Abstract


Degree: MSc

West and Central Africa did not set up a structured unique regional grouping yet. Nevertheless, the countries of this area taking advantage of the UNCTAD Liner Code of 1974, and following the United Nations’ division of the world in maritime regions, established in 1975 a sectorial grouping for the maritime issues through the Maritime Organization of West and Central Africa (MOWCA). MOWCA member states built their maritime policies on the cargo sharing formula derived from the Liner Code.

As the new trend of the economic world is towards globalization and liberalization that means to make the trade freer, the sharing key was seen as old-fashioned and hampering the maritime transport from profiting the exporters and importers of the region. As a result, this protecting system was abolished and MOWCA member states had to find new driving forces so far as seaborne trade is concerned.

This dissertation, first, explains the concepts of globalization and liberalization, gives an overview of regional groupings worldwide, and shows how regional groupings have influenced international shipping regulations.

It then presents the economy of the region, explains the motivations and objectives of MOWCA before drawing its balance sheet before the maritime transport liberalization event.

In a third step, it points out the reasons which motivated the liberalization policy, recalls the Organization’s contribution to its success, and analyses its results.

The dissertation then analyses the new challenges of the Organization commended by the new liberalized environment and makes alternatives proposals.

In a concluding step, it makes recommendations to help MOWCA better face the liberalized new environment.

KEY WORDS: Globalization, liberalization, regional grouping, maritime region, West and Central Africa, maritime organization.
DECLARATION

I certify that all the material in this dissertation that is not my own work has been identified, and that no material is included for which a degree has previously been conferred on me.

The contents of this dissertation reflect my own personal views, and are not necessarily endorsed by the University.

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Chapter 1

Introduction

1.1 Background

A few months after the adoption of the United Nations Convention on a Code of Conduct for Liner Conferences in 1974, the States of West and Central Africa established an organization in 1975 aiming to support their maritime policies based on the cargo sharing formula, 40-40-20. This regional organization dealt mainly with maritime transport issues as that appears in the wording of its former name, Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR). In the mid-1990s, in the process of globalization of the world economy, liberalization of the region maritime system ended the 40-40-20 rule. This dramatic change in the shipping industry made MINCONMAR, become MOWCA (Maritime Organization of West and Central Africa), with new policies.

1.2 Dissertation objectives

The objectives of this dissertation are as follows:

- To identify the objectives which motivated the creation of MOWCA.
- To show to what extent it has fulfilled these objectives.
- To evaluate the constraints which might have hampered its success.
- To analyse the reasons for liberalization in the MOWCA member states.
- To determine the role of MOWCA in the liberalization process.
- To analyse and discuss the liberalization’s balance sheet.
- To discuss how this Organization can assist the shipping industry.
- To identify and analyse new objectives in the liberalized context.
- To evaluate the means used to achieve its objectives.
- To compare West and Central Africa to other regional groupings.
- To make recommendations to help the Organization properly perform its work and so, help the Region thrive so far as maritime activities are concerned.
1.3 Scope of the study

This study consists of six chapters which follow:

- Chapter one: *Introduction* gives background, objectives and scope of the research as well as the methodology used and the limitations encountered by the author.
- Chapter two: *Regional groupings in a liberalizing and globalizing world economy* explains the concepts of globalization and liberalization from a theoretical point of view, gives forces which push countries to join regional groupings, make a review of the main regional groupings in the world, and shows how regional groupings influence international shipping regulations.
- Chapter three: *The specific case of West and Central Africa* introduces the West and Central African region, presents its socio-economic situation, the nature and importance of its foreign trade comprising the seaborne trade. Here are indicated the reasons that motivated the creation of a regional maritime organization in the Region are presented, MOWCA’s former objectives are recalled, and its balance sheet from its establishment to the time of liberalization is analysed.
- Chapter four: *Globalizing world and maritime transport liberalization* pinpoints the causes of liberalization policy, recalls the role played by MOWCA, and analyses the results from this policy.
- Chapter five: *MOWCA’s new challenges* discusses new projects required in the liberalized context, proposes alternative solutions, and the means to achieve them.
- Chapter six: *Conclusion and Recommendations* summarizes the study and recommends the solutions the author finds best to boost the West and Central African shipping industry.

1.3 Research methodology

In addition to the library of the World Maritime University, which provided literature relevant to the topic, readings from experts in transport in West and Central Africa as well as from UNCTAD have been used. Internet, and particularly MOWCA’s website have been consulted.

The author took advantage of the 1st Pan-African Port Conference held in Abidjan in December 2001 under the theme “African ports facing the changes in international transport: Challenges and prospects” to give direct interviews of international experts in shipping and
ports. Many communications through emails with the MOWCA Secretariat and maritime experts in the Region provided information.

All the information provided was selected, analysed and compared by the author who is not foreigner to the topic.

1.4 Research limitations

Maritime liberalization in West and Central Africa is an exciting and delicate topic which often generates debate. Not everyone will agree with the ideas expressed in this master’s thesis. Some aspects might not be covered due to insufficiency of data.

All comments and suggestions for this work are welcome.
Chapter 2

Regional groupings in a liberalizing and globalizing world economy

2.1 The concepts of globalization and liberalization

**Globalization** is a vast movement of opening of economic frontiers and deregulation or re-regulation, that permits economic activities to extend worldwide. An ideal globalized economic world is a world without customs barriers, with free circulation of goods, services and factors of production (capitals, workers and technologies). Some refer to it as a planetary village. Such a world does not exist yet but there is a real willingness towards it. Today, the efforts to achieve a globalized world are changing the trade patterns. Professor Shuo Ma (1999) basing its analysis on the United Nations Human Report 1999, found out the four current characteristics of a globalized world:

- **New markets**
Not only tangible markets of goods but also financial markets and markets of services as well are globalized with action at real time.

- **New actors**
International firms are merging and getting huge share of the world production. The one-stop-shopping activities are becoming the golden rule. Multinational corporations master the whole chain of production from the purchasing of raw materials to the delivery to the final consumer. The World Trade Organization (WTO) replacing the General Agreement on Trade and Tariffs (GATT) in 1995 is playing a much more important role taking into account not only goods but also services and intellectual property. The Non Governmental Organizations (ONG) are setting up a worldwide network. Regional groupings are gaining in importance.

- **New rules and norms**
The economy of free market dominates the world. The key words are privatization, liberalization, deregulation or re-regulation. Environmental issues are closely linked to economic development.

- **New tools of communication**

  The means of transport (sea, air, land and water way) are faster and more reliable. Information technology has improved tremendously. Telephone and fax are cheaper. Internet and EDI systems are becoming common, and electronic business is a reality.

  In the current globalizing world, a product can be produced in the US with inputs imported from South Africa and Latin America, stored in Europe and consumed in Africa and Asia as shown in Figure 1.

  ![Map of Trade in a Globalized World](image)

  **Figure 1**

  **Liberalization** is the fact of phasing out any rules which may hamper the international trade to smoothly develop. It is a necessary component of the globalization process. The importance of liberalization to globalization could be compared to the importance of lubricant oil to an engine. Deregulation and “re-regulation” (Muller, 1999, p.1) are different words to designate the same reality. In an ideal liberalized economic world, all artificial trade barriers such as restrictive regulations, customs barriers and old-fashioned administrative documentations and procedures disappear. The pair globalization/liberalization is referred to
as “neoliberalism” by some economists like Samir Amin (1999) as it comes back on the classical theory of “laissez-faire”. As far as international trade is concerned, the theory developed by the classical economists, which matches with the new terminologies (globalization/liberalization), is the theory of comparative advantages of David Ricardo.

**Theory of comparative advantages**

Adam Smith was the first to develop the theory of “absolute advantages” that, in simple terms, encourages a country to produce only the commodities it can produce cheaply and buy the other commodities at a relatively low price from where they can be produced at a low cost. In short, a country that has absolute advantages in many products has to produce alone these products for its domestic market and the rest of the world as well. This actually cannot promote the international trade. Instead, David Ricardo further to his co-citizen’s theory wondered about the benefits of trade between Great Britain his home country and Portugal and came to the conclusion that even “comparative advantages” allow countries to trade and gain mutually. In lieu of using Great Britain and Portugal and cloth and wine as Ricardo did, two African countries will be considered. Burkina Faso and Senegal produce peanuts and beef meat. Burkina Faso has the lowest prices for both products (i.e. it has absolute advantages for them based on Adam Smith’s theory). However, in Burkina Faso the cost for producing one additional ton of peanuts is to give up two tons of meat. In Senegal to produce one additional ton of meat one ton of peanuts has to be renounced.

**Comparative advantages**

![Figure 2](image.png)

*Source: Adopted from Jim Eggert, pp 272&274*
Then, peanuts are relatively cheap in Senegal compared to beef meat. According to Ricardo’s theory, Burkina Faso would do better to specialize in the production of beef meat whilst Senegal would gain to specialize in the production of peanuts. After specialization, if there is free trade between both countries, Burkina Faso would import one ton of peanuts from Senegal using only one ton of meat (instead of two) and Senegal would import one ton of meat from Burkina Faso using only $\frac{1}{2}$ ton of peanuts (instead of one).

2.2 Regional groupings or globalized world?

At the time the world is going towards a globalized market without frontiers; the regional groupings are thriving. The question could be whether regionalism is a break to globalization or a necessary step towards globalization as a regional grouping means to set up a block of countries, which develops a regional free market between its members but maintains barriers against the rest of the world? Given that every regional grouping targets to have the ingredients of a globalized economy at a regional level, the second part of the question could give the right answer. In effect, countries experiencing difficulties to form a unique market worldwide prefer, in a first step, pass via a regional block.

2.2.1 Why do countries form regional groupings?

2.2.1.1 Economic reasons

- Trade

The first goal of a regional grouping is to facilitate trade between the member countries of the region. National regulations protecting the national products by putting high taxes on the products of the neighbouring countries are replaced by new common regulations enhancing a fair competition between the regional products. The consumers of the region as far as the products are free of customs tariffs (and cheaper than foreign goods of the same nature) prefer to buy their goods in the region rather than importing them from outside. Each country of the region accordingly in principle increases its domestic consumption. In this case there is “trade creation”. Conversely, the trade may be “diverted” from the region members because of non-competitive prices inside. The notions of trade creation and trade diversion are well illustrated in the textbook *International Economics* (Lindert, 1986, pp 174-177).

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1. The terms regional grouping, regional block, regional integration or regional union are synonyms in this dissertation.
The case shows the impact of the entry of the United Kingdom in the European Community (EC) with regard to its cars imports from Germany and Japan. It is assumed as shown in figure 3 the following:

**Trade creation and diversion**

![Diagram of Trade Creation and Diversion](image)

**Figure 3**


- The cars imported from both countries are of the same type so that the competition remains on the prices.
- The Japanese car is the cheapest one at £3000.
- The best alternative offered to the UK is to import cars from Germany at £3400.
- Before its entry in the EC the UK imposed a uniform tariff of £1000 to each country regardless of being European or not.
- The prices of £3000 and £3400 comprise the transport costs and other intermediary costs.
- The supply of cars from each export country (Japan and Germany) is invariable so that the curves of supply are perfectly flat.
Situation before the UK joined the EC

The British consumer preferred reasonably to buy Japanese cars at a price of £4000 (£3000+£1000).

Situation after joining the EC

The import tax imposed on EC members is suppressed while that on the Japanese cars remained. Then, the German car is henceforth sold at £3400 in UK when the Japanese one is still sold at £4000. As a consequence, the demand of cars in the UK increased from Mo to M1. The new trade so created is (M1-Mo) with extra gains (+) from the possibility to import more cars.

On the other hand, there is trade diversion (Mo) from the actual cheapest country (Japan) to the new partner (Germany), entailing extra costs (-).

From this simplified but realistic case, it is obvious that consumers individually gain thanks to the union but that is not obligatorily true for the home country, which must put in balance its gains (M1-Mo) and its losses (Mo). As far as the gains from the new trade outweigh the losses, the country has interest in joining the union. This depends on the importance of the share of tariff revenues in the national budget and the elasticity of demand, the latter being very linked to the purchasing power of the citizens. In effect, a country like those of the third world where the tariff revenues constitute in average 50% even more of the national budget would be reluctant to remove its customs barriers for the sake of a regional integration (Maxence, 2002). However, the developed countries can easily accept to drastically reduce their customs tariffs since they do not constitute an importance source of revenue. As far as elasticity of demand is concerned, in principle when the price of an article diminishes, the consumers increase its demand. For this given article whose demand is elastic, the government can dare to reduce the price by reducing the import tax imposed to it since it makes sure that in the long run it will compensate the temporary loss of revenue by the game of economies of scale. This is true when the citizens are rich enough to buy the commodities in question. In developing countries where the revenue per capita is low, it seems clear that the removal of tariffs on cars or petrol cannot push the population to buy more of these goods. Only the privileged persons would keep consuming them. Because of this inelasticity of demand, the country would lose. That explained partly why many developing countries hesitate to set up real regional groupings in spite of the political discourses and why the European Union is a successful example. An economist, Mordechai Kreinin, found that the European Community created roughly US $8.4 billion in extra imports within the
Community against only US $1.1 billion of trade diversion (coming from outside the Community) (Lindert, 1986, p. 177).

- **Transport**

  Transport is absolutely needed to facilitate trade; therefore, there is no trade without transport. This truth has been emphasized by Professor Shuo Ma (2001) showing that if the transport cost is null assuming that there is no artificial barrier, the price of a product $P$ will be the same in every country because it will be imported from the country where it is cheaper to the countries where it is more expensive until its price becomes equal everywhere. On the other hand, if the transport cost is superior to the difference of cost between the place of production and the place of consumption of the given product, trade does not make sense (Ma, 2001, p.13). Assuming that $C_a$ is the cost of production of the product $P$ in a country $A$ and $C_b$ its cost of production in a country $B$, trade between both countries is meaningful if $C_t < C_a - C_b$.

