



*Services maritimes dans les pays de
l'Afrique de l'Ouest et du centre*

*Shipping Services in Western and
Central African Countries*

Round Table
Cotonou, Benin
23-26 June 1992

Minconmar
&
Environmental Sustainable Development Division
Technical Department for Africa
The World Bank

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ACRONYMS

ACP	African, Caribbean and Pacific States
CCCE	Caisse centrale de coopération économique (France)
CEC	Commission of the European Communities
CIDA	Canadian International Development Agency
CIF	Cost, Insurance and Freight
CNSC	Cameroone National Shippers' Council
EC	European Communities
ECA	Economic Commission for Africa (United Nations)
EDI	Electronic Data Interchange
FAC	Fonds d'aide et de coopération (France)
FOB	Free on Board
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
IMO	International Maritime Organization
INRETS	Institut national de recherche sur les transports et leur sécurité (France)
MINCONMAR	Ministerial Conference of the West and Central African States on Shipping
PMAWAC	Port Management Association of West and Central Africa
Ro-Ro	Roll on-Roll off
SSATP	Sub-Saharan Africa Transport Policy Program
UNCTAD	United Nations Conference on Trade and Development
UNTACDA II	Second United Nations Transport and Communications Decade in Africa

FOREWORD

In the framework of the Sub-Saharan Africa Transport Policy Program, the World Bank and MINCONMAR have organized, with the participation of UNCTAD and IMO, a Round Table on Shipping Services in Western and Central African Countries. This Round Table was held in Cotonou, Benin, on 23–26 June 1992. The EC, France, Canada, and the Government of Benin have contributed to its financing.

The Sub-Saharan Africa Transport Policy Program (SSATP) is managed by the World Bank in close coordination with ECA, and benefits from the participation of numerous donors and specialized African institutions. SSATP aims at helping governments improve transport services efficiency through appropriate policy reforms.

All the parties concerned with maritime transport—including African governments, African and European shipping lines and shippers' councils, and the private sector have participated in this Round Table (more than 150 people).

Over the past decade, many governments have established national shipping lines. But most of these lines are now in a critical situation, finding it increasingly difficult to compete internationally. The world shipping industry is evolving rapidly technical and commercial changes are improving efficiency and lowering costs. Unfortunately, most of these changes seem to happen outside the reach of the African national lines, and progress in this sector could very well bypass Africa. If a Sub-Saharan solution to this problem is not quickly proposed, the competitiveness of African economies will be seriously endangered.

In the course of the Round Table, the various actors involved in shipping services, such as the European and African sea lines, shippers, shippers' councils, port authorities, regional institutions (MINCONMAR and port associations), and international organizations (EC, UNCTAD, IMO, World Bank) have expressed their viewpoints and have proposed solutions.

This paper reports on the discussions and conclusions of the three working groups which have been established to deal with the main topics: (a) macroeconomic impact of maritime transport on the African economies; (b) structural evolution of maritime transport; and (c) maritime transport policy.

INRETS took in charge the definition of the first theme scientific contents and was asked by the World Bank to publish this report, and make it available to a large audience. In addition to the analyses of transport policy, this report provides information on the maritime economy of the concerned African countries, which may be of interest to transport operators and shippers who would like to better understand the economic climate and perspectives for commerce and transport in that region.

The present document is organized into two parts:

- **Part I** contains the objectives and the organization of the Round Table, the conclusions of the working groups, and the final recommendations.
- **Part II** includes the texts of the papers presented by experts to the three working groups.

At the conclusion of four days of intensive debates, the participants approved a series of recommendations. These recommendations have already led to the preparation of a project document that has been approved by the MINCONMAR General Assembly in Ouagadougou, Burkina Faso on 23–27 November 1992.

This project document defines a number of studies which would provide the basis for a common maritime transport strategy for the subregion, and inspire a general consensus on the best possible policy for West and Central Africa. These studies would aim at (a) redefining the mission of the shippers' councils; (b) measuring the impact of transport costs on the countries' export competitiveness; (c) reviewing the situation of transport facilitation; and (d) evaluate the prospects for the national shipping companies. The development of this strategy will be defined at a follow-up seminar 1995.

