consisted of just under 3,500 ships totalling 37 million dwt tons. Today there are in the order of 7,000 tankers in operation, totalling approximately 340 million dwt. Ship size has also increased considerably from 30,000 dwt to today’s size of 500,000 dwt. Experience such as shown by the Torrey Canyon incident in 1967 and the Amoco Cadiz disaster in 1976, indicated that accidents involving oil spill can have serious effect upon the environment, life and damage such important resources as fisheries and towns for long periods.

The international shipping Community has reacted to this threat posed by marine pollution within the framework of the IMO. The work programme of IMO in the field of marine Environment protection is directed towards the following: 18/

(1) to develop and adopt the highest practicable standards for the prevention and control of deliberate and accidental pollution from ships and other equipment operating in the marine environment

(2) to encourage Governments in the effective implementation and the related measures
(3) to promote co-operation among Governments particularly at regional level, for combating pollution in cases of emergencies

(4) to provide assistance to developing countries in order to meet the objectives of IMO mentioned in 2 and 3 above


The new convention covers all the technical aspects of pollution from ships, except disposal of land generated wastes into the sea by dumping.

In March 1977 the United States, after a series of tanker accidents in or near United States Coastal waters in the winter of 1976-1977 requested IMO to take international action to Improve Tanker Safety and pollution prevention. A subsequent conference, the international conference on Tanker Safety and Pollution Prevention (TSPP) February 1978, led to the adoption of two instruments, commonly referred to as the SOLAS protocol, 1978 relating to the international convention for safety of life at sea, 1974 and the MARPOL protocol of 1978 relating to the international convention for the prevention of pollution
From the foregoing it is clear that IMCO and now IMO is the agency that has taken and takes care of safety of navigation and marine pollution prevention matters on an international level. Nonetheless other international organisations such as the International Labour Organisation (ILO), UN Environmental Protection Programme (UNEP), World Health Organisation (WHO), International Chamber of Commerce (ICC), have been cooperating with IMO on specific aspects of international cooperation in the technical field of shipping.

For instance, basic international rules on health, safety, welfare, remuneration and leave, repatriation of seafarers etc. are administered by the ILO, World Health Organisation (WHO) in conjunction with IMO. Actual payment and conditions of seafarers may also be monitored by trade unions under the umbrella of the International Transport Workers Federation ITF, concentrating particularly on some "open registry" ships.

2. 2 INTERNATIONAL COOPERATION IN THE COMMERCIAL FIELD

In the commercial field of shipping, international cooperation has not been as exacting as in the technical field, discussed in the previous section. This is largely due to the divergent economic/commercial systems operating in the different parts of the world which have no doubt affected shipping. The concepts
of free competition vs protectionist policies have affected, in no small measure international cooperation in the commercial field of shipping. Developments under the UNCTAD in this field has led to the grouping of nations according to the particular views held on commercial shipping. We thus encounter three main Groups: centrally planned economy countries of Eastern Europe, (Group A), market economy countries of Western Europe, the US, and Japan, (Group B) and the Group of 77 representing some 120 developing countries.

Despite this divergent views, international cooperation has resulted in significant developments towards finding solution to commercial problems of shipping. Such activity is focused on the commercial practices involved in the carriage of goods and passengers at sea. Like in the technical field, the first merchant shipping act of the UK passed in 1840 has been the basis of much of international regulations in this regard.

The Bill of Lading clauses constituting the Hague rules of 1924 is one of the most significant results of international cooperation in commercial shipping. Until the 1920s, the carriers used to issue Bills of Lading which virtually repudiates all risks involved in transporting cargo by sea. The US passed the Harter laws to redistribute the risks; these developments led to the international conference in the Hague which adopted the Hague Rules. The rules redistributed the risks as follows: Ship to bear 35% of risks while shippers bear 65%. The Hague rules and its modified version the Hague-Visby rules (1968) was reviewed by the Hamburg rules (1979) (yet to come into effect) and sought
to redistribute the risks as follows:

- 55% to be borne by shippers
- 45% to be borne by ship

International work dealing with commercial law has been coordinated by the CMI (Comité Maritime International) established as early as 1896 to work towards the unification of maritime law. Although the CMI is a private non-government organisation, its work has contributed immensely to international cooperation not only in the commercial field but also in the technical field.

In April 1965 the UN established the UNCTAD committee on shipping which has the task of coordinating international activity in the commercial field of shipping. The UNCTAD and its committee on shipping provided a forum where all parties involved in maritime transport; governments, shipowners, shippers and port authorities could meet to discuss, negotiate and elaborate international measures to meet the concerns of the developing and developed countries. 20/

Deliberations in UNCTAD took place in a general atmosphere of "rich-poor" confrontations and negotiations. W.R. Malinowski described such confrontations as "situation in which the interest of various groups formulated either as demands or as defense of the status quo. Each participating group looks for ways and means to obtain total or at least partial satisfaction. Such a situation may lead to deadlock, to unilateral actions, or to accommodation and reconciliation of interest through
negotiations. This confrontation is the opening of the road to progress.

International cooperation under UNCTAD has invariably touched on maritime issues which have generated widespread divergent views. These issues are summarised below:

(a) the code of conduct for liner conferences signed in 1974 and which entered into force on October 6, 1983; designed not only to regulate the practices of liner conferences throughout the world, but which also developed the 40-40-20 rule. This rule is designed to share out liner cargo services more equitably on a 40% export State, 40% import State; and 20% cross trade basis. At the time of entry into force, only two industrialised countries of Europe had ratified it viz Federal Republic of Germany and Netherlands, reflecting the extent of divergence of interests on this convention. This is because while the code will to some extent, benefit developing countries which are in the process of building up their fleets, it would certainly harm traditional cross-trading nations.

(b) a code of conduct in the Bulk trade which is currently in progress, aimed at regulating the dry bulk trades to achieve a more equitable carriage by all lines involved in this trade. In this process, the developing countries are asserting that as the main dry bulk exporters, they should have a larger share of the carriage of such cargoes; which make up some 80% of
the total tonnage carried in seaborne trade. Although this negotiation is still in its early stage, there are indications that there is considerable resistance by traditional bulk shipping states to this proposal; arguing that the bulk trades are "free" and open to new entrants without barriers and as a result a resolution affirming this principle (conference resolution 12V) was adopted by majority vote. However a further conference report indicated that the bulk trades may not be as free as formerly supposed. The negotiations continue.

(c) the problem of forging a genuine link between flags and management of ships - the open registry or flags of convenience issue which has become highly controversial. At the UNCTAD, the developing States have demanded the rapid phasing out of open registries or the prescription of minimum conditions for accepting vessels on national registers through internationally accepted standards built in an international agreement. The issue was raised in UNCTAD as a result of concern over the fact that almost one-third of the world fleet was owned by non-national FOC owners who had little or no connection with the states whose flags their ships flew and whose precise role in world shipping was uncertain. It is asserted that the lack of control of sovereign states over open-registered vessels has a harmful effect on maritime labour, general trading patterns, as well as the safety of ships. An UNCTAD study showed that the expansion of open registry fleet, had adversely affected the expansion of other fleet, including those of
developing countries. Again it is thought that an international convention would infuse greater transparency and ensure accountability in the operation of shipowners possessing open registry fleets. There is fierce resistance to the move mainly from Group B countries who harbor the bulk of open registry owners.

(d) Multimodal transport and containerization; this is an international effort to set up legal rules for international multimodal transport. It involves harmonization of policy regulation on control of multimodal transport operation and Multi-modal Transport Operators (MTOs) including the increasing participation of national MTOs in multimodal transport of developing countries.

Other areas of international cooperation in the commercial field concerned international maritime legislation involving the adoption of the Hamburg rules already discussed, the protection of shippers' interests, the improvements in ports of developing countries.

The problems of international cooperation generated by the above issues, had a base in the attempt by UNCTAD shipping division to readjust the international shipping order more in favour of the developing States which are newly developing their maritime sector. Although the developed States, particularly the major shipping States have fought this trend, at times bitterly, the Group of 77 have had sufficient political power to ensure that the trend continues. Consequently consensus of opinion which is the hallmark of IMO's largely jeopardised
2.3 INTERNATIONAL COOPERATION IN THE OCEAN MANAGEMENT FIELD

Since the end of world war II, the ocean is viewed not only as a space to be transversed, but also as a resource to be conserved and as a natural environment to be preserved. This perception of the ocean has led to wide international, regional and national (coastal) regulation/control of navigation in coastal waters, as well as in certain parts of the high seas. The principles which form the basis of such regulations have occupied the attention of the international maritime community under the UN Conference on the law of the sea (UNCLOS) and the UN Seabed Authority.

The international ocean space can be constituted into four jurisdictional zones or regimes:

(i) territorial sea
(ii) functional zones
(iii) continental shelf and
(iv) high sea

The problems were tackled at the UNCLOS I (1958) and UNCLOS II (1960), UNCLOS III (1982) and led to adoption of

(a) a 12-mile territorial sea for coastal States, with foreign vessels being allowed innocent passage "through these waters for purposes of peaceful navigation".
(b) a 200-mile exclusive economic zone for coastal States, with respect to natural resources and certain economic activities and also jurisdiction over scientific research and environmental preservation; all other states would have freedom of navigation and over flight in the zone as well as freedom to lay submarine cables and pipelines. Landlocked states and states with special geographical characteristics would have the right to participate in exploiting part of the zone's fisheries when a coastal state could not harvest them all itself."

(c) coastal states would have sovereign rights over the continental shelf (the national area of the sea-bed) for the purpose of exploring and exploiting it without affecting the legal status of the water or air space above. The shelf would extend at least 200-miles from shore, and out to 350-miles or even beyond under specified circumstances.

(d) the legal status of the sea-bed and ocean floor beyond the outer limits of the continental shelf and Exclusive Economic Zone is subject to international regime created to govern the management of the natural resources. It required international cooperation to bring about a regime to regulate the activities on the ocean because of the very characteristics of the ocean; being too vast to be treated as a whole by one individual state. Certain geographical features such as archipelagos call for cooperation in their delineation to avoid conflicts among states. The convention indeed states
intensalia that States shall co-operate on a global basis and, as appropriate, on a regional basis, directly or through competent international organisation in formulating and elaborating international rules, standards and recommended practices and procedures consistent with the convention 23/.

It is important at this juncture to have an overview of the work done so far in regional cooperation in the matters specified above. In this regards developments in Regional Cooperation is taken up in the following section of this chapter.

2.4 PRESENT EXTENT OF REGIONAL COOPERATION IN SHIPPING

In the previous sections, it would be noticed that much of the effort in international maritime cooperation has been directed towards the development of global standards for maritime operations. The implementation of these standards however, appears to be a different ballgame altogether: broad international cooperation has been largely ineffective on the implementation side largely for reasons adduced in chapter 1.

In recent years there has been a trend towards regional and subregional cooperation in implementing measures for developing, regulating/controlling the maritime sector. In this regard countries in a regional bloc have in varying degrees, attempted to harmonise their policies on maritime issues including the pooling of resources for joint maritime operations. This has so far been carried out mainly in the commercial field of
shipping.

Arrangements for regional cooperation in shipping appear to range from international joint ventures for fleet development involving two or more countries in a region, establishment of a regional shipping line to serve the trade of member states, to broader cooperation within a region involving harmonised maritime policies regarding training and certification of seafarers, joint negotiations on freight rates with liner conferences and other carriers serving the region, port operations, protection of shippers interests through the formation of regional shippers' councils.

These regional cooperation in shipping are developed either as part of a broader regional economic union or as a sectoral development of shipping.

Joint ventures in the development of shipping lines are found in the Caribbean, the Middle East and the Pacific. 24/ Broader regional cooperation in shipping is found in the West and Central African, East African, and the ASEAN regions. In Europe, cooperation in shipping is developed as part of the broad Economic Communities viz EEC and COMECON.

In the CARIBBEAN two liner companies involving joint ventures of countries in the region, have been established. These are WISCO and NAMUCAR. WISCO is a joint venture involving ten (10) countries viz: Trinidad and Tobago, Antigua, Barbados, Dominica, Grenada, Guyana, Jamaica, Montserat, St Kitts, St Lucia and
St Vincent. NAMUCAR involves seven (7) countries viz. Costa Rica, Cuba, Jamaica, Mexico, Nicaragua, Trinidad and Tobago and Venezuela.

In the MIDDLE EAST, a major oil shipping company (AMPTC) and a major liner company (UASC) have been established. AMPTC includes Algeria, Bahrain, Egypt, Iraq, Kuwait, Libya, Qatar, Saudi Arabia and the United Arab Emirates.

UASC involves Bahrain, Iraq, Kuwait, Qatar, Saudi Arabia and the United Arab Emirates.

Further, in the PACIFIC region, the Pacific Forum line was established.

In South East Asia, broader arrangements for integration on a sectoral basis are under active consideration by countries of the Association of South-East Asia Nations (ASEAN), namely Singapore, Malaysia, the Philippines, Indonesia and Thailand. The ASEAN countries have evolved regional negotiations with particular shipping conferences and formed a regional shipowners association.

Three countries of Asia viz, Iran, Turkey and Pakistan have established a limited arrangements for sectoral integration under the Regional Co-operation for Development (RCD) - shipping is treated within the RCD.

In the East African sub-region, four countries (Kenya, Uganda,
Tanzania, and Zambia) established an Intergovernmental Standing Committee on Shipping (ISCOS) to negotiate with shipowners on their behalf. ISCOS member countries are all common users of the same shipping services.

In the West and Central African region, regional maritime cooperation among the 25 countries stretching from Mauritania down to Angola and including five landlocked countries, have been established by way of the Ministerial Conference of West and Central African States on Maritime Transport. The Ministerial Conference was set up in May, 1975 and cooperation involves the establishment of regional negotiations with shipping conferences; regional shippers council, regional institutions for maritime training, regional shipowners association. Cooperation also extends to harmonization of maritime policy on the regional level. This subject is further discussed in chapter 6.2.

In Europe, regional cooperation in shipping is carried out within the setting of the two Economic Communities on the continent, viz, the European Economic Community (EEC) and the council for mutual Economic Assistance (CMEA or COMECON). Integrated regional policy on shipping involving the EEC is evidenced in the Brussels package dealing with cargo sharing of the UNCTAD code of conduct for Liner Conferences, the Memorandum of Understanding on port State control (see chapter 4) which extends to other non-EEC countries of Scandinavia. There are also specialised non-profit making maritime organisations which coordinate regional cooperation in shipping. These include the European National Shippers' Councils, the Council of European
and Japanese National Shipowners Associations (CENSA). On other discussional levels, regional cooperation in shipping is carried out within the framework of the Consultative Shipping Group (CSG) which discusses shipping matters with the US on behalf of the European States.

Information on the above-mentioned developments in regional Maritime Integration, has not been available to evaluate their economic and financial implications. For instance it is understood that a number of the regional, multinational shipping companies have in recent years been losing money $25\%$. It is not so far known to what extent losses are due to initial starting up difficulties, the gestation period it takes for trade to build up, given particular market conditions, or to poor management planning, operations or uncommercial policies.

2. 5 **TOWARDS REGIONAL MARITIME INTEGRATION**

Cooperation connotes the making of joint efforts to achieve a common objective. Thus under a regional maritime cooperation, States in a regional bloc undertake to make joint efforts to achieve an optimality in the use of scarce maritime resources. International Cooperation can either assume a strong commitment on the parties or a loose undertaking to achieve an objective. There is no great obligation in this respect.

On the other hand, an integration connotes a process of bringing together individual parts or "forms into a whole". Regional maritime integration as opposed to cooperation
presuppose an obligation on the parties to fuse their individual maritime sectors into one whole or entity through unobstructed factor mobility among themselves.

Nations are known to cooperate since the dawn of history in various spheres of activity but the concept of regional economic integration is a post war concept. In a major study of the history of thought on economic integration, Machlup has been unable to trace a single instance of its use prior to 1942. However by 1950, "economic integration" was coming to be used more specifically as a term to denote a State of affairs or a process involving the combination of separate economies into larger economic regions. The move from cooperation to integration where appropriate, started to take root by then.

The implications of such an integration scheme in shipping are immense. This study postulates that nations which fall within the same shipping range and sharing in a common shipping service/problems could take advantage of economies of scale in shipping, both in the commercial and technical fields if they develop and maintain between them common guiding/protecting policies on maritime transport. It is further postulated that under regional arrangement in shipping obstacles to inter-regional trade could be tackled more efficiently. Problems bothering on capital deficiency in the development of shipping infrastructure as well as in the implementation of international maritime conventions could be solved more efficiently.

The following chapters deal with this subject.
International economic integration, as opposed to national integration (within the boundaries of a nation) refers to the integration of different nations in a regional bloc. According to Ingo Walter, the term, International Economic Integration has been used to refer to attempts by groups of nations, which may or may not be regionally cohesive, to eliminate or reduce restrictions to trade, payments and factor mobility, among themselves, while at the same time retaining most or all of these restrictions on transactions with respect to the rest of the world.

Robson noted that the term has been used at various times to refer to almost every conceivable aspect of international economic relations including trade and monetary relations, capital and labour movements and even international cooperation for such purposes as the control of pollution, the exploitation of the seabed and the regulation of international air transport. Robson further noted that since 1950 "economic integration" has come "to denote a state of affairs or a process involving the combination of separate economies into larger economic region".

Analytically, two main distinctions of international economic integration could be made:

(a) General or across-the-board integration extending the whole of productive activity and
(b) Sectorial integration of particular sectors of the economies under question eg agriculture, transport, industry, or energy.

We now look at the operational principles of each of the above two distinctions and how shipping, as a sector is dealt with.

3.1 GENERAL OR ACROSS-THE-BOARD INTEGRATION

This is the more apparent form of economic integration, prevalent in almost all the identifiable economic regions of the World, both developed and developing. It has a variety of arrangements including free trade areas, customs unions, common markets and economic union. Both free trade areas and customs unions involve the tariff-free movement of products in the area, but whereas in a free-trade area each country retains its own tariff against the rest of the World, in a customs union a Common External Tariff (CET) is adopted including the apportionment of customs revenue among the member States according to an agreed formula. In a common market, not only is there a customs union, but in addition, labour and capital may move within the union without restriction, so that factor as well as product markets are integrated. An economic union involves not only product and factor market integration, but a high degree of unification of monetary, fiscal and other policies as well.

From the economic standpoint, the primary incentive for States to enter into arrangements for integration is the prospect of
economic gain, in the shape of an increase in the level or rate of growth of output or of some component of it. For the group as a whole such gains may be derived from a number of sources:

(i) increased output arising from the better exploitation of scale economies
(ii) improvements in the terms of trade of the group with the rest of the world
(iv) forced changes in efficiency arising from increased competition within the group and
(v) integration-induced changes affecting the quantity or quality of factor inputs, such as increased capital inflows and changes in the rate of technological advance

The main features of the theory of international economic integration could be summarised as follows:

(i) it takes account of international factor movements
(ii) it envisages the co-ordinated use of instruments of national economic policy other than commercial ones including those of a monetary and fiscal nature and
(iii) it evaluates integration by reference to criteria other than that of efficiency in resource allocation

The theory of international economic integration is obliged to give special attention to international factor movements because, ultimately, it is unobstructed factor mobility that creates an integrated economy out of separate national economic entities.
The theory also gives particular attention to arrangements for the integration of policies in other major fields and does not limit itself to a consideration of tariffs and foreign exchange rate. The principal areas of economic policy to which an extension of integration measures is commonly found or advocated are:

1. Market policies
2. Structural policies
3. Income distribution policies and
4. Monetary and fiscal policies

The above policies manifest themselves in sectorial policies dealing among others with competition and transportation, agriculture, taxation.

Since World War II, regional economic groupings have emerged in virtually all parts of the world. In some instance, however, the anticipated economic benefits have been deemed of secondary importance, at least initially, and economic union has been considered primarily as a step in the direction of eventual political unification. Noticeable examples of general integration include the European Free Trade Area (1960), the European Economic Community, EEC (1957) and the Council for Mutual Economic Assistance (CMEA or COMECON) 1949. In the developing World there are several integration schemes including the Economic Community of West African Countries (ECOWAS) 1975, the Latin American Integration Association (LAIA) 1980, The Central American Common Market (1960), the Andean Group (1969) and the Carribean Common Market (1973). 22/
Several excellent books abound on the theory and practice of international economic integration and it is beyond the scope of this study to delve into further details on the various integration schemes. With the foregoing background appraisal, the intention at this stage is to analyze general integration policies as related to shipping.

(i) GENERAL INTEGRATION & SHIPPING POLICY

Under general integration, policies dealing with shipping are generally taken as an integral part of a total transport policy. In so doing there appears to be an inequitable emphasis placed on the various aspects of transport viz, ground, air, and sea-transportation. In several cases shipping comes second in priority to road transportation.

The main integration policy having to do with transportation concerns the coordination and harmonization of the various national transportation systems in order to eliminate the distortions induced by differing freight rates and other transport costs. It involves uniform legal and operational regulation of national transportation systems as well as the elimination of unjustified subsidies and freight rate discrimination.

The theoretical development in this regard, is based on the concept of economic distance defined in terms of transportation costs. No matter how potentially beneficial a general integration scheme appears from all points of view, there will be little scope for trade creation if passage of goods between the
partner countries is obstructed by inefficient or otherwise high-cost transport systems.

It is stated as a general proposition, that increased trade and specialization within an integration scheme, will be greater, the smaller the economic distance between member States.

Economic distance is often measured by subtracting the export value of goods being shipped by one country to other member States from their value (including all transportation costs and insurance) upon entry into the importing countries. The difference will roughly indicate the cost of transportation, handling, and insurance for each good involved in inter-union trade, ie

\[ D_t = V_t - E_t \]

where:

- \( D_t \) = Economic distance
- \( E_t \) = Export value of goods
- \( V_t \) = Gross value of imported goods

Simply put, transportation costs constitute the difference between the value of a commodity as it leaves the production point and its value as it arrives at its destination. The costs include such items as freight charges, insurance premiums, an interest provision for the time the goods are in transit, as well as loading and unloading costs. The scenario is more vividly described as follows:

Suppose the price of wheat is $2.00 per bushel in country A and $3.00 bushel in country B. Ignoring transportation charges, the
A price is $1.00 less than the B price. However by the time the 
A wheat reaches a given market in country B, its price might 
actually be equal to that of the competing B commodity — thereby 
eliminating its former competitive edge.