  One of the aims for going to a regional grouping is to overcome transport issues which constitute a natural barrier to trade. The physical distances remain unchanged but the gains are in terms of time reduction due to free circulation of goods within the zone. In addition, if the inland transport network is improved, goods can be carried in much bigger quantities to gain from economies of scale.

- **Investment**

  In a regional block where the trade barriers are overcome, the capital is mobile. The investors have the opportunity to establish their premises wherever they can get the lowest factors of production and enjoy the highest return on investment (Page, 2000, p.28). For example, in a region including Côte d’Ivoire and Burkina Faso, it would be advantageous for a Burkinabè willing to invest in transformation of cocoa beans to install his factory on the coastline of Côte d’Ivoire. At this site, he could get the raw material (cocoa beans) easily at a low total cost and easily export his production to the neighbouring countries thanks to a relatively good road network. He could export as well his production abroad using the Ivorian ports. Following the same logic, the Ivorian businessman interested in the breeding of cows would do better setting his business in Burkina Faso where the calves are cheaper and whose

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1. Burkinabè stands for Burkina Faso citizen.
population is more skilled for this kind of businesses. Moreover, the population of Burkina Faso and those of its neighbouring countries are known as good consumers of cow milk and beef meat. The goal is to reduce total cost in order to render the business more productive.

2.2.1.2 Non economic reasons

- **Geography**
  
  In principle, the countries forming the same regional grouping belong to the same area of the earth. For example, ECOWAS consists of all the 16 countries of the western part of Africa like the Central American Common Market (CACM) puts together the five countries of Central America (Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua). However, there are some exceptions, and Sheila Page is right in warning that the geographical name could be misleading. Notably Chile would prefer to be member of a North American area rather than of the Southern Common Market (MERCOSUR). In Europe, Switzerland does not belong to the European Union whilst the countries of the ex-Soviet block are gradually entering the Union (Page, 2000, p.20).

- **Cultural factors**
  
  Religion, language, customs and use can play an important role while forming a regional union. Mauritania, Moslem country finds itself at ease in the same regional block as the Arab countries of North Africa or Middle East rather than in a West African organization.

- **Political factors**
  
  Before the fall of the Berlin wall in 1989, the blocks were set basically according to the political philosophy. The Council for Mutual Economic Assistance (CMEA) defending the communist ideology comprised the East European countries. Today, things have changed but political factors remain criteria for forming a Union. The current focus is on increasing the bargaining power of the member states in international forums. Developing countries would have difficulty in influencing the international opinion if they did not speak with one voice as they do during United Nations’ discussions.

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1. Mauritania is not member of UEMOA (Union Economique et Monétaire des Etats de l’Afrique de l’Ouest) but belongs to the Islamic Development Bank, and to the Organization of the Islamic Conference (OIC).
- **Security**
  The region can provide military protection to its members so that some countries fearing for their security can belong to a group that can protect them from foreign attacks. The example of the Cease-Fire Monitoring Group (ECOMOG) of the ECOWAS is an eloquent one (PANA, 2002).

- **Acquis**
  As long as countries have almost the same level of development and the same resources, they easily accept to join the same union. Otherwise a country could think that its new partners would be alone to gain from the union.

### 2.2.2 Review of regional groupings in the world

- **Europe**
  The best example of successful groupings never seen before worldwide is the European Union. Formed on 25 March 1957 by six countries (Belgium, the Netherlands, Luxembourg, France, West Germany and Italy), the Union started by setting an exterior common tariff. In 1968 the member states abolished the customs duties between them. After the adhesion of 6 other countries (the UK, Ireland, Denmark, Greece, Spain and Portugal) between 1973 and 1986, an important work of deregulation having been undertaken shifting the Economic Community to a real common market. A special office settling litigations with regard to unfair competition (DG 4) has been set. As an example, the French shipping line Delmas Vieljeux has been blamed in 1992 for unfair competition in West and Central Africa (SSATP, 1995, p.26). Overall, the most important decision made by the member states is the signature in 1992 of the treaty of Maastricht establishing the monetary union (Ferrandéry, 1998, p. 54). The Euro is effective as current currency in 11 countries of the Union since 1 January 2002 and is hoped to extend to all the 15 member states. The success of the European Union not only attracts other countries like Cyprus, Turkey and those of the former Soviet Union, but also ensures other regional groupings that regionalism is not a lure.
North America

The United States of America since the fall of the Berlin Wall in 1989 is looking at the European Union as a strong competitor. Therefore, it formed in turn the North American Free Trade Agreement (NAFTA) in 1987 with Canada. NAFTA was joined in 1992 by Mexico. This regional integration differs from the EU in the sense that the member states do not have common general policy and fiscal policy against the rest of the world, and the free circulation of people is not concerned. NAFTA targets the establishment of a free trade area with regards to goods, services and investments.

The countries of MERCOSUR are expected to enter NAFTA before 2005 to definitely set the American Free Trade Area (AFTA); but this is not an easy task since the Latin American countries seem reluctant to join a group dominated by the US (Ferrandéry, 1998, p.56).

Central America

The Central American Common Market (CACM) is a “preferential trade area” aiming at becoming an economic union (Page, 2000, p.53). It is an unstable group where the Honduras dances the tango\(^1\).

Andean Group

Formed among indebted countries, the Andean group provides centralized planning of the location of industry, and common rules on foreign investments and repayments. The group has common policies so that a regional regulation in transport, for instance, automatically applies in the five member states. However, the Andean group is not quite stable. Chile, which is a very capitalism-inclined-country, left it in 1976, and Peru has a particular status (Page, 2000, p.53).

Southeast Pacific

The Association of South-East Asia Nations (ASEAN) is a political bargaining group founded in 1967 to face the communism in the region. The member states formed the ASEAN Free Trade Area (AFTA) in 1992, in which goods are expected to freely circulate since 2008 with an intermediary date in 2003 for the least sensible good (AFTA, 1999). AFTA is an area where intra-regional trade has been increasing since the economic crisis of 1997.

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\(^1\)The Honduras left the organisation and came back in 1992.
ASEAN is more or less a homogeneous group, which rejects any powerful country’s influence. China and Japan are not members, and Australia very was very interested in entering this promising block failed (Page, 2000, p.60).

- **South America**

  The most important grouping in this area is that of MERCOSUR established in 1991. The member states (Argentina, Brazil, Paraguay, Uruguay, Bolivia and Chile) do not protect their product against the exterior apart from the Brazilian cars and the sugar and wheat produced by Argentina. This group has an agreement with the EU, and this could be a threat to the US regarding its willingness to extend its supremacy in the Americas (Ferrandéry, 1998, p. 60).

- **Asia-Pacific Economic Cooperation (APEC)**

  APEC formed in 1989 is a forum of discussions of countries sometimes very different in terms of political ideologies or economic policies. For examples, it includes China, Taiwan and the United States, three countries in political conflict on the one hand, and the US, Japan and South-East Asia with different economic policies on the other hand (Page, 2000, p.61). However, through the declaration of Djakarta (Indonesia) in 1994, the member states decided to liberalize the trade among them with 2020 as due date.

- **Africa**

  Through their common political institution, the Organization of African Unity (OAU), the African leaders targeted in 1980 the setting of an African Common Market. This ambitious project has been affirmed in the Lagos plan of Action of 1980 and was supposed to be achieved by the year 2000 (Onwuka, 1985, p.58). Onwuka (1985, p.65), instead, found the idea of an African Free Trade Area (AFTA) much more realistic. To date, after 22 years since the Lagos plan neither a common market nor a free trade area continent wide has seen the light of the day. However, there are attempts of sub-regional groupings in West, Central, East, North and South Africa.

- **West Africa**

  The Economic Community of West African States (ECOWAS) founded in 1975 binds together 16 diverse countries*. Its original objective was to form a customs union leading to a West African common market. As the Organization recognizes it (ECOWAS, 1998), tariffs
barriers still exist among the member States because they are reluctant to risk balance-of-payments difficulties and loss of tariff revenue. However, some noticeable efforts have been done at the organizational level. The Organization is fitted of a Cease-Fire Monitoring Group (ECOMOG) that intervenes in military conflicts or supervises risky elections like the parliamentary and presidential elections held on 14 May 2002 in Sierra Leone. ECOWAS is very active in monetary policy. The West African Monetary Authority aims at creating a single currency for the ECOWAS members by 2004 (ECOWAS, 1998).

Besides ECOWAS co-exists CEAO (Communauté Économique des Etats de l’Afrique de l’Ouest) formed by six French-speaking countries (Côte d’Ivoire, Mali, Mauritania, Niger, Senegal and Burkina Faso). This survival of the colonial time should logically disappear to put more emphasis on the ECOWAS as both organizations are more in conflicts than in cooperation (Asante, 1986, p 164). On an economic level UEMOA.

Mano River Union composed of Liberia, Sierra Leone and Guinea, is another attempt of free trade area in West Africa co-existing with the ECOWAS.

- **Central Africa**

  UDEAC (Union Douanière des Etats de l’Afrique Centrale) established in 1964 consisting of only four francophone countries (Congo, Gabon, the Central African Republic and Cameroon) is a heritage of the French colonization as well (Ndongko, 1985, p.98). This is a quite homogeneous group speaking the same language (French), using the same currency (the French CFA), and small in physical size and population. UDEAC has a common customs policy and aims at creating a free trade area. It is the single African regional grouping with a common maritime regulation. The real obstacle faced *inter alia* by the Organization is, as noticed Wilfred Ndongko (1985, p.99), the bad inland transport network.

  As UEMOA in West Africa, UDEAC has its CACM.

- **North Africa**

  The Arab Maghreb Union that consists of Mauritania, Morocco, Algeria, Tunisia and Libya, in spite of the integrative force of the religion, is a very divided block for political reasons (Ferrandéry, 1998, p.59).

---

1. The countries of Central Africa apply a common maritime Code.
2.3 Influence of regional groupings in shipping

Developing countries struggle for the establishment of a New Economic World Order where every country, be it rich or poor, has its place. To achieve this ambitious goal, they have understood that their opinions can only count in the international debates -where, over the political discourses, the individual interests of the countries outweigh the community’s interests- if they join hands. Therefore, during the United Nations’ discussions rather than speaking individually or in weak regional small blocks, they have one spokesman within a large group, namely the Group of 77. The countries of the European Union, which have common policies, do not have any difficulties in influencing the debates from their group (Group B) they share with the United States of America and Japan. The centrally planned economy countries (ex-Soviet block) form Group D and China sets its own group. These two last groups usually support the group of 77.

Those bargaining groups have tremendously influenced the international shipping regulations established under the auspices of the United Nations.

2.3.1 1974 UNCTAD Liner Code

- **Birth of an equitable instrument**

  On a proposal of the group of 77 supported by Group D and China and recognizing that the developing countries did not profit from the carriage by sea of the goods generated by their foreign trade, UNCTAD adopted the Convention on a Code of Conduct for Liner Conferences in 1974 in Geneva.

  This convention secures cargo for shipping lines at both ends of an international trade. It stipulates *inter alia* in its article 2:

  a) The group of national shipping lines of each of two countries the foreign trade between which is carried by the conference shall have equal rights to participate in the freight and volume of traffic generated by their mutual foreign trade and carried by the conference;

  b) Third-country shipping lines, if any, shall have the right to acquire a significant part, such as 20 per cent, in the freight and volume of traffic generated by that trade (UNCTAD, 1986a, p.70).

  This provision has been summarized as the 40-40-20- UNCTAD sharing formula in which the export country carries 40 per cent of the goods and the import country 40 per cent; the remaining 20 per cent being left to other member states not parties to the trade.

  The Code was to be entered into force 6 months after its ratification by at least 24 states representing at least 25 per cent of the world general cargo fleet. If the number of countries was not a problem to be fulfilled by the real beneficiaries of the code (the developing countries), the required tonnage was an obstacle. The countries of the group of 77 finding their salvation in the Convention ratified it massively. But after 56 ratifications (i.e. with 32 countries more than required), this obstacle has not been removed. The code entered into force only in 1983 i.e. 10 years after its signature. And this was thanks to the Federal Republic of Germany and the Netherlands bringing the required tonnage to 28.67 above what was required. (UNCTAD,1986a, p.2).
This instrument permitted developing countries create shipping lines. From roughly nothing, they succeeded to carry 20 per cent share of the world seaborne trade (UNTAD, 1986b, p.2). However, as it might be predictable, many disputes between groups occurred around the code.

- **Disputes around the Code**

  The Code was equitable but against the free trade. For that latter reason, it was attacked by the US and Japan (not parties to the convention) and to a certain extent by the European Union. The disputes were mostly around the question of whether the code should apply to liner conferences only or to the whole liner trade. Cameroon, for example, as an amendment to the convention in 1986 suggested on its own and as steering country of the West and central African sub-region that the Code apply to the whole liner trade (UNCTAD, 1986b, p.16). Such was the point of the view of the Group of 77 at the time of the signature of the Code in 1974. The developed countries attached to the principle of fair competition instead were for leaving non-conference liner operators outside the code empire as long as they competed fairly.

  The second item, which weakened the convention, was the “Brussels package”. Based on Regulation 954/79 of 15 May 1979, the “Brussels package” allowed European Union member states to use together the traffic share (40%) of any of their partners engaged in a trade where the 40-40-20-regime applied. This could be deemed to some extent as the end of the Code.