INRETS wants to enlarge the reflection and expects that other actors will be able to contribute and thus enrich the debates.

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AVANT-PROPOS

Dans le cadre du Programme de politiques de transport en Afrique subsaharienne, la Banque mondiale et la CMEAOC ont organisé, avec la participation de la CNUCED et de l'OMI, une Table ronde sur les *Services maritimes dans les pays d'Afrique de l'Ouest et du Centre*. Cette Table ronde a eu lieu à Cotonou (Bénin) du 23 au 26 juin 1992. La CEE, la France, le Canada et le gouvernement du Bénin ont contribué à son financement.

Le Programme de politiques de transport en Afrique subsaharienne (SSATP) est dirigé par la Banque mondiale en étroite collaboration avec la CEA et bénéficie de la participation de nombreux bailleurs de fonds et d'institutions africaines spécialisées. Ce programme vise à aider les gouvernements à améliorer l'efficacité des services de transport grâce à des réformes appropriées.

Toutes les parties concernées par les transports maritimes, plus de 150 personnes (notamment les gouvernements africains, les lignes maritimes africaines et européennes, les conseils africains et européens de chargeurs, ainsi que le secteur privé) ont participé à cette Table ronde.

Au cours de la dernière décennie, de nombreux gouvernements ont créé des lignes maritimes nationales. Aujourd'hui, la plupart de ces lignes sont dans une situation critique et ont des difficultés croissantes à faire face à la concurrence internationale. De plus, l'industrie mondiale du transport maritime subit de rapides évolutions techniques et commerciales qui améliorent de façon sensible leur efficacité et abaissent les coûts. La majeure partie de ces évolutions semble être hors de la portée des lignes maritimes nationales africaines et les progrès réalisés dans le secteur pourraient très bien ignorer cette partie de l'Afrique. Si une solution subsaharienne à ce problème n'est pas rapidement trouvée, la compétitivité des économies africaines sera très sérieusement compromise.

Pendant la Table ronde, les différents acteurs engagés dans les transports maritimes, comme les lignes maritimes européennes et africaines, les conseils de chargeurs, les chargeurs, les autorités portuaires, les organisations régionales (CMEAOC, Association des ports) et les organisations internationales (CCE, CNUCED, OMI, Banque mondiale) ont exprimé leurs points de vue et proposé des solutions.

Ce rapport rend compte des débats et des conclusions des trois groupes de travail qui ont été formés pour traiter des thèmes suivants : (i) impact macroéconomique des transports maritimes sur les économies africaines ; (ii) évolution structurelle des transports maritimes et (iii) politiques de transport maritime.

L'INRETS, qui a participé à ces travaux et pris en charge la préparation scientifique du premier thème, a assuré à la demande de la Banque mondiale l'édition de ce rapport. Celui-ci déjà remis au groupe restreint des participants de la Table ronde mérite une plus large diffusion.

Ces travaux constituent une base de données originale sur l'économie maritime et les problèmes spécifiques africains à l'usage des milieux de recherche, des opérateurs de transport et même des chargeurs qui voudraient mieux comprendre les enjeux et les perspectives du commerce et du transport dans cette région.

Le rapport est organisé en deux parties :

- La Première partie présente les objectifs et l'organisation de la table ronde, les conclusions des groupes de travail précités et les recommandations finales ;

La Deuxième partie contient les exposés des experts qui sont intervenus sur les trois thèmes centraux de la Table ronde.

À l'issue de quatre jours de débats, les participants ont approuvé une série de recommandations. Ces recommandations ont déjà permis d'élaborer un document de projet approuvé par l'Assemblée générale de la CMEAOC à Ouagadougou (Burkina Faso) du 23 au 27 novembre 1992.