More generally, transportation costs cause international price 
relationships to differ from what they would have been in the 
absence of such charges. As such, they reduce the volume of 
trade, limit the gains to be derived from trade, alter the 
trading nations' respective economic structures and may under 
certain conditions even change the direction of international 
trade. In short, transportation charges importantly affect 
comparative costs and everything connected with them.

Precisely how transport cost or economic distance, bears on 
international trade flows can easily be demonstrated using 
figure 3-1.

Suppose the international cloth/wheat exchange ratio, the commodity 
terms of trade, came to rest at Pi with trade between country A 
and country B under way for some time in the absence of all 
transportation costs, A is producing at point R and consuming 
at S, while B produces at point W and consumes at U. Both 
consumption points of course, are located on the commodity terms 
of trade line. Now let us introduce transport costs. Their 
incorporation results in both an increase in the price of 
imported cloth for B and an increase in the imported wheat 
price for A, assuming all goods entering trade are sold on FOB.
INTERNATIONAL TRADE FLOW -
COMMODOITY EXCHANGE RATIO

COUNTRY A

COUNTRY B

FIGURE 3.1
terms. Hence, the commodity terms of trade—the price of export divided by the price of imports, move against both countries, from $P_i$ to $P_t$ for A, and from $P_i$ to $P_t'$ for B. A is now forced to consume along $P_t$ and B along line $P_t'$. A moves from consumption point S to $S'$ and B shifts its consumption from point $U$ to $U'$.

This assumes that domestic consumption of the export good remains constant in both countries. But since the relative price of the export product is lower in both countries with transport costs than without them, the likelihood is that more of the export good will be consumed in each nation. In A, the actual consumption point is thus likely to fall to the right of $S'$ on line $P_t$, while in B, the consumption points will probably fall to the left of $U'$ on $P_t'$. In any case the loss of consumption, as compared with the respective no-transport cost consumption points S and $U'$, is clear.

Production shifts from point $R$ and $R'$ in A and from $W$ to $W'$ in B. Both countries thus simultaneously reduce the degree of specialization in the production of that commodity in which they have a comparative advantage, and both are less well off as a result of the imposition of transportation costs. Transport charges, measured in terms of the two traded commodities, are $hh'$ bushels of wheat for A imports and $nn'$ yards of cloth for B imports. In the absence of transport costs, the ratios of commodity prices are identical in all trading nations, but with transport cost they are not. If the international terms of trade in the absence of transport costs are close enough to the
pre-trade domestic price ratio prevailing in one of the
countries, transportation costs can cause trade to cease
altogether. Finally, it should be noted that economic
distance normally does not effect the direction of trade,
but does influence the degree of national specialization
in production, and therefore economic structure.

The above discussion highlights the importance of transport
costs in international trade and with some 95\% of all
international trade movement being seaborne, the role of
shipping in international trade cannot be overemphasised.
But what determines the demand/supply of shipping services in
order to meet the objectives of limiting economic distance in
the framework of general integration. It is vital to under­
stand the factors affecting trade and shipping growth or
decline in order to develop a sound general comprehension of
the primary need for maritime commerce.

International seaborne trade worldwide totalled 3.21 billion
metric tons in 1982. This is in comparison to the high of
3.77 billion tons in 1979. Composition of world seaborne trade
is petroleum - 50\%, Dry bulk (dominated iron ore, coal and grain)
- 25\% and general cargo - 25\%. This means that 75\% of all seaborne trade is carried in bulk carriers/tramps - liquid bulk/dry
bulk. While 25\% is carried in liner vessels which provide regular,
scheduled service, including container carrying ships. 30/

Despite the above tonnage figures, the liner trades involve by
far, the largest proportion of world trade when measured by money
value, while the bulk trades account for largest portion of volume or tonnage.

**INTERNATIONAL TRADE IN SHIPPING SERVICES**

Out of the four main forms of international transaction, the international movement of goods and services is probably the most apparent and certainly the most important. Shipping is essentially a service industry and forms part of the international transaction involving the movement of goods and services.

However much of international trade theory which explains what goods and services countries will buy and sell in foreign trade concerns mainly the trade aspect. Sapir and Lutz in a study on international trade in services, noted that there has been no empirical work on the determinants of comparative advantage in services. Nonetheless, in a further analytic work Sapir and Lutz determined that conventional trade theory can go a long way in explaining trade patterns in services.

Infact despite the protectionism from which trade in services suffers, a number of economic factors do emerge as determinants of comparative advantage. These factors could be summarised as follows:

(i) Performance in shipping (as a major service industry) appears to be related to capital abundance. Shipping in itself is highly capital intensive and comparative advantage in shipping services is related to an economy's capital - labour ratio. Thus economies relatively well
- endowed with physical capital and human resources have a comparative advantage in shipping services.

(ii) There is a functional relationship between merchandise imports and shipping services. This is expressed in the existence of a threshold in merchandise imports below which it is uneconomical to own carriers and produce shipping services, unless such fleet is to be deployed in cross trading with advantage. In this case, all shipping services would have to be imported.

(iii) Freight costs per unit of imported merchandise vary according to the type of merchandise. Thus different types of cargoes move in different carriers. This points to a relationship between the share of manufactures in total imports and shipping services. Freight costs are also affected by location and this in turn has a bearing on comparative advantage factor in shipping.

From analysis it is shown that there are economies of scale in the freight industry. As each country specializes in the production of shipping services based on comparative advantage considerations, costs may fall in the long run as quantity of services increases. This suggests that integration of maritime resources of individual countries in a regional bloc, could lead to economies of scale in shipping and thereby result in a more efficient maritime resource use. But this will depend on several factors varying from region to region. For instance industrialized economies, operate in a range free of effect of economies of scale
in shipping due to the size of their imports or to the fact that they engage extensively in cross-trades.

Economic distance affects in lesser degree industrialized countries compared to developing countries since developing countries import mostly from industrialized economies and are located far away from them.

On the other hand, among industrialized economies, there is a strong dichotomy of trade partners location between European economies compared with Japan, Australia and New Zealand. Also the effect of trade composition on freight costs appears somewhat more pronounced for the developing economies than for the rich ones. This is probably the consequence of more varied industrialization levels and trade strategies among the former group. The above gives the indication that economies of scale derived from integration scheme in shipping would to a larger extent be to the advantage of developing countries compared to the developed industrialized ones.

Indeed it would suggest that, as developing economies accumulate human and physical capital, they will gain comparative advantage in shipping although one suspects that industrialized economies will generally retain their prominence in shipping, thanks to their technological lead and their abundance of physical and human capital.

(iii) GENERAL ECONOMIC INTEGRATION AND TRANSPORT POLICY IN EEC

As noted earlier on, the aim of transport policy under general
integration has been to coordinate and harmonize the various national transportation system in order to eliminate the distortions induced by differing freight rates and other transport costs. In the EEC full integration of the economies of the member countries into one unified regional economic grouping was to be achieved primarily through implementation of five basic measures, one of which is the above mentioned policy on transportation.

Infact in the area of transportation substantial progress has been achieved within the EEC. Each EEC-member government is deeply involved in the operation and regulation of transportation systems within its own borders. EEC efforts to eliminate any distortions to competition that might result from differing transport policies therefore affect the member governments in a very direct way. The EEC program for the integration of transport has gone a long way toward coordinating the member countries rail, highway, and inland/water way transportation, both with regard to the elimination of possible distortions of competitive condition, as well as with regard to the improvements of transport efficiency within the framework of the EEC as a whole. In both ways it promised to supplement and enhance the positive effects of integration in every respect.

As defined, it must be noted that the EEC constitutes more than one maritime region. The EEC area infact contains three regions which answer to the definition of maritime region (see section 3.2)
and this account in some way for the divergent interests which are to some extent present in the maritime sector. These concern mainly the question of subsidy to the shipping industry, ratification of the UNCTAD Code of Conduct for liner conferences (for which only three member countries have so far ratified), the extent of participation of lines in national trade/cross trading, etc.

Nonetheless, the EEC countries, in cooperation with Sweden, a non-EEC country, have succeeded in reaching agreement on port State control of ships. They also have common agreement on the implementation of the UNCTAD code through the Brussels package and a more or less common negotiating stand on maritime issues at international forums particularly at the UNCTAD and in maritime discussions with the US through the Consultative Shipping group.

3.2 SECTORAL INTEGRATION IN SHIPPING

Sectoral integration involves the harmonization/unification of policies of two or more States in a regional bloc, regarding a particular sector of economic activity.

The first significant sectoral form of economic union was the European Coal and Steel Community (ECSC) (1960). It was designed to integrate the Coal and Steel industries of Belgium, France, Germany, Italy, the Netherlands and Luxemburg. This involves implementing free trade in Coal and Steel products among participating countries through the establishment of appropriate and influential institutions. Indeed it was the success of the
ECSC which proved that some form of broadbased economic integration was feasible and desirable in today's world. The EEC grew out of the ECSC as a bold plan to unite the entire economies of the six countries.

This study is concerned with integration of the maritime sector of countries which are regionally cohesive. It must be noted that most general economic integration schemes are established or advocated partly for political reasons. In such cases, economic analysis are employed to identify and if possible, to quantify the economic effects and issues, so as to provide a basis for policy makers and others to judge whether the economic arguments reinforce or offset the political consideration. For this reason, it is possible for countries which are not regionally cohesive but share similar political ideas, to come under forms of general economic integration.

Furthermore since general integration extend over the whole of productive activity, sectoral policies with regard to shipping (as an integral part of a total transportation policy) is aimed at furthering the objective of the integration in every respect. In this regard, transportation policy is to lead to expansion of the scope for trade creation through the limitation of economic distance between the trade partners. This means that under general integration, shipping is viewed largely as servant of trade and policies are aimed at eliminating distortions induced by differing freight rates and other transport costs. However the characteristic of shipping as a servant of trade is but only one of the five main characteristics; the other four are
For shipping to contribute effectively to the trade and to the balance of payments of partners, all the characteristics of shipping must be taken care of through well coordinated set of policies/activities. The need for the development of shipping activities to effectively serve the trade of countries in a region is irrespective of whether the countries are organised under any general economic integration scheme. More so, the criteria for regional grouping for sectoral integration might differ largely from that behind general integration. The criteria for regional grouping for sectoral integration would largely be regional cohesiveness.

The attainment of objectives of sectoral integration would be two prong: (a) to raise efficiency of production of the sector (b) to increase the contribution of the sector to balance of payments of the countries concerned.

Experience gained from integration schemes might seem to suggest that sectoral integration would be more amenable to success particularly in developing regions, than an unwieldy general integration scheme for which little knowledge of all its ramifications might be present.

To carry the principles of sectoral integration further, the next two sections deal with (i) the criteria for regional
grouping for sectoral integration and (ii) the regional problems/policies arising in relation to regional groupings for sectoral integration.

3.3 CRITERIA FOR REGIONAL GROUPING

For regional approaches to be effective in finding solutions to sectoral problems, the appropriate region must be delineated. An individual region must have certain characteristics that distinguish it from other regions. Regional boundaries can be based on factors of physical geography or on economic, political or management principles. J. Morgan 34 identified two main types of regions: formal and functional regions.

Formal regions: are defined as areas of the earth surface characterized by homogeneity of some features of either physical or cultural geography, viz. climatic region, based on mean monthly temperature or precipitation figures; economic region such as an area delineated as a corn belt or a rice-growing region, etc. Cultural region described and delineated on the basis of certain aspects of culture such as language and religion.

Functional regions: are not necessarily uniform in characteristics, yet function as regions. Examples are a large city and its hinterlands or a port and the area it serves.

Political regions can usually be viewed as formal, in the sense
that a uniform set of laws established by a government ensures a degree of likeness of culture, economic activities, and life styles over an area of the earth's surface. The boundaries of the political region are simply the recognized boundaries of the nation, city, country, district or other political entity. Another type of region is the geostrategic region defined as a part of the world where "specific thrusts of national interests meet and interact with a geographically confined area with its own characteristics of terrain, land-sea distribution resources, and population distribution". Such a region has artificially drawn boundaries based primarily on military or security considerations.

MARITIME REGIONS
In sectoral integration in shipping, the criteria used to delineate the appropriate region, is based on the interface of the various problems to be solved. These problems, as noted in chapter 2, are categorized into technical, commercial and those dealing with ocean management.

By and large, a maritime region has to be delineated by considering a large number of physical, oceanographic, economic and political factors having a bearing on each of the categories of problem. The various factors/criteria are discussed below.

PHYSICAL FACTORS:
To delineate appropriate maritime region to deal with such matters as marine pollution, regional ocean service with
regard to mapping, charting and geodesy, physical factors have to be considered, viz: sea-surface temperature, ocean currents, tidal ranges, bathymetry, salinity, oxygen concentration, concentration of nutrients, plankton concentration, upwelling, and a number of other oceanographic parameters.

ECONOMIC FACTORS:
These have to do with the provision of optimal shipping services to the region based on a common shipping route and the exploitation of the mining resources of the seabed and fishery resources in accordance with the provisions of the law of the sea convention. Examples of economic factors are liner shipping route, fishery zones, regional concentration of hydrocarbon resources, tin mining, manganese nodules and waste-disposal area. The location, extent and intensity of the economic activity are the factors that determine the maritime regional boundaries.

CULTURAL FACTORS:
Cultural attributes such as language, religion and "life style" are not really appropriate for delineating a maritime region, but such activities as traditional fishing can partially delineate a region.

MANAGEMENT FACTORS:
These are associated with kinds of regulatory activity established by nations or international organisations to conserve for instance fishery resources, and regulation of waste disposed
to minimize pollution including port. State control of ships. These management factors have to be taken into consideration in delineating the appropriate maritime region since a single regional management regulatory body would be required.

**POLITICAL FACTORS:**

Individual nations have political jurisdiction over maritime activities both on land and in their territorial waters subject only to the requirement that innocent passage of shipping be permitted. The State establishes and enforces rules for most activities such as fishing, waste disposal, customs, law enforcement, scientific research etc. Where political factors predominate, delineating of maritime region would be based on the willingness of each State to relinquish relevant aspect of political power for maritime integration to be possible.

**GEOSTRATEGIC FACTORS:**

Virtually all coastal States recognize that some degree of seapower or control over ocean areas is vital to their security. For small nations, the area considered important lies close to their coasts, for the world powers the areas can be of immense proportions. Thus, the USSR and the US view the Indian Ocean and the Mediterranean Sea as geostrategic regions of great importance because of their characteristics and location. Strategic straits are in that category since control of them permits a country to exercise seapower over a much larger area on either side of the strait. Some straits are "choke points", in that one nation's naval forces can prevent passage of another's and thereby gain great tactical advantage.
The above mentioned factors are present in varying degrees in almost all regions of the world. It is possible to find most of the factors present in one country to the extent that, two or more maritime regions could be delineated with respect to that country. The United States and Canada are examples.

A pilot research group of the United Nations working on establishing a more useful international maritime transportation statistics have identified about 30 maritime regions worldwide. The United States, for instance, with its long coastline is divided into five maritime regions comprising:

(1) The US North Atlantic: from Portland, Maine to Newport News, Virginia, inclusive
(2) US South Atlantic: from Wilmington, North Carolina to West Palm Beach, Florida, inclusive and Puerto Rico
(4) US Pacific: from San Francisco to San Diego, California, inclusive
(5) North Pacific of North America: from Seattle, Washington to Portland, Oregon and Alaska and Canadian West Coast

Canada has two regions

(1) Great Lakes: Great Lakes and Upper St Lawrence of Northern America River ports above Montreal
(2) Canada Atlantic: St Lawrence River Ports, Montreal and Belowe, Greenland, St Pierre and Miquelon

It should be noted that the maritime region of North Pacific of North America is common to both the US and Canada.
In contrast to the above maritime regions found in just two countries, the whole of West and Central Africa from West Sahara to Namibia inclusive and the nearby islands constitute one maritime region homogeneously embracing most of the factors mentioned above. This region is given further study in chapter 6.

A comprehensive list of all the thirty maritime regions is given in appendix 3.1. A map showing delineated maritime regions for research purposes is shown in appendix 3.2.

In the broader sense as noted earlier the primary economic incentive for states to enter into arrangements for integration is the prospect of economic gain, in the shape of an increase in the level or rate of growth of output or of some component of it. For the sectoral integration in shipping, such gains may be derived from a number of sources:

(i) increased output from fleets of participating nations arising from specialisation according to comparative advantage

(ii) increased output of ports, feeder services and related infrastructure arising from better exploitation of economies of scale

(iii) improvements in the terms of trade of the group with the rest of the world through competitive freight rates, and provision of cost efficient shipping service

(iv) forced changes in efficiency arising from increased competition within the group
(v) efficient resource use in the implementation of port and flag State control of ships, and protection of the marine environment

(vi) integration - induced changes affecting the quantity or quality of factor inputs, such as increased capital inflows and changes in the rate of technological advance

Various activities and institutional arrangements have to be made to achieve the goals of a regional maritime integration scheme. Chapter four surveys these aspects of the subject.

3. 4 REGIONAL PROBLEMS AND POLICIES

A regional sectoral integration in shipping requires the unification and joint management both of maritime policy and of infrastructural development in Ocean-going shipping. This in turn entails further consequences moreso as it involves a limitation of national autonomy in maritime policy.

Regional problems generally express themselves in marked geographical disparities in levels and rates of growth of output, incomes and employment. Two major constraints on regional integration schemes have to do firstly with factor immobility between nations in a region and secondly national control over monetary and exchange policies. In this circumstance if exchange rates are flexible, trade among member countries takes place on the basis of comparative costs. Inter-country differences in factor earnings can be matched by exchange rate adjustments permitting full employment to be maintained but not necessarily
resolving the problem of income disparities.

In general, the implementation of a community regional policy requires:

1. Agreement on objectives
2. Agreement on criteria or indicators of qualification for benefit
3. The choice of instruments and
4. The provision of financial resources for carrying out the policy

The problem of assigning instruments of regional policy between the community and the national authorities also arises. The choice of instruments may be based on three broad approaches:

1. The use of market incentives
2. Administrative control and
3. Public investment in infrastructure or productive investment

In the maritime sector, the major set of regional problems concern the drawing up and agreement on objectives of the integration scheme. The objectives must be able to meet largely the maritime aspirations of participating countries. The objectives must take into consideration matters dealing with shipping services, traffic flow, ship choice, port development etc. Various national interests might come to play in the choice of objectives. The following national interests could be identified:

(a) States with nationally owned tonnages, trained personnel
and appropriate institutional framework might press for objectives which will make possible, efficient and economical operation of national flag vessels in the trade of the region. This means a policy which discourages other member states from establishing new merchant shipping capability.

(b) A state with a sizable trade compared to other members and a potential for substantial net freight exchange savings from shipping, would wish to develop its fleet. On policies dealing with cargo sharing, such a state will press for a higher proportion of carriage by its own fleet.

(c) Other states might be involved in bilateral arrangements or joint ventures with foreign countries outside the region, in the carriage of their respective foreign trade. Such arrangements would need to be reviewed to bring them in line with an integrated regional policy scheme.

(d) The special problems of landlocked countries would need to be considered. These problems concern the use of ports of member coastal states, participation of these states in joint ventures for the development of fleets etc.

(e) In a region where the objective is to establish a regional shipping line, particular problems would need to be resolved:

(i) the equity participation of member countries in the joint venture

(ii) the choice of appropriate technology for ships having regard to commodity flow, port and feeder infrastructure. This concern the choice between conventional, combined or fully cellular
container vessels, ro-ro, lo-lo, large carriers, etc. It will also concern choice of ship size to optimally serve the trade of the participating countries.

(iii) The choice of shipping routes and whether the regional line will seek membership of existing Conferences. The establishment of a regional shipping line is given further consideration in the next chapter.

(f) Geographical characteristics of the region such as, archipelago States, flow of currents and the presence of offshore installations would determine the technical objectives of the region regarding maritime safety and marine environment protection. From the foregoing, two principal issues need addressing:

(a) to what extent the characteristics of the countries in a region favour integrated maritime policies and

(b) whether integrated policies would lead to optimal maritime resource use; this concerns the scope for generating economies of scale in shipping.

Where the economies of countries are complimentary to one another, with each economy producing in a relatively narrow range of non-overlapping exportables, as is the case for developing countries, there is little scope for internal trade growth among them. Secondly where the countries operate under conditions of labour surplus and capital scarcity, there is little immediate
benefit to be derived from the implementation of a policy of a clear spread of investments among members through free factor mibility.

It is further worth noting that economic benefit expected from an integration scheme, have very often been deemed of secondary importance, at least initially, and economic union has been considered primarily as a step in the direction of eventual political unification. In this circumstance, the policies tend to be shaped and implemented in a way that hardly leads to an optimal resource use.

The above mentioned problems are best illustrated in the context of particular countries in a specified region based on an empirical study. This is attempted in chapter 6 for the West/Central African region; The framework for the analysis is given in chapter five (5).

Meanwhile, it is necessary at this juncture, to survey the range of institutional arrangements that are possible within the context of a regional maritime integration. This is taken up in the following chapter, chapter four (4).
CHAPTER 4. INSTITUTIONAL ARRANGEMENTS FOR REGIONAL MARITIME INTEGRATION

There are varied levels of institutional arrangements that could be made to achieve the aims of a regional integration in shipping. The required institutional arrangements would depend on several factors, importantly, the integration scheme that is in effect, viz: general integration extending the whole of productive activity or a sectoral integration of the maritime sector. In a sectoral integration scheme, the institutional arrangements would depend on whether the aim is to view shipping in its all-embracing form covering technical/safety matters, commercial and legal aspects or that, only a segment of the shipping sector is considered such as a regional arrangement to implement safety standards or to operate a regional shipping line.

In an economic community such as the EEC, shipping matters are dealt with as part of a general transportation policy. In the Economic Community of West African States (ECOWAS), a shipping division has been established to deal with commercial shipping matters including the possible establishment/operation of a regional shipping line. These two economic communities offer concrete examples of general integration treatment of shipping, already discussed in chapter 3. The management needs are largely met by the general secretariat of the economic community.

However in the North Sea region of Europe, incorporating both EEC and non-EEC countries of Scandinavia, a need was felt for
a regional arrangement on an aspect of shipping which transcend EEC boundaries. This regional arrangement on port state control of ships is enshrined in the Memorandum of understanding (MOU) of 14 countries of the EEC and the Nordic countries, mentioned in chapter 2.