2.3.2 **The 1982 UNCLOS**

  The Dutch diplomat, Hugo de Groot alias Grotius declared in 1609 in his famous dissertation “Mare Librum”, the freedom of using the sea. As a reply to this thesis, an English Admiral, John Selden wrote in 1635 “Mare Clausum” showing that the sea as is the earth can be a private property (Planchar, 1990, p.104). Along the years, the latter got right on the former. In effect, in the 18th an 19th centuries respectively the United Stated of America and the United Kingdom adopted 3 nautical miles of territorial sea but the real revolution with regard to property rights on the sea dates from the signature in 1982 in Montego Bay, Jamaica, of the United Nations Convention on the Law of the Sea (UNCLOS 1982). That was a second victory for the group of 77 and its partners of Group D and China.
The goal targeted by the developing countries among which the Latin American countries were very active, was to obtain a fair sharing of the resources of the sea. They achieved many aspects of this objective, among which:

- The reservation of 12nm of territorial sea for each country;
- The right for each country to grant itself with an Exclusive Economic Zone of 200 nm for fishing activities and scientific research;
- The obligation to any countries of sharing with the international community part of the revenue coming from the exploitation of the products of the continental shelf beyond 200 nm;
- The fact the seabed of the high sea is under the control of the international community and shared between all countries;
- The creation of an authority to manage and share the common resources of the sea.

Almost all the big maritime powers with the US and Japan ahead are not members of the 1982 UNCLOS. Robert Planchar was right to wonder whether this instrument very favourable to the poor countries could have long life (1990, p. 107).

2.3.3 1986 United Nation Convention on Conditions for Registration of ships

This convention puts emphasis on the “genuine link” between the ship and its flag state. It showed once more the opposition between bargaining groups. In effect, Group of 77, except Liberia and Panama, made a proposal in 1980 to eliminate flags of convenience. That led to the signature of the 1986 convention. Despite the willingness of the developing countries “to phase out” the flags of convenience, the convention is not into force because the developed countries, the US ahead, do not agree (Behnam & Faust, 2002).

2.4 Conclusion

Globalization and liberalization are an old reality under new concepts, which are changing the trade patterns. Among others, the trade actors are regional groupings. Following the European Union example, those blocks are organizing themselves worldwide. They tried inter alia to influence international regulations in acting by big bargaining groups. That has been proved successful in shipping where the developing countries succeeded to obtain from the international community the signature and implementation of two major conventions favourable to them (the 1974 Liner Code and the 1982 UNCLOS).
Chapter 3
The specific case of West and Central Africa

3.1 Socio-economic situation

West and Central Africa as defined includes 20 coastal countries (from which two Islands), and five landlocked countries extending from Angola to Mauritania.

Geographical location of MOWCA Member States

Figure 4
<table>
<thead>
<tr>
<th>Coastal States</th>
<th>Landlocked States</th>
<th>Islands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>Burkina Faso</td>
<td>Cape Verde</td>
</tr>
<tr>
<td>Benin</td>
<td>Central African Republic</td>
<td>Sao Tomé and Principe</td>
</tr>
<tr>
<td>Cameroon</td>
<td>Chad</td>
<td></td>
</tr>
<tr>
<td>Congo, Dem.Rep.of</td>
<td>Mali</td>
<td></td>
</tr>
<tr>
<td>Congo, Rep. of</td>
<td>Niger</td>
<td></td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gabon</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gambia</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ghana</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 5 shows the socio-economic situation of the region. In effect, West and Central Africa occupies an area of 12,750,694 square kilometres (almost 1/3 of the area of the continent) with a population of 309,454,000 inhabitants constituting .... per cent of the African population and ......per cent of the world population. The annual rate of population growth of the region is currently of 3.2% (WTO, 2002). The region is among the poorest in the world with roughly US $118 billions of Gross Domestic Product, less than that of Sweden estimated at US $ 197 billions (cia.gov, 2000), which has approximately the same population as Senegal. The poverty of the countries is exacerbated inter alia by the weight of the foreign debt estimated at US $ 252,500 millions in 1999 for Africa South of the Sahara in which Nigeria alone owed about US $ 29,000 millions (Sparks, 2001, p.15).

Moreover, the political instability is another weight detrimental to MOWCA’s economies. No country in the region is stable. Côte d’Ivoire, the single one which could be the exception has been experiencing political problems since 1995.
<table>
<thead>
<tr>
<th>Member state</th>
<th>Population in thousands</th>
<th>Area in km²</th>
<th>Gross Domestic Product (GDP) in millions of US $</th>
<th>GDP per capita in US $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td>12479</td>
<td>1246700</td>
<td>8545</td>
<td>685</td>
</tr>
<tr>
<td>Benin</td>
<td>5937</td>
<td>112620</td>
<td>2402</td>
<td>405</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td>11616</td>
<td>274000</td>
<td>2643</td>
<td>228</td>
</tr>
<tr>
<td>Cameroon</td>
<td>14693</td>
<td>475440</td>
<td>8781</td>
<td>598</td>
</tr>
<tr>
<td>Cape Verde</td>
<td>418</td>
<td>4030</td>
<td>581</td>
<td>1389</td>
</tr>
<tr>
<td>Central African Republic</td>
<td>3550</td>
<td>622980</td>
<td>1053</td>
<td>297</td>
</tr>
<tr>
<td>Chad</td>
<td>7458</td>
<td>1284000</td>
<td>1574</td>
<td>211</td>
</tr>
<tr>
<td>Congo</td>
<td>2864</td>
<td>342000</td>
<td>2273</td>
<td>794</td>
</tr>
<tr>
<td>Côte d'Ivoire</td>
<td>14526</td>
<td>322460</td>
<td>11223</td>
<td>773</td>
</tr>
<tr>
<td>Dem. Rep. Of the Congo</td>
<td>50335</td>
<td>2344860</td>
<td>5789</td>
<td>115</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td>442</td>
<td>28050</td>
<td>696</td>
<td>1575</td>
</tr>
<tr>
<td>Gabon</td>
<td>1197</td>
<td>267670</td>
<td>4335</td>
<td>3622</td>
</tr>
<tr>
<td>Gambia</td>
<td>1268</td>
<td>11300</td>
<td>437</td>
<td>345</td>
</tr>
<tr>
<td>Ghana</td>
<td>19678</td>
<td>238540</td>
<td>7606</td>
<td>387</td>
</tr>
<tr>
<td>Guinea</td>
<td>7360</td>
<td>245860</td>
<td>3693</td>
<td>502</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td>1187</td>
<td>36125</td>
<td>221</td>
<td>186</td>
</tr>
<tr>
<td>Liberia</td>
<td>2930</td>
<td>111369</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Mali</td>
<td>10960</td>
<td>1240190</td>
<td>2714</td>
<td>248</td>
</tr>
<tr>
<td>Mauritania</td>
<td>2598</td>
<td>1025520</td>
<td>959</td>
<td>369</td>
</tr>
<tr>
<td>Niger</td>
<td>10400</td>
<td>1267000</td>
<td>2067</td>
<td>199</td>
</tr>
<tr>
<td>Nigeria</td>
<td>108945</td>
<td>923770</td>
<td>43286</td>
<td>397</td>
</tr>
<tr>
<td>Sao Tome and Principe</td>
<td>144</td>
<td>960</td>
<td>47</td>
<td>328</td>
</tr>
<tr>
<td>Senegal</td>
<td>9240</td>
<td>196720</td>
<td>4791</td>
<td>519</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td>4717</td>
<td>71740</td>
<td>669</td>
<td>142</td>
</tr>
<tr>
<td>Togo</td>
<td>4512</td>
<td>56790</td>
<td>1506</td>
<td>334</td>
</tr>
<tr>
<td>TOTAL OF MOWCA</td>
<td>309454</td>
<td>12750694</td>
<td>117891</td>
<td></td>
</tr>
</tbody>
</table>

The West and Central Africa population is very poor. The people living there with less than US $1 per day are in the region of 40% (Sparks, 2001, p.12). This poor population is daily facing health problems. According to the World Health Organization (2002), malaria and HIV/AIDS attain alarming proportion in the region. In 2000, the estimated number of people living with HIV/AIDS in sub-Saharan Africa was 25.3 millions which represented 70% of all the infected people in the world. Malaria is responsible of 11% of disease-induced deaths in Africa. These diseases that hit mainly the young people and are costly and influence negatively the economies of the region.

Over the global aggregates, the economies in the region differ from one country to another with regard to size, population and wealth level.

In terms of size, they range between some 221 sq kilometres (Guinea-Bissau) to 2,344,860 sq kilometres (Democratic Republic of Congo). The countries taken up by the Saharan Desert are relatively big. Chad (1,284,000 sq km), Niger (1,267,000 sq km), Mali (1,240,190 sq km) and Mauritania (1025520 sq km) have enormous arid areas.

As far as population is concerned, Nigeria and the Democratic Republic of Congo come ahead with respectively about 109 million and 50 million inhabitants. Some countries such as Sao Tome and Principe, Equatorial Guinea, and Cape Verde do not attain 500 thousand inhabitants each. Countries like Côte d’Ivoire and Gabon with more than 3% are among the countries with the highest annual rates of population growth worldwide.

The GDPs differ widely. Nigeria (US $43,286 millions) has the highest GDP followed by Côte d’Ivoire (US $11,223 millions), Cameroon (US $8,781 millions) and Angola (US $8545 millions). As will be noticed in section 3.2 analysing the West and Central African international trade, apart from Côte d’Ivoire which mainly draws its resources from the agricultural products, the three other countries are oil producers and exporters. The economy of Gabon with the highest GDP per capita (US $3,622) is also dominated by oil production.

3.2 International trade

☐ Exports

The exports of MOWCA member states are dominated in value terms up to 86% by raw materials such as crude oil, cocoa, coffee, timber, cotton, phosphates, and iron ore (SSATP, 1995, p.59). They are concentrated in a small number of countries.

Table 6 indicates that in 1999, only Nigeria thanks to its oil provided 43% of the regional exports. The second best exporter is the Côte d’Ivoire with 14%, which is the first world
exporter of cocoa beans. Angola and Gabon, two other crude oil exporters follow with respectively 6% and 5%.

**Table 6 : Exports of the MOWCA’s countries, year….**

<table>
<thead>
<tr>
<th>Member state</th>
<th>Exports volume (.000 t)</th>
<th>Principal commodities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Angola</td>
<td></td>
<td>Oil, coffee</td>
</tr>
<tr>
<td>Benin</td>
<td></td>
<td>Cocoa, cotton</td>
</tr>
<tr>
<td>Burkina Faso</td>
<td></td>
<td>Oil, cocoa, coffee</td>
</tr>
<tr>
<td>Cameroon</td>
<td></td>
<td>Animals, vegetables</td>
</tr>
<tr>
<td>Cape Verde</td>
<td></td>
<td>Wood, coffee, cotton</td>
</tr>
<tr>
<td>Central African Republic</td>
<td></td>
<td>Cotton, meat, fish</td>
</tr>
<tr>
<td>Chad</td>
<td></td>
<td>Oil, wood</td>
</tr>
<tr>
<td>Congo</td>
<td></td>
<td>Cocoa, coffee, .....</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td></td>
<td>Copper, cobalt</td>
</tr>
<tr>
<td>Dem. Rep. Of the Congo</td>
<td></td>
<td>Cocoa, timber, coffee</td>
</tr>
<tr>
<td>Equatorial Guinea</td>
<td></td>
<td>Oil, manganese, timber, uranium</td>
</tr>
<tr>
<td>Gabon</td>
<td></td>
<td>Groundnuts, fish</td>
</tr>
<tr>
<td>Gambia</td>
<td></td>
<td>Cocoa, timber</td>
</tr>
<tr>
<td>Ghana</td>
<td></td>
<td>Bauxite, aluminium</td>
</tr>
<tr>
<td>Guinea</td>
<td></td>
<td>Groundnuts, fish</td>
</tr>
<tr>
<td>Guinea-Bissau</td>
<td></td>
<td>Iron ore, rubber</td>
</tr>
<tr>
<td>Liberia</td>
<td></td>
<td>Cotton, groundnuts, animals</td>
</tr>
<tr>
<td>Mali</td>
<td></td>
<td>Iron ore, fish</td>
</tr>
<tr>
<td>Mauritania</td>
<td></td>
<td>Uranium, live animals, vegetables</td>
</tr>
<tr>
<td>Niger</td>
<td></td>
<td>Oil</td>
</tr>
<tr>
<td>Nigeria</td>
<td></td>
<td>Cocoa, copra, palm, kennels, coffee</td>
</tr>
<tr>
<td>São Tome and Principe</td>
<td></td>
<td>Groundnuts, fish</td>
</tr>
<tr>
<td>Senegal</td>
<td></td>
<td>Bauxite, cocoa, coffee</td>
</tr>
<tr>
<td>Sierra Leone</td>
<td></td>
<td>Phosphates</td>
</tr>
<tr>
<td>Togo</td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL OF MOWCA</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Source:** The World Bank Atlas 2001

Continent-wide, in 2000 the region’s exports rose to approximately 30% of the value of the total African exports (see table 7).

They are mostly oriented towards Western Europe (56%) and the Mediterranean (33%). The intra-regional trade is marginal. The exports towards Africa and Persian Gulf account for only 3.5%. (WTO, 2001).
Table 7: MOWCA’s members in the leading exporters in Africa, 2000.