Ce document de projet définit un certain nombre d'études à mener, redéfinition des missions des conseils de chargeurs, évaluation de l'impact des coûts de la chaîne de transport sur la compétitivité des produits exportés, perspectives des compagnies nationales selon plusieurs scénarios prospectifs de desserte de la région. Ces études doivent aider à définir une stratégie pour le développement des services maritimes, l'amélioration des chaînes de transport lors d'un prochain séminaire qui sera organisé en 1995.

L'INRETS, dans sa tâche de diffusion des connaissances à travers les réseaux internationaux de recherche et de contribution aux réflexions scientifiques sur le transport, voit dans la parution de ce rapport l'occasion d'ouvrir un large débat aux organismes de toute nature qui pourraient y apporter leur contribution.

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This document has been prepared within the framework of the Trade and Transport component of the Sub-Saharan Africa Transport Policy Program (SSATP). The major objective of this project is to enhance the international competitiveness of Sub-Saharan economies through improved efficiency of their maritime transport and through increased cooperation and regional economic integration. The Round Table on Shipping Services in West and Central Countries was jointly organized by MINCONMAR and the World Bank in Cotonou in June 1992. More than 150 African representatives of the maritime sector participated in this event. At the conclusion of their work, the participants recognized the necessity of reorienting the regional maritime transport policy from a national to a regional context, and of reducing the public sector involvement in shipping services.

The Commission of the European Communities (EC), France, (FAC, Canada (CIDA) and the Government of Benin have contributed to the financing of the Round Table. The present document has been prepared by Messrs. Bernard Chatelin (Task Manager) and Michel Audigé, under the leadership of Mr. Jean Doyen, Chief of the Environmentally Sustainable Development Division in the Africa Technical Department of the World Bank, and in close cooperation with Mr. Lawrence Pufong, Secretary-General of MINCONMAR. Special mention must be made of the Experts' Panel, the composition of which is given in Annex 1, and of all the consultants who contributed to the success of the Round Table. A first version has been edited by Mr. Jacques Janssens, whilst the present one has been edited by Mrs. Elisabeth Gouvernal in view of a joint BANK-INRETS publication. Special thanks to Ms. Nellie Sew Kwan Kan and Ms. Marie-Laure Cossa from the World Bank, as well as for Mrs. J. Robouant from the INRETS.

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PART I

I. RECOMMENDATIONS OF THE ROUND TABLE

After the discussions, the Experts' Group¹ prepared an issue paper based on the working groups' proposals. This document, reviewed and amended during a plenary session, was unanimously approved.

RECOMMENDATIONS

Preamble

1. *Socio-Economic Situation in Sub-Saharan Africa*

(i) *Population:* The SSA population rose from 389 million in 1980 to 534 million inhabitants in 1990. Average growth was approximately 3.2 percent per year, whereas world population only increased by 1.8 percent during the same period. Indeed, the proportion of the SSA population in the world rose from 8.7 percent in 1975 to more than 10 percent in 1990.

(ii) *Economic Development:* Simultaneously, the GDP of West and Central African states increased at an average rate of 2.1 percent per year, while the rest of the world benefited from an average increase of 3.2 percent per year. During the 1983–1990 period, there was a relative deceleration of the growth of the region. Contrary to its demographic evolution, Africa's contribution to world production is regressing, and the average per capita income is falling. As a matter of fact, the role of Africa in the world economy has decreased. Currently it is fair to say that SSA countries are having more and more difficulty inserting themselves into the world economy. It would, indeed, appear that:

- Economic growth in industrial countries will not be sufficient to foster growth in developing countries;
- African countries, heavily indebted, are not attractive to the world banking system; and
- SSA is ill-integrated into the main world trade patterns.

2. *MINCONMAR's Maritime Policy*

International trade in West and Central Africa is essentially dependent on shipping services. The targets set for maritime cooperation include:

- a continuing development of the maritime transport sector and of related activities; and
- a reinforcement of the solidarity between coastal, landlocked, and insular countries in the area of maritime transport and related activities.