Similarly in the West and Central African region, the Ministerial Conference of West and Central African States on Maritime Transport incorporates States which are party to ECOWAS as well as countries outside the community. The Ministerial Conference with a Secretariat in Abidjan was established to deal with specific aspects of shipping. The achievement of its goals means considering maritime factors which transcend ECOWAS boundaries.

Depending therefore on the goals of the maritime integration scheme, appropriate institutional arrangements could be set up to formulate and implement policies. This could mean the establishment of a form of regional maritime administration to be supervised by a council of ministers representing all the member States. The regional maritime administration should be in a position to undertake all the required maritime activities for and on behalf of the member States. The maritime activities could be placed into the three categories already referred to viz: Technical, Commercial and Ocean Management.

4.1 TECHNICAL ARRANGEMENTS

It is possible for a regional maritime integration scheme to be concerned solely with Technical matters of safety of
navigation and prevention/combatment of marine pollution. Such an administration could be referred to as Regional Maritime Safety administration.

Prof. Vanchiswar made significant recommendations on the establishment and operation of a regional maritime safety administration. In his work, he summarised the main functions of such an administration in the following words: "It can carry out the functions of a maritime safety administration for and on behalf of those member states which wish to use same as such, instead of setting up (or to supplement) National Organisations".

Of course each sovereign nation has its own legal statutes to control merchant shipping, normally enshrined in the merchant shipping Act of the nation. In the implementation of the merchant shipping Act and other required international maritime safety conventions, a machinery is invariably established to handle matters arising there from. In some countries such administrations are handled by a well defined national maritime administration while in others, they are handled by designated officers of the Ministry or Ministries responsible for maritime matters.

The range of activities falling under the purview of a national maritime safety administration are: the ownership, registration, management, operations, upkeep and maintenance of National Shipping Fleets, and also other related activities such as shipbuilding, dry-docking, port operations and maritime training.
The operational aspects of a national maritime administration within the context of safety of life at sea, and the protection of the marine environment take the following form:

(i) General superintendence and co-ordination
(ii) Registration of ships and related functions
(iii) Surveys, inspections and certification of ships
(iv) Port state control of foreign ships
(v) Inspections and detention of unseaworthy/unsafe ships
(vi) The conducting of examinations leading to, and the issuance of the appropriate certificates of competency and/or proficiency to various categories of seafarers
(vii) Manning of ships
(viii) Conducting inquiries/investigations into shipping casualties
(ix) Dealing with matters pertaining to prevention/control/combat of marine pollution
(x) Crew matters
(xi) Registration of seamen
(xii) Wrecks
(xiii) The adoption and implementation of international maritime conventions
(xiv) Advice to Government on maritime matters

The major conventions and the instruments adopted by or under the auspices of IMO, would have to be given due consideration by the administration.

In quite a significant number of developing countries, Prof Vanchiswar, in a consulting work, noted a number of problems
facing countries in the development of maritime administrations to effectively deal with the various activities. Some of the more important problems are related to

(i) Inadequate infrastructure, as regards organisation and personnel, for ensuring:

(a) proper standards of maritime safety on board ships and prevention of pollution from ships, which cover not only the ships themselves but also the personnel manning them

(b) maritime development in general and

(c) attention to allied maritime matters

(ii) Shortage (acute shortage in many countries) of marine officers with the needed qualifications and experience

(iii) Lack of training facilities for marine officers and seamen.

It is in reference to the afore-mentioned problems that a number of Governments in a region (eg. Caribbean community member States), while appreciating the importance and need for an effective maritime safety administrations have expressed the need for a regional organisation for the purpose. The functions of such a regional maritime administration are specified as follows:

**FUNCTIONS OF A REGIONAL MARITIME ADMINISTRATION**

As noted earlier, a regional maritime administration is expected to carry out the functions of maritime safety administration for and on behalf of contracting member countries either

(a) as a supplement to existing national administrations
in which case certain activities having largely regional character could be left to be undertaken at the regional level or

(b) to offset completely the need to establish a comprehensive national maritime administration. In this case a national liaison officer could be designated to coordinate and relate regional maritime administration activities with national policies and laws.

Operationally the functions of a regional maritime safety administration could be specified as follows:

(I) Safety of ship navigation functions which include the following:

(i) Conduct of the various examinations of seafarers (Masters, Mates, Marine Engineers etc) and their certification in accordance with international standards

(ii) Various types of surveys of ships for the purpose of the grant of safety certificates, eg Safety Equipment (Life Saving appliances, Lights and sound signals, etc), safety construction, Loadline, etc

(iii) Tonnage measurement of ships

(iv) Inquiries/investigations into shipping casualties

(v) Implementation of maritime safety rules/regulations

(vi) Assist in the national registration of ships

(vii) Implementation of international conventions
Advisory functions

Maintain central records related to:

(a) ships registered in the member states; details of their particulars, state regarding their safety certification, classification, trade in which engaged, etc.

(b) number and categories of seafarers, including offers available in the region and their certification status

(c) maritime information of relevance including conventions, publications and documents from all available sources

(d) navigational warnings, including notices to mariners etc.

Serve as expert advisory body available to all member states

Act as the catalyst for the creation and development of maritime skills in the region

Promotion and maintenance of regional co-operation in maritime safety/technical matters

Harmonisation of maritime safety standards in the region

Accelerated achievement and maintenance of adequate and common standards

Ensuring the availability in the region of adequate number of seafarers of the needed categories by arranging and co-ordinating the training and certification of seafarers to international standards. (This would also improve substantially the employment potential for such
seafarers in foreign flag ships, which would be necessary in the long term)

(VIII) assisting the co-ordinated technical development of shipping in the region

(IX) encourage the development and manufacture of various marine equipment in the region itself through advice and guidance to (potential) manufacturers and advice to member states as regards harmonising such developments/manufacture

(X) encourage the bulk import of marine equipment, if not manufactured locally, so as to gain economies of scale

(XI) provide a common forum to examine/consider maritime technical matters of common interest to member states and to formulate common appropriate policies, where necessary

(XII) assist the member states in the ratification and implementation of the various international maritime conventions relating to maritime safety and allied matters

(XIII) train and/or arrange for the technical/updating of expertise of the officials of the national maritime safety administrations in the region

(XIV) co-ordinate the work of those classification societies to whom statutory functions are delegated by Governments in the region

The major international conventions that have to be considered by the Regional Maritime Safety administration are as follows:

1. International convention for the safety of life at sea, 1974 as amended and the protocol of 1978 related there to - SOLAS 74/78
2. International regulations for preventing collisions at sea, 1972


5. International Convention on loadlines, 1966, as amended


9. Special Trade Passenger Ships agreement, 1971

10. Protocol on space Requirements for special Trade passenger ships, 1973

11. Convention relating to Civil liability in the field of maritime carriage of Nuclear Material, 1971


13. International Convention for safe containers, 1972, as amended

14. Athens convention relating to the carriage of passengers and their luggage by sea, 1974 and the protocol of 1976 related thereto
15. Convention on limitation of liability for maritime claims, 1976
16. Torremolinos International Convention for the safety of Fishing vessels, 1979
19. Merchant marine (minimum standards) Convention, 1976, ILO convention 147

In the implementation of the above conventions on the regional level, the following steps may be considered:

(a) Member States would need to draw up the necessary legislation either by incorporating the convention in the national maritime law itself, incorporate the requirement in one or more special regulation based on an umbrella maritime law, or just make a reference to the convention requirements in the law or regulations. In the last case, the convention itself will be an integral part of the national maritime legislation.

(b) Drawing up Regional rules/regulations which will incorporate the requirements of the conventions and based on a harmonised umbrella maritime law of the member states.

(c) Setting up the necessary machinery for the implementation of the rules and regulations on the national level.

One of the most important areas related to maritime safety
administration is the implementation of the international convention related to ship safety and prevention of marine pollution viz SOLAS’1974/78 and MARPOL 1973/78, STCW 1978, the COLREG’72 and the ILO convention No 147.

The control of ships in the implementation of the above convention fall under the ambit of PORT STATE and FLAG STATE control.

Under flag state control, the state which offers her flag to a ship would have to take the necessary steps to ensure that the ships (under her flag) comply with conventions, possess valid certificates and undergo regular surveys. The surveys which are made mandatory under SOLAS 1974/78 are to ensure that the ship and its equipment remain in all respects satisfactory for the service the ship is intended. Corrective action, in cases of defects, are to be taken under the flag state direction.

In some cases it may be difficult for the flag State administration to exercise full and continued control over some ships entitled to fly the flag of its state, for instance those ships which do not regularly call at a port of the flag State. The problems can be, and has been partly overcome by appointing inspectors at foreign ports or authorizing classification societies to act on behalf of the flag State administration. By Regulation 19 of SOLAS 74, every ship when in a port of another party is subject to control (port state control), by officers duly authorised by such Government in so far as this control is directed towards verifying that the certificates
issued under the regulations of the convention are valid.

ILO convention 147, article 4, empowers a port authority of a verifying state to inspect a ship suspected of violating internationally accepted standards including labour standards and to take action to rectify on the spot any conditions clearly hazardous to safety and health, even if the ship belongs to a country that has not ratified the convention. If the required standards are not met the port State is expected to report the matter to the Flag State and IMO/ILO. It must be noted that the port State can take the same step if it receives a complaint from a member of the crew, a professional body of trade union or, generally, from any person with an interest in the safety of the ship or the safety and health of its crew.

Under the marine pollution convention, there are three areas in which coastal - or Port State control is envisaged.

- Control of discharge violations
- In-port inspection of crude oil washing procedures
- Control procedures under annex II related to harmful liquid substances.

From the foregoing a number of regional arrangements could be made to deal with Technical aspects of shipping.

(a) Regional Port State Control
(b) Regional marine pollution Combatment centres
(c) Regional Search and Rescue operations (SAR)
(d) Regional marine casualty investigation centres
(e) Regional ocean service with regard to mapping, charting and geodesy/regional marine research centres

(f) Regional marine training institutions

(a) REGIONAL PORT STATE CONTROL

The North sea coastal states, under the Memorandum of Understanding, have demonstrated the need and the operational feasibility of Port State Control carried on the regional level. The principal item of the Memorandum of Understanding on Port State Control is the undertaking by signatory States to achieve, within a period of three years from the coming into effect of the memorandum, an annual total of inspections comprising 25% of foreign flag merchant ships staying in their ports. The memorandum specifies that such inspections should verify the compliance of those ships with the technical and social minimum standards laid down in the relevant international conventions, namely:

- The International Convention on Loadlines
- SOLAS 1974/78
- MARPOL 1973/78
- STCW 1978
- COLREG 1972
- ILO Convention 147

The inspection of ships and the memorandum are governed by "Guidelines for Surveyors" attached to the memorandum as an annex. The guidelines refer to the IMO Resolution A 466 (XII) embodying procedures for the control of ships, and to Resolution A 481 (XII) concerning principles of safe manning. The guidelines for surveyors include a catalogue of standards
to be checked. To assist authorities in their selection of foreign flag ships to be inspected in their ports, an information system has been worked out. It relies on a computer-based data processing system.

The MOU is no doubt a very cost-effective control system and recommendable as a regional arrangement in implementing international conventions relating to the improvement of standards of ships.

(b) REGIONAL MARINE POLLUTION COMBATING MEASURES/CENTRES

As noted in chapter 2, the transport of oil and other noxious substances, is an international business and it is widely accepted that the problem posed by pollution from ship-borne substances, can only be properly solved at an international level. Accidents involving spillage of oil and other noxious substances from ships, have serious consequences for the environmental and marine life, damaging such important resources as fisheries and tourism for long periods. The Torrey Canyon incident in 1967 and the even greater Amoco Cadiz disaster in 1978 are two examples.

Tanker accidents can happen anywhere as routes pass close to the coasts of many other countries. Winds and currents can move oil slicks large distances in a relatively short time, and the consequences of a major spillage and other operational pollution (from tank washing operations) can be even greater in developing parts of the World, simply because there are fewer resources for dealing with them. To effectively prevent or
alleviate maritime casualties and to eliminate the pollution of the seas and beaches from the operation of ships, far reaching measures have been adopted under IMO's OIL POL 54, MARPOL 1973/78.

In the area of pollution combatment, IMO runs an environment protection programme aimed among others, in promoting regional, sub-regional and national arrangements for combating marine pollution in cases of emergency. The programmes intended to promote regional arrangements for combating pollution in cases of emergency are normally pursued within the framework of the UN Environmental Programme (UNEP) Regional Seas Programme. The Organisation of American States (OAS) contribute to these programmes in the Caribbean and Latin American regions.

There are at present eleven regions designated by UNEP as priority areas for which various programme activities are implemented or planned. These are the Mediterranean, Red Sea and Gulf of Aden, the Kuwait action Plan Region, Wider Caribbean, West and Central Africa, East Asia Seas, South-East Pacific, East Africa, South Atlantic and South Asia. In addition in the North Sea and Baltic Sea Areas, regional arrangements for co-operation have been established by the Coastal States.

The following approach has been taken for the development and implementation of the marine pollution response programme pursued by IMO within the framework of the UNEP Regional seas programme 40/.
Preparation: to carry out an overview study on marine pollution arising from shipping and off-shore exploitation activities, including a survey on maritime traffic, an assessment of the source and state of oil pollution, identification of sensitive areas, collection of information on stockpiling of equipment, response capabilities, etc.

Legal Framework: to develop and adopt protocols to Regional Conventions or Regional Agreements concerning co-operation in combating pollution in case of emergency.

Operational Arrangements: to establish and operate a regional pollution combating centre (if appropriate), to organize workshops and government expert meetings leading to the development of regional and sub-regional contingency plans.

Technical Assistance: to organize seminars and training courses, to provide advisory services and fellowships.

There abounds various legal instruments adopted, or in the course of development, in different regions concerning co-operation in combating pollution in case of emergency. Such legal instruments obligate the coastal states of the region to co-operate with each other in combating pollution arising from accidents to ships or offshore platforms and to provide assistance to neighbouring states if so required. Although the Protocol or agreement provides a useful framework for regional co-operation, such a legal instrument should be supplemented by operational arrangements. Generally,
operational arrangements will take the form of regional or sub-regional contingency plans setting out detailed arrangements for emergency response operations.

REGIONAL CENTRES FOR COMBATING MARINE POLLUTION:

Regional centres for combating pollution established within the framework of the UNEP Regional Seas Programme include the Regional Oil Combating Centres for the Mediterranean Sea (ROCC) in Malta and the Marine Emergency Mutual Aid Centre (MEMAC) in Bahrain. ROCC is administered by IMO with financial support provided under the Mediterranean Trust Fund. MEMAC is controlled by the Regional Organisation for the Protection of the Marine Environment (ROPME) but IMO provides technical assistance for the operation of the centre.

The functions of both ROCC and MEMAC are limited to information exchange and training and include the following:

- to exchange information on national arrangement of participating States
- to disseminate information on marine emergencies
- to co-ordinate combating operations, if so requested
- to promote the development of national and sub-regional contingency plans and to provide technical advice to developing countries to this end, and
- to organize training programmes in marine pollution prevention, control and response

The IMO's Marine Environment Protection Committee in 1983 issued guidelines for international marine oil spill contingency
plans within the framework of a Regional anti-pollution arrangements 41/. These guidelines identify those elements which should be included in international regional contingency plans in order to ensure that general agreements between Governments to co-operate in responding to oil pollution or the threat of oil pollution are given effect at the operational level. Each state which intends to participate in international contingency plans is encouraged to develop and implement a national oil spill contingency plan. While each national plan may differ, they should all contain a number of common basic elements to ensure maximum benefit from any international response arrangements, viz:

1. designation of the competent national authority responsible for oil spill matters
2. description of the national oil spill response organization
3. identification of the likely sources of oil spills, vulnerable resources at risk and priorities for protection
4. existing resources and strategies for combating spills, if any, and the size of spill which can be dealt with at the national level, and
5. identification of logistic support facilities available for any international response

The framework for the regional contingency plan itself could include the following:

(i) a clear definition of the geographical area to be covered, identified by use of suitably annotated
maps or by use of latitude and longitude co-ordinates.

(ii) the state in whose zone of responsibility the spill occurs should assume the lead role and be initially responsible for all the actions taken related to both tracking the spill and any necessary response. The State must immediately inform any neighbouring states if it appears likely that the spill may threaten their sea areas and shorelines.

The framework can include the following:

- information exchange
- the use of vessels, aircraft and oil spill response equipment
- arrangements for the assumption of the lead role by the state in whose waters a pollution incident occurs
- clear definition of command structure and liaison for joint response operations
- identification of priority coastal and sea areas
- arrangements for vessel operation in, or overflying of, the territory of other states, and
- the conduct of paper and live exercise to test the adequacy of the plan

A regional contingency Plan should be reviewed on a periodic basis to incorporate experience gained from regular exercise and actual effects in the region.

(c) REGIONAL SEARCH & RESCUE OPERATIONS (SAR)

Search and Rescue (SAR) comprises the search for, and provision
of aid to, persons who are, or are feared to be, in need of assistance. The two operations - search and rescue - may take many forms, depending on whether they are both required, on the size or complexity of the operation and on the available staff and facilities.

It is necessary that the available resources be so organized and co-ordinated that effective and expeditious search and/or rescue operations can be assured. This requires the establishment of a search and rescue organization (SAR organization) provided with a SAR plan and the means for carrying it into effect. The IMO Search and Rescue Manual covers the search for, and rescue of, crews and passengers of ships and other craft, as well as other persons in distress at sea.

All States which are parties to the International Convention for the Safety of Life at Sea 1974 or the convention on the High Seas, 1958 are required to set up SAR organizations. Regulation 15, chapter V, of the International Convention for the Safety of Life at sea, 1974, reads:

(a) Each contracting Government undertakes to ensure that any necessary arrangements are made for coast watching and for the rescue of persons in distress at sea round its coasts. These arrangements should include the establishment, operation and maintenance of such maritime safety facilities as are deemed practicable and necessary having regard to the density of the seagoing traffic and the navigational damages and should, so far as possible, afford
adequate means of locating and rescuing such persons.

(b) Each contracting Government undertakes to make available information concerning its existing rescue facilities and the plans for changes therein, if any.

Article 12 (2) of the convention on the High Seas, 1958 reads:

"Every coastal state shall promote the establishment and maintenance of an adequate and effective search and rescue service regarding safety on and over the sea and—where circumstances so require by way of mutual regional arrangements co-operate with neighbouring states for this purpose"

The need for a regional SAR arrangement has been underscored by both conventions and the regional character of these operations vis-a-vis the resource requirements. In fact neighbouring states in a region may find it advantageous to pool suitable resources for SAR as this will reduce the number of facilities each state will have to establish individually and will allow a better coverage of the areas concerned. Indeed no SAR organization can be strictly national since a search area may overlap the area of responsibility of another state and a search and/or a rescue may be better carried out by a neighbouring state.

In a region, a regional SAR administration/co-ordination centre could be set-up which encompasses all territories within the region.

The basic requirements of the regional SAR organization are the
means to alert the organization, detect ships, other craft and persons in distress, or potential distress and effect their rescue.

In the development of a regional plan for a SAR service the following points must be considered:

1. delimitation of the area of responsibility of the SAR service
2. determination of the facilities, personnel and equipment required by the SAR service and definition of SAR functions
3. conclusions of agreements with authorities providing facilities and services not under the direct control of the head of the SAR service and with neighbouring SAR services regarding mutual assistance
4. designation of the area of responsibility of the SAR service as a Search and Rescue Region (SRR) or division of the area of responsibility into a number of SRRs and the establishment in each SRR of:
   - a rescue-co-ordination centre (RCC)
   - Rescue sub-centres (RSC), if necessary
   - SAR resources
   - alerting posts
5. establishment of training programmes

A clear example of an effective regional SAR plan is the North Sea area plan. The area is divided into five (5) maritime search and rescue regions (see map in appendix 4.2) which are effective areas of responsibility of the coastal States' SAR
service.

(d) REGIONAL MARITIME CASUALTY INVESTIGATION CENTRES

Maritime investigations concern investigations into

(a) Violations of maritime safety and anti-pollution regulations

(b) Maritime Accidents involving Collision, Grounding, fire/explosions and human failure in ship navigation/husbanding.

Compulsory inquiries by competent authorities are required where the violations/accidents result in

(i) loss of life during operation of the ship
(ii) any other loss of life on board
(iii) a person being drowned
(iv) a case of poisoning
(v) a collision
(vi) a ship being lost or abandoned at sea
(vii) a damage to the ship
(viii) fire or explosion

The purpose of the investigations are:

(a) to ascertain circumstances
(b) to ascertain the cause
(c) to evaluate present rules
(d) to propose amendments to present rules
(e) to consider criminal or other liability of owner, master or crew
When an accident happens in port, it is customary for the inquiry to be held in that port or first port of call after the accident. This means that the place, cause and effect of a major accident or violation is likely to transcend national boundaries and an effective maritime investigation could be held under an international arrangement particularly a regional arrangement. It is therefore suggested that a Regional Maritime Casualty Investigation Centre could benefit all the countries in the region in this regard.

(2) REGIONAL OCEAN SERVICE WITH REGARD TO MAPPING, CHARTING AND GEODESY AND MARITIME RESEARCH CENTRES

Some of the most important aids to navigation include the provision of accurate nautical charts showing water depths, dredged channels, hazards to navigation, the shoreline, the general configuration and nature of the bottom, port facilities, magnetic variations, seaward boundaries, prominent landmarks etc. Furthermore, to afford an integral approach in solving the present day maritime problems, maritime research is inevitable. Maritime Research work can be done in every maritime field such as ship-operation, offshore-platforms construction, training, administration, port or channel construction, and shipping economics and management.

To meet adequately the Ocean service and maritime research needs, considerable resources are required and individual countries in a regional bloc can generate economies of scale in the provision of these services by pooling resources under a maritime integration scheme.
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(f) REGIONAL MARINE TRAINING INSTITUTIONS

A regional marine training institute can provide an integrated marine training to citizens of participating countries to achieve the optimum use of training resources. Already there are quite a number of regional training institutes in operation and have been found to be very cost-effective. Two large-scale regional projects are underway in West/Central Africa. They concern the development of two important regional maritime academies, one for students from English-speaking countries, the other for French-speaking countries. The regional academies are expected to provide a continuous supply of trained personnel for fishing fleets and merchant mariners.

IMO has provided technical advice/assistance in this regard including the revision of syllabi in the light of the STCW'78 convention.