<table>
<thead>
<tr>
<th>Exporters</th>
<th>Year 2000 ($ billions)</th>
<th>1980 in %</th>
<th>1990 in %</th>
<th>1995 in %</th>
<th>2000 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>144.7</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Nigeria</td>
<td>20.7</td>
<td>21.5</td>
<td>13.1</td>
<td>10.9</td>
<td>13.9</td>
</tr>
<tr>
<td>Angola</td>
<td>7.9</td>
<td>1.6</td>
<td>3.8</td>
<td>3.4</td>
<td>5.4</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>4.0</td>
<td>2.6</td>
<td>3.0</td>
<td>3.4</td>
<td>2.8</td>
</tr>
<tr>
<td>Gabon</td>
<td>3.4</td>
<td>1.8</td>
<td>2.1</td>
<td>2.5</td>
<td>2.3</td>
</tr>
<tr>
<td>Congo</td>
<td>2.5</td>
<td>0.8</td>
<td>0.9</td>
<td>1.1</td>
<td>1.7</td>
</tr>
<tr>
<td>Cameroon</td>
<td>1.9</td>
<td>1.1</td>
<td>1.9</td>
<td>1.5</td>
<td>1.3</td>
</tr>
</tbody>
</table>


Imports

Imports are basically manufactured products and foodstuffs. The best import partners in the region are also Western Europe (50%) and the Mediterranean (30%). Nigeria, Angola, Côte d’Ivoire and Ghana are the four MOWCA members appearing in the African top importers for the year 2000 (see Table 8).

Table 8: MOWCA’s members in the leading importers in Africa, 2000.

<table>
<thead>
<tr>
<th>Exporters</th>
<th>Year 2000 ($ billions)</th>
<th>1980 in %</th>
<th>1990 in %</th>
<th>1995 in %</th>
<th>2000 in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Africa</td>
<td>137.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
<td>100.0</td>
</tr>
<tr>
<td>Nigeria</td>
<td>12.9</td>
<td>17.2</td>
<td>5.9</td>
<td>7.4</td>
<td>9.4</td>
</tr>
<tr>
<td>Angola</td>
<td>3.4</td>
<td>1.4</td>
<td>1.7</td>
<td>1.4</td>
<td>2.5</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>3.1</td>
<td>3.1</td>
<td>2.2</td>
<td>2.4</td>
<td>2.3</td>
</tr>
<tr>
<td>Ghana</td>
<td>3.1</td>
<td>1.2</td>
<td>1.3</td>
<td>1.5</td>
<td>2.2</td>
</tr>
</tbody>
</table>

From these previous tables, the characteristic features of the trade in the region could be summarized as follows:

- The exports are based on one or three raw materials, which are low value commodities compared to manufactured products. The prices of these products are subject to market fluctuations (agricultural crops are subject to weather as well). As a consequence, the economies of the region are fragile.

- The trade is directed towards only few partners outside the region contrary to the practice in other regional groupings. For instance, the intra-regional trade in ASEAN countries rises to 60% (Audigé, 1995, p.6). MOWCA’s countries seem very loyal to their former colonial empires. That could explain to some extent why they are “economically retreating” compared to other regions. A study (Africa, 2002, p.12) showed that in 1957 Ghana was richer than the Republic of Korea, and in 1965 the economy of Indonesia was roughly equal at that of Nigeria. In 1997 the economy of the Republic of Korea was 80 times larger than Ghana’s, and the Indonesian economy eight times more important than Nigeria’s.

### 3.3 Seaborne trade

The most adapted mode of transport to carry raw materials over-sea in a cost-effective manner is maritime transport. Accordingly, the greatest share of the regional trade is seaborne. The Organization’s statistics (MOWCA, 2000) estimated it at 95% for 1998. That represented in absolute value, 247 millions tonnes of goods constituting 4.8% of the world seaborne trade and 30% of the continent seaborne trade. MOWCA’s countries belong to the type of countries of high Maritime Dependence Factor calculated as the rapport in percentage between seaborne trade in value and GDP (Ma, 2000, P.19). Based on Professor Ma’s handout (2000, p.20), table 9 indicates the Maritime Dependence Factors for seven of the region’s countries ranked in 1995.
Table 9: Maritime Dependence Factors in West and Central Africa

<table>
<thead>
<tr>
<th>Rank</th>
<th>Countries</th>
<th>MDF</th>
</tr>
</thead>
<tbody>
<tr>
<td>13</td>
<td>Côte d’Ivoire</td>
<td>49%</td>
</tr>
<tr>
<td>14</td>
<td>Ghana</td>
<td>47%</td>
</tr>
<tr>
<td>21</td>
<td>Cameroon</td>
<td>38%</td>
</tr>
<tr>
<td>27</td>
<td>Benin</td>
<td>29%</td>
</tr>
<tr>
<td>28</td>
<td>Liberia</td>
<td>29%</td>
</tr>
<tr>
<td>29</td>
<td>Senegal</td>
<td>29%</td>
</tr>
<tr>
<td>32</td>
<td>Nigeria</td>
<td>25%</td>
</tr>
</tbody>
</table>


3.4 Motivations for a regional maritime organization

As stated in Chapter 2, Africa is divided into several regional groupings. The single West Africa accounts at least three groupings. There is also UDEAC for Central Africa. Of those regional organizations only ECOWAS before 1985 has a policy with regard to transports targeting the harmonization of the transport legislations of West Africa. (Addico, 1985, p.133).

Aware that their willingness to form real economic unions is for the time being hampered by some obstacles among them customs revenue dependence, and that maritime problems have no boundaries, West and Central African states thought to establish a sectorial grouping dealing with shipping issues. They were encouraged by the United Nations, which divided the world seas in maritime regions. In effect, the listed concerned countries in Section 3.1 followed the UN delimitation to establish in May 1975 the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) by the signature of the charter of Abidjan. For reasons explained in Chapter 4, MINCONMAR became MOWCA in 1998. It is important to bear in mind that the UNCTAD Liner Code was signed in 1974 with its known advantages for developing countries.

West and Central African countries in setting up their maritime integration just a few months later aimed at reinforcing their bargaining power in joining hands to better benefit from the Code. However, the official first reason was the increase of the freight rates unilaterally fixed by the liner conferences totally controlled by non-nationals. Freight rates at that time were in the region of 25% to 30% (Addico, 1985, p.134). The high freight rates rendered the region exports less competitive compared to other regions’. As an example, a ton of palm oil from West and Central Africa was paid in Western Europe at US $ 45 while
the same quantity from Malaysia cost only US $ 25 on the same market (Addico, 1985, p.134). To better understand this eloquent illustration, it could be worth indicating that Abidjan, one of the principal ports of palm oil export, is 6000 km far away from Paris (in the centre of Western Europe) while the distance between Paris and Tanjung Pelepas (Malaysia) is at least the double. For MOWCA member states, in participating in maritime transport, they could sell their raw materials at competitive prices. They, among others, expected to gain in terms of balance of payments since as said Professor Francou (2001a), a country saves foreign currencies (in relative value) when its low value cargo is carried by its national fleet; that does not hold true as far as high value cargo is concerned.

3.5 Objectives and structure of the MOWCA

3.5.1 Objectives

At inception, the objectives of the Organization were axed around the following issues (see Appendix A):

- **Maritime Affairs**
- **Development of shipping companies**
- **Ports**
- **Landlocked countries**
- **Training and information**

- **Maritime Affairs**

  This was at the administrative level. This objective aimed to create or reorganize shippers’ councils, set up facilitation committees, collect freight, and favour national marine insurance covers.

- **Development of shipping companies**

  The hard core of the system was the building of national merchant fleets. The member governments wanted also to break the monopoly of the maritime conferences held by international shipping lines. They had on their agenda the creation of an African maritime conference.
 Ports

The focus was on the harmonized management of the ports

 Landlocked countries

The organization in order to avoid exclusion, had special policies in favour of the five landlocked countries. It encouraged the member states to give preferential treatment to transit goods. In addition, the landlocked countries were encouraged to participate in the capital of the shipping companies.

 Training and information

To man their shipping companies with seafarers and shore based personnel, the Organization thought at the creation of regional training schools. They also thought about the establishment of maritime information centres.

3.5.2 Structure

To meet its objectives, MOWCA functions on the basis of a simplified structure. Its highest body is the General Assembly of Ministers of Transport of the member states. It meets in ordinary session every two years but can take place as well in extraordinary sessions, if desired. At the beginning of each session a Bureau is elected which consists of a chairman, two vice-chairmen and a rapporteur. A full-time Secretary-General established at the Headquaters in Abidjan elected by the Assembly performs the day-to-day work of the Organization. The current Chairman and Secretary-General are respectively Isidore Mvouba, Minister of Transport, Aviation and Merchant Marine of the Republic of Congo, and Teye Addico from Ghana. The composition of the Bureau and the list of the formers managers of the Organization are in Appendix B.

MOWCA functions with three specialized organs:

- The Ports Management Association of West and Central Africa (PMAWCA)
- The Union of African Shippers’ Councils (UASC) and
- The Association of African Shipping Lines (ANSL).

3.6 Analytic balance sheet of the Organization up to 1995
The balance sheet of the Organization from 1975 to 1995 is that of the maritime policy in West and Central Africa under the UNCTAD Liner Code regime. It will be directed from fourfold point of view to follow the aimed objectives: ship owners, shippers, ports, maritime training, and information system.

- **Shipowners**

  The member states involved themselves in the shipping business. Many created their own shipping lines (see Table 10).

### Table 10: MOWCA member states’ national shipping lines

<table>
<thead>
<tr>
<th>Country</th>
<th>Shipping lines</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benin</td>
<td>COBENAM</td>
</tr>
<tr>
<td>Cameroon</td>
<td>CAMSHIP</td>
</tr>
<tr>
<td>Côte d’Ivoire</td>
<td>SITRAM and SIVOMAR (private)</td>
</tr>
<tr>
<td>Dem. Rep. Of Congo</td>
<td>CMZ</td>
</tr>
<tr>
<td>Gabon</td>
<td>SONOTRAM</td>
</tr>
<tr>
<td>Gambia</td>
<td>Gambia National Line</td>
</tr>
<tr>
<td>Ghana</td>
<td>Black Star Line</td>
</tr>
<tr>
<td>Nigeria</td>
<td>Nigeria National Shipping Line (NNSL)</td>
</tr>
<tr>
<td>Senegal</td>
<td>COSENAM</td>
</tr>
<tr>
<td>Togo</td>
<td>SOTONAM</td>
</tr>
</tbody>
</table>


The most important shipping lines in terms of tonnage were NNSL of Nigeria (23 ships), SITRAM of Côte d’Ivoire (10 ships), Black Star Line of Ghana (4 ships) and CAMSHIP of Cameroon (4 ships). If the fleets were assured to have cargo at the departures of their homeports, that was not easy from the import side. As far as African ports were concerned, the cargo sharing formula applied to any kind of cargo while in the Northern ports this was limited to containerised conference cargo. The capacity of the African lines for containerised cargo was 1810 TEUs in 1990 before falling to 585 TEUs in 1992 (Audigé, 1995). They were members of the maritime conferences servicing the region; they were as follows:
The European ship owners dominated these conferences. The local shipping lines participated only with 16% of the traffic, very far from the 40% granted by the UNCTAD Code (Audigé, 1995, p.20) and the 30% expected by the African governments. For the containerised cargo their traffic share was slimmer with 6 to 7 per cent of the total capacity offered (World Bank, 1998, p.2). They signed agreements with some European shipping lines that were prioritised on the ranges against commissions. The European Union blamed this practice and condemned its European beneficiaries. The French company SCAC-Delmas Vieljeux (SDV) in 1992, Belgian’s CMB-Transport, and Nedlloyd Lines (Holland) in 1993 were condemned to pay respectively US$ 18.8 millions, US $11.5 millions, and US $120,000. Those heavy sanctions pushed SDV newly under the control of Bolloré to immediately withdraw from the conferences COWAC and MEWAC which by this act disappeared and were replaced in 1994 by a still-born one, EWAC (Europe-West Africa Conference).

The management of the companies were not very strict enjoying sometimes a high number of costly shore-based staff. SITRAM accepted to reduce its shore based personnel only some months prior to its dissolution in 1994. Some of the managers appointed on political basis and not for their competence did not help the state-owned companies thrive. They seemed not to have strategic plans so that they did not adapt the management of their structures to the new deal of globalization. The ships sold were not replaced or were replaced by old container ships with high maintenance costs and constantly breaking down.

**Shippers**

The first concern of the Organization was to struggle against the high level of freight rates. The shippers’ councils were created to be involved in the fixation of freight rates. Hard debates took place between shipowners and shippers’ councils before a slight increase of freight rates. However, the daily work of the shippers’ councils seemed to be the cargo dispatching between the ships of the maritime conferences. From this viewpoint, the councils were very powerful. They were criticized as not being helpful for the shippers since the latter did not have the choice of the ships carrying their goods regardless the freight rate and the
quality of service. The councils levied a tax on the tonnages handled. The funds collected were supposed to develop the shipping sector but it would be difficult to ascertain that this was the case in the sense that *inter alia* in spite of the existence of the funds the states had always problems to pay their contributions to their common tool of maritime development.