3. *Objectives of the Round Table*

This Round Table is justified because African maritime transport has reached a turning point. It is no secret that national maritime companies are experiencing great financial difficulties as their traffic, as well as

¹ The composition of this group is given in Annex 1.

their part of the global traffic, decrease. For that matter, the prevailing statutory and institutional framework is, for that matter, being challenged by some partners. Definitively, three objectives must be targeted:

- The prevailing situation in the sector should be well understood.
- Studies and consultations to be undertaken should be defined.
- The development of the necessary strategies should be promoted to ensure participation of SSA countries in international trade under the best conditions.

Diagnosis

The political, economic, and technological changes, especially in Europe, certainly affect Africa, since Europe is its major trading partner.

Analyzing the entirety of the transport chain reveals that high transport costs in Africa slow down development and constrain the competitiveness of its exports. This is particularly true for the landlocked countries.

Certain administrative procedures generate costs. Because of the differences in economic structure, trading procedures, and legislation, various countries end up paying widely different prices for their transport services. Such differences are believed to be, at least partly, attributable to different levels of government intervention in transport activities. In general, there is a need for greater transparency.

On a regional basis, cooperation remains largely at the political level and has not yet led to the formulation of the regional regulations necessary for the emergence of a cost-efficient transport system. It is also true that subregional organizations are suffering from a lack of adequate financial support.

As far as maritime transport in the subregion is concerned, the following points should be made:

- There is insufficient capital available for renewal of African-owned fleets.
- Since ports must be adapted to vessels' evolution, it is advisable to provide those ports with the most reliable financing means, according to the size of their investments.
- "Bilateralization," which is reflected in cargo reservation or sharing measures, is one of the keys determining the relative success or failure of national shipping policies in general, and the ability of the national carriers of the subregion to provide competitive services.
- Only a limited number of countries have a sufficiently wide cargo base to ensure commercially sound shipping services while, at the same time, addressing the shippers' demand for the provision of adequate services.
- Imbalances in external trade create a wide range of serious problems.
- The subregion shipping companies are not participating in the bulk trade.
- Intermodal links have not been sufficiently developed.
- Shippers' interests are not always adequately protected.

Moreover, there is a serious problem in the collection of comparable statistical information regarding maritime transport which limits the possibilities of adequate comparative studies. This is not, however, the only relevant cost element affecting shippers' interests. Other major problems are:

- Physical deficiencies of ports, such as shallow draft restricting loads, slowness of loading and unloading, high handling cost, and slow turn-around time.
- Costly land transport systems.
- Indirect costs such as customs charges and delays.
- Improper use of trained human resources.
- Inadequacy of telecommunications and EDI systems.

Future changes in the world shipping environment, particularly in Europe, will continue to affect the African shipping sector.

As a whole, the maritime services currently provided to SSA shippers are not sufficient.

Recommendations

1. A study with a view to establishing a new policy to facilitate structural and technological change in maritime transport in the subregion. This study should take into account the statutory obstacles to establishing a regional framework which allows economic operators to contribute to the development of transport services in the subregion as a whole, and improve interstate cooperation. This will also include an analysis of the restrictions on investment in the transport chain and the proposal of a framework to facilitate investments and joint-ventures at the regional level.
2. Assess the structural objectives and the means of action of subregional organizations charged with interstate cooperation in the areas of maritime transport and port services.
3. Comparative regional and international analysis of the impact of the costs of the transport chain on the competitiveness of major exports, underscoring the administrative bottlenecks and proposing solutions.
4. Develop and progressively establish national and subregional "observatories" of international seaborne trade.
5. Evaluate assignments given to shippers' councils with a view to improving their services to users, including the analysis of constraints and options.
6. Prospective assessment, within a regional framework, of national shipping companies and drafting of options for their viability.
7. Examination of the status of transport facilitation and preparation of plans of actions in coordination with UNCTAD subregional programs.
8. Strengthening of human resource management as well as basic and continuous education in order to help personnel adapt to the changing maritime environment.

Monitoring

Taking advantage of the cooperation framework established to prepare this Round Table, the management and coordination of follow-up operations will be entrusted to the World Bank and MINCONMAR.