A regional academy to serve Arab countries was established in the United Arab Emirates in 1979. The Arab Maritime Academy in Egypt was also set up to serve the region. In Asia and the Pacific, representatives of several countries in the region met in December 1981, to discuss the creation of a regional network of maritime training institutions and number of other measures. Formal courses at regional Academies could be supplemented by regional seminars and workshops. Marine training in the technical field is based largely on IMO's STCW'78 convention which represent the most comprehensive set of standards in the training field.
4. 2 COMMERCIAL ARRANGEMENTS

All countries partake, in varying degrees, in foreign trade as shipper countries. In dealing with commercial shipping matters, two main categories of shipper countries could be identified:

- Shipper countries with no shipping capacity
- Shipper countries with national shipping capacity

For a country with no shipping capability, a range of options is available for the transport of its foreign trade:

(a) It can buy imports on c.i.f. basis and sell exports on f.o.b. basis, thus in theory, leaving all the international shipping arrangements to the trading partner and giving up any control or influence over these arrangements and their costs

(b) It can make use of freight brokers or shipping agents thereby having control over shipping arrangements, but not rates

(c) It can establish shippers councils or similar organizations with control over shipping arrangements and some control or influence over rates

For a country with national shipping capability, three options are available:

(a) Using chartered or leased tonnage

(b) Operation of owned tonnage for use solely in the country's foreign trade
(c) Operation of owned tonnage for use in the country's foreign trade and also in cross-trading

In a particular maritime region, countries falling into one or more of these categories are bound to be present. Thus regional shipping activities/policy in the commercial field will depend largely on the state of development of the participating countries.

If the countries generally have no shipping capability, it would be worthwhile to consider policies aimed at the optimal use of foreign tonnage both in the liner and the bulk trades. If one or two of the participating countries have shipping capability this could be developed and used in the regional trade having due regard to the cost-efficiency of such a line or lines. Such a line or lines could also be developed into a regional shipping line with shares taken up by the participating countries.

In the situation where the participating countries have national shipping capability in the form of owned tonnage (for use solely in country's foreign trade or in both the country's foreign trade and cross-trading) a different set of policies would be required. This will include the rationalisation of sailings among participating lines and the possible a prori control of cargo on the regional level.

The range of commercial activities/policies open to a maritime region are summarised below:
(i) The establishment of a regional shipping line in the form of a joint venture of participating countries

(ii) The establishment of a regional Shippers Organization/Council with control over shipping arrangements and some control or influences over rates through consultations/negotiations with liner conferences and other shipowners serving the trade of the region.

(iii) The establishment of a regional association of shipowners of participating countries, where the countries have owned tonnages, and the rationalisation of sailings of the lines on the regional level.

(iv) The implementation of cargo sharing systems—reference to the UN code of conduct for liner conferences.

(v) Regional port impact programme

(i) ESTABLISHMENT OF A REGIONAL SHIPPING LINE

Establishment and operation of regional shipping lines have been advocated largely in regions where the countries have no national shipping capability or the national shipping lines present are not cost-efficient. Furthermore a nation's volume of foreign trade (both exports and imports) would be a factor in the decision to develop a national shipping fleet for use in the carriage of that trade. The smaller the foreign trade volume, the less likely will the development of a national
fleet (to carry the foreign trade) benefit that country as far as cost-efficiency goes. Indeed there is a threshold at which the volume of foreign trade will render the development of national fleet to specifically serve this trade, cost-inefficient.

For instance the value of India's imports in 1978 was $7,200 million and the value of its exports was $6,500 million. This volume of foreign trade justifies the existence of a national fleet. Benin, for example with a value of $220 million in imports and $57 million in exports will be advised to use the services of foreign carriers or participate in a West African regional fleet rather than establish its own fleet 42/.

If countries with comparatively smaller amount of foreign trade, aggregate their exports and imports in their region, they might find it economical to develop a common merchant marine.

It must be noted here however, that the fact that a country has an overseas trade of a certain size does not, of itself, provide an economic justification for the establishment of a merchant marine large enough to carry any particular part of that trade. Self-sufficiency in shipping is not an economic aim. Indeed it is held that, for each country to attempt to establish a fleet to carry all its own trade would clearly result in a considerable waste of resources.

From the foregoing, it is quite clear that the volume of trade
is not the only factor in the decision to develop a national shipping capability as the experience of several countries have shown. Some countries have effectively developed merchant marines capability well above the national trade volume requirement; the excess tonnage being profitably employed in cross trades. Norway is a significant example in this regard. Other countries (e.g., Ghana) have developed shipping capability above national trade requirements in order to serve the trade of landlocked countries and those in the shipping range without national shipping capability.

It appears from the foregoing that two factors which would have to be considered in the decision to establish or develop a regional shipping capability are adequacy of shipping service and the level of freight rates. The aim is to ensure that any new fleet development will not add unduly to overtonnaging on the route which will be costly to the individual economies of the region.

Where necessary, the establishment of a regional shipping line is expected to ease the financial burden of developing the fleet since it will be spread among more than one nation. Resources can be combined and reasonable amounts of capital can be raised. Operating costs and supply of manpower can be shared among these countries. The size and type of fleet can be designed so as to best serve the special needs of the region. Operations can start as a regional service with plans to expand activities when more experience has been gained. These regional national fleets can rationalize their sailings and adapt their
operations according to regional needs though full cooperation with shippers' bodies. The development of regional fleets can be coordinated with the development of Shippers' Councils so that maximum efficiency can be achieved.

(ii) THE ESTABLISHMENT OF A REGIONAL ASSOCIATION OF SHIPOWNERS AND RATIONALISATION OF SERVICE

Where a region is serviced by a number of ships of member countries, there will be the need to bring this ships together to rationalise their sailings. This is particularly so where the cargo volumes of individual member countries consist of small parcels and shipments are largely seasonal.

One of the major problems of national flag ships operating in the liner trades is the number of uneconomic ports which they are obliged to call regularly. For instance the West and Central African shipping range consist of a long coastline (3,000 miles) from Mauritania down to Angola. A national line, member of the United Kingdom West African lines, for instance, would be obliged to call in most of the ports of the range, sometimes with only small parcels of cargo with very high costs. Where the shipowners in the region are grouped together, they can divide the region's coastline into two or three parts and each group of shipowners assigned to service each part of the coastline according to predetermined schedules.

Indeed even though the operations of each of the conference carriers may be efficient according to their individual
standards, the overall conference operation may still be inefficient by reason of the failure of the conference to co-ordinate the actions of its members, and so reduce over-tonnaging and generally rationalize the over-all operations.

The essence of rationalisation of sailings is to eliminate as much as possible, duplication of services, and vessels scheduled so that each vessel carries the maximum amount of cargo between the minimum number of ports bearing in mind frequency requirements and the need for the range of ports covered by any one vessel to be reduced as far as possible in order to avoid unnecessary coastal steaming.

(iii) **THE ESTABLISHMENT OF A REGIONAL SHIPPERS' COUNCIL**

In many countries, both developed and developing, shippers councils are formed to act as medium through which shippers could consult/negotiate with liner conferences on freight rates and other conditions of shipping. The Councils are generally to protect and promote shippers interests. In the exercise of their functions, the Shippers' Councils' Secretariat must maintain regular contact with conferences, Government agencies, and other bodies related to maritime transportation. The secretariat is also to collect, collate and analyse data and information and to provide statistical and other economic background for negotiations between councils and shipping conferences.

Shippers' Councils can also consolidate small parcels of cargo into larger volume to facilitate the chartering of whole
vessels which are cost-effective with regard to freight rates.

The basis for the formation of national shippers' council is the need for a collective negotiating strength of individual shippers in a country in dealing with liner conferences serving their trade. However this strength is largely curtailed where a country is but only one of several in a shipping range served by the conference. In the event of a breakdown of negotiation on freight rates, a liner conference can conveniently refuse to serve the ports of that country while serving the others at a higher agreed rates. This situation can be averted through the formation of a regional Shippers' Council embracing (but not replacing) the individual national Shippers' Councils. A liner conference in this circumstances cannot afford to refuse serving the ports of all the countries in the region; a regional Shippers' Council derives its strength from this fact.

The main functions of a regional shippers' council could be summarised as follows:

To coordinate activities between the national councils and to collect and disseminate information about shipping services, changes in freight levels and surcharges, port conditions etc. It is also in arrange for consultations/negotiations between the concerned organizations of the countries of the region in the matters of proposed freight increases, surcharges, etc by any conference serving the trade of the countries of the sub-region. The Council also discusses such matters as rationa-
lization of freight tariffs, shipping services, and routes adopted by conferences.

Closely related to the functions/activities of a regional Shippers' Councils is the pooling of cargo on the regional level, a form of an a priori 'control of cargo on the regional level. This is discussed later in sub-section 4.2.(iv) below.

(iv) THE IMPLEMENTATION OF REGIONAL CARGO SHARING SYSTEMS

REFERENCE UN LINER CODE

The cargo sharing provision of the UN liner code viz the 40-40-20 formula has been viewed as one of the most significant of the provisions in the code and has, since the code's inception, been the main topic of controversy and debate. It is a belief, among developing countries, that the cargo sharing provision would contribute to the development of their merchant marine through larger volumes of cargo being made available for carriage in their ships. On the contrary, the traditional maritime countries consider the provision as interference in free-competition which has characterised shipping for quite a long time.

Under the cargo sharing principles E.T. Laing 43/ observed that the benefits of the UNCTAD code could be illusory unless the ships of developing countries could be guaranteed as high a proportion of the more valuable (generally import) cargo as the industrialised operators. This is underscored by the fact that cargo emanating from developing countries are mainly low
value primary products which attract low freight rates. Carriage of such low-valued cargo by national lines of developing countries without ample provisions for carriage of high valued import cargo, would be inimical to successful operation of developing countries national lines.

Infact, under the cargo sharing principle (ie 40-40-20) the profitable participation of a national line in the conference is functionally related to the export/import capacity of the country. In effect, there is a level of international trade generated by a country that would render the continued participation of her national line in a particular conference unprofitable. Since the code is specifically meant for the operation of liner conferences, it follows that the more percentage of a given country's cargo carried by outsiders, the less the country would contribute to the conference pool. Consequently the lower the carriage performance of her national line in the conference's consolidated pool. The tendency would therefore be to eliminate outsiders from the carriage of national cargoes. However there is a contradiction here. Freight rates of conferences may reach a point at which a country's trading interests could be better served by a cheaper non-conference lines (outsiders) operation. This is accentuated by the fact that there is the tendency for the conference lines in the absence of competition to raise the level of conferences' freight rates to cover the cost of the inefficient members. In the absence of any restructuring of the conference system, cost-raising inefficiencies are passed on to shippers—though increases in freight rates.
In the above circumstances, developing countries, the advocates of the code, find themselves in a quandary: if the cargo sharing principles are strictly applied to cargo pools of conferences as it is provided in the code, and shippers are loyal bound to conferences, the benefits of the UN Liner Code to the developing countries would be illusory indeed.

It is in this light that various countries particularly in West and Central Africa have adopted measures which are not strictly in consonance with the UNCTAD code. The tendency is towards a cargo sharing not based on conference pools but on country basis ie; all cargo would have to be shared including that carried by outsider lines. Furthermore regional a priori control of cargo seems to be taking root. This concerns the pooling of national cargoes on the regional level for carriage participation by lines serving the region with regard to the 40-40-20 formula. The modus operandi of such a mechanism would be as follows:

(a) The National Shippers' Councils or trade association or similar national organization submits details of commodity volumes to be shipped

(b) Appropriate percentage of the pooled cargo is channeled into the liner conferences serving the region for sharing according to the 40-40-20 rule

(c) The rest of the pooled cargo is carried by the outsiders

The advantage of a regional arrangement in the pooling of cargo
is that it will raise the percentage contribution of the countries in the region, to the conference cargo pool thereby leading to increased carriage performances of the national lines, members of the conferences.

However regional pooling and sharing of cargo must be accompanied by competition otherwise the fruits of utilization will be kept by the carriers who might even increase the rates because of the apparent monopoly they might appear to enjoy through the process. However control of cargo on the regional level could strengthen the bargaining strength of a regional consultative/negotiation body on freight rates vis-a-vis the liner conferences. It will be an effective medium through which liner conferences could be made to implement acceptable freight rates and other conditions of shipment while ensuring greater participation of national lines in the carriage of the region’s cargo volumes.

(v) REGIONAL PORT IMPACT PROGRAMME

A system of a regional shipping service rationalisation would have to be accompanied by a regional port development programme with the objective of optimising the use of port resources available in the region. In a region such as West and Central Africa, there are several ports which are at different levels of development. These ports serve the trade of the respective countries and where required, the trade of landlocked countries. However capital deficiency may contribute to the inefficient running of these ports with regard to provision of relevant and adequate port infrastructure particularly container
handling facilities/berths. There may also be the underdevelopment of feeder services to and from the port to complete the transport chain, for which the port is essentially a link.

There are instances of some national Ports in a region being completely underutilised throughout the year while others are at least seasonally overutilised resulting in costly congestions. A regional port impact programme will access the port requirements of the countries in a region and design an integrated system of port use. This system may take the following form:

(a) The division of the coastline into smaller sub-regions and, within an appropriate subregion with coastline of say 300 miles, one container berth might suffice to serve the trade of those countries in the sub-region

(b) The designation of transhipment centres or load centre ports which would serve as converging points for cargo from a number of smaller ports including those emanating from landlocked countries. Load centre ports could be serviced by short sea route coasters while the deep sea lines call only at the load centre ports for loading and discharging. This system will also serve the needs of the "around the world service" operators.

The incentives for the above two approaches are the achievement of optimum use of capital resources for port
infrastructure
- quick turnaround time of ships/reduction in shipday in port with subsequent favourable impact on freight rates
- less voyage days and attendant low voyage costs as liner ships would not have to cover a long coast to load/discharge cargo
- a much better service to landlocked countries as designated load centre. Ports will be better geared to adequately serving their interests

The above arrangements will have to be made through negotiations among participating countries.

4.3 REGIONAL MATTERS RELATING TO OCEAN MANAGEMENT
As introduced in chapter 2.3, the law of the sea convention placed considerable emphasis on the coastal nation rights to large resource areas embodied in the concept of exclusive economic zone (EEZ). At the same time, the traditional freedoms of the seas have not been abrogated viz freedom of navigation, fishing, laying of submarine cables and pipelines and overflight. Furthermore nations are able to cooperate in the exploration of the marine resources of the EEZ as well as in the high seas, subject to certain prescribed international regulations.

The obligations placed on the individual coastal State in its territorial sea and the EEZ are immense. This could be placed
into four categories:

(a) Measuring of baselines for the delineation of territorial, and economic zones/continental shelf; enactment of rules or the incorporation of international rules into national laws to manage or oversee the zones

(b) Policing of the zones to facilitate the enforcement of regulations thereby preventing unwarranted intrusion

(c) Pooling of needed capital to exploit the marine resources

(d) Consideration of the rights of landlocked countries in the EEZ as well as international cooperation in the exploration of the high seas under the international seabed authority

Categories (a) and (b) are basically national in character regarding areas like the US, where an individual country controls long coastlines with very little nearby coastlines. However in regions of the World where several small countries hold claim to adjacent coastal waters, a regional cooperation in the delineation and policing of the zones might prove helpful. This is particularly so in areas such as West/Central Africa where several coastlines are adjacent to each other and marine resources such as fishing, oil/gas, and minerals might overlap national boundaries. A special problem is posed by the delineation of territorial/economic zones concerning such islands as Cape Verde and Sao Tome & Principe. The Guinea vrs Guinea Bissau territorial sea problem is a case in point.
Another example is the South-east Asia marine regions where the seas are more uniform in their physical characteristics than the land. At the heart of South-east Asia seas is the South China sea, a marine region bounded by China, Taiwan, Vietnam, Malaysia, Indonesia, the Philippines and Brunei. All have claims to marine territory in the region, and there are numerous overlapping jurisdictions and potentials for controversy. Both living and non-living resources, particularly hydrocarbons, make the region valuable and tend to exacerbate territorial disagreements. Powers outside South-east Asia have interests in the region, since important oil-shipping routes go through the South China sea, and the USA and USSR both maintain military bases in the region. The South China sea is a semi-enclosed sea and the law of the sea convention enjoins States bordering such seas to "Cooperate with each other in the exercise of their rights and the performance of their duties under this Convention".

Another example: there is a large area of overlap between EEZ claims of Indonesia and the Philippines in the Celebes Sea, the continental shelf claims of the Philippines and Malaysia are also disputed in a small area in the north-western part of the sea. In this circumstances the three nations should be able to negotiate boundaries amicably though a regional machinery for setting disputes of this nature.

In the territorial waters and EEZ of States, there exist a threat of marine environment pollution resulting from the
principle of freedom of navigation, freedom of fishing, the freedom to lay submarine cables and pipe lines and the freedom to fly over the sea. In this connection, the law of the sea conference adopted extensive regulations on protection and preservation of the marine environment. It is stated inter alia, that states shall co-operate on a global basis and, as appropriate on a regional basis, directly or through competent international organizations in formulating and elaborating international rules, standards and recommended practices and procedures consistent with the convention.

When a state becomes aware of cases in which the marine environment is in imminent danger of being damaged, or has been damaged by pollution, it shall immediately notify other states that may be affected by the damage, as well as the competent international organizations.

States in the area affected shall, to the extent possible and in accordance with their capability, cooperate in eliminating the effects of pollution and preventing or minimising the damage. States shall jointly develop and promote contingency plans for responding to pollution incidents in the marine environment.

A large proportion of coastal waters are important throughways for large tankers which pose threat of pollution. For instance the West/Central African route is used by fully-laden tankers en route to and from oil producing countries such as Nigeria and
Gabon and to oil importing countries in the region. Consequently, a grounding or collision would be particularly disastrous to the marine environment in view of the very large quantities of crude oil carried. The important fishery resources of the region would be adversely affected by an oil spill. This offers an ample reason for the coastal nations to consider appropriate ocean management on a regional basis. This could also be said for other marine regions of the world. The management of such a regional cooperation is similar to those described in section 4.1 (b) of this chapter.

Regional cooperation under categories (c) and (b) have to do more with regions of the world where individual country capital for exploiting the marine resources is deficient. Exploitation of the fishery and mining resources of the seas require immense capital outlay and this might be beyond the means of the individual developing country. Furthermore, article 62.2 of the UNCLOS requires that "where the coastal states does not have the capacity to harvest the entire allowable catch, it shall, through agreements or other agreements, give other access to the surplus of the allowable catches".

So, if the Coastal States do not have the capacity to catch all available fish, the other states shall be given the possibility to fish in the EEZ. The resources of the World Community are so scarce that it cannot afford to leave the surplus alone. It has to be shared, which could be better accomplished under a regional arrangement.
In article 69 of UNCLOS, it is stated that "landlocked states shall have the right to participate, on an equitable basis, in the exploitation of an appropriate part of the surplus of the living resources of the exclusive economic zones of Coastal States of the same subregion or region, taking into account the relevant economic and geographical circumstances of all the states concerned.

Indeed the terms under which States can cooperate in the exploitation of marine resources, can be established by the states concerned through bilateral, subregional or regional agreements.
CHAPTER 5. A FRAMEWORK FOR MEASURING THE EXTENT & EFFECT OF REGIONAL MARITIME INTEGRATION

The degree of integration is a relative concept that refers implicitly to the extent to which the potential for profitable integration is actually exploited. It is necessary therefore in such an exercise, to appraise the opportunities that regional integration offers and how effectively they are exploited.

Before or immediately following the implementation of a regional integration scheme, it should be possible to make definitive statements about the effectiveness of the integration programme with respect to its impact on the economies of the member states.

There are generally two approaches with regard to the estimation of integration induced effects: Ex ante; ex post. Ex ante estimates are undertaken prospectively for some proposal or actual grouping or for its enlargement. For this approach, data are available relating to the actual experience of the pre-integration situation, and the primary problem is to estimate the hypothetical outcome with integration, on which no direct experience will be available. Studies of this kind were undertaken for the EEC prior to its formation and for Britain at the time of its accession 46/.

Ex post analysis are undertaken when a group has been in existence for some time. The ex post approach is thus able to utilise the historical experience of the integration arrangements as reflected in trade flows etc.
With each of these approaches a comparison of the actual situation with the hypothetical alternative (often termed "antimonde") yields the estimate of the effects.

In practice the most commonly used quantitative indicator of the extent and progress of an integration scheme is Statistics of trade flows. This is largely because the primary incentive for States to enter into arrangements for integration is the prospect of economic gain in the shape of an increase in the level or rate of growth of output or of some component of it. In this connection, attention is usually concentrated on the relative shares of trade with partners and non-partners and on changes in those shares over time.

However, actual trade and capital flows throw little light on the opportunities that remain to be exploited and as such they best serve to indicate the degree of interdependence between member countries of the regional grouping; this factor of degree of interdependence in turn influences the impact of an integration scheme.

In shipping, the end result of an optimal shipping policy could be seen from three angles: the shippers'; the shipowners' angles and from the angle of the country's balance of payments.

The primary concern of the shipper is to obtain as low freight rates as possible for the efficient and safe transportation of commodities from a required port of origin to a required port of destination at the required time. The level of acceptable
freight rates, from the shipper's view point, should be commensurate with the marginal sale value of the cargo (in the case of merchants), or to the marginal utility factors (in the case of direct consumers). The impact of regionalised policy on freight rates and shipping service could therefore be analysed from this angle.

The shipowner is primarily concerned with the voyage results involving the interrelationship between the operational revenue and costs, having due regard to the marginal cost of operation. Freight rates from the shipowner's view point is influenced by three factors: supply, demand and cost of shipping. However in the relatively free competition in the tramp market, the automatic adjustment of supply to demand by price mechanism of shipping cycle, makes the cost of shipping in the long run, the main factor in shaping the freight rate behaviour. The liner conference rates too are determined by the cost structure. The level of total liner costs sets the minimum limit for freight rates so as to cover total long-run cost, including profit 47/.

From the general economy point of view, the emphasis is on the contribution of the maritime sector to the balance of payments including rates of growth of such a contribution. It also has to do with general welfare considerations such as the extent of combatment of ship-source marine pollution to ensure a healthy marine environment and to ensure the preservation of marine life.
From the foregoing, it is clear that there can be various approaches to analysing the impact of an integration scheme. However the approach taken here is to provide an analytic framework for performing an ex-ante and/or ex-post analysis on (i) voyage results of lines and its impact on freight rate movements (ii) trade flows (iii) contribution of the shipping sector to the balance of payments of states in a specified region.