- **Ports**

  Out of a number of about 40 deep sea ports 25 are concerned with international trade (Lastchenko, 2001, p.3) and a very few can respond to criteria of ports of second-generation i.e. including logistics concept (Francou, 2001b, p.6). The inland connections are unequally dispatched in the region. Road transport is the most used mode with 11 651 km of asphalted roads in the West African countries against 1 823 km in Central Africa (N’guessan, 2000, pp. 50, 55 &56). The railway network connecting ports to landlocked countries operate satisfactorily on only two links: Abidjan – Ouagadougou – Kaya (Burkina Faso) long of 1247 km and Dakar – Bamako – Koulikoro (Mali) long of 1287 km (Karanga, 2000, pp.3; 12). The other railway lines either are not reliable or “suffer from very poor commercial speeds” (Lastchenko, 2001, p.4). Chad is particularly poorly connected to the coastal states. The nearest port to N’djamena (Chad) is the port of Douala at 1700 km made of railway and road (Karang, 2000, p.29). As far as container traffic is concerned, the containerised cargo handled in these port is modest with about 1 100 000 full TEU EMPTY CONTAINERS in 2001 (Lastchenko, 2001, p.4). To compare them to ASEAN ports, only the two Thai ports of Bangkok and Laem Chabang handled 2 005 361 TEU in 1996 [http://www.psa.com.sg/apa/thailand.html](http://www.psa.com.sg/apa/thailand.html) (APA, 1997). Only the ports of Abidjan, Lagos-Apapa, Douala, and Dakar are fitted with gantry or mobile cranes (see table…) with low productivity. For example the productivity of the gantry cranes of the port of Abidjan deemed as a model in the region gravitates between 16 and 18 moves per hour (TCI Ltd, 1997, 2-8). In guise of comparison the productivity in the European ports is much more higher as indicated Claude Torchon a French consultant (2001, p.6):

- 63 TEU per hour in the port of Rotterdam
- 87 TEU per hour in the port Le Havre
- 34 TEU per hour in the port of Marseille

  As shown in table…many suffer navigation restrictions. This problem added to other factors like slow clearance procedures and insecurity entails traffic congestion.
**Table: Nautical restrictions in West and Central African ports**

<table>
<thead>
<tr>
<th>Port</th>
<th>Draft restriction (m)</th>
<th>Lenght restriction (m)</th>
<th>Navigation restrictions</th>
<th>Container handling</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nouakchott</td>
<td>9.4 m</td>
<td>180 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dakar</td>
<td>10 m (11m high tide)</td>
<td>180 m</td>
<td>Max. draft entering all tide: 9m</td>
<td>2 mobile cranes</td>
</tr>
<tr>
<td>Banjul</td>
<td>8.54 m</td>
<td>170 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Conakry</td>
<td>9.5 m</td>
<td>200 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freetown</td>
<td>9.6 m</td>
<td>185 m</td>
<td>Berthing betw. 6.30 and 22.30hr</td>
<td></td>
</tr>
<tr>
<td>Monrovia</td>
<td>9.0 m</td>
<td>180 m</td>
<td>Berthing/sailing 2hrs before H.W.</td>
<td></td>
</tr>
<tr>
<td>San Pedro</td>
<td>10.3 m</td>
<td>Y</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Abidjan</td>
<td>10.66 m</td>
<td>240 m</td>
<td>Vridi canal opening restrictions</td>
<td>3 gantry cranes + 1 mobile crane</td>
</tr>
<tr>
<td>Takoradi</td>
<td>8.5 m (10 at buoy)</td>
<td>Y</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tema</td>
<td>11.5 m</td>
<td>198 m</td>
<td>Entering betw. 7.00 and 24.00hr</td>
<td></td>
</tr>
<tr>
<td>Lome</td>
<td>11.5 m</td>
<td>270 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cotonou</td>
<td>10.0 m</td>
<td>Y</td>
<td>Frequent dredging</td>
<td></td>
</tr>
<tr>
<td>Lagos</td>
<td>10.5 m</td>
<td>Y</td>
<td>Daylight berthing only</td>
<td>2 gantry cranes</td>
</tr>
<tr>
<td>Port Harcourt</td>
<td>Onne: 13 m</td>
<td>Old port: only 7.8 m draft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Douala</td>
<td>9.1 m</td>
<td>Y</td>
<td>Tidal restrictions: 6.2 m +tide</td>
<td>2 gantry cranes</td>
</tr>
<tr>
<td>Libreville</td>
<td>7 m Fwd/ 9 m Aft</td>
<td>200 m</td>
<td>Trimming problems. Silting</td>
<td></td>
</tr>
<tr>
<td>Port Gentil</td>
<td>10.0 m Fwd</td>
<td>200 m</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pointe Noire</td>
<td>10.45 m</td>
<td></td>
<td>If draft&gt;8.45 m → tide bound</td>
<td></td>
</tr>
<tr>
<td>Matadi</td>
<td>9.1 m at river bar</td>
<td>180 m</td>
<td>Fluctuating river draft. Daylight berthing</td>
<td></td>
</tr>
<tr>
<td>Luanda</td>
<td>10.5 m</td>
<td></td>
<td>Daylight berthing only</td>
<td></td>
</tr>
<tr>
<td>Lobito</td>
<td>10.35 m</td>
<td>275 m</td>
<td>Daylight berthing only</td>
<td></td>
</tr>
</tbody>
</table>

**Source:** S. Lastchenko (2001). Maritime transport services to African port: physical and institutional constraints.

Despite the cooperation through the PMAWCA, the principal ports of the region compete to catch landlocked countries’ trade. There is no agreement to accept a single port as a hub.
 Maritime training

MOWCA disposes of two regional maritime academies (one in Accra for Anglophone countries and one in Abidjan for Francophone countries) to which the Nigerian National Academy of Oron can be added. These academies receive technical assistance from IMO, UNCTAD and UNDP. Individual countries like Japan, Norway and Egypt assist the regional academies as well. Almost all the seafarers of the region attended these schools. The problem lies in the fact that the budgets of the regional academies are supported quasi-exclusively by the home-countries.

 Information system

There is a lack of available maritime data in the region. It is hoped that the projects of national observatories become reality (MOWCA, 2002).

3.7 Conclusion

West and Central Africa, is an important economic area at the continental level. Its economies based on low raw materials and dependent on few partners are fragile. However, the importance of its seaborne trade justifies adequate shipping policies in a harmonized manner. That is why MOWCA was established as the single tool of maritime development bringing together the 25 countries of the region. The balance sheet of this organization at the end of 1995 is mitigated.

Chapter 4: Globalizing world and maritime transport liberalization

4.1 The causes of the maritime transport liberalization

4.1.1 External causes

Trade in general and maritime transport in particular have been liberalized in the region under the pressure of the World Bank and the International Monetary Fund (IMF). The institutions of Bretton Woods had been imposing Structural Adjustment Programmes to the West and Central African countries since the 1970s to help their economies be sound. With this policy the quasi-totality of the state-owned companies has been dissolved or privatised. However,
thanks to the developing countries’ solidarity the African state-owned shipping lines protected by the Liner Code still continued to exist. From 1992, the Bank and the Fund decided to submit the financial aids granted to the African countries to the maritime transport liberalization. The most important conditionality to receive financial help was the privatisation of the shipping lines and the stoppage of the cargo sharing system (Addico, 2000). In meantime the United Stated of America opposed to the Code convinced the World Trade Organization to withdraw the maritime transport from its discussions until June 1996 and to set up a working group on this issue, which should publish a report at the due date (Ferrandéry, 1998, p.49). The US proposal, maybe, was a subtle way to quickly liberalize the maritime transport without denouncing the Liner Code. The bargaining power of the Group of 77 could not play and the governments of MOWCA member states to face their financial problems under the social pressure of the populations would accept the World Bank/IMF conditionality. That was how things actually developed. For example, after the CFA franc devaluation on 12 January 1994 (one of the structural adjustment measures) and under the socio-political tension exacerbated by the death of Houphouet Boigny its former president, the Ivorian government in 1995 accepted easily to liberalize its maritime transport at the moment of receiving a loan of **US $500 million** from the World Bank. The European Union, attached to the Roma Treaty forbidding any protectionist measures, supported the liberalization process (Farthing and Brownrigg, 1997, p.93). The International Chamber of Commerce playing a paramount role in trade regulation was particularly attached to the maritime transport liberalization. In its statement on “world business priorities for the new round of multilateral trade negotiations” published in 1999, it treated the market sharing system as a “grandfathering” practice which should be definitely phased out (iccwbo.org, 2001).

The reasons the international community put ahead to liberalize the maritime transport could be directed in free basic items:

- The freight rate decrease
- The break of the state-owned shipping lines
- The improvement of the port throughputs

**Freight rate decrease**

The constant increase of the freight rates was one of the main reasons which had favoured the signature of the code of conduct; this instrument enabling the developing countries’ shippers’
councils to participate in the freight rate negotiations with the international shipping lines. However, studies have proved that in Sub-Saharan countries the freight rates did not decrease as expected. In 1995 Amjadi and Yeats found out that the transport costs in this area of the continent were 20 per cent higher than that in other developing countries for similar commodities (O’Brien, 2000). It was expected that the free competition cut the transport costs down in order to reduce the price of the exported and imported goods and consequently enhance their competitiveness.

Break of the state-owned shipping lines monopoly

The protection of the traffic rights to the state-owned shipping lines was strongly blamed. In the opinion of the international community, more national shipping lines could improve the domestic traffic share thanks to the arrival of new ships. In addition, it was believing that the local competition could make the existing privileged companies to pay more attention to their management.

Ports’ throughputs increase

The freedom of sailing in the West and Central African maritime routes could push up many foreign shipping companies to call at the ports of the region as soon as they have cargo to carry. The ports could so receive more ships and handle more cargoes.

4.1.2 Internal causes

The MOWCA countries are not exempt from criticism. Albeit the financial pressure from the World Bank and the IMF, the reasons evoked to liberalize the maritime transport were not wrong as such. In effect, the fact that the shipping lines were in a monopolistic situation did not help them have a sound management as stated earlier in paragraph 3.6. Temiola Fatai Okesanjo (1994) was right to point out the poor management as the first cause having led the Nigerian National Shipping Line (NNSL) to the “lack of efficiency” (p.61). That holds true for the other shipping lines of the region. The ships of the two most important lines, NNSL and SITRAM, were often under arrest in foreign ports for unpaid bills. Even, for some companies, the ships were poorly maintained and it was difficult to pay the salaries of the
The Nigerian crew of the River Ngada (fire damaged on August 1), have complained of conditions on-board their vessel, saying the sewage pipes were struck and cabins and passageways were covered with faeces. They have not been paid most of their salaries and are now taking legal action against the vessel’s owners. The vessel has been anchored off Passir Panjang for the past two and a half months after being placed under arrest for the non-payment of a salvage bill. The vessel owners, Nigerian National Shipping Line Ltd, were said to owe Semco Salvage & Marine About 750,000 US Dollars.

However, instead of a unilateral liberalization where the concerned persons are no right to express their opinion, it would seem more reasonable that those persons take an active part in the discussions. At the regional level the MOWCA should be the best interlocutor to defend its members’ cause.

4.2 MOWCA’s role vis-à-vis the liberalization process

In the framework of the Sub-Saharan Africa Transport Policy Program (SSATP), the MOWCA and the World Bank organized two round tables in Cotonou, Benin respectively in 1992 and 1997 focusing on the solutions of making the liberalization profitable to the West and Central African shipping industry.

The 1992 Cotonou Round Table

This conference posed the diagnosis of the maritime transport in the region. It recommended four basic actions to align the regional maritime policy with the globalizing and liberalizing environment:

- to determine to what extent the liberalization could resolve the problems faced by the West and Central African countries;
- to institute a harmonized statutory framework simplifying the movement of the cargoes in the region;
• to define, by means of unified criteria, the roles and responsibilities of the diverse operators of the transport chain, and
• to establish an institutional framework which settle the litigations among the diverse operators of the transport chain (SSATP, 1985, P.3).

The 1997 Cotonou Round Table

The second conference was held at the moment where the liberalization of the maritime transport was already applying. This conference could be deemed to a certain extent as a balance sheet of the liberalization policy. It analysed the experts’ studies based on the first Round Table recommendations. An SSATP report (2002) indicated four main recommendations coming from this second meeting which are summarised below.

1. Gradual and one-to-one liberalization

The conference recognized that the liberalization should be done gradually taking into account each country’s particularities. It was proposed that the liberalization policy apply as well to auxiliary activities since in some countries like Togo and Benin the cargo handling activity was a monopoly belonging to the State. The conference proposed as well that laws with regard to fair competition be harmonized at the region level to be taken.

2. Reform of shippers’ councils

The meeting came to the conclusion that shippers’ councils should henceforth focus on their real concern which is the promotion of shippers’ interests. The cargo sharing system should definitely be abandoned.

3. Creation of pilot national monitoring units

To assess the costs of the transport chain the countries have been advise to set special units. The countries which have to date established such units are Benin, Burkina Faso, Cameroon, Côte d’Ivoire, Ghana, Mali, Nigeria, Senegal, and Togo (SSATP, 2002).
4. Adoption and implementation of international conventions on transport and trade facilitation

As far as this issue is concerned, focus was put on port and inland transport infrastructures, and administrative procedures. Based on experts’ reports, the meeting found out that the inland transport infrastructures when they exist were not in good state. The ports infrastructures sometimes do not fit with the new requirements mainly as far as containerised cargo is concerned. In addition, the customs and administrative procedures hampered the fast movement of goods.

From these two meetings, it could be summed up that the African maritime organization supported the liberalization policy with some reservations. However, MOWCA member States should be proactive to survive at the liberalization policy which was inevitable in, for instance, modernizing their fleets, reducing their staffs, opening the companies’ capital to private interests, diversifying their activities, and improving their management. They did know that the Code could not survive to the capitalists’ pressure. It is also worth to remember that this instrument was differently interpreted depending on whether you were a developed country or a developing country. The long time (10 years) it took before entering into force should be an additional warning. Therefore there was no doubt that the World Bank, which is co-initiator (with the UN African Economic Commission) of the SSATP including the Trade and Transport component, could not after the Cotonou Round Tables, change suddenly its liberalization policy already decided for the region.

4.3 Analysis of the results of the maritime transport liberalization

Bearing in mind that the apparent reasons evoked by the Bank and the Fund to liberalize the maritime transport were linked to the freight rate decrease, the improvement of the countries’ traffic shares, and the increase of the ports throughputs, the analysis could basically be directed towards these three points before looking at the macroeconomic issues such as employment and national sovereignty.