Monitoring activities will be defined and supervised by a steering committee comprising:

On one side:

- The Secretary-General of MINCONMAR,
- Two representatives of African shippers' councils,
- Two government representatives having maritime transport in their responsibilities,
- Two representatives of African shipowners,
- One representative of PMAWCA, and
- One representative of the users of shipping services,

And, on the other:

- One representative of each of the following organizations:
ECA, World Bank, UNCTAD, IMO, EC, ACP Convention, FAC, CFD, CIDA, and other interested donors.

A base will be established in Abidjan to coordinate the program.

All activities will be carried out within the framework of the Sub-Saharan Africa Transport Policy Program (SSATP) and integrated into the Second United Nations Transport and Communications Decade in Africa (UNTACDA II).

The World Bank and MINCONMAR will draft the guidelines of a working program and will seek to obtain the necessary funds. This working program will be presented at the next meeting of the General Assembly of MINCONMAR.

I. RECOMMANDATIONS DE LA TABLE RONDE

À la suite des discussions, le groupe des experts² a préparé un document de synthèse à partir des propositions des groupes de travail. Ce document, revu et amendé par les participants réunis en assemblée plénière, a été unanimement approuvé.

RECOMMANDATIONS

Préambule

1. Situation socio-économique de l'Afrique subsaharienne

i) Population. La population de l'Afrique subsaharienne est passée de 389 millions d'habitants en 1980 à 534 millions en 1990. Sa croissance démographique moyenne se situe autour de 3,2 % par an alors que la population mondiale ne s'est accrue que de 1,80 % au cours de la même période. La part de la population de l'Afrique subsaharienne par rapport à l'ensemble du monde est passée de 8,7 % en 1975 à plus de 10 % en 1990.

ii) Évolution économique. Pendant la même période, le produit intérieur brut des pays de l'Afrique de l'Ouest et de du Centre a augmenté au taux moyen de 2,1 % par an, tandis que la croissance a été de 3,2 % pour le reste du monde. Dans la région, la croissance a d'ailleurs connu un net ralentissement au cours de la période 1983-90. À l'inverse de son évolution démographique, la contribution du continent africain à la production mondiale a été en régression. En fait, le revenu moyen par habitant a eu tendance à diminuer et le rôle de l'Afrique dans l'économie mondiale a décliné. À l'heure actuelle, il peut être affirmé que les pays de l'Afrique subsaharienne éprouvent de plus en plus de difficultés à s'insérer dans l'économie mondiale. En effet, il semble que :

- la croissance des pays industrialisés ne sera suffisante pour relancer la croissance des pays en développement,
- les pays africains, lourdement endettés, présentent des perspectives peu attrayantes pour le système bancaire mondial,
- l'Afrique subsaharienne est peu intégrée aux principaux courants mondiaux d'échange.

2. Politique maritime de la CMEAOC

Le commerce international de l'Afrique de l'Ouest et du centre est essentiellement maritime. Les objectifs assignés à la coopération maritime comportent notamment :

- le développement régulier du secteur des transports maritimes et des activités y afférentes,
- le renforcement de la solidarité entre pays côtiers, enclavés et insulaires dans le domaine des transports maritimes et des activités connexes.

3. Objectifs de la Table ronde

2 La composition de ce groupe est donnée à l'annexe 1.

La présente rencontre se justifie parce que le transport maritime africain est à la croisée des chemins. Les compagnies nationales de navigation éprouvent de grandes difficultés financières, car leur trafic ainsi que leur part du trafic global décroissent. Par ailleurs, le cadre réglementaire et institutionnel en vigueur est contesté par certains partenaires. En définitive, les objectifs à viser sont de trois ordres :

- mieux comprendre la situation qui prévaut dans le secteur,
- définir des études et consultations à entreprendre,
- suggérer aux États concernés de développer des stratégies pour assurer leur participation aux 351 changes internationaux dans les meilleures conditions.

Diagnostic

Les changements politiques, économiques et technologiques ont eu un impact certain sur l’Afrique, dont l’Europe est un grand partenaire commercial.