5.1 VOYAGE RESULTS AND FREIGHT RATE MOVEMENTS

The economic indicators of the extent and progress of an integration scheme in shipping would appear to be based principally on two factors:

(a) freight rate movements

(b) carriage performances/voyage results of the lines serving the region

and a host of maritime statistics which invariably make up the above two factors. These are:

- port throughput statistics
- turnaround time of vessels in ports of the region
- load factors of vessels
- ship replacement values/discount factors
- capital charges
- bunkers and currency adjustment factors
- cargo loss and claims statistics

The following format (on page 110) could be used to ascertain the individual voyage results of lines participating in the
STATISTICS

(a) NUMBER OF ROUND VOYAGES

(b) AVERAGES PER ROUND VOYAGE:
- voyage time
- cargo volume (freight tonnes)
  - south or eastbound
  - north or westbound
  - round voyage
- vessel size: dwt
  - age (years)
- number of vessels

FINANCIAL RESULTS (as percentage of a given year's forecast net revenue excluding bunker surcharge)

GROSS REVENUE (excluding bunker surcharge)
Less:
- Rebates: loyalty rebates
- other conference rebates
- Commissions

NET REVENUE (excluding bunker surcharge)
COSTS - direct (cargo related)
- indirect (ship related)
(excluding depreciation)

CASH FLOW
CAPITAL CHARGES
- replacement depreciation
- % return on capital

DEFICIT (SURPLUS)
regional trade. An aggregation of these data would result in a regional database on voyage results.

Voyage statistics under (a) and (b) are expected to indicate the trading conditions which had applied over the review period. The Number of round voyages, for instance, would be a reflection of the cargo density on the trading route, age/speed of the ship and/or port conditions. Where the ports in the region are turning round ships reasonably fast a large number of round voyages per year would reflect high cargo density. On the other hand, given seaworthy vessels, comparatively small number of round voyages can either indicate low cargo density and/or low port productivity rates in the region. The situation, in this regard, could be ascertained by examining (b) set of statistics.

The interrelationship between size, speed and number of vessels on a route, vis-a-vis cargo volumes will determine average ship load factors per year. A comparatively high average load factor, say 80% would reflect an effective ship rationalisation policy while comparatively low average load factors, say less than 60% would reflect an ineffective rationalisation policy and/or overtonnaging.

High load factors per se, does not mean low round voyage costs since revenues are affected by direct costs such as bunker consumption, which is in turn influenced by age of the ship, speed and bunker prices. It is necessary therefore to examine the age of the ships on the route as well as the optimum speed
which would ensure an optimum use of bunkers.

Furthermore it must be borne in mind that the number of ports at which a ship has to call to load and discharge its cargo and the mixture of cargo it lifts are correlated with the round voyage results.

The above interrelationships could be expressed in econometric notations which, if built into an econometric model could offer a framework to forecast future trends. The building of such models could be done for a particular shipping range such as the West/Central African shipping range, but this exercise is beyond the scope of this study as a consequent of time constraint. Nonetheless we can postulate the various functional relationships as follows; the relationships, it must be emphasised, are just postulations which might change in an empirical study.

(1) Number of round voyages function

\[ RV_t = f(C_t, SP_t, TR_t, NS_t, NP_t) \]

where

- \( RV_t \) = Average No. of round voyage per ship per year
- \( C_t \) = Cargo volumes per year/season available for shipment
- \( SP_t \) = Average speed of vessels
- \( TR_t \) = Average ship turnaround times in ports
- \( NS_t \) = Number of ships on route per year
- \( NP_t \) = Number of ports of call/distance between ports
Notes:

(i) Historic data on all the above dependent/independent variables would be available from the lines of the region.

(ii) A forecast model for cargovolumes could be based on average growth rates of the economies in the region.

(iii) Forecast for average speed of vessels could be ascertained from lines serving the trade as well as those on order intended to serve the trade. This applies equally to forecasts on number of ships expected on the route.

(iv) A simple time series projection, giving allowance for known port developments in the region should give an indication of the future average ship turn round times.

(v) A functional relationship for average speed of vessels could be postulated as follows:

\[ S_{P_t} = f(A_{G_t}, B_{P_t}, B_{C_t}) \]

where

- \( S_{P_t} \) = Average speed of vessels
- \( A_{G_t} \) = Average age of vessels
- \( B_{P_t} \) = Bunker Price
- \( B_{C_t} \) = Bunker Consumption rate

(2) **Average load factor function**

\[ L_{F_t} = f(S_{S_t}, S_{P_t}, N_{S_t}, C_t) \]

where

- \( L_{F_t} \) = Average load factor per year/season
- \( S_{S_t} \) = ship size
- \( S_{P_t} \) = ship's average speed
\[ NS_t = \text{No of ships on route} \]
\[ C_t = \text{cargo volumes available for shipment} \]

(3) Simulations could be performed on the models based on the above functions to calculate optimum no of vessels/ship size required to provide an acceptable level of ship load factors and round voyages. This will be done with the objective of limiting overtonnaging thereby optimising freight rate levels.

The financial results of the lines reflect the revenues and costs for the voyages made over the year. Port conditions are reflected in the Direct Costs incurred for cargo handling and other port charges including any port congestion surcharge. It is also reflected in the provision for cargo claims which is influenced largely by port security. If the ports in the region are not cost efficient this will be reflected in the port charges, cargo handling costs and turnround times in ports. An optimal policy on ports as a result of a regional integration scheme should therefore be reflected in port conditions and costs. A regional policy must also examine the items under indirect cost which include crew and stores costs, repairs and surveys, insurance, bunkers charter hire, container running/leasing costs, general administration.

Capital charges are made up of replacement depreciation on ships and containers as well as a reasonable remuneration to shipowners for the services provided which is based on the rate of return on capital employed.
The determination of an index to reflect ship replacement values could be based on values published by notable ship brokers such as those published by Platou.

The bottom line of the financial results reflect a surplus, a deficit or a break-even point, of the lines over the trading period. The bottom line serves as an indicator of the level of freight rates required to provide the lines with funds to replace vessels and with a reasonable reward which if not stable from year to year, should be so over a limited period (say three years). Thus to achieve as minimum a fluctuation in freight rates as possible while at the same time providing the lines with reasonable funds to at least break-even, require an optimum policy on the parameters which make up the bottom line.

The round voyages, it would then be appreciated, reflect the commercial realities of the trade as a whole and suggest whether a general freight rate adjustment to tariff scales is required. This can provide adequate framework on which to base freight rate negotiations between shippers and shipowners both representing their interests regarding the voyages. Finally the impact of a regional shipping policy on voyage results and freight rates could be ascertained by comparing the figures before and after the coming into effect of the integration schemes.

5.2 TRADE FLOWS

As noted earlier on in chapter 3, the basic aim of transport
policy more so shipping policy in an integration scheme is the limitation of economic distance between trading partners thereby contributing to expansion of the scope for trade creation. In this regard the provision of a regional cost efficient shipping service could act as a catalyst in intra-regional trade creation. However, there are a few problems in this analysis with particular reference to trading patterns.

The pattern of trade of developing countries, for instance, reflects mainly the export of primary products which are freely traded on world markets; thus in a typical developing region there might appear to be similarities in the export pattern discounting the possibility of intra-regional movement of trade in exportable products. On the other hand imports of developing countries consist chiefly of intermediate products and final manufactures, which many such countries either do not produce at all or produce only to a limited extent.

An examination of the trade flows of developing countries might therefore suggest that regional policy on fleet development, particularly for regional or coastal shipping, might not be advisable. It would appear that intra-regional fleet development policy must go with changes in the existing pattern of trade, which is necessarily based on the existing pattern of production. This is a difficult proposition in a rigid economic regime. However, it could be argued that an optimal regional maritime policy would in itself lead to the emergence of a new production/trading pattern, investments and the mobilisation of unemployed resources through incentives.
offered by an effective minisation of economic distance.

The extent of economic interdependence among member countries of a regional grouping could be reflected by ratios dealing with relative shares of trade with partners and non-partners and on changes in those shares over time. For instance, intra bloc trade is of major importance in developed country groupings accounting in both the EEC and COMECON for more than half of total trade. On the other hand, intra bloc trade in developing country groupings is relatively less important. Only in the Central American Common Market does the ratio of intra bloc to total trade exceed 20%. Among ECOWAS countries it is just around 4.6% by 1981. For ECOWAS countries, this low intra-regional trade would suggest that unless the trade structure changes, development of regional coastal shipping might have very little or no impact. On the other hand, the very large trade with foreign countries outside the ECOWAS region would suggest policies favouring trade sharing with lines of trading partners and the rationalisation of sailings to minimise costs and optimise shipping service.

For an ex ante analysis of regional maritime integration, an econometric model of cargo volumes available for shipment could be built for the region, under consideration. An alternative approach would be to use growth rates of trade flows. The building of such a model at this stage is desirable but beyond the scope of this study.
5.3 Effects on Balance of Payments

The basic general criterion for establishing any form of economic activity is the effect that it will have on the growth of the national income as reflected in the Balance of Payments. The aim of member countries in a regional maritime integration scheme would be to achieve a favourable balance on the maritime transport account of the balance of payments.

Achieving a favourable balance may be difficult for many countries particularly developing countries with relatively small share of world or regional tonnage. However as shipping is inevitable in the carriage of seaborne trade and having regard to the principles of specialization/comparative advantage, there is no reason why any particular country or group of countries should necessarily expect its international maritime receipts and payments to balance. In this case, an attempt to maintain equilibrium would mean consideration of how deficit items may be reduced as well as how credit items may be increased.

Investments in owned tonnages would expect to contribute to the balance of payments, depending on the profitability of the fleet and on the freight levels. If countries in a region would have to pay high freight rates in order to generate the required revenues to maintain regional shipping lines or liners of member States, the net addition to the balance of payments of member States would be negative.

For regional integration scheme to contribute favourable to
the balance of payments of member states, it must (i) lead to an increase in relative share of the member states in world cargo carriage in which case favourable contribution to the balance of payments would result from net profit or net foreign exchange savings from the shipping operations. (ii) lead to a minimisation of freight rates paid to regional lines compared to the freight that would have been paid to foreign lines in the absence of regional lines.

The net gain to the balance of payments is calculated by considering the net freight earnings. The net freight earnings is calculated by subtracting the expenditure of national ships abroad in foreign currency from gross freight received and allowing for the expenditure in foreign currency at home ports which is lost due to the replacement of the foreign ships by the new regional lines. Capital is included in the outflow of foreign currency abroad $50/.$
CHAPTER 6. THE PARTICULAR CASE OF THE WEST/CENTRAL AFRICAN REGION

6.1 BASIC ECONOMIC STRUCTURE OF THE REGION

West Africa, as a geographical entity, is usually defined as the countries along the African coast from West Sahara to Cameroon both included, while the rest of the shoreline from Cameroon to South Africa, is a part of Central Africa or equatorial Africa.

In terms of shipping, however, the coast from Port Etienne in Mauritania through to Port Mossamedes in Angola is traditionally considered as the West/Central African shipping range by liner conferences/companies which provide common service with uniform freight rates to these ports. This range is also defined as a Maritime region by the UN statistical study on shipping, mentioned in chapter 3.3. This definition of the West/Central African maritime region is recognised as such by the Ministerial Conference of West/Central African States on Maritime Transport, and it is the focus of study in this thesis.

The region encompasses a coastal distance of about 3,000 miles with two natural harbours viz; Freetown and Lobito among some forty ports of call (see map on next page). The countries consist of eighteen coastal states, five landlocked states and two islands (see table 6.1 for a listing of these countries). The comparatively modern ports along the coast include ports Etienne, Dakar, Conakry, Freetown, Monrovia, Abidjan, Takoradi, Tema, Lome, Benin, Lagos, Port Harcourt, Douala, Pointe Noire, Matadi, Luanda.
and Lobito, all having ordinary piers and cargo handling facilities.

The countries in the region differ widely with respect to size, population, natural resource endowments and income level. Table 6.1 gives comparative basic economic data for West/Central African countries as at 1962. The biggest in terms of land area is Zaire (905,365 sq miles) followed by Chad (495,800 sq miles) and Niger (489,191 sq miles). However, significant proportions of the large land areas particularly of Chad and Niger are taken up by the desert. The median land area per country is less than 100,000 sq miles. The most populous is Nigeria (popu, 90.5 million) followed by Zaire (popu, 30.7 million). The median population per country is just around 5 million; there are some six countries with population less than 1 million.

In terms of the economy, the oil producing/exporting countries in the region appear to dominate with four of them having GNP per capita well over US $800. These countries are Nigeria (crude oil production 71.2 million metric tonnes in 1981), Gabon (7.6 million tonnes), Cameroon (4.3 million tonnes) and Congo (3.9 million tonnes). Angola (crude oil production in 1981, 7.2 million tonnes) is another significant oil producing country but figures on its GNP per capita is not available. Ivory Coast, although now in the process of developing its oil producing potential (production in 1981 0.2 million tonnes) has a well balanced economy with GNP per capita above US $900.

The rest of the countries in the region have GNP per capita ranging
### TABLE 6.1

**BASIC ECONOMIC DATA, ON WEST/CENTRAL AFRICAN COUNTRIES**

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>POPU *000</th>
<th>GNP PER CAPITA US $</th>
<th>GROWTH RATES 1973-82</th>
<th>DOMINANT EXPORT SEABORNE*</th>
</tr>
</thead>
<tbody>
<tr>
<td>ANGOLA</td>
<td>7992</td>
<td>n.a</td>
<td>2.5</td>
<td>n.a</td>
</tr>
<tr>
<td>BENIN</td>
<td>3690</td>
<td>330</td>
<td>2.8</td>
<td>2.7</td>
</tr>
<tr>
<td>BURKINA</td>
<td>6493</td>
<td>210</td>
<td>2.1</td>
<td>1.6</td>
</tr>
<tr>
<td>CAMEROON</td>
<td>9266</td>
<td>880</td>
<td>3.1</td>
<td>4.6</td>
</tr>
<tr>
<td>CAPE VERDE</td>
<td>340</td>
<td>370</td>
<td>1.0</td>
<td>4.1</td>
</tr>
<tr>
<td>CENTRAL AFRICAN REP.</td>
<td>2408</td>
<td>310</td>
<td>2.3</td>
<td>-1.3</td>
</tr>
<tr>
<td>CHAD</td>
<td>4647</td>
<td>80</td>
<td>2.0</td>
<td>-7.7</td>
</tr>
<tr>
<td>CONGO</td>
<td>1712</td>
<td>1370</td>
<td>3.1</td>
<td>3.6</td>
</tr>
<tr>
<td>EQUATORIAL GUINEA</td>
<td>355</td>
<td>n.a</td>
<td>1.8</td>
<td>n.a</td>
</tr>
<tr>
<td>GABON</td>
<td>682</td>
<td>4840</td>
<td>1.4</td>
<td>-4.7</td>
</tr>
<tr>
<td>GAMBIA</td>
<td>682</td>
<td>360</td>
<td>3.7</td>
<td>-0.8</td>
</tr>
<tr>
<td>GHANA</td>
<td>12169</td>
<td>340</td>
<td>2.9</td>
<td>-3.8</td>
</tr>
<tr>
<td>GUINEA</td>
<td>5704</td>
<td>300</td>
<td>2.1</td>
<td>0.5</td>
</tr>
<tr>
<td>GUINEA-BISSAU</td>
<td>849</td>
<td>220</td>
<td>4.6</td>
<td>-2.1</td>
</tr>
<tr>
<td>IVORY COAST</td>
<td>8936</td>
<td>910</td>
<td>4.4</td>
<td>1.1</td>
</tr>
<tr>
<td>LIBERIA</td>
<td>2014</td>
<td>490</td>
<td>3.5</td>
<td>-0.9</td>
</tr>
<tr>
<td>MALI</td>
<td>7076</td>
<td>170</td>
<td>2.7</td>
<td>2.1</td>
</tr>
<tr>
<td>MAURITANIA</td>
<td>1598</td>
<td>480</td>
<td>2.3</td>
<td>0.7</td>
</tr>
<tr>
<td>NIGER</td>
<td>5878</td>
<td>300</td>
<td>3.2</td>
<td>2.8</td>
</tr>
<tr>
<td>NIGERIA</td>
<td>90572</td>
<td>850</td>
<td>2.6</td>
<td>-0.7</td>
</tr>
<tr>
<td>SAO TOME &amp; PRINCIPE</td>
<td>100</td>
<td>390</td>
<td>2.1</td>
<td>1.4</td>
</tr>
<tr>
<td>SENEGAL</td>
<td>6026</td>
<td>490</td>
<td>2.7</td>
<td>-0.7</td>
</tr>
<tr>
<td>SIERRA LEONE</td>
<td>3194</td>
<td>390</td>
<td>2.1</td>
<td>-0.3</td>
</tr>
<tr>
<td>TOGO</td>
<td>2754</td>
<td>350</td>
<td>2.6</td>
<td>0.4</td>
</tr>
<tr>
<td>ZAIRE</td>
<td>30688</td>
<td>180</td>
<td>3.0</td>
<td>-4.2</td>
</tr>
</tbody>
</table>

**SOURCES**: The World Bank atlas 1985

Information on Dominant export products from various sources.

*Excludes precious metals not shipped by sea; the product or products listed account for 80% or more of the respective country's total seaborne export.
from as low as US $170 to US $490, averaging US $320.

Excluding oil, exports from the region are dominated by agricultural produce such as cocoa, timber, coffee, cotton, palm products, bananas, natural rubber, fish and by minerals, predominated by iron ore, bauxite, phosphate rock, uranium and more precious metals like gold, diamonds and cobalt which are not shipped by sea. Imports consist mainly of consumer/manufactured goods such as transport equipment and other machinery. Most items are imported from outside the region, particularly from Northern Europe.

Tables 6.2 and 6.3 show the total exports and imports of individual West/Central African Coastal countries by direction of trade as at 1980. The table indicates clearly the diversity of trade volumes in the region. Excluding major bulks, the countries with comparatively significant general cargo trade volumes above 500,000 tonnes on the export side are Cameroon, Ivory Coast, Congo, Zaire, Ghana, and Liberia; on the import side the significant countries are Nigeria, Cameroon, Angola, Ghana, and the Ivory Coast.

As can be seen in the tables, the largest percentage of the countries' trade is directed towards northern Europe followed by the Mediterranean. A notable feature that could be discerned from the tables, is the low intra-regional figures; only about 1.5% of the total regional exports and imports are moved within the region.

Most of the countries in the region have been experiencing
### Table 6.2

<table>
<thead>
<tr>
<th>DESTINATION COUNTRY</th>
<th>BRITISH</th>
<th>NORTH EUROPE</th>
<th>MED.</th>
<th>CENTRA &amp; SOUTH AMERICA</th>
<th>NORTH AMERICA</th>
<th>AFRICA &amp; PERSIAN GULF</th>
<th>ASIA</th>
<th>OCEANIA</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>CAMEROON</td>
<td>34.</td>
<td>669</td>
<td>235</td>
<td>7</td>
<td>17</td>
<td>15</td>
<td>51</td>
<td>-</td>
<td>1028</td>
</tr>
<tr>
<td>CONGO</td>
<td>6.</td>
<td>713</td>
<td>226</td>
<td>-</td>
<td>1</td>
<td>6</td>
<td>23</td>
<td>-</td>
<td>975</td>
</tr>
<tr>
<td>GABON</td>
<td>2.</td>
<td>59</td>
<td>95</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>158</td>
</tr>
<tr>
<td>ANGOLA</td>
<td>-</td>
<td>22</td>
<td>28</td>
<td>0</td>
<td>7</td>
<td>1</td>
<td>0</td>
<td>-</td>
<td>58</td>
</tr>
<tr>
<td>ZAIRE</td>
<td>10</td>
<td>434</td>
<td>81</td>
<td>25</td>
<td>6</td>
<td>0</td>
<td>25</td>
<td>0</td>
<td>581</td>
</tr>
<tr>
<td>BENIN</td>
<td>5.</td>
<td>23</td>
<td>7</td>
<td>1</td>
<td>-</td>
<td>1</td>
<td>3</td>
<td>0</td>
<td>40</td>
</tr>
<tr>
<td>E. GUINEA</td>
<td>0.</td>
<td>10</td>
<td>32</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>42</td>
</tr>
<tr>
<td>GAMBIA</td>
<td>2.</td>
<td>4</td>
<td>3</td>
<td>-</td>
<td>0</td>
<td>-</td>
<td>-</td>
<td>0</td>
<td>9</td>
</tr>
<tr>
<td>GHANA</td>
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1 Excluding major bulks

SOURCE: THE WORLD BANK, "Technological and Operational Developments in liner shipping in West Africa" Vol. A
## Table 6.3

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1 Excluding major bulks viz: bulk foodstuffs, oil, mineral sands, ore and fertilisers.

declining rates of growth in their GNP due to a combination of factors; the major ones being drought, high cost of fuel imports, political instability and effects of global recession regarding the deterioration in the market for raw material and crude petroleum. The declining nature of most of the economies in the region find expression in the declining trade volumes particularly on the export side. With crop failures and an industry based on high cost fuel imports the trend has been a comparatively increased imports of foodstuffs and fuel which place undue burden on these economies.

A World Bank report showed that during the 1970s, overall freight traffic to and from West/Central Africa showed little growth. Growth in other cargo imports; iron and steel and bulk foodstuffs was cancelled out by declines in primary exports. The trend is indicated by tables 6.4 and 6.5. For the "general cargo" sector, taking imports alone, there was an overall rate of growth during the period of 8.2% p.a. However, excluding oil and gas, overall tonnages to and from West Africa grew by only 0.5% p.a.

There exist a significant potential for bulk trade in the region. There are quite substantial deposits of bauxite, iron ore, and phosphates rock apart from large reserves of timber which could move either as a breakbulk or bulk shipments. Only a small proportion of the deposits have been exploited so far. For instance, of the large deposits of bauxite in Ghana, only a small proportion have been exploited.
### Table 6.4
IMPORTS OF WEST/CENTRAL AFRICAN COUNTRIES
BY COMMODITY AND YEAR, 1972-80
'000 TONNES

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### Table 6.5
EXPORTS OF WEST/CENTRAL AFRICAN COUNTRIES
BY COMMODITY & YEAR 1972-80
'000 TONNES

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**Source:**
THE WORLD BANK, "Technological and operational Developments in liner shipping in West Africa"
VOLUME: A Traffic, Gilman & Associates, April 1984
Furthermore, the South Atlantic ocean which washes the coasts of the region has been hardly exploited for its natural resources; viz; fish, oil and minerals by the respective coastal countries themselves. This is because of the capital intensive nature of ocean investments which is beyond the means of individual countries concerned. A few ocean zones have however generated conflicts in their delineation notably (a) conflict between Gabon and Equitorial Guinea over the uninhabited offshore Annobu Islands which Gabon unilaterally annexed in 1972 and which is being contested by Equitorial Guinea. (b) conflict between Guinea and Guinea Bissau over offshore zones known to harbour oil fields.