4.3.1 Freight rate

Evolution of the freight rate
The decrease of the freight rates was accelerated by the maritime transport liberalization. René Mbayen, the Executive Director of CAMSHIP (2001) illustrated this situation on the range Europe/Cameroon. For that range, the import freight rate of a twenty footer passed from FF 12,000 in 1996 to FF 7,000 in 1999. That represented a decrease of 42%. Within the same period, the export average freight rate for a ton of goods declined from FF 375 to FF 225, corresponding to a decrease of 40%.

Figure 3 shows the freight rates evolution between Atlantic France and Douala (Cameroon).

Figure 3: Freight rates evolution between Atlantic France and Douala from 96/97 to 99/00 in French Franc.
Source: René Mbayen, 2001

These important freight rates decrease could profit the shippers of the region if they mastered the transport chain. Unfortunately that is not the case. The African shippers as deplored Mbayen (2001, p.9) sell FOB and buy CIF. As a consequence, it is their partners of the other end of the trade who benefit. In addition, even if the African shipper could sell CIF and buy FOB, it would not be obvious that he profit from the freight rates given that the international shipping lines serving the region, in compensation of the losses registered in the carriage, augmented the tariffs of the auxiliary services such as the cargo handling. Mbayen (2001) went on to notice that this phenomenon of compensation explained why the freight rates decrease did not affect the price of imported goods on the market of Cameroon.
Big shippers versus small shippers

The big shippers receive preferential treatment and enjoy rebates. Those which possess cargo-handling equipments receive a special rebate of roughly 10 per cent of the freight (EWATA, 2000). They can also charter ships in for the carriage of their own goods. That makes it clear that they actually benefit from the new system. For instance, OCAB (Organisation Centrale des Producteurs d’Ananas et de Bananes), one of the most important Ivorian shippers producing 230 000 tons of pineapples and the same quantity of bananas (PANA, 2001), by the way controlled by European interests, thanks to the new liberalized environment created its own shipping company (SITROCAB). Unlike, the smaller shippers, which are any more protected by the Shippers’ Councils, have henceforth to face directly the shipping lines. Their shipments are too small to influence the freight rates.

Freight rate decrease or dumping?

In the face of the exaggerated freight rates decrease, some African maritime experts asked themselves the question of whether the international shipping lines were not using an unfair commercial strategy to push out the financially weak companies from the maritime business before coming back on higher freight rates. This was why many found the creation of the Europe West Africa Trade Agreement (EWATA) as the realization of their prediction. The MOWCA Secretariat-General (2000) wrote that the African shipping industry was “stupefied” of hearing that a new maritime conference (EWATA) was created. Since 1st April 2000, five shipping lines (A.P. Moller-Maersk Sealand, Nile Dutch Africa Line, P&O Nedlloyd, Safmarine, and WAL-West Afrika Linien-Dienste), under European Union Regulation 4056/86 created that conference covering in Europe: the Baltic region, Scandinavia, United Kingdom, North West Continent, Spain-Atlantic seaboard, and Portugal; and the West and Central African region (EWATA, 2000, P.1). That maritime conference, which works like an alliance where the other shipping lines serving the region such as CAMSHIP are not welcome, augmented the freight rates. Tables 11 and 12 show the import freight rates it published in 2000 from North West Continent to selected West and Central African ports as far as containerised cargo is concerned.

North West Continent (NWC) includes Scandinavian countries, Germany, Benelux, France and Portugal. The rates appearing in the tables are augmented of the Bunker Adjustment Factor (BAF) and the Currency Adjustment Factor (CAF). In addition, other surcharges are
added for some particular ports. Dangerous areas like Freetown (Sierra Leone) and Monrovia (Liberia) support fees to compensate to some extent the insecurity. From 5th of July 2000 an emergency surcharge of 15 per cent of the basic freight rate applies to cargo for Sierra Leone. The cargo for Liberia was expected to support an additional surcharge of Euro 400 per TEU from 19th June 2002 (EWATA, 2000, PP. 1 &2). On the cargo for the port of Malabo (Equatorial Guinea) and the Nigerian ports, apply congestion surcharges.

To better grasp the freight rates increase, remain with the example of the import freight rate for Cameroon. In 1999, a 20’container was carried from North West Continent to Douala for Euro 1067 (FF 7000). After the establishment of the new conference in 2000, the cheapest price to carry the same container between the same ports is Euro 1425 without the surcharges. That gives an increase of 33.5 per cent within one year. The freight rate increase is not bad as such in the sense that it enables the shipping lines to gain from their business without affecting too much the total costs paid by the cargo owners. It could be a win-win situation. It is only hoped as proposed the MOWCA Secretariat -General that the conference follows the liner code provisions relating to the multilateral freight rates negotiations. If the MOWCA via the African Union of Shippers’ Councils (AUSC) could be associated to the negotiations, the freight rates could stay at a reasonable level.
Table 11: Southbound freight rates for 20’dry container from North West Continent in Euro

<table>
<thead>
<tr>
<th>Rate per 20’dry container</th>
<th>Tier I</th>
<th>Tier II</th>
<th>Tier IIA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douala</td>
<td>1725</td>
<td>1600</td>
<td>1424</td>
</tr>
<tr>
<td>Libreville</td>
<td>2125</td>
<td>1950</td>
<td>1775</td>
</tr>
<tr>
<td>Pointe Noire</td>
<td>2175</td>
<td>1975</td>
<td>1800</td>
</tr>
<tr>
<td>Luanda</td>
<td>2175</td>
<td>1975</td>
<td>1800</td>
</tr>
<tr>
<td>Nouadhibou</td>
<td>2000</td>
<td>1850</td>
<td>1675</td>
</tr>
<tr>
<td>Dakar</td>
<td>1595</td>
<td>1475</td>
<td>1300</td>
</tr>
<tr>
<td>Sao Tome</td>
<td>3225</td>
<td>2900</td>
<td>2725</td>
</tr>
<tr>
<td>Banjul</td>
<td>1875</td>
<td>1725</td>
<td>1550</td>
</tr>
<tr>
<td>Conakry</td>
<td>1625</td>
<td>1500</td>
<td>1325</td>
</tr>
<tr>
<td>Freetown</td>
<td>2325</td>
<td>2125</td>
<td>1950</td>
</tr>
<tr>
<td>Monrovia</td>
<td>2275</td>
<td>2075</td>
<td>1900</td>
</tr>
<tr>
<td>Abidjan</td>
<td>1595</td>
<td>1475</td>
<td>1300</td>
</tr>
<tr>
<td>Tema</td>
<td>1625</td>
<td>1500</td>
<td>1325</td>
</tr>
<tr>
<td>Lome</td>
<td>1625</td>
<td>1500</td>
<td>1325</td>
</tr>
<tr>
<td>Cotonou</td>
<td>1625</td>
<td>1500</td>
<td>1325</td>
</tr>
<tr>
<td>Apapa</td>
<td>1825</td>
<td>1700</td>
<td>1525</td>
</tr>
<tr>
<td>Malabo</td>
<td>3225</td>
<td>2900</td>
<td>2725</td>
</tr>
</tbody>
</table>

Source: EWATA
Table 12: Southbound freight rates for refeer from North West Continent in Euro

<table>
<thead>
<tr>
<th>Reefer</th>
<th>Tier III 20'</th>
<th>Tier III 40'</th>
<th>Tier III 40' high cube</th>
</tr>
</thead>
<tbody>
<tr>
<td>Douala</td>
<td>3050</td>
<td>4300</td>
<td>4480</td>
</tr>
<tr>
<td>Libreville</td>
<td>3150</td>
<td>4450</td>
<td>4630</td>
</tr>
<tr>
<td>Pointe Noire</td>
<td>3300</td>
<td>4700</td>
<td>4830</td>
</tr>
<tr>
<td>Luanda</td>
<td>5600</td>
<td>7900</td>
<td>8080</td>
</tr>
<tr>
<td>Nouadhibou</td>
<td>3200</td>
<td>4550</td>
<td>4730</td>
</tr>
<tr>
<td>Dakar</td>
<td>2850</td>
<td>4050</td>
<td>4230</td>
</tr>
<tr>
<td>Sao Tome</td>
<td>3600</td>
<td>5075</td>
<td>5255</td>
</tr>
<tr>
<td>Banjul</td>
<td>3200</td>
<td>4550</td>
<td>4730</td>
</tr>
<tr>
<td>Conakry</td>
<td>3200</td>
<td>4550</td>
<td>4730</td>
</tr>
<tr>
<td>Freetown</td>
<td>3850</td>
<td>5450</td>
<td>5630</td>
</tr>
<tr>
<td>Monrovia</td>
<td>3600</td>
<td>5075</td>
<td>5255</td>
</tr>
<tr>
<td>Abidjan</td>
<td>3050</td>
<td>4300</td>
<td>4480</td>
</tr>
<tr>
<td>Tema</td>
<td>2850</td>
<td>4050</td>
<td>4230</td>
</tr>
<tr>
<td>Lome</td>
<td>2950</td>
<td>4200</td>
<td>4380</td>
</tr>
<tr>
<td>Cotonou</td>
<td>2950</td>
<td>4200</td>
<td>4380</td>
</tr>
<tr>
<td>Apapa</td>
<td>3200</td>
<td>4550</td>
<td>4730</td>
</tr>
<tr>
<td>Malabo</td>
<td>4700</td>
<td>6600</td>
<td>6780</td>
</tr>
</tbody>
</table>

Source: EWATA


4.3.2 Traffic share

The liberalized environment was a good opportunity for new national operators to invest in maritime transport. In Côte d’Ivoire, for instance, ten companies have been given a licence to operate as ship owners. Apart from one, SITROcab (Société Ivoirienne de Transport Maritime de l’OCAB) which enjoys a captive traffic, all the other companies were still-born. They were wrong in thinking that they could sign joint-venture agreements with foreign
shipping companies. From the moment the maritime transport was free on the West and Central African region coasts, there was no interest for a foreign company to enter into a joint-venture agreement with a local company. The single guarantee they searched before was to take advantage of the protected market share belonging to the national shipping lines. Adding to this the fact that all the existing state-owned shipping lines have disappeared (except CAMSHIP), the traffic share taken by the national fleets drastically declined. As far as the Ivorian national traffic share is concerned, the best estimates in 1999 numbered it at two per cent of the total traffic generated by the country’s foreign trade; and it was still declining. The trend was the same in the region. That shows that the liberalized environment did not enable the national companies of the MOWCA member States to participate more in the maritime transport.

4.3.3 Ports throughputs
During the years following the liberalization, the volume of cargo handled in the ports of the region has received a boost. Figure 5 shows the structure of the total cargo traffic of four selected ports from 1990 (year 1). It is to note that from 1995 (year 6), year where the liberalization officially came in, the increase of the traffic was more important than before. However, that change cannot be attributed only to the liberalization. In effect, in 1994 the currency, CFA franc, of 14 countries in the region, among which the Côte d’Ivoire, Senegal, and Cameroon, has been devaluated by 50 per cent; and that act was expected to improve the exports. Ghana was not concerned by this monetary policy, and it can be remarked that the change in the throughputs of the port of Tema was slighter and smoother.
Without underestimating the liberalization positive effects on the ports throughputs, it would be difficult to conclude that the traffic growth after 1995 was its fact.
4.3.4 Employment

The state-owned shipping lines and their auxiliary activities provided jobs to nationals. However, their disappearing entailed only a short time of unemployment since the qualified workers, seafarers, and shore-based personnel, have found jobs in foreign companies or in ports. Some of them have created their own business in shipping. Therefore, the liberalization did not affect the employment.

4.3.5 National sovereignty

Lamine Fadika (1978), former minister of marine of Côte d’Ivoire who was for years the spokesman of the Group of 77, used to remind that every country which wishes to be economically independent and assure its national sovereignty has to master the sea (pp 27-28).
He encouraged the developing countries to set up merchant fleets flying their flags. Mbayen (2001) claiming that, with the liberalization, Africa has lost its sovereignty, agreed with this viewpoint. The author is tempted to rival it since CAMSHIP before the liberalization (and currently) has never registered its ships under Cameroonian flag. Moreover, with the states’ interdependence reinforced by the globalization phenomenon, national sovereignty is nowadays meaningless.

Conclusion

Although the international maritime community willing to break the monopoly of the state-owned shipping lines dictated the liberalization policy, it is worth to agree that internal factors such as the poor management facilitated it. All the expected results for the African countries are not achieved yet. The freight rates have declined but with the new maritime conference, EWATA, it is feared that they sharply increase again if the MOWCA is not associated to the negotiations.
Chapter 5: MOWCA new challenges

To fit with the new realities of globalization and liberalization, the policies of the Organization needs updating. Conscious of that fact, reforms are on way since the 6th extraordinary General Assembly held in August 1999 in Abidjan (MOWCA, 2000). To get started the Organization changed its name from the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) to Maritime Organization of West and Central Africa (MOWCA). Then it found out new programs matching its new policy taking into account all shipping issues namely: maritime transport, shippers’ councils, maritime education and training, information system, and maritime safety and marine environment protection. Those efforts of change need to be analysed before proposing alternatives able to help the West and Central African shipping industry survive.

5.1 The change from MINCONMAR to MOWCA

The wording of the first appellation (MINCONMAR), mentioned “Maritime Transport”; thus it could make to believe that the Organization was dedicated to maritime transport only. The appellation MOWCA is more general and shows easily that all the shipping matters are covered by the Organization. It can be considered at first sight as a “one-stop-shopping” organization as it claims to be. Moreover, the word “ministerial” in MINCONMAR made it clear that the Organization was a political forum; that was old-fashioned in a world economy where only expertise is required. Politic rimes with bureaucracy with its lot of defaults, blamed by the donors. Over the aforementioned advantages of form, the change of name did not affect the MOWCA’s structure. The General Assembly of the Ministers of Transport remains its highest body.