L’analyse de la chaîne des transports en Afrique montre que leur coût élevé retarde le développement et entrave la compétitivité de ses produits à l’exportation. Ceci est particulièrement vrai pour les pays enclavés.

Certaines procédures administratives sont génératrices de coûts. C’est ainsi que par suite de différences dans leur structure économique, leurs procédures et leurs législations commerciales, les divers pays finissent par payer des factures de transport très différentes. Ces écarts sont en partie dus au fait que les gouvernements interviennent dans les activités de transport à des degrés divers. D’une façon générale, une plus grande transparence s’impose.

En ce qui concerne les transports maritimes dans la sous-région, les observations suivantes peuvent être faites :

- les capitaux ont insuffisants pour permettre le renouvellement de la flotte africaine actuelle ;
- les ports devant s’adapter à l’évolution des navires, il convient de leur fournir des voies et moyens de financement en rapport avec la lourdeur de leurs investissements ;
- la bilatéralisation, qui se traduit par des dispositions de réservation ou de répartition des cargaisons, est un des éléments déterminants du succès ou de l’échec des politiques maritimes nationales en général et de la capacité des armements nationaux de la sous-région d’offrir des services compétitifs ;
- seul un nombre limité de pays disposent d’un volume de cargaisons suffisamment important pour permettre des activités maritimes viables et capables de satisfaire la demande de prestations adéquates ;
- le déséquilibre commercial constitue un autre problème ;
- les compagnies maritimes de la sous-région ne participent pas au trafic de vrac ;
- les liaisons plurimodales ne sont pas encore suffisamment développées ;
- les intérêts des chargeurs ne sont pas toujours suffisamment protégés.

Il existe en outre, un problème important de collecte d’informations statistiques comparables, dans le domaine des transports maritimes, ce qui limite les possibilités d’études comparatives adéquates. Mais ceci n’est pas un élément isolé qui affecte les chargeurs. Il existe, en effet, d’autres problèmes importants :

- les déficiences matérielles des ports, notamment les faibles tirants d’eau offerts (qui limitent les chargements), la lenteur des opérations de chargement et de déchargement, les frais élevés de manutention et la lente rotation des navires ;
- les coûts élevés des systèmes de transport terrestre ;
- les charges indirectes imposées par les douanes et les délais qu’elles entraînent ;
- la mauvaise exploitation de la main-d’œuvre qualifiée ;
- l’insuffisance des systèmes de télécommunication et d’EDI.

L'évolution futures, particulièrement au sein de l'industrie européenne des transports maritimes continuera à avoir des effets sur le sous-secteur maritime africain.

En résumé, les services offerts aux utilisateurs des transports maritimes d'Afrique ne peuvent être considérés comme suffisants.

Recommandations

1. Étude afin de formuler une nouvelle politique facilitant les changements structurels et technologiques dans les transports maritimes de la sous-région, tenant compte des obstacles réglementaires à la création d'un cadre régional permettant aux opérateurs économiques de participer à la mise en place de services sous-régionaux de transport et facilitant une meilleure coopération inter-État. Ceci inclut une analyse des entraves aux investissements dans la chaîne des transports et une proposition visant à promouvoir les investissements et les co-entreprises au niveau sous-régional.
2. Évaluation des objectifs structurels et des moyens d'actions des organisations sous-régionales responsables de la coopération inter-État dans le domaine des transports maritimes et des services portuaires.
3. Analyse comparative, au niveau régional et international, de l'impact des coûts de la chaîne des transports sur la compétitivité des principaux produits exportés, avec mise en évidence des lourdeurs administratives et proposition de solution.
4. Développement et mise en place progressive, au niveau national et sous-régional, d'observatoires des échanges maritimes internationaux.
5. Évaluation de la mission des conseils de chargeurs en vue d'améliorer leurs services aux usagers, y compris l'analyse des contraintes et des options
6. Évaluation prospective des compagnies nationales de navigation et formulation des options permettant d'assurer leur viabilité dans un cadre régional.
7. Examen de la situation dans le domaine de la « facilitation » des transports et préparation d'un plan d'actions en coordination avec les programmes sous-régionaux de la CNUCED.
8. Renforcement de la gestion des ressources humaines et de la formation initiale et continuée, afin de permettre une meilleure adaptation du personnel aux changements continuels de l'environnement des transports maritimes.