The Guinea, Guinea Bissau conflict has now been settled by the international court of justice; however a more lasting harmonious relationship could be achieved between the two states through cooperation in the exploitation of the ocean resources. It is noted here that the Dalhousie (Canada) Ocean Studies Centre is currently involved in a regional programme on the implementation of UNCLOS to cover the whole of West/Central Africa. This programme, is is expected, will lead to identification and establishment of a regional centre for dealing with problems of ocean management in the region.

The foregoing gave a broad overview of the structure of West/ Central African economies, particularly the volumes of export
and import available for carriage by ocean vessels. In the next section we now look at developments in regional integration schemes aimed at finding solutions to the multifarious problems of the respective economies, with regard to regional shipping policies.
6.2 REGIONAL INTEGRATION SCHEMES AND MARITIME POLICY IN WEST/CENTRAL AFRICA

The 1970s have witnessed a remarkable movement towards various forms of economic integration schemes in the West/Central African region. In a recent publication, it was estimated that there are as many as 32 inter-governmental organizations in West Africa alone. This trend is in recognition of the need for closer regional cooperation in the economic development of small capital deficient states, although such a proliferation of integration schemes is bound to pose serious problems of duplication of efforts and wastage of resources.

A few of the more pronounced integration schemes are as follows:

(1) The Communauté Économique de l'Afrique de l'Ouest, CEEAO (The West African Economic Community) came into effect in January 1974 replacing the West African Customs Union (UDEAO). Members are the Ivory Coast, Mali, Mauritania, Niger, Senegal and Burkina. The Community has three main areas of activity: Trade, Community development funds and regional economic programmes; Trade Liberalisation is however given priority. Until 1976 Senegal and the Ivory Coast were responsible for almost 99% of goods exported within the community, whereas Mali accounted for almost 1/3 of all imports. The CEEAO countries (except Mauritania), together with Benin and Togo are also linked in a monetary union.
(2) The MANO RIVER UNION (MRU), is a grouping established in 1973 between Liberia, Sierra Leone and Guinea (joining in 1980). It involves a customs union and certain other forms of cooperation, including cooperation for the establishment of union industries.

(3) The Union Douaniereet Economique de L’Afrique Central (UDEAC) linking the People’s Republic of the Congo, Gabon, Cameroon and the Central African Republic. These countries, together with Chad, a former member are also linked in a monetary union.

(4) The Economic Community of West African States (ECOWAS); established in May 1975 links all the 16 countries of West African geographical region except Cameroon. ECOWAS includes countries already linked in the CEAO and the MRU. The 16th member, Cape Verde joined the original 15 members in 1977. The major objective of the ECOWAS Treaty is to create a common market with a common external tariff.

Other integration schemes in the region include the eight Nation Niger Basin Authority which includes Benin, Guinea, Mali, Nigeria, Cameroon, Niger, Ivory Coast and Burkina Faso. Organization Commune Africaine et Mauricienne (OCAM), established in February, 1965 comprise Benin, Central African Republic, Ivory Coast, Mauritania, Niger, Rwanda, Senegal, Togo, Burkina with the exception of ECOWAS. Information has not been available on Maritime policy in the various integration schemes in the region except ECOWAS.

For ECOWAS, an elaborate transport programme was adopted in May 1980.
with the primary objective to harmonise transport legislations by defining clearly the structure of each mode of transport. The transport projects were classified in order of priority by mode as follows: Road, Maritime, Air, Railway and inland ways. In the maritime sector, ECOWAS is presently giving particular attention to the creation of a multinational coastal shipping company, in which private companies are known to have expressed interest especially those from outside the continent. The feasibility studies was carried out by UNCTAD and its execution by Long Term Planning Association has just been accomplished. Although ECOWAS covers only West African geographical region, the study on regional coastal shipping has been extended to cover the Central African States, in consultation with the Ministerial Conference of West/Central African States on Maritime Transport. The study is in three parts namely:

(a) Bulk Transport
(b) Passengers Transport
(c) General Cargo Transport

The objective of the coastal shipping service is primarily to promote the intra-African trade which will accelerate the rationalisation of maritime services in the ECOWAS subregion.

In the early 70s, increased awareness in the region, has begun to be generated towards the specific problems of the maritime sector. This awareness was initially generated largely by the first and second UNCTADs held in 1964 and 1968 respectively. UNCTAD I and II highlighted the existing, but untackled shipping problems of developing countries ranging from complete dependence on foreign flag for the sea transport of their international trade
to those partly dependent and struggling to expand their national merchant marines. The problems had to do with the decline in developing countries' terms of trade which were being further aggravated by the heavy impact of rising freight rates and the inadequacies associated with the existing institutional mechanism in shipping. This inadequate institutional mechanism concerned mainly the monolithic structure of the liner conference system with the consequence that developing countries faced difficulties with respect to admission of their national shipping lines into conferences, unilateral fixing of freight rates, discriminatory practices, the stifling of competition by tying shippers in loyalty agreements and the refusal of conferences to hold meaningful consultations with shippers from developing countries.

In the West/Central African region, the problems were felt markedly in view of the fact that most of the countries in the region were newly independent and emerging out of colonial economic structures. The initial problem concerned high freight rates. In the early 70s freight rate increases unilaterally imposed by the liner conferences in the region's trade, have averaged more or less 25% to 30% per annum; within the same period, freight rates in the region have been generally higher than elsewhere in the world. Palm oil, for instance, was exported to the European common market at the cost of US $45 per ton, while Malaysia oil was exported to the same countries, over longer distances at the cost of US $25 per ton. The underlying factors for these were poor port productivity and inadequate shipping services. Furthermore, according to the United Nations statistical records for the year 1973, more than 60% of world cargo transported by sea was loaded in
developing countries, when the share of those countries in world shipping traffic did not exceed 8% during the same period. As regards the share of Africa it was round 0.4%. By 1970 individual countries in the region had begun to respond to the problems by initiating policies. The Ivory Coast, for instance, established a Shippers' Council aimed at holding negotiations with liner conferences on freight rates and other conditions of shipping. Ghana, which is the first country in the region to establish a national line; had been considering cargo reservation measures particularly for cocoa and timber. However it was quickly realised that the bargaining strengths, at individual country levels, was insignificant and a regional approach was needed.

In May 1975, the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) convened in Abidjan on the initiative of His Excellency President Felix Houphouet Boigny of the Ivory Coast. Opening the conference the President set the immediate objectives of the conference into perspective when he said 53:

"I particularly believe that, for African Nations' whose participation in maritime transport arisen from their own needs is small, it is now essential to jointly elaborate a way to talk good sense to the foreign shipowners on which they depend and then to talk by common consent".

At this meeting of ministers, the "Abidjan Charter" was drawn up. The Charter underscored the need in the subregion for co-ordination and co-operation in the field of maritime transport and the taking of action to bring about the enforcement of the principle
of consultation prior to the setting and subsequent implementation of any increase in freight rates.

Faced with the immediate problems of high freight rate increases on the West and Central African Shipping range, the ministers at this meeting created a 4-nation (Ghana, Ivory Coast, Nigeria, and Zaire), Regional Freight Rate Negotiating Committee and mandated the committee to immediately proceed to consultation on, and as appropriate negotiate proposed freight rate increases between 25% to 30% then standing notified by the liner conferences. The negotiating committee is now made up of 10 nations (details on the working of this committee is given later in this section). The Ministers also set for the guidance of the Freight Rate Negotiating Committee, limits to the maximum freight rate increases which they considered the economies of the region could bear.

Barring a deadlock with UKWAL at the subsequent negotiations, the Freight Rate Negotiating Committee achieved significant success in all its consultation and negotiations with the rest of the liner conferences. The adoption of the principle of consultation was emphatically endorsed and the liner conferences took ample notice of this.

The first Ministerial Meeting in Ivory Coast was followed by regular sessions in Cameroon (1976), Ghana (1977), Senegal (1978), Gabon (1981, 1984), and special sessions in Senegal (1979), Gabon (1982). The 1985 meeting has been scheduled for Monrovia, Liberia. The minister responsible for Transport/Maritime affairs of the host nation chairs the conference until the next regular session.
The broad policy objectives of MINCONMAR is divided into five parts:

(a) Maritime Affairs
(b) Development of shipping companies
(c) Ports
(d) Landlocked countries
(e) Training and Information

Appendix 6.1 contains the full text of the policy objectives.

APPRAISAL OF STRUCTURAL DEVELOPMENTS IN MINCONMAR (1975-1984)

(1) Adoption of the charter of Maritime Transport and establishment of permanent Secretariat: six states were required to ratify the convention to enable the Ministerial Conference to assume a permanent and legal existence. By 1984, although only eight countries out of twenty-five have ratified the convention, virtually all the countries had amply demonstrated tacit approval of the existence of the Ministerial conference. The attainment of a permanent status for the Ministerial Conference was accompanied by the establishment of a permanent Secretariat in Abidjan with a full-time Secretary-General appointed in 1979. The Secretariat services the Ministerial Conference both administratively and technically and coordinates the activities of the specialised bodies viz; the Union of Shippers' Councils, Regional Freight Rate Negotiating Committee, Port Management Association, Association of National Shipping Lines, as well as fostering cooperation with other economic groupings in the region such as the Economic Community of West African States (ECOWAS) and other international agencies viz; UNCTAD, UNDP,
ECA and IMO. The Secretariat has established a shipping investigation unit in collaboration with the UNDP and UNCTAD as the executing agency. The primary objective of the unit is to study the cost of maritime transport and unitisation of cargo in the region.

(2) Specialised bodies of the Ministerial Conference: There are at present four specialised bodies of the Ministerial Conference; these are:

(a) The Union of Shippers' Councils
(b) The Regional Freight Rate Negotiating Committee
(c) Ports Management Association
(d) Association of African Shipping Lines

Discussions are currently on the way to consider adopting the two regional maritime training institutions in Ghana (Anglophone) and Ivory Coast (Francophone) as specialised bodies. The role of these two regional Academies are discussed later. What follows are appraisals of the above four specialised bodies.

(a) The Union of Shippers' Councils: By a resolution, all member states of the Ministerial Conference were called upon to establish National Shippers' Councils; this is in keeping with resolutions of UNCTAD which led to Shippers' Councils being established in over 50 developing countries and over 20 developed market-economy countries representing over 70% of World seaborne trade. In West/Central Africa, Shippers' Councils are present in at least 13 countries viz; Ivory Coast, Ghana, Nigeria, Cameroon, Senegal, Guinea, Benin, Togo, Zaire,
Burkina Faso, Central African Republic, Gabon, Mauritania

The role of the Shippers' Councils in the region are as follows:

(i) representing and protecting the interests of shippers with regard to availability of shipping space, freight rates, port conditions etc. and in particular to negotiate freight rates and other conditions of shipping with the liner conferences

(ii) operation of a national freight booking bureau as an integral part of the Shippers' Council activities that would ensure compliance with the cargo sharing principles contained in the code. This role is new and now evolving; details are given later in this section

Establishment of Shippers' Councils in the world were generally followed by regional groupings of such Councils as means of representing and safeguarding shippers' interests at regional levels in view of the fact that international shipping transcends national boundaries. The West/Central African regional Shippers' Council is currently made up of all the national Shippers' Councils mentioned above, with the Secretary-General of the Ivorian Shippers' Council as Chairman. Plans are afoot to establish a permanent Secretariat of the Union with a full time Secretary-General. The primary responsibility of the Union has been to protect the interests of Shippers on the regional level through a consultations/negotiations with liner conferences and other operators, where the problem is considered regional. Meetings are held to discuss issues and problems confronting shippers in the region through individual national shippers' councils memoranda and requests. The Union constitutes the Regional Freight Rate negotiating committee which
(b) **Regional Freight Rate Negotiating Committee:** As mentioned earlier on, the first regional body to be established following the inaugural meeting of the Ministerial Conference is the Regional Freight Rate Negotiating Committee. The formation of the committee was a reaction to the effect of freight rate increases, averaging 25% to 30%, unilaterally imposed by the liner conferences in 1974/75, on the already inflation affected economies of States in the region. It is also in pursuit of the implementation of the principles of consultation between Shippers and Shipowners endorsed by UNCTAD. The committee, currently made up of 10 States, plays a vital role in the region and could be regarded as the most significant achievement in regional cooperation. It is indeed "a privileged tool in the implementation of the maritime policy of the 25 States of the Ministerial Conference". The committee has been entrusted not only with negotiating increases in tariffs with other maritime conferences serving the region, but also with attending to grievances, remarks and complaints of the liner conferences. The committee has thus become "globally responsible for the organization of maritime transport from Europe, Asia, Far East and America to the region".

The Negotiating Committee holds two important meetings per year:

- one devoted to freight rate negotiations - Summer meetings in Europe
- the other to problems of conditions of shipping - Winter
In order to facilitate constructive freight rates negotiations based on quantitative analysis the committee and the liner conferences (UKWAL, COWAC, MEWAC, FEWAC & AWAFC) have evolved a formula based on the following broad principles:

- Disclosure of confidential information on the operational results of member lines of each liner conference, to independent accountants appointed by the parties (ie Negotiating Committee and Liner Conferences).

- The joint accountants of the two parties are to submit a report to the parties on the operational results, in an agreed form, and reflecting current and projected operational deficits or surpluses of the lines. The accountants' report is to include a commentary on:
  
  (a) the figures submitted by the lines as to their general reliability
  
  (b) assumptions on which forecast results are based and
  
  (c) a broad reconciliation of the reasons for the variation in the financial voyage results of one period compared with the next.

- The final freight rate reviews agreed upon by the parties are based on the joint accountants' report and involve compromises between the projected revenue deficit of the lines for a given period and the calculations of the regional committee on the relationship between cost and revenue for the shipping companies concerned.

It is important to note here that the whole exercise is directed at
establishing general freight rate adjustments rather than considering freight rates appropriate to specific commodities. Nonetheless, specific rates are considered for commodities classified as sensitive to the economies of member states; these include cocoa, coffee and timber.

The following are fundamental principles governing the formula agreement which are subject to debate prior to the Summer meetings for negotiation on freight rates.

(a) The frequency of freight rate reviews: It was agreed that freight rate reviews would be on an annual basis to avoid the larger freight rate adjustments that would presumably be required if a longer review period were adopted.

(b) Interim adjustments: Bunker surcharge and currency adjustment factor are regarded as "interim adjustments" since they are unforeseen events which occur between the agreed review dates and are:

(i) beyond the control of the lines, and

(ii) has material effect on the relative profitability of the lines. These interim adjustments POS and CAF are monitored regularly; however, no adjustment is made unless it represents at least 2% of revenue.

(c) Round voyage results and conference cargoes: Round voyage results are used for freight rate negotiations on the grounds that they best reflect the commercial realities of the trade as a whole and whether a general freight rate adjustment to tariff scales is required. It was also decided that sensitive northbound cargoes should receive special treatment.
(d) **Depreciation**: Depreciation values are based on current ship prices and was around 5.7% for specialised vessels and 4.7% for other vessels.

(e) **Reasonable remuneration to Shipowners**: The determination of what constitutes a reasonable reward to Shipowners for the services provided is based on the rate of return on capital employed and agreed after presentation of the "trial period" voyage results.

(f) **Determination of current ship replacement values**: This involves the determination of index to reflect ship replacement values. Several indices were considered viz; the wholesale price index which was found unacceptable as it is unrelated to shipping; the Central Statistics Office (CSO) index and the assessed price methods, were found not wholly suitable. An average of the CSO/assessed price methods were found suitable although further researcher were being carried out to determine a more suitable index using, for instance Platou Ship replacement figures.

(g) **Container Life**: Extensive debates have been going on to ascertain container life; seven (7) years have been used for some freight rate negotiations.

The operational results of the lines are presented in the following way:

(i) reporting of the Conference's **round voyage** revenues and expenditure (ie "cash flow") for the immediate past voyage year.
(ii) presentation of the forecast "cash flow": for the period to be covered by the freight rate negotiations, based on the conference's assumptions; and

(iii) the capital charges (calculated on the agreed basis) are then compared with the "cash flow" produced by the above. The resultant deficit or surplus forms the basis of the rate negotiations.

The Regional Negotiating Committee, over the years have succeeded in reducing annual freight rate increases, which averaged between 30% to 40% (prior to the Committee's establishment) to 8% in 1981, 6% in 1982 and to 5% in 1983 for general merchandise. The average for sensitive products is 2 to 3%.

Retaliatory measures have been adopted by the Ministerial Conference against lines which fail to take into account the aspirations of the countries of the region by, for instance applying unilateral increases of freight rates and related changes. The retaliatory measures include:

(a) The black-listing of ships of the Liner Conferences concerned except those of member states

(b) The imposition of a levy on the operating vessel of 150% of the freight of the cargo carried (or any other taxes) on any black-listed ship according to the regulations in force in each state

(c) The denial of cargo-carrying and bunkering facilities to ships of the liner conferences concerned, except those of member states
(d) Freezing of all transfers for payment of freight and other changes for ships of the liner conferences concerned, except those of member states.

It is pertinent to note that following the institution of the retaliatory measures mentioned above, UKWAL, AWPC and FEWAC which initially proved difficult in meeting the aspirations of the Ministerial Conference, were eventually brought to the negotiating table and all unilateral increases in freight rate on the West/Central African route ceased.

(c) **Ports Management Association**

The association is an inter-governmental regional economic grouping created in 1972 by the UN Economic Commission for Africa (ECA). It is now an organ of MINCONMAR. From a membership of nine (9) at inception, the Association now has 16 Regular and 7 associate members which are all located within the Mauritania/Angola range thus embracing the whole of the maritime region of West/Central Africa.

The Association is primarily concerned with the improvement and modernisation of port and shipping administration in member ports. This is achieved by way of joint projects with financial and expert assistance from the competent UN agencies (UNCTAD, IMO, UNDP, ECA). Government. Projects currently under-way include Port Statistics Modernisation, Buoyage harmonisation, combined dredging arrangements and training. The association has also been concerned with marine pollution especially in harbour entrances and port zones. The immediate and long term objectives of the Association regarding
marine pollution are as follows:

(i) To inform and acquaint member ports regarding the potential increase of pollution in the years ahead in and around their ports and the unwanton consequences

(ii) To assist member ports in their effort to combat pollution

(iii) To place at the disposal of member ports all the facilities considered necessary for access in international legislation against pollution and the modalities for obtaining adequate and timely compensation

(iv) In the long term, to setting-up and proper functioning of anti-pollution organs in all member ports and the active/direct participation of member ports in the formulation of international anti-pollution legislation within IMO

The Association has also embarked on a radical move to modernise and harmonise all existing navigational aids in the region with a view to making them conform to internationally accepted standards in accordance with the International Association of Lighthouses Authorities (IALA) specifications. The Secretariat of the Association is based in Lagos, with a full time Secretary-General operating an annual budget of under $200,000 provided by the various member ports in the form of annual contributions. The Association organises a bi-annual African Ports Symposium to discuss port problems in the region.
(d) ASSOCIATION OF AFRICAN SHIPPING LINES

The association is made up of national lines in the region operating within the liner conferences serving the region. The association consists of a Council, an operation committee and permanent Secretariat located in Abidjan. Its primary objective is commercial and technical cooperation among members regarding particularly market sharing and the rendering of special service to landlocked countries.

Member lines serving in the conferences, include the Nigerian National Shipping Line (NNSL), SITRAM and SIVOMAR (Ivory Coast), Black Star Line (Ghana), CAMSHIP (Cameroon), SOTONAM (Togo), CMZ (Zaire), SONOTRAM (Gabon), COBENAM (Benin), the Gambia National Line and COSENAM (Senegal). The Dominant line is NNSL with 20 multi-purpose carriers averaging 14010 dwt and 3 conventional lines averaging 10,811 dwt. The second largest is SITRAM operating five, 353TEU, semi-cellular ships, and three 450TEU multi-purpose carriers. The Black Star Line has 4 new multi-purpose ships rated at 500TEU each; CAMSHIP operate four multi-purpose ships, one of 436TEU and others at 650TEU, two more of this are on order.

Member lines of the association have supported and cargo sharing principles of the UNCTAD code and have been pressing for protectionist policies to implement cargo sharing systems in the region.
RATIFICATION AND IMPLEMENTATION OF THE CODE OF CONDUCT FOR LINER CONFERENCES

The Ministerial Conference has, at its inaugural meeting in 1975, expressed its support for the UNCTAD code and called on all member states, who have not yet done so, to ratify the convention, most of the states have already ratified.

In its implementation, the Ministerial Conference has called for an "a priori" control of cargo in the region. In this direction, the conference adopted resolution 49/5/81 in 1981 of which the main element refers to the setting up of government-operated Central Freight Bureau or the appointment of national Shippers' Councils as unique government agencies to carry out the above functions; the opening or the appointment of branches/agencies at the Northern end of the trade, empowered to oversee the choice of the flag to conform to the cargo sharing principles.

Following this resolution in 1981, the permanent Secretariat convened a special meeting for the creation of a regional Bureau responsible for a priori control of cargo. This committee held its first meeting in Lome in February/March 1982 and preliminary work being done involve appraisal of the working of existing machineries set up in the various member countries to implement cargo sharing.

As at now national freight bureaux are in operation in seven countries in the region. These are Ivory Coast, Cameroon,
Senegal, Gabon, Togo, Zaire, and Benin.

Technically the freight booking bureau acts as broker/agent for both Shippers and Shipowners. Its business is conducted in the following manner:

a Shipowner either through an agent or directly reports the availability of his vessels to the bureau for the purpose of obtaining cargo for his vessel. Likewise, Shippers report the availability of their cargo to the bureau through an agent or directly with the purpose of finding a suitable vessel for its carriage. The bureau collects and keeps up-to-date information on the movement of the carriers participating in the trade and the percentage of trade being carried by them. It also has first class intelligence on commodity flows and ships availability. On the basis of this information and through an effective communication system, the bureau allocates the available cargo to the carriers to conform to the cargo sharing principles and to other accepted principles.