5.2 Analysis of the MOWCA’s new programs

- **Maritime transport**

MOWCA put emphasis on the creation of a coastal regional shipping line run by private operators. It believes that the demand for such a service exists in West and Central Africa. The service should cover not only the intra-regional traffic as such but also feederings and
passenger service. As far as feeder ing is concerned the studies carried out by ECOWAS, UNCTAD, ECA, and MOWCA, propose that transhipment agreements be signed with international shipping lines serving the region. Special berths for the ships belonging to that regional liner service should be arranged in each port of the region. For MOWCA and its partners that project could boost the intra-regional trade (MOWCA, 2000).

The project is already in implementation with the creation of Ecomarine in March 2002 in Lomé (Togo). It is a regional shipping line with a capital of US $50 million, starting with four vessels and offering 5 000 job opportunities (Sunday Business, 2002). Ecomarine in addition of the maritime intra-regional traffic is expecting to catch the transit cargo, and is thinking to invest in inland dry ports (Sunday Business, 2002).

That project hoped to boost the intra-regional trade could be successful if four main conditions could be simultaneously fulfilled:

- **The cabotage should be reserved to regional shipping lines.** It has been showed in chapter 3 that the intra-regional trade in West and Central Africa is weak principally because the countries produce almost the same raw materials directed to developed countries’ markets. However, the small share of intra-regional traffic if it was reserved to regional shipping services could partly justify the setting up of a company like Ecomarine.

- **Transhipment agreements should effectively be signed with the international shipping lines, and a hub port should be designated.** The regional companies could so take advantage of regular feeder services.

- **The market should be opened to many companies within the region to boost the internal competition.**

- **As far as passengers are concerned, special facilities with regards to fraud and illicit merchandises should be installed in the quays dedicated to the regional fleets.** In effect, that project could be attractive for regional traders for two reasons. First, they would have the possibility to carry along them much more merchandises at a low price as Ecomarine, for example, grants 200 kg franchise where an air line allows only 20 kg (Sunday Business, 2002). Second, over the costs considerations, they could flee the strict controls in the airports to move, through the poorly equipped ports, illicit goods such as drugs.

* TIE convention is a regional convention regulating haulage, which binds up the West African countries.
**Shippers’ councils**

The shippers’ councils have definitely given up the a priori control. They are advised to effectively protect the shippers in participating in statistics management and traffic facilitation works. The Ivorian shippers’ council had installed an inland depot in Abidjan where imported old cars having spent more than 10 days on the quays are stored before clearance. That measure avoids the port congestion. This structure has signed a concession agreement with the State of Côte d’Ivoire to manage the haulage document, *la lettre de voiture*, authorised by the ECOWAS TIE convention* (Bigot, 1999). The shippers’ council of Ghana produces monthly statistics with regard to the Ghanian ports through a specialized magazine. The shippers’ council of Niger is in charge of the national observatory of transport collecting and dispatching the statistics of transport.

These new policies of the shippers’ councils of the MOWCA member states after the liberalization deserve encouragements.

**Maritime Education and Training**

MOWCA uses to express its willingness to strengthen the maritime academies, but certainly the lack of financial resources limits its action. The academies are still experiencing financial difficulties and remain a burden to the home countries. The new financing system, which will be discussed in this chapter, cannot be a panacea to that problem.

**Information system**

The uploading of the MOWCA’s website on 1 July 2000 is a great afford which deserves to congratulate the Organization Secretariat General. It is only hoped from it to be updated albeit the Secretariat General has the excuse to be poorly manned.

In addition, the World Bank is establishing national transport observatories in the region such as the one of Niger. MOWCA’s Secretariat should shelter a regional observatory to coordinate those national databanks. The regional observatory would be a modern information centre able to provide in real time the necessary statistics and information concerning transport in general and shipping in particular (MOWCA, 2000, P.3). The realization of this project takes time in certain states because of conflicts either between shippers’ councils and maritime Administrations (e.g. in Côte d’Ivoire) or shippers’ councils and chambers of commerce, as it was the case in Niger. Given that the shippers’ councils are
interested in data collection they find themselves as the right structures to locate the observatories. Since the regional observatory will be located in the MOWCA Secretariat, and the African Shippers’ Council Union is a specialized organ of MOWCA, it would sound more adequate to give the management of the local observatories to the shippers’ councils. The only requirement to impose to those councils, which are shifting to the private sector, would be not to sell the information.

Maritime safety and marine environment

Under the patronage of the International Maritime Organization (IMO), MOWCA member states with Namibia and South Africa signed on 22 October 1999 a Memorandum Of Understanding (MOU) in Abuja, in Nigeria (MOWCA, 2000). As that was the case in other maritime regions, the signatory states decided by this act to coordinate the ships’ inspection on their coasts with regards to international maritime safety and marine environment conventions. This memorandum could be utile if the redundancy could be avoided. To implement the MOU means to have a harmonized ships inspection policy. Then if a ship is inspected in Dubai (South Africa) and in Lobito (Angola), and then in Pointe Noire (Congo), the MOU becomes useless. Or if the Port State Control officers of Côte d’Ivoire require inspection fees while the inspection is free of charge in Cape Verde, the MOU is useless as well. This means that the countries should have a common code of conduct as agreed and a good information system to communicate.

The Organization, which wants to really harmonize its member states’ policies has a very ambitious project of regional coast guards. That would be the first time, except the USA, a region sets up such a maritime structure to meet the international maritime security standards. Apart from the enforcement of the conventions of IMO, the Region could by this way overcome the problem of piracy since the region is one of the places where this scourge is expanding with some 62 cases of piracy incidents in 2001 (Abhyankar, 2002). Nevertheless, this project could take time to see the light of the day. For the time being the Organization should encourage each member state to create its own maritime security unit to the extent of its possibilities.

Aware of MOWCA’s balance sheet, its new projects, and the liberalization consequences on the shipping industry of the Region, it would be worth making suggestions which could help the region survive in the new environment.
5.3 Alternative solutions
Solutions will be searched from both the MOWCA’s structural organization point of view, its policy to save the regional shipping industry as a package, and its financing system.

5.3.1 Review of the organizational structure

- The statu quo
The present flow chart as stated in paragraph 5.1 is very politically marked.

MOWCA’s current flow chart

- General Assembly of Ministers of Transport
- Bureau
- Secretariat
- Specialized Organs
  - PMAWCA
  - UASC
  - ANSL
- Regional Academies
  - Abidjan
  - Accra

Figure
If the structure is to be so maintained, the Secretariat should be properly manned with people that possess sufficient maritime knowledge, and aware of international organizations’ working to help the Secretary General in its technical, administrative and financial work. However, a structure which would be a non-political body like IMO, would be much better. Two new alternatives could be proposed. Either, MOWCA becomes a branch of IMO or it remains an independent organization but without the politics’ interference.

- MOWCA, a branch of IMO?
MOWCA keeps up close co-operation relationships with IMO. It is presently very concerned with the enforcement of the IMO conventions such as SOLAS, MARPOL, STCW, and the ISM code. Moreover, one of the reasons to set up a regional coast guards unit in the region is to facilitate the implementation of the SAR convention (MOWCA, 2000, p.1&2). It is also worth to recall that the Abuja Memorandum Of Understanding (MOU) has been signed under the instigation and patronage of IMO. Regarding their vision statements, both organizations are close to each other as well. The IMO’s Safer Shipping, Cleaner Oceans is similar to the
MOWCA’s *For cost-effective maritime transport services, High on Safety and Low on Pollution*. IMO itself is trying to install representations in Africa. A detail: MOWCA’s Secretariat and the representation of IMO for West African French-speaking countries are located in Abidjan, in the same building, on the same floor.

Both organizations would gain. MOWCA would take advantage of a well-established international organization, and *inter alia* its member states could no longer have problems of representation in the IMO Council (MOWCA, 2000, P.3). IMO, in turn, instead of installing several and costly experimental offices (it has one in Ghana and one in Côte d’Ivoire) would profit from a structure mastering already the whole West and Central African Region as far as shipping is concerned.

However, this alternative has drawbacks, which may hamper its realization. Firstly, maritime regions of developing countries like the Latin American one or the Indian one could claim the same privilege. IMO, which is already criticized as a heavy machine would become heavier. Secondly and more importantly, MOWCA does not deal with maritime safety and marine environment only. It has in the scope of its activities trade matters dealt with by UNCTAD, labour problems more linked to ILO. To become a branch of IMO means to give up those latter issues. This leads to another proposal.

- **MOWCA, an independent non-political body?**

This alternative could be a synthesis of the two first ones. The organization keeps its status of regional independent body but avoids the politicians’ (the ministers) direct implication in its management. The General Assembly as well as the Bureau appointed as executive body to supervise the Organization’s work should consist of member states and not of ministers. MOWCA’s structure could look like a “small IMO” with important differences. It would consist of:

- a General Assembly comprising the 25 member states meeting every two years;
- an Executive Bureau as executive body to supervise the work of the Organization between the sessions of the General Assembly, which would be composed of a small number of member states (e.g. four) appointed by the General Assembly on a turning basis;
- a Secretariat General with at its head a Secretary General appointed by the General Assembly to perform the Organization’s daily work;
- two maritime experts selected by the Secretary General and appointed by the General Assembly. Under the authority of the Secretary General, the one would deal with
maritime safety and marine environment matters, and the other with maritime trade, trade facilitation procedures, and multimodal transport issues;

- a general affairs’ department dealing with accounting, Information Technology, legal and administrative problems. The Secretary General on behalf of the General Assembly would recruit the chief of this department (a multidisciplinary worker), and its staff;

- the specialized organs consisting of the three known ones (PMAWCA, UASC, ANSL) and the three academies of Abidjan, Accra and Oron hoping that Nigeria would put its national academy at the service of the region. The specialized bodies would work independently and report to the Secretary General who coordinates the work of the Organization.

**Proposed structure of MOWCA**

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**Figure**
The advantages of this structure would be that it could enable the Secretary-General to work more freely with experts to whom he could delegate technical, administrative, and accounting tasks in order to think at the organization general policy as well as reinforce the co-operation between it and other similar organizations in the world.

5.3.2 Proposals of policies
Considering that MOWCA has to keep on encouraging actions aiming at enforcing the IMO’s standards in maritime safety and marine environment, proposals will be directed towards shipping as transport activity, shippers’ councils and ports.

5.3.2.1 Shipping
The countries of Central Africa possess a common maritime code. This code, which has at least the merit of existing, should be improved and extended to the whole region. The policy option chosen by MOWCA with respect to shipping should be, among others, expressed in this juridical instrument. Three alternatives of shipping policies could be suggested.

- **Specialization in auxiliaries**
  After the West and Central shipping lines’ woe, one could believe that the states would do better to encourage the development of maritime auxiliaries by the nationals rather than to want at any price setting up national merchant fleets. The main reasons are that a shipping line is capital intensive and the local expertise given the poor performances of the previous state-owned companies, is not enough skilled to manage maritime transport business. The best example given to advice this policy is the Canadian one. Canada took the option of specializing itself in maritime auxiliaries and has success in this way (Audigé, 1995, p.3). This option could be a good one for MOWCA member states if the auxiliaries’ sector was not in the multinational hands. The international shipping lines servicing the maritime routes of South Atlantic such as Maersk- Sealand, P&O Nedloyds, CMA-CGM and SDV operate integrated transport services. They are involved in cargo handling activities in which they have sometimes almost the monopoly in managing container terminals, and also deal with multimodal transport operations. As a consequence, there is no room for small operators to successfully enter this sector.

- **Maritime education and training**
  As far as seafarers’ formation is concerned, a well-established tradition worldwide makes of the Asian seamen as the most courageous and skilled. It would be difficult to break this tradition. Therefore, to focus on seafarers’ formation for the European or American market
would illusory. This does not mean to close the academies to which they cost at least US $600 000 each per annum (MOWCA, 2000). On contrary, they should go on forming, based on the regional demand, new seafarers and welcoming those who need to upgrade their knowledge.

Focus should be placed on the formation of the shore-based workers to be employed in the logistics chains of the existing companies and those to create. This should be done in co-operation with the future users to avoid unbalance between demand and supply.

- **Specialization in short sea shipping**

MOWCA’s present focus seems to be on the regional coastal shipping lines. This idea could be successful if as indicated early some conditions are fulfilled: cabotage reservation within the Region, transhipment agreements between regional cabotage companies and international shipping lines, designation of a hub port, opening of an internal competition, and installation of appropriate security facilities. In addition to those preliminary requirements, it could not be easy to convince businessmen coming from different countries (even from the same country) to create a common company. One or a very small group of operators could be the company’s owners and profit alone from the advantages granted by the member states. And, why the African maritime operators could not cross the local boundaries as do their peers worldwide?

- **Encouragement of deep sea going private fleets**

The organization should encourage the countries to help at the establishment of national merchant fleets able to cross the African boundaries. What is wished here is a political will and not the direct involvement of the public sector in the shipping business. Financial facilities should be offered to the scarce national businessmen who still believe in their success in shipping in spite of the fierce and unbalanced competition of the multinationals.

**From the states’ side**, the eligible companies could receive within, say, five-year-period, preferential licences that could allow them to benefit from tax exemption, and reduced port dues in the West and Central African ports. If desired, the states should guarantee bank loans to these companies. In addition, as in the previous alternative the regional cabotage should be reserved to the national shipping lines (enjoying a preferential licence or not).