Suivi

Profitant du cadre de coopération mis en place pour la préparation de cette Table ronde, la direction et la coordination des activités de suivi seront confiées à la Banque mondiale et à la CMEAOC.

Les actions de suivi seront définies et supervisées par un comité directeur comprenant d'une part :

- le secrétaire général de la CMEAOC
- deux représentants des conseils des chargeurs africains
- deux représentants des administrations ayant les transports maritimes dans leurs attributions
- deux représentants des armateurs africains

- un représentant de l'AGPAOC
- un représentant des utilisateurs de services maritimes

et d'autre part :

- un représentant de chacun des organismes suivants :

CEA, Banque mondiale, CNUCED, OMI, CCE, ACP, FAC, CCCE, ACDI et les autres baillers de fonds intéressés.

Le siège de l'animation et de la coordination du programme sera installé à Abidjan.

Toutes les activités qui s'y rapportent auront lieu dans le cadre du Programme de politiques de transport en Afrique subsaharienne (SSATP) et seront intégrées dans le programme de la Deuxième décennie pour les transports et les communications en Afrique (UNTACDA II).

La Banque mondiale et la CMEAOC prépareront les grandes lignes d'un programme de travail et rechercheront les financements nécessaires. Ce programme de travail sera présenté à la prochaine assemblée générale de la CMEAOC.

II. OPENING SESSION

Opening addresses by:

Mr. M. Mandengué on behalf of MINCONMAR's Chairman,
Mr. S. D. Akandé of ECA
Mr. L. Pufong, Secretary-General of MINCONMAR
H.E. F. Mito Baba, Minister of Public Works and Transports of the Republic
of Benin.

**ADDRESS BY Mr. M. MANDENGUÉ
ON BEHALF OF H.E. J.-B. BOKAM, MINISTER OF PUBLIC WORKS
AND TRANSPORTS OF THE REPUBLIC OF CAMEROON
& PRESIDENT OF MINCONMAR**

Mr. Minister of Public Works and Transports of the Republic of Benin,
Mr. Representative of the World Bank,
Mr. Secretary-General of MINCONMAR,
Excellencies,
Honorable Guests,
Ladies and Gentlemen,

It is a great honor for me and a pleasant duty to address your august assembly on behalf of His Excellency Jean-Baptiste Bokam, Minister of Public Works and Transport of the Republic of Cameroon and serving Chairman of the Ministerial Conference of the West and Central Africa States on Shipping (MINCONMAR). He wished, indeed, to be with you at this great gathering of unquestionable importance for the future of shipping in the MINCONMAR Member Countries.

Unfortunately, being very busy with numerous formal engagements he asked me to convey his fraternal greetings and above all his encouragement for your work, which he wishes to be very successful.

In particular, the MINCONMAR Chairman asks me to express his gratitude to the Head of State and his sincere thanks to the Government and the People of the Republic of Benin for all the efforts made to organize this Round Table.

The Ministerial Conference of West and Central Africa States on Shipping has fully participated in the organization of this gathering in order to heighten the Member Countries awareness of the sensitive problems seriously hindering the promotion of shipping services.

Due to the various technological and structural transformations which are taking place in the international maritime environment, our subregional transport sector is going through difficult times and cannot yet control any aspect of the changes.

Under the crushing burden of external debt, we are helplessly watching the breaking up of our merchant navy fleets, unable to cope with their physical and financial problems. Within the turbulence of the

prevalent economic and financial crisis experienced by the countries of the subregion, it is increasingly difficult, indeed, to manage multimodal transport and auxiliary shipping activities.

While we were counting on the favorable clauses of the Code of Conduct of the Conferences to ensure our maritime future, our northern partners—notably through GATT intervention—are advocating the liberalization of services, including shipping.