There are however, various operational approaches adopted by those countries of West/Central Africa which have already established cargo sharing systems. Notable among the systems are the Ivorian and the Cameroonian systems.

Under the Ivorian system, cargo sharing is administered by two centralised organizations viz:

(i) the Ivorian Shippers' Council which compiles information, consolidate and allocate cargo to all recognised
shippin\_g lines serving the Ivorian seaborne trade

(ii) a multi-\_national (forwarding) company (SISA) jointly
owned by the Ivorian national line and other shipping
companies (mainly members of COWAC and MEWAC) serving
the Ivorian seaborne trade. This company is responsible
for the physical sharing/handling of the cargo at the
various ports.

The Ivorian system has been working for sometime now and has gained
for the Ivorian national line, SITRAM a fair share of the carriage
of national cargo.

The Cameroon system is less comprehensive although by no means
less versatile compared to the Ivorian system. This system
involves the use of the national line, (CAMSHIP) agents in the
various ports both local and abroad, to book and consolidate
national cargoes with first offer priority to the national line.
Unless otherwise stated all Cameroonian imports are on FOB basis
and exports CIF. Visas are required in cases where a shipper
wants to use a foreign line; this is to ensure that there is
ample justification for not using a national line. Any shipper
who contravenes this visa rule pays a handsome penalty.

The Cameroonian system although vehemently criticised by liner
conferences as discriminatory, has helped to turn CAMSHIP into one
of the most viable national lines on the West/Central African
Shipping range with very high carriage performance.

In general, the protective policies practiced by the various
countries fall into two categories:

(a) post-shipment cargo control, when the main objective is the monitoring of cargo percentage carried by the national lines;

(b) pre-shipment cargo control, when the main objective is the allocation of cargo to the national lines.

Both types of control are carried out by National Shippers' Councils or Central Freight Bureaux, and also through representatives of these organizations appointed in the ports of trading partners. It is essentially the pre-shipment cargo control that contains elements unacceptable to the trading partners of Western Europe.

The following arguments have been advanced against the establishment and operation of National Freight Bureaux:

(i) The agencies of the Bureaux apply the cargo sharing provisions to the totality of the trade moved to and from these countries. This fact alone is considered the most dangerous threat to the principle of free competition on fair commercial basis.

(ii) For the shippers, it restricts their freedom of choice of the carrier and this measure is often accompanied by the imposition on the shipper of the port of loading.

(iii) For the shipping agents, it means an important setback since the appointment of an agent as single booking office for a given trade, takes away any hope for the other shipping agents to handle business in that trade, thus creating a monopoly situation.
(iv) For the shipping lines, in addition to the economic loss directly derived from the loss of the existing percentages, those shipping lines not represented by the appointed agent are at his mercy to attract any cargo; this inter-alia offers opportunities for irregular payments in order to obtain business.

(v) For the consumers at both ends of the trade it means higher costs of the product, since extra costs to the Shippers and the Shipowners due to delays and fees are likely to follow and these, in the final analysis, will be reflected in higher costs of the product.

As far as the code is concerned, it is argued that any action by the agencies to allocate non-conference cargo (not tied by loyalty agreements to the conference) in favour of specific flags (either national lines or others) will prevent independent lines from competing for such cargo and thereby will be contrary to code. It is further argued that the function of pre-shipment cargo deprives the conference of the right to distribute the cargo among their members in accordance with the provisions of article 2 of the code dealing with cargo sharing.

The main purpose of a pre-shipment cargo control system is basically to increase the cargo carriage performance of the national lines by channeling much of their cargo into the conference cargo pool. This is because the higher the percentage share of the cargo a nation contributes into the conference cargo pool, the higher its share of the conference pool. Individual countries whose national lines participate in the conferences will find it
difficult to raise their contribution to conference pool without a form of pre-shipment control. At the same time a national policy to channel much of the cargo into the conference pool will be at the disadvantage of outsider operators since they will be excluded from participating in the cargo pools of the conferences. As noted in chapter 4.4, the countries find themselves in a dilemma and the national freight bureaux are thought to be a way out of this dilemma. It is a considered conviction that if the national Freight Bureaux could have a dual purpose of consolidating cargo into the conferences for sharing by the conferences themselves while at the same time seeing to the carriage performances of outsiders, a compromise might be reached on the present explosive situation.

(4) The harmonisation of maritime legislation in the region. The ministerial conference is working on this project in collaboration with UNDP, UNCTAD, IMO and ECA.

(5) Regional Maritime Training Academies

There are two regional training academies currently under development. These are (a) Regional Maritime Academy, Accra, Ghana and (b) Regional Maritime Academy, Abidjan, Ivory Coast. The two are respectively to serve the Anglophone and Francophone countries of the region. International bodies such as IMO, UNCTAD and UNDP have been instrumental in providing technical assistance to the academies. The Norwegian Government has also provided assistance in this direction particularly to the Accra academy since its inception as Ghana Nautical College;
this college has turned out many seafarers some of which have reached the levels of sea captains and chief engineers. Under an agreement, experts of the Arab Maritime Academy, Egypt have been providing teaching assistance at the Accra Academy. The agreement involves the training of and recruitment of competent staff from the region.
6.3 ANALYSIS OF REGIONAL MARITIME POLICY OPTIONS FOR WEST/ CENTRAL AFRICA

In chapter 4, we surveyed quite extensively the various institutional arrangements/policies that are possible in a maritime integration scheme. However, it was not suggested that all the possible policies outlined would be appropriate or necessary in all regional maritime integration schemes. The choice of particular policies would depend on the structure of seaborne trade, shipping service and related problems, of the region concerned. In order therefore to select the policies relevant to a region, detailed analysis must be carried out on the existing structure of shipping service. In this section it is not intended to restate the principles or modus operandi of the various policies that are possible, as this has already been covered in chapter 4 and apply equally to the West/Central African region. The approach taken here is to analyse the characteristics of West/Central African seaborne trade and related problems, as a basis for identifying and formulating those regional maritime policies that are relevant to the region. The analysis is carried out in two main sectors:

(i) **Economic**: relating to the formulation of policies regarding the establishment of regional shipping capability, joint ventures, rationalisation of sailings of liner vessels, cargo sharing, as well as to the extent of control on freight rates and other conditions of shipping service.

(ii) **Non-Economic**: relating to the establishment of a regional maritime safety administration to undertake regional port state control and other maritime safety and marine pollution prevention measures.
(i) ECONOMIC SECTOR

The West/Central African region largely meets the definition of a maritime region with respect to both economic and physical criteria (ref. section 3.3). In the economic sphere, the region constitutes a liner shipping range coming under common shipping service, uniform freight rates etc. It was noted in 6.2 that under both ECOWAS and MINCONMAR, regional policies were being pursued in several sectors which include:

(a) establishment/operation of a regional shipping line

(b) regional a priori control of cargo within the framework of the UNCTAD cargo sharing principles

(c) regional consultation machinery on freight rates and other conditions of shipping

(d) regional rationalisation of sailings of shipping lines serving the region.

The question that must be answered is to what extent does the region's shipping service structure support these policies.

As noted in 6.1, freight traffic demand to and from the West/Central African region in the general cargo sector, is dominated by the export of raw materials and particular foodstuffs, and the import of consumer/manufactured goods such as transport equipment and other machinery. Tables 6.2 and 6.3 represent approximately the volume of cargo available to the general cargo sector. Total general cargo exports and imports for 1980 amount to 25.4 million tonnes suggesting that the region's general cargo trade accounts for some 6.5% of the world-wide general cargo trades, which stood
at 400 million tonnes in 1980 (including refrigerated traffics).
At the same time, excluding the bulk traffic, fish carriers, and passenger liners, about 50 million dwt could be described as general cargo related tonnage. Compared to cargo volume of 25.4 million tonnes, this gives a rough average load factor of 50%.

The total volume of general cargo trade generated by West/Central Africa can be viewed as appreciable. However, half of this is accounted for by only two countries: Nigeria and Ivory Coast. For instance 55% of all imports of the region is accounted for by Nigeria. By virtue of her comparatively high imports, Nigeria accounts for 32.6% of the total regional general cargo handled in 1980. Ivory Coast, with comparatively high exports (28% of total regional general cargo exports) account for 19% of the total regional cargo handled in 1980. Between them the two countries account for some 51.6% of total regional general cargo. Table 6.6 gives details on the above figures for a number of countries in the region including data on import/export proportion (1980).

A notable feature discernible from table 6.6 is the profound imbalance between imports and exports of individual countries. For example Nigeria’s general cargo trade is made up of 98% of imports and only 2% of exports. Conversely Ivory Coast’s general cargo is made up of 63% of exports and 37% of imports reflecting an impressive net export situation of 26%. Only one country has a balanced general cargo flow, Ghana, with one million tonnes of general cargo. Of the remainder, ten are net importers while nine are net exporters. Taken together, the export/import situations appear to balance on the regional level. Indeed overall, the general cargo import/export
### TABLE 6.6

<table>
<thead>
<tr>
<th>COUNTRY</th>
<th>% of Region's General Cargo Handled 1980</th>
<th>Import/Export Proportion (1980)</th>
<th>% of Region's Ship Calls (1983)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIGERIA</td>
<td>32.6</td>
<td>98:02</td>
<td>20.6</td>
</tr>
<tr>
<td>IVORY COAST</td>
<td>19.0</td>
<td>37:63</td>
<td>19.8</td>
</tr>
<tr>
<td>TOGO⁺</td>
<td>9.7</td>
<td>07:93</td>
<td>4.8</td>
</tr>
<tr>
<td>CAMEROON</td>
<td>7.6</td>
<td>24:76</td>
<td>7.3</td>
</tr>
<tr>
<td>SENEGAL</td>
<td>7.1</td>
<td>24:76</td>
<td>12.4</td>
</tr>
<tr>
<td>CONGO</td>
<td>4.3</td>
<td>21:79</td>
<td>4.1</td>
</tr>
<tr>
<td>GHANA</td>
<td>3.7</td>
<td>50:50</td>
<td>6.0</td>
</tr>
<tr>
<td>ZAIRE</td>
<td>3.3</td>
<td>39:61</td>
<td>3.8</td>
</tr>
<tr>
<td>LIBERIA</td>
<td>3.1</td>
<td>36:64</td>
<td>4.4</td>
</tr>
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<td>GUINEA</td>
<td>2.3</td>
<td>38:62</td>
<td>0.9</td>
</tr>
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<td>ANGOLA</td>
<td>2.2</td>
<td>91:09</td>
<td>n.a</td>
</tr>
<tr>
<td>GABON</td>
<td>1.4</td>
<td>62:38</td>
<td>4.8</td>
</tr>
<tr>
<td>BENIN</td>
<td>1.3</td>
<td>90:10</td>
<td>3.5</td>
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<td>SIERRA LEONE</td>
<td>0.8</td>
<td>82:18</td>
<td>2.3</td>
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<td>MAURITANIA</td>
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<td>96:04</td>
<td>2.2</td>
</tr>
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<td>GAMBIA</td>
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<td>90:10</td>
<td>2.3</td>
</tr>
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<td>97:03</td>
<td>0.6</td>
</tr>
<tr>
<td>CAPE VERDE</td>
<td>0.3</td>
<td>94:06</td>
<td>n.a</td>
</tr>
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<td>EQUITORIAL GUI</td>
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<td>56:64</td>
<td>0.2</td>
</tr>
<tr>
<td>NEA</td>
<td>0.1</td>
<td>70:30</td>
<td>0.3</td>
</tr>
</tbody>
</table>


*It is believed that a sizable proportion of the general cargo tonnage for Togo is attributable to phosphates.
imbalance ratio is of the order 58:42. However although the
general cargo trade appears in reasonable balance there are
serious imbalances when the direction of trade is considered.
Of the total general cargo trade of 25.4 million tonnes, 54%
involved North Europe and further 29% the Mediterranean making up
33% of the trade. Only Asia (with 7.7%) and North America (with
4.6%) possessed anything other than an insignificant share. The
above seaborne trade characteristics lead to a few deductions:

(i) The trade imbalances of individual countries make it
difficult for individual countries to sustain independent liner operations on both legs of the voyage.

(ii) The above suggests therefore that any development of
national shipping capability by any of the states, would
be not only to serve the national trade but also to participate in cross-trades, to serve the trades of landlocked
countries or to participate in regional cargo pools

(iii) A regional cargo pool with a reasonable import/export
ratio would provide a basis for a more meaningful development of liner operations on both legs

A profitable participation in a regional cargo pool presuppose
that an optimum number, type and size of ships are deployed on
the route. However the present situation indicate considerable
overtonnaging on the route vis-a-vis cargo availability. Quite a
large proportion of the countries in the region have developed or
are in the process of developing national shipping capability.
Table 6.7 gives information on total regional merchant fleet by
flags as of July 1st 1984. Almost all the coastal states in the
region except Sierra Leone have owned tonnages. With the exception
## TABLE 6.7

WEST/CENTRAL AFRICAN MERCHANT FLEET
BY FLAGS AS AT JULY 1, 1984
(Vessels of 300 grt & dwt and over)

<table>
<thead>
<tr>
<th>No.</th>
<th>FLAG</th>
<th>NO. OF SHIPS</th>
<th>GRT</th>
<th>NRT</th>
<th>DWT</th>
<th>SHARE OF FLAG IN WORLD DWT %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LIBERIA</td>
<td>1,783</td>
<td>59,449,759</td>
<td>45,217,593</td>
<td>116,345,208</td>
<td>18.14</td>
</tr>
<tr>
<td>2</td>
<td>NIGERIA</td>
<td>41</td>
<td>415,483</td>
<td>253,383</td>
<td>606,789</td>
<td>0.09</td>
</tr>
<tr>
<td>3</td>
<td>CAMEROON</td>
<td>5</td>
<td>154,741</td>
<td>113,441</td>
<td>281,476</td>
<td>0.04</td>
</tr>
<tr>
<td>4</td>
<td>IVORY COAST</td>
<td>14</td>
<td>129,219</td>
<td>68,331</td>
<td>116,229</td>
<td>0.03</td>
</tr>
<tr>
<td>5</td>
<td>GHANA</td>
<td>18</td>
<td>112,454</td>
<td>67,339</td>
<td>153,072</td>
<td>0.02</td>
</tr>
<tr>
<td>6</td>
<td>GABON</td>
<td>8</td>
<td>95,821</td>
<td>67,204</td>
<td>168,312</td>
<td>0.03</td>
</tr>
<tr>
<td>7</td>
<td>ANGOLA</td>
<td>24</td>
<td>82,617</td>
<td>52,648</td>
<td>127,640</td>
<td>0.02</td>
</tr>
<tr>
<td>8</td>
<td>ZAIRE</td>
<td>8</td>
<td>70,627</td>
<td>47,258</td>
<td>106,674</td>
<td>0.02</td>
</tr>
<tr>
<td>9</td>
<td>TOGO</td>
<td>5</td>
<td>50,666</td>
<td>31,068</td>
<td>72,690</td>
<td>0.01</td>
</tr>
<tr>
<td>10</td>
<td>SENEGAL</td>
<td>9</td>
<td>17,313</td>
<td>10,077</td>
<td>24,494</td>
<td>0.00</td>
</tr>
<tr>
<td>11</td>
<td>CAPE VERDE</td>
<td>7</td>
<td>9,710</td>
<td>6,255</td>
<td>17,534</td>
<td>0.00</td>
</tr>
<tr>
<td>12</td>
<td>EQUITORIA GUINEA</td>
<td>2</td>
<td>6,412</td>
<td>3,583</td>
<td>6,700</td>
<td>0.00</td>
</tr>
<tr>
<td>13</td>
<td>BENIN</td>
<td>1</td>
<td>2,999</td>
<td>1,894</td>
<td>4,400</td>
<td>0.00</td>
</tr>
<tr>
<td>14</td>
<td>GAMBIA</td>
<td>1</td>
<td>1,597</td>
<td>977</td>
<td>2,900</td>
<td>0.00</td>
</tr>
<tr>
<td>15</td>
<td>MAURITANIA</td>
<td>1</td>
<td>1,581</td>
<td>864</td>
<td>1,964</td>
<td>0.00</td>
</tr>
<tr>
<td>16</td>
<td>GUINEA REP.</td>
<td>1</td>
<td>387</td>
<td>178</td>
<td>510</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Source:** INSTITUTE OF SHIPPING ECONOMICS, BREMEN

* An open-registry and largest Flag state in the world
of Nigeria and Ivory Coast, most of the lines have been over represented. A significant number of the states in the region that generate quite a minor proportion of general cargo traffic, supply a greater than proportionate share of liner capacity; the converse is true in the case of countries like Nigeria and Ivory Coast. The picture is made clearer in Table 6.8 - which gives individual shares of general cargo traffic on West/Central Africa's four most important routes.

The above suggest that stringent implementation of the UNCTAD code, where countries' share of traffic is tailored to the cargo generated, would cause problems to some countries which vessels are presently over-represented on the routes compared to the cargo traffic. However it must be borne in mind that a proportion of the cargo volumes reported in port through-put statistics of some of the coastal countries include those of landlocked countries which utilise the ports of the respective coastal states. In such circumstances care must be taken in analysing the share of the trade carried by the states whose ports are used.

In a codist regime therefore it, could be concluded that, a form of regional arrangements would be required to safeguard the continued participation of most of the national lines. This is made even more pressing when one considers the current conference cargo sharing systems following the entry into force of the code. In the UK West Africa trade for instance, cargo sharing based on a country-to-country share, secured for the UK lines cargo share of more than 50% while lines like Black Star Line of Ghana obtained substantially
## Table 6.8

<table>
<thead>
<tr>
<th>Country</th>
<th>North Europe</th>
<th>North America</th>
<th>Med.</th>
<th>Asia</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cameroon</td>
<td>7</td>
<td>6</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Congo</td>
<td>6</td>
<td>1</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Gabon</td>
<td>1</td>
<td>insig.</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Angola</td>
<td>2</td>
<td>6</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Zaire</td>
<td>4</td>
<td>3</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Benin</td>
<td>1</td>
<td>insig.</td>
<td>3</td>
<td>insig.</td>
</tr>
<tr>
<td>E. Guinea</td>
<td>insig.</td>
<td>insig.</td>
<td>1</td>
<td>insig.</td>
</tr>
<tr>
<td>Gambia</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
</tr>
<tr>
<td>Ghana</td>
<td>4</td>
<td>19</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>Guinea</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>insig.</td>
</tr>
<tr>
<td>Ivory Coast</td>
<td>18</td>
<td>14</td>
<td>26</td>
<td>4</td>
</tr>
<tr>
<td>Liberia</td>
<td>4</td>
<td>8</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Mauritania</td>
<td>insig.</td>
<td>insig.</td>
<td>1</td>
<td>insig.</td>
</tr>
<tr>
<td>Senegal</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>insig.</td>
</tr>
<tr>
<td>Nigeria</td>
<td>29</td>
<td>34</td>
<td>32</td>
<td>64</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
</tr>
<tr>
<td>G. Bissau</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
</tr>
<tr>
<td>Togo</td>
<td>13</td>
<td>1</td>
<td>8</td>
<td>1</td>
</tr>
<tr>
<td>Sao Tome</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
<td>insig.</td>
</tr>
</tbody>
</table>

reduced traffic share amounting to just around 3%. The UNCTAD code in the absence of a regional arrangement has already begun to favour those to whom it was not supposed to have been made for.

Forms of regional arrangement on cargo share would have to do with cargo pools with participation made by individual national lines according to commercial arrangements, on similar lines as the "Brussels package" of the EEC. Where regional cargo pools are in operation, the cargo can be shared between the two regional partners on a fifty-fifty basis. The sharing formula of such a regional cargo pool will have to take into consideration imbalances in the export/import ratios. The union of shippers' councils can coordinate the cargo pooling activities and represent the interest of the shippers in the choice of carriers to ensure that efficiency is maintained.

Another arrangement that has been advocated is the formation of a regional shipping line for deep sea shipping. However considering the number of national lines in the region and the propensity for most of the countries to develop their merchant marines, an arrangement based on the development of a regional shipping line to serve the trade of the region might not be advisable unless the countries with present national tonnages are prepared to make far reaching accommodations. This will mean those national lines which are seriously over represented in the general cargo traffic and whose national cargo traffic cannot support regular liner service (and may be losing money), may enter into joint venture agreements among themselves. This will involve the establishment of a joint venture regional line with shares taken up by member countries, which may include tonnage contribution. Operating costs and supply of manpower
can be shared among member countries. The size and type of the fleet can be designed so as to best serve the special needs of the region.

It must be noted that most of the countries participate in the general cargo traffics on the region's four most important routes viz: Northern Europe, Mediterranean, Far East, and American East/Gulf coasts. The conferences serving these routes are:

(i) The United Kingdom West Africa Lines (UKWAL); embraces UK and Eire traffics

(ii) Continent West Africa Conference (COWAC); covering traffics from Bayonne to the North Cape including the Baltic, split into Northern and Southern sections, the dividing point being Antwerp

(iii) Associated Central West Africa Lines (CEWAL); covering traffic from all the North European ports to Zaire and Angola

(iv) Mediterranean West Africa Conference (MEWAC)

(v) Far East West Africa Conference split into two ranges:
   - Angola-Cameroon range
   - Nigeria-Senegal range

(vi) American West African Freight Conference (AWAPC) covering American East and Gulf Coasts

Much of the traffic is however concentrated on the Northern Europe and Mediterranean routes. This is because the round voyage distances to the US and the Far East are comparatively so large that the unilateral provision of a service at a sustainable frequency could generate a great deal of capacity in relation to the available
traffic. In these circumstances some of the national lines have entered into or are in the process of entering into space charter agreements with some US lines on the American route. The national lines involved are CAMSHIP (Cameroon), SITRAM (Ivory Coast) and MNSL (Nigeria). It is possible that a Regional Shipping line, if established could operate solely on the American and Far East routes currently not largely operated by the national lines. Unemployed tonnage of the national lines could be utilised in this regional joint venture. It is also possible for such a regional shipping line to enter into space-charter agreements with foreign lines operating on these routes.

A look at the trade figures reveal a very small percentage of intra-regional cargoes estimated at only 1.5% of the total regional trade. In this connection an UNCTAD shipping division study concluded that intra-regional cargoes between West/Central African ports were not sufficiently voluminous to sustain a regular coastal liner service. It is emphasised that the creation of a regional coastal carrier would depend on the cooperation of the deep sea operators to integrate their transhipment cargoes with that of the intra-regional cargoes.