**From the shipping companies’ side**, some conditions should be required:

- Minimum paid-up capital
- Minimum existing investment
- Investment plan
• Management plan
• To the extent of the possible, employment of a share of the seafarers among the region citizens
• Registration of the ships in the region (the registration rules should be harmonized).

It is hoped that these privileged shipping companies thrive during the protection period. The preferential licences should be withdrawn at the end of the period from the successful and unsuccessful companies. All the companies should come back on the normal fiscal regimes. Due to the fact that the countries are heavily customs revenue dependent, this facility should be used only once to give a financial boost to the national shipping companies deserving that. Over this experimental period, MOWCA should keep on explaining to the member states the importance of national shipping lines as far as balance of payment and employment are concerned and they, consequently, should give much more importance to this sector as they do for the export raw materials. Cabotage reservation and tax exemption could be measures against the WTO principle of “the most favoured nation” (according to which a WTO member has to give the same treatment to all the WTO members) and against the globalization concept, but this is arguable. In effect, such a policy is not an innovation. Short sea shipping in the USA is reserved to the American flag, and this country also subsidizes its sugar producers. That is not really protectionism but “fair trade” (Ferrandéry, 1998, p.32) to save strategic sectors in difficulties.

5.3.2.2 Shippers’ councils
A shippers’ council may be private, public or mix. Whatever, their juridical form, the interest should be placed on their missions which should be axed over all on the protection of the shippers’ interests. They need, through the UASC, the Organization’s help.

Ports
Through PMAWCA, MOWCA possesses a very good tool to harmonize the development of its ports. Albeit the ports should not be confined in a single and strict way of development and the competition should remain opened between them, it would be worth to draw a general institutional framework to follow. The choice can be operated between three main schemes: tool ports, private ports, and landlord ports (Smagghe, 2001, p.6).
❑ **Tool port scheme**

In this scheme the port authority fulfils all the port functions: land management, public authority issues such as security, environment, and regulations, as well as commercial functions (e.g. cargo handling, pilotage, towing, and mooring) (Smagghe, 2001, p.6). In this scheme the port may only install the handling facilities and leave port operators use them (Ma, 2001, p.98). This institutional framework is not only costly but also time consuming for the port authority. By willing to perform all the functions, the port often achieves poor performances; thus the search of solutions to overcome this problem.

❑ **Privatisation of ports**

In the face of the tool ports’ failure, the privatisation could be proposed to the port authorities to take advantages of the profit-oriented management of the private sector. To privatisate a port means to sell it and put it out of the public domain. But in civil law (many MOWCA member states are civil law countries), the public domain is inalienable i.e. cannot be sold. Moreover, the privatisation could signify to sell a share of the country to foreigners if the new owning company was not a national one; that is a very probable case since the national operators are economically weak.

❑ **From tool ports to landlord ports**

MOWCA could propose to the ports of the region to go towards “landlord ports” in which they concede for a given period the terminals’ operations and other commercial services such as cargo handling, pilotage, towing, mooring, to private operators, and keep the port basic functions (Smagghe, 2001, p.6). This option could prove beneficial if the concession could be opened to all the port operators and the concessionaire could effectively be a company representing several operators. More importantly, the concession contract should regulate the competition among the port operators (with the port authority as referee). This does not exclude the fact that shipping lines or other operators build dedicated terminals as Maersk-Sealnd already did in Cotonou and Dakar. As far as terminals facilities privatisation is concerned three variants are available: Build-Operate-Transfer (BOT), Build-Own-Operate (BOO), and Build-Own-Operate-Transfer (BOOT) (Crook, 2001, p.3).

- **Build-Operate-Transfer (BOT)**

The concessionaire builds the facilities and use them in accordance with the concession contract, but has to transfer them to the port authority at the end of the concession (if it was not renewed) without financial compensation. The port of Abidjan has already chosen this
variant. In effect, this port has signed a BOT concession agreement with an English/Dutch consortium, Lodeco, ready to finance a new container terminal up to 130 millions of US dollars (Smagghe, 2001, p.10). This scheme is more advantageous for the port authority.

- **Build-Own-Operate (BOO)**

  The operating company becomes the owner of the terminal; that is very advantageous for it.

- **Build-Own-Operate-Transfer (BOOT)**

  This is the combination of the two first options. At the end of the contract the assets are returned to the port authority against indemnification (Crook, 2001, p.4).

Whatever the variant, the port operators take an economic risk and the port authority should be assured that the concessionaire who also is the user of the facilities would strive to make them productive (Grosdidier de Matons, 2001, p.2).

### 5.3.3 What means for MOWCA to achieve its objectives?

- **Creation of a new financing system**

  To face its new challenges, the Organization should be certain to have adequate financial means; that remains one of its principal problems. The old financial system was based on the member states annual contributions. Given the budgetary problems of these countries, MOWCA chronically experienced difficulties not only to realize its programmes but also to pay the salary of the staff of the Secretariat. And no one can expect results from a worker without salary. This in mind, the current Secretary-General struggled to obtain the adoption by the General Assembly of Ministers of a resolution (Resolution No 175/6SE/99) establishing a new financing system (MOWCA, 2000, P.4). This system is based on the payment by all ships of a charge of 10 US cents (USD 0.10) per ton of cargo loaded and discharged in the ports of West and Central Africa. This charge is very marginal compared to the value of the goods carried from and to West and Central Africa. For example on a tonne of cocoa that currently costs US $1,839.53 on the London market (bbc, 2002), the charge is US $0.10 representing only 0.0054362% of the goods’ value.

  To be coherent with its policy of promoting the regional maritime trade, MOWCA should put the freight between the ports of its member states out of the system. Otherwise, for example, a ship loading cargo in the port of Port Gentil (Gabon) to discharge it in the port of Pointe Noire (Congo) would either pay twice or only one of both countries would gain.

  Officially into force since the 1st January 2000, this new system is already applied in Liberia. Member states like the Côte d’Ivoire and Gabon are incorporating it in their national laws.
Some countries namely Congo, Ghana and Nigeria, which already had similar systems, need only to replace them by the new one. All the member states at different speeds are trying to implement it.

- **An efficient use of the funds**

  MOWCA is expected to collect, in the best case, US $9,700,000 per annum to dispatch as follows (DTM, 2001, p.2):
  - Member states, 40 per cent for their maritime needs
  - MOWCA, 25 per cent
  - Academies of Accra and Abidjan, 20 per cent
  - Specialised organs, 15 per cent.

  This system could help MOWCA really finance its programmes and reinforce its staff. The countries could fulfil their national, regional and international obligations with regard to maritime matters. For examples, they could easily pay their annual contribution to IMO, reinforce their maritime security by the implementation of the Abuja Memorandum Of Understanding and the setting up of a regional coast guards unit. Ghana and the Côte d’Ivoire could save US $600,000 each as far as the Academies subsidies are concerned.

- **A necessary warning**

  A proper implementation of the new financing system could be a fair way to help MOWCA face the maritime world’s new environment. Nevertheless, given the recent experience of the 1974 Liner Code, one could be pessimistic as far as its time of life is concerned. It could be believed that the international community, presently silent, will tackle it under the pretext that it makes the freight rates to augment, as well as the prices of the goods on the West and Central African markets. To prevent this eventuality, the funds should be used with efficiency and transparency. If the international community realizes that due to the small charge levied on the cargo in the Region, the regional academies are efficiently run without necessarily external resources, the member states pay their contribution to IMO, and the Secretariat of MOWCA does not need to ask for financial help to realize its programmes, it would have very difficultly to have room to abolish this system.

- **Conclusion of the chapter**

  To face the new liberalized environment, the MOWCA has to operate changes both with respect to its organizational structure and its maritime policy. The present structure albeit the change of appellation from MINCONMAR to MOWCA, looks like a political organization. It
could be suggested that the Organization be either a branch of IMO or an independent organization without politics interference. In its current form, its Secretariat needs to be fitted with experts to help the Secretary-General.

With regard to the Organization maritime policy, in addition of the security and environment issues focus should be placed on shipping, shippers’ councils, and ports. In shipping, MOWCA have the choice between to keep on advising the establishment of regional coastal shipping lines, to encourage deep sea going national private shipping lines, and to give up the idea of establishing merchant fleets in favour of maritime auxiliary activities. Regarding ports, an option between tool ports, private ports, and landlord ports is offered.

With its new financing system, it is hoped that the Organization achieve, without financial needs, any of the above alternatives. [http://news.bbc.co.uk/1/hi/business/1866978.stm](http://news.bbc.co.uk/1/hi/business/1866978.stm)

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**Chapter 6: Conclusions and Recommendations**

At the end of diagnosis, discussions, and analyses on an exiting but delicate subject where important economic and political interests are involved, now is come the time to conclude and show the author’s suggestions.

### 6.1 Conclusions

Globalization and liberalization are two new interconnected concepts restoring the classical theory of open market in which the trade theory of “comparative advantages” of David Ricardo was the hard core. As a necessary step to achieve the globalized world, regional groupings are thriving worldwide among which the European Union remains the absolute reference. Regional blocks influence international regulations and that has been proved in the shipping industry with the signature of the 1974 Liner Code and the 1982 UNCLOS which are the results of the developing countries’ bargaining power.
In West and Central Africa, general regional groupings are not successful yet due mainly to economical problems. Nevertheless, a great effort to set up a sectorial regional grouping with regard to maritime issues is yielding results through MOWCA. MOWCA puts together 25 countries belonging to the same maritime region, which economies are weak and heavily dependent on raw materials basically exported to developed countries by sea.

The driving force of the shipping policy in the Region was the Liner Code cargo sharing formula; thus, until the mid 1990s with the maritime transport liberalization policy decided by the World Bank and the International Monetary Fund with the blessing of some economic powers defenders of the free trade such as the USA. The poor management of the state owned shipping lines created by the MOWCA member states thanks to the cargo sharing formula’s protection, speeded up the liberalization process. However, this policy was imposed individually to the member states as conditionality of financial loans with as principal official reason the freight rates decrease in order to boost the maritime trade in the Region. MOWCA agreed with the new policy but suggested at the end of two round tables held in Cotonou (Benin) to create a juridical framework to avoid further on unfair competition.

The balance sheet showed that the freight rates drastically declined, the maritime conferences disappeared and with them the West and Central African shipping lines. The new scare is the creation of a new maritime conference, EWATA, acting as an alliance where other shipping lines are not welcome, which could make the freight rates to rise again if they are unilaterally fixed without the MOWCA’ s participation.

To align with the new environment, MOWCA is operating changes. Its name was changed from MINCONMAR to the current one (MOWCA); that however, did not improve its organizational structure, which looks like a political structure with a General Assembly (the highest body) and the Executive Body consisting of ministers of transport. With respect to maritime policy the Organization is more active as far as IMO conventions are concerned. In maritime transport matter, *inter alia* focus is placed on the creation of regional coastal shipping lines.

To solve its financial problems which hamper the achievement of its projects, the Organization took a resolution installing a new financing system based on fright ton handled in its member states’ ports.

In addition to the current policies of MOWCA alternative policies are proposed with respects to:

- the organizational structure,
shipping comprising maritime transport as well as auxiliaries and maritime education and training,
and ports.
The recommendations that follow derive from those policies as the author contributions to the building of MOWCA.

6.2 Recommendations
All the recommendations will be actions that may be taken in short term although some of them will need time to be completely achieved. They are directed into four directions:

❖ Structure
To be an independent organization which privileges the expertise, MOWCA should phase out any political interference and adopt the proposed structure of the section 5.3 hereafter recalled.
Shipping

Maritime education and training
In short term focus should be put on shore-based maritime workers for the existing auxiliary services in co‐operation with the future users to avoid the unbalance between demand and supply. The seafarers’ formation should also go on but following the regional demand.

Encouragement of deep sea going private fleets
MOWCA rather than confining the shipping lines of the Region in short sea shipping only, should encourage them to overpass the regional boundaries. However, the cabotage in the 20 coastal member states should be reserved to them. Moreover, under certain sound management conditions to be fulfilled, and during a given period of time, the regional shipping lines should benefit from fiscal advantages and port due reductions in the ports of the region in order to strength them financially. This action, which should start in the short term, could take more time to be achieved as it requires a political will and it takes time to convince the politics on a subject (shipping) that may not be their priority.

Ports
Landlord ports which release the port authority from costly activities like terminals’ operating, cargo handling, pilotage, towing, and mooring is probably the best choice offered to the ports of West and Central Africa. Although the Build-Operate-Transfer contract proves to be the best variant for the port authority, the two other possibilities (Build-Own-Operate and Build-Own-Operate-Transfer) are acceptable if the concessionaire prefers them and the national law allows them. Both variants should not only report the financial risk to the concessionaire but also oblige him to a certain extent to render the facilities productive. In short term, MOWCA should act through PMAWCA (one of its specialized organs) to guide the ports towards this choice.

Shippers’ councils
The shippers’ councils should not disappear after the abolishment of the cargo sharing formula. On the contrary they should henceforth play their actual role of shippers’ advisors. Namely, they should:
keep on participating in the negotiations of the freight rates to keep them at reasonable levels;

collect, analyse, and dispatch maritime statistics and information as well as inland transport data. Consequently, they should shelter the national observatories;

organize seminars and conferences, if desired, to inform the shippers.

For all those reasons they should be either public or mix structures. If a shippers’ council was entirely private, the interested state should sign a concession contract regarding its missions.

Maritime safety and marine environment

The organization should go on encouraging the member states to enforce IMO conventions. MOWCA could for example aim in short term at having its 20 coastal states on the IMO white list with regard to the implementation of the STCW 95 Convention.

Such are the author’s modest contributions to help MOWCA better be the unavoidable maritime tool for the shipping industry of West and Central Africa.
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