This new policy will surely lead to ruthless competition, but it is not sure that our trade will be better organized, all the more so since the participation of our shipowners in such a competitive traffic seems rather doubtful.

When all is said and done, our maritime routes shrink from day to day. If we don't pay attention, our shipping industry will be overrun and controlled by foreign companies by the year 2000.

With regard to this, the main topic for discussion here *Maritime Access to the West and Central African Countries* appeals to our subregional conscience and suggests a burst of effort and imagination to confront the future. How can we take up the challenge?

We must adequately define the problems and thoroughly search for realistic solutions. Of course, most of the problems penalizing our shipping sector are well known, as they stand out in the papers prepared by the consultants. The same is true of the solutions.

What would be most important during this meeting is reaching a consensus on the significance and the priorities of the current problems and on the strategy needed to solve them efficiently in the mutual and fair interest of all the partners.

This Round Table, thus, urges you to accept a highly responsible task on behalf of the joint sponsorship of MINCONMAR and the World Bank, under the *Trade and Transport Component* of the Sub-Saharan Africa Transport Policy Program (SSATP), initiated by the World Bank in collaboration with the United Nations ECA.

The first United Nations Transport and Communications Decade in Africa (UNTACDA), implemented from 1978 to 1988, to establish the foundations of development on our continent, has been somewhat a failure for political as well as financial and strategic reasons.

The SSATP, as it appears in the background papers, has been initiated within the framework of the Second United Nations Transport and Communications Decade in Africa (UNTACDA II) which aims at contributing to the development of our continent through the improvement of its institutional means and human resources, thanks to a new and more realistic strategy. This Round Table is organized in relation to this context.

Shipping is an eminently international activity. It seems, thus, appropriate to review its surrounding problems from an international standpoint. It is, indeed, important that the development and the streamlining of shipping rely on international solidarity as the supporting vector of the world interdependence.

The Round Table comes just at the right moment for, in spite of serious efforts and sacrifices made under MINCONMAR, our shipping sector is still in trouble. The ills are certainly acute and need a serious diagnosis to lead to well-thought-out solutions in a spirit of dispassionate objectivity.

In bringing together the main actors from North and South (shippers, carriers, port authorities, etc.), the Round Table aims at making each of us appreciate, in a solidarity framework, the real problems of the moment and to agree on necessary future actions to overcome the difficulties.

We have great hopes that with such a knowledgeable assembly of distinguished personalities, seasoned officials, and high level authorities—assisted by skilled consultants—this Round Table will bring out the ideal strategy to gain control of or even consolidate our maritime endeavors, and build upon the experience which was so difficult to acquire.

But, first, we must count on ourselves. We can never stress enough the importance of our constructive participation in the efforts addressing both the local realities and the on-going changes in the shipping area.

Nowadays, substantial technical and financial assistance from our Northern neighbors would be invaluable to allow our subregion, thanks to realistic solutions, to establish control of our shipping sector.

I would like to repeat once more, based on these reflections, that I wish your august assembly dispassionate deliberation leading to fruitful results, and I hope your relevant recommendations will not go unheeded, but will contribute effectively to the development of the subregion.

I wish your work to be fully successful.

Long live international cooperation!

Long live subregional, West and Central African cooperation!

ADDRESS BY Mr. S. D. AKANDÉ
ECONOMIC COMMISSION FOR AFRICA

Mr. Minister,
Honorable Delegates,
Ladies and Gentlemen,

Allow me to convey to you the brotherly salute of the acting Executive Secretary of the ECA and his good wishes for your successful works.

This Round Table comes within the scope of the honorable initiatives series implemented by the World Bank, in collaboration with ECA, to support economic and social development efforts in Sub-Saharan Africa, which is the weakest region in the developing economies.

But to be really efficient, such efforts should become integrated into existing experience, that is to say the program of the United Nations Transport and Communications Decade for Africa and the United Nations Convention on the Code of Conduct of Maritime Conferences.

The program of the United Nations Transport and Communications