Another notable feature of the region's shipping service, is the nature of the freight traffic in the general cargo sector. This traffic imply a greater propensity for southbound (or eastbound) cargoes to be unitised, while several of the main export flows such as crude oil, ores and timber are unsuitable for containerisation. This feature affects the optimum utilisation of ships in the present container age when the route is in the process of being fully containerised and indeed there has already been significant unit load
penetration in the region's Southbound/Eastbound traffics. Infact
62% of total dwt capacity is provided by container carrying vessels;
23% by conventional breakbulk liner services, 10% by tramping con­
ventional ships and a further 5% specialised reefer trade.

In the circumstance where most of the northbound or westbound
cargo is not containerised, boxes have to be transported on the
northbound/westbound leg largely empty and this adds to the cost
of transportation. It is noted that quite a large proportion of
the container carrying vessels are multi-purpose, combined contain­
er/conventional vessels. Low port productivity rates are a feature
in a number of West/Central African ports which are still not
grounded to the efficient handling of containers. It is a consequen­
ce of the nature of cargo handling in West/Central African ports
that, generally, average cargo handling rates in West/Central Africa
are lower than those in the ports of trading partners, although
some of this could be accounted for by more extensive port ranges
being served in the region and somewhat more difficult port access.
In the case of ro-ro ships the difference is about 7% while in the
genral cargo and semi container sectors taken together, it comes
out at about 25%, although with considerable variation for individual
ships and some examples of equivalent or even better performance
in West/Central Africa, than trading partners. However in the full
container sector there is distinct gap in performance, with the time
in port in West Africa being some 43% higher than in ports of trading
partners $^{26}$. From the foregoing, we can deduce that to reduce the
cost of transportation in the regional trade a move must be made to
bridge the gap between productivity rates of the region's ports and
those of the trading partners by providing up to date shore based
equipment to meet the requirements of the modern vessels being increasingly employed. However this required improvement entails capital intensive investments, and might be beyond the immediate means of most of the capital-deficient countries in the region.

In the above circumstances, a few of the more productive ports could be selected as load centre ports or transhipment centres which will be fed with cargo from the various ports. Deep sea operators could then call in only the load centre ports which are well equipped to turn them round more quickly. The load centre ports could be fed by coasters. This arrangement will require regional agreement which could be accomplished through negotiations.

The utilisation of coasters to service regional load centre ports could supplement the development of regional coastal liner service which will also be of service to intra-regional trade. This is because as already noted the development of a pure regular coastal liner service could not be sustained by the current volume of intra-regional cargoes which is estimated at only 1.5% of the total regional trade.

In the bulk trades, the Ministerial Conference, at its fifth meeting held in 1981 in Gabon, adopted a resolution enjoining all member states to undertake to reserve a portion of the bulk trade generated by their foreign trade for carriage in national ships, and gave guidelines for national action to ensure that the interests of states in the region are duly safeguarded in all agreements and conventions entered into with foreign companies. Indeed some 87% of the region's overall export seaborne trade is accounted for by
dry bulk (28%) and liquid bulk (69%). On the import side the bulk trade accounts for 54% (dry bulk = 26% and liquid bulk 28%). The region's bulk exports showed significant development mainly due to the high growth of Nigeria crude oil. Intra-regional trade in oil has reduced the share of oil in the region's import trade.

The bulk exports is composed mainly of crude oil, iron ore, bauxite, phosphate rock, manganese with crude oil and iron ore accounting for more than 80% of total exports. On the import side, cement/clinker, oil and caustic soda, are the main commodities. Measured in tonnes, together they account for almost half of the region's imports. Measured in tonnes, 62% of the total crude oil imports are intra-regional, 19% come from the Persian Gulf and 12% from Venezuela. Crude oil exports are mainly directed to the US and the Caribbean where West Africa is holding a market share of 10% to 20%. More than 50% of the total crude oil exports go to the US market.

For iron ore, Europe is the main market with 40% going to Northern Europe 6% to the US, and 3% to the Far East. For bauxite, North America is again the main market with 45% going to US Gulf (32%) and Canada Atlantic 13%. The import of cement is coming entirely from Europe with Mediterranean and Atlantic Europe holding a share of almost 60%.

The bulk cargo import volume at any one time is dictated by the volume of constructional works in the public and private sectors requiring the shipment of such items as cement and other building
materials in such quantities as to warrant importation in bulk rather than bags and subsequently given significant savings in transportation costs. Bulk shipment operations have to go with extensive use of barging/shuttle systems, intermediate silos and bagging stations; significant number of the region's ports are not geared in this way. It is essentially in the Bulk Cargo trade that West/Central African countries can generate optimum benefit through integrated policies. As at now almost all the national lines in the region, are in the general cargo trade. It is believed that rather than moving towards owning tonnages to carry the bulk trade the region can establish a consortium on bulk cargoes to charter in vessels at the most competitive rates on the tonnage market to participate in the region's bulk trade. However a percentage of the bulk trade is characterised by long shipping contracts with some countries entering into joint ventures such GUINOMAR comprising Norwegian and Guinean interests in the shipment of Guinea bauxite. These contracts can be pursued in the framework of the regional bulk cargo consortium. A percentage of the chartered fleet can be owned by the region.

(ii) NON-ECONOMIC SECTOR

Quite apart from the economic criteria the West/Central African region meets the physical criteria of a maritime region. This include common sea lanes which are adjacent to each other with fairly common sea-surface temperatures, ocean currents, tidal ranges, etc. A major oil spillage may affect the coasts of more than one country in the region since the spillage might be dispersed widely by the ocean currents and might not only destroy marine life but also disrupt the movement of fishes. Hazards
posed by substandard ships are bound to affect several countries since these countries come under more or less common shipping service.

National machineries to deal with technical matters of maritime safety and marine pollution, are at varying levels of development in the region constrained by lack of adequate technical personnel in these areas. Consequently most of the countries employ classification societies who undertake surveys/certification duties on behalf of the countries of the region. On the regional level, both ECOWAS and MINCONMAR have not dealt in any visible manner with these technical problems except in the area of marine pollution where IMO in conjunction with UNEP are involved in a regional oil pollution response programme.

In view of the rapid technological and operational advances in shipping accompanied by substantial dangers posed by substandard ships and by marine pollution, an efficient national maritime safety administration is required in all countries. This is particularly so in off-shore oil installations within the oil producing/prospecting countries of Nigeria, Gabon, Cameroon, Angola, Congo, Ivory Coast and Ghana; and in countries adjacent to the oil producing ones. An efficient national safety administration is also required in Flag States particularly Liberia, for the administration of Flag state control.

To accelerate developments in this area regional maritime safety administration could be established to supplement existing national administrations. In this case the following activities having
largely regional character could be left to be undertaken at
the regional level.

(i) Marine Pollution Combating Measures; with the region
divided into three or more segments and adequate
marine pollution combating equipments concentrated in
ports of the selected segments. Marine pollution
measures could be drawn up indicating the responsi-
bility of each member state in an emergency.

(ii) Marine search and rescue operations and marine casualty
investigation centres, both organised by dividing the
region into sub-regions, on the same lines as (i) above.

(iii) A regional ocean service with regard to mapping, chart-
ing and geodesy could be established in one of the
countries to service the whole region.

(iv) The two regional maritime training institutes in Ghana
and Ivory Coast should be further developed to under-
take marine research activities.

(v) A regional port state control, on the same lines as
the MOU of North sea coastal states could be establish-
ed to undertake coordinated inspections of ships calling
in ports of the region. This regional organization
would ensure that such ship inspections verify the
compliance of those ships with the technical and social
minimum standards laid down in the relevant interna-
tional conventions.

Chapter 4.1 gives details of the functions of the regional maritime
safety administration.
CHAPTER 7. SUMMARY AND CONCLUSIONS

Ocean shipping is virtually the vehicle on which the foreign trade of all nations move. It is therefore inevitable that each country of the world has to deal with shipping matters in one way or the other; either as a shipper country with no tonnage capability or, in varying degrees, as both a shipper and a shipowning country.

In serving as a servant of international trade, shipping leaves in its trail technological and operational problems of wide international dimensions making this industry, which is an essential link in the overall transport chain, risky, capital intensive and complex. For small capital deficient countries, these problems have held in check any individual country efforts at developing the maritime sector even if only to alleviate any negative impact on the balance of payments.

In finding solutions to the multifarious problems of shipping, many countries geographically situated together in a region have considered adopting regionally integrated maritime policies. For many countries, particularly the capital deficient ones, a regional approach appears to be the only plausible course of action in the search for maritime development in several areas.

Regional integration is not easy and countries will have to make far reaching accommodations to achieve its objectives. The study found out that several states in particular regions have recognised the need for regional approaches and have already taken action in this direction or have expressed tacit approval to regional approaches. Regional integration have so far been attempted in sectors, mainly the economic sector involving establishment of regional shipping
lines and regional consultation machinery on freight rates. However, there are other important areas deserving regionally integrated maritime policies in the economic and non-economic sectors, extensively surveyed in chapter 4.

A regional integration scheme in shipping is expected to achieve three main objectives:

(i) to reduce economic distance between states in the trade creation process and to obtain a favourable impact on the balance of payments
(ii) a safe and pollution-free operation of ships
(iii) an effective and economic exploitation of the marine resources devoid of international conflicts

The economic justification for regional integration policies appears to be based on the following postulations:

(i) Performance in shipping appears to be related to capital abundance, thus two or more countries in an integration scheme can generate considerable economies of scale in shipping by pooling resources together to obtain a fair level of capital outlay for maritime development.

(ii) There is a functional relationship between merchandise imports and shipping services. This is expressed in the existence of a threshold in merchandise imports below which it is uneconomical to own carriers and produce shipping services, unless such fleet is to be deployed in cross trading with advantage. A regional cargo pool under an integration scheme could provide a reasonable basis for the development of regional lines to effectively service
the region's trade.

(iii) Freight costs per unit of imported merchandise can be influenced through regional consultation machineries on freight rates and other conditions of shipping. It can also be influenced through other institutional arrangements such as cargo pools offering economic carriage performances to lines serving the region and the use where possible of load centres ports where the region encompass long coastlines. This will reduce the number of ports to be called by the lines.

Shipping is essentially an international business and this characteristic becomes even more pronounced when it comes to dealing with problems of ship safety and marine environment protection. Hardly can one country exercise full jurisdiction over its own vessels as well as controlling all ships calling in its port. It is in recognition of this immense problem that the North Sea states developed the Memorandum of Understanding (MOU) on regional Port State Control which aims at 25% inspection of ships. Matters dealing with marine pollution combatment, maritime search and rescue etc. could only be effectively dealt with on the regional level.

In the West and Central African region, we find a significant movement towards regional integration in shipping through ECOWAS and other integration schemes such as UDEAC, CEAO, as well as through the Ministerial Conference of West/Central African States on maritime transport (MINCONMAR); with MINCONMAR being a more comprehensive organ of regional maritime integration. In view of the largely common maritime objectives pursued by the various integration schemes and
MINCONMAR, it would be to the mutual benefit of all the countries if only one body is developed to handle regional maritime matters. It appears that MINCONMAR embracing all the 25 states of the region is better placed to handle these matters. While broad policies could be formulated jointly by all integration bodies concerned, actual implementation of the policies could be undertaken solely by MINCONMAR in order to avoid duplication of efforts and wastage of scarce resource.

MINCONMAR, as presently constituted has the mandate of all the countries in the region to pursue common maritime objectives. This mandate could be transformed into a full regional maritime integration scheme in shipping. The present structures established by MINCONMAR constitute a good institutional framework for dealing with the regional integration process. Operationally the permanent secretariat of MINCONMAR in Abidjan could assume the full role of a regional maritime administration and structured into three main divisions:

(i) **Maritime Safety Administration Division**, to undertake regional port state control duties as well as other relevant maritime safety and pollution prevention tasks, as outlined in chapter 4.1 and 6.3.

(ii) **Commercial Shipping Administration Division** which will be responsible for the economics of shipping related to the development of regional shipping capability, rationalisation of sailings of liner vessels serving the region, regional cargo sharing systems, freight negotiations, regional protection shippers' interests (see chapter 4.2 and 6.3).
(iii) **Ocean Management Division**, responsible for the efficient delineation of territorial seas, joint exploration and policing of the seas including other ocean tasks outlined in chapter 4.3 and 6.3

The operational arrangements could be decided upon by negotiations involving all the countries concerned. The negotiations would be based on detailed working papers specifying, among others, accommodations to be made by each country in any particular maritime operation as well as the benefits expected to accrue to the respective countries. A few of such detailed working papers have already been done, for example, in respect of the establishment of a regional shipping line and one currently on-going by the Dalhousie (Canada) Ocean Studies Programme for the implementation of provisions of the UN Law of the Sea Convention in the region.

In general, it can finally be concluded that experience gained from integration schemes, suggest that sectoral integration has a greater probability of success particularly in developing regions than an unwieldy general integration scheme for which little knowledge of all its ramifications might be present in the region. In the maritime sector, it is amply demonstrated that attainment of objectives of regional maritime integration is very feasible and holds the key to a more meaningful exploitation/development of maritime resources of all countries in a region.
FOOTNOTES

1/ Sturmey, S.G. (1985), "Workbook on the application of the UNCTAD code", pp. 144

2/ Sasamura, Y. (1983), "Overview of IMO's International Marine Pollution Regulations and Guidelines"


5/ Myint, H. "International Trade and the Developing Countries", in Samuelson ed. International Economic Relations, (states as his source, J. Pincus, "Trade, Aid, and Development")


7/ Ibid.


9/ Ibid pp. 4


13/ See Mankabady (1984), "IMO: Relationship with other organisations and future development", from Mankabady, S. ed. The International Maritime Organisation

14/ See IMO, "SOLAS 74/78"

15/ See IMO, "COLREG 72"

16/ See IMO, "STCW 78"

17/ See Stubberud, note 10 above

18/ See Sasamura, note 2 above

19/ See Stubberud, note 10 above
FOOTNOTES

20/ Behnam, A. "Twentieth Anniversary of UNCTAD"

21/ Malinowski, W.R. (1971), "Towards a Change in the International Distribution of Shipping Activities", Shipping and Developing Countries


23/ UNCLOS, article 197


25/ Ibid pp. 48

26/ Machlup, P. (1977), "A History of thought on Economic Integration"

27/ Walter, I. (1968) "International Economics, Theory and Practice" pp. 536


29/ Ibid pp. 6

30/ Carton (1984), "International Trade", WMU lecture paper, pp. 2

31/ Walter, I. see note 27 above

32/ Sapir and Lutz, see note 6 above

33/ See Walter, I. note 27 above, pp. 589

34/ Morgan, J., see note 3 above

35/ Ibid

36/ United Nations Maritime Transport Statistics; data is also available in a large shipping data bank at the Center for Applied Research, Norwegian School of Economics and Business Administration and is available to research bodies and the shipping community

37/ Robson, P. pp. 20, see note 28 above

38/ Vachiswar, P.S., see note 4 above

39/ Ibid

40/ Sasamura, Y. (1984), "The role of IMO in assisting Developing Countries", paper presented to the International Symposium on regional cooperation on oil spill prevention and combating, Copenhagen, Danmark pp. 8-10
FOOTNOTES

41/ Sasamura, Y., see note 2 above
44/ Morgan, J. (1983), see note 3 above
45/ UNCLOS
46/ Robson, P. see note 28 above
47/ Abdel-Monsef, A. (1971), "Optimum Transport Services for Developing Countries", Rotterdam
48/ Robson, P. see note 28 above
49/ Ibid
50/ Abdel-Monsef, A., see note 47 above
52/ "ECOWAS: The First Decade, Growth of rival groups", West Africa weekly journal, 27 May, 1985
54/ Dembele Y., Speech to the Extraordinary session of the Ministerial Conference, Libreville, Gabon, May, 1984
55/ Ibid
56/ The World Bank, see note 51 above
Appendix 3.1 MARITIME REGION DEFINITIONS

1. GREAT LAKES

Great lakes and Upper St. Lawrence of Northern America
River ports, above Montreal

2. CANADA ATLANTIC

St. Lawrence River ports, Montreal and below, Greenland, St. Pierre and Miquelon

3. US. NORTH ATLANTIC

From Portland, Maine to Newport News, Virginia, inclusive

4. U.S. SOUTH ATLANTIC

From Wilmington, North Carolina to West Palm Beach, Florida, inclusive and Puerto Rico

5. U.S. GULF

From Tampa, Florida to Houston, Texas, inclusive

6. U.S. PACIFIC

From San Francisco to San Diego, California, inclusive and Hawaii

7. NORTH PACIFIC OF NORTH AMERICA

From Seattle, Washington to Portland, Oregon and Alaska and Canadian West Coast

8. CENTRAL AMERICA

From Coasts of Mexico to that of Panama inclusive

9. CARIBBEAN AREAS

All Caribbean Islands and Bermuda, excluding Puerto Rico

10. NORTH COAST SOUTH AMERICA

From Caribbean Colombia to French Guyana inclusive

11. EAST COAST SOUTH AMERICA

Coasts of Brazil, Uruguay and Argentina and the nearby islands

12. WEST COAST SOUTH AMERICA

From Pacific Colombia to Chile, inclusive
13. **BRITISH ISLES**
    UK, Ireland, Iceland and Faeroe Island

14. **NORTHERN EUROPE**
    Belgium, Netherlands, West Germany, Denmark, Norway, Sweden and Finland

15. **CENTRALLY PLANNED EUROPE, BALTIC SEA**
    USSR, Poland, GDR

16. **ATLANTIC EUROPE**
    French Atlantic Coast, Spanish North Coast and Portugal

17. **MEDITERRANEAN EUROPE**
    From Spanish South Coast including Canary Islands to that of Greece, inclusive and Malta

18. **CENTRALLY PLANNED EUROPE, BLACK SEA**
    Bulgaria, Romania and USSR

19. **MEDITERRANEAN ASIA**
    From Coasts of Turkey (including Northern) to that of Israel, inclusive and Cyprus

20. **MEDITERRANEAN AFRICA**
    From Egypt to Morocco inclusive

21. **SOUTHERN AFRICA**
    From West Sahara to Namibia inclusive and nearby islands

22. **EASTERN AFRICA**
    Republic of South Africa

23. **RED SEA**
    Egypt, Sudan, Ethiopia, Djibouti, Israel, Jordan, Yemen, Dem. Yemen and Saudia Arabia West Coast
25. **PERSIAN GULF**
   Iran, Iraq, Kuwait, Bahrain, Oman, Saudi Arabia East Coast and United Arab Emirates

26. **SOUTHERN ASIA**
   From Pakistan to Burman, inclusive

27. **SOUTH EAST ASIA**
   Malaysia, Singapore, Thailand, Dem. Kampuchea, Indonesia, East Timor, Philippines and Brunei

28. **CENTRALLY PLANNED NORTH PACIFIC**
   Vietnam, China, Dem. People's. Rep. of Korea, and USSR

29. **FAR EAST ASIA**
   Hongkong, Macau, Japan, and Republic of Korea

30. **OCEANIA**
   Australia, New Zealand and Islands of Oceania
25. PERSIAN GULF
   Iran, Iraq, Kuwait, Bahrain, Oman, Saudi Arabia East Coast
   and United Arab Emirates

26. SOUTHERN ASIA
   From Pakistan to Burma, inclusive

27. SOUTH EAST ASIA
   Malaysia, Singapore, Thailand, Dem. Kampuchea, Indonesia,
   East Timor, Philippines and Brunei

28. CENTRALLY PLANNED NORTH PACIFIC
   Vietnam, China, Dem. People's. Rep. of Korea, and USSR

29. FAR EAST ASIA
   Hongkong, Macau, Japan, and Republic of Korea

30. OCEANIA
   Australia, New Zealand and Islands of Oceania
POLICY OBJECTIVES OF THE MINISTERIAL CONFERENCE

(A) MARITIME AFFAIRS

1. To set up a permanent coordinating body on maritime transport and particularly to institutionalise the ministerial conference.
2. To create shippers' councils or similar bodies in those countries where they do not already exist in such a way that they become operational by the end of the year.
3. To group those various councils within the framework of a cooperating body.
4. To set up PAL national and regional committees for the facilitation of administrative formalities concerning international maritime trade.
5. To organise the effective intervention of the states concerned in the activities of auxiliary maritime transport services (transit, lighterage, stevedoring etc.).
6. To create freight grouping bodies in order to help shipping companies in the region and to this effect to recommend the gradual transformation of the labelling of purchase contracts from CIF to FOB for imports and FOB to CIF for exports.
7. To create national marine insurance bodies in order to obtain better protection of the interests of shippers and of shipping companies in the region.

(B) DEVELOPMENT OF SHIPPING COMPANIES

8. To unite their efforts with a view to assuring maritime transport coming from or going to their countries under the most advantageous conditions for the respective economies.
9. To create and develop their merchant marines

10. To coordinate the action of national shipping companies in order to make the best use of transporting capacity through a very close organization of lines and agencies with a view to exploitation in a pool system.

11. To urge those countries who establish shipping lines in partnership with foreign countries to control the majority of the shares.

12. To set up an African Maritime Conference for West and Central Africa.

13. To ensure the rapid Africanisation of the representatives in Africa of foreign maritime conferences serving the coasts of the region.

14. To make application to African financing bodies and other international bodies to enable the purchase on favourable terms of the ships necessary for the development of merchant fleets, especially in view of the restrictive measures imposed on export credits by resolution C7488-final. of the OECD countries dated 18th July 1974.

15. To undertake a study on the feasibility of setting up multinational shipping companies.

(C) PORTS

16. (a) To set up the necessary machinery to ensure traffic flow

(b) To organise the best possible use of port installation by setting up the appropriate management structures and by ensuring economic utilisation of port labour forces.

(c) To give the ports a wider management autonomy in order to obtain higher efficiency.
17. To encourage management association of the ports of West and Central Africa in the setting up of cooperation and information bodies.

18. To undertake long-term port development studies to accommodate bulk cargo and container vessels.

(D) LANDLOCKED COUNTRIES

19. To institutionalise the participation of landlocked countries in the management of the ports on which they depend and to encourage them to participate in the capital of the shipping companies of countries on the coast.

20. To give preferential treatment to goods coming from or going to landlocked countries, with the agreement of coastal countries.

(E) TRAINING AND INFORMATION

21. To set up with the help of the specialised bodies of the United Nations, regional training and information centres to train both seagoing and shore staff as soon as possible.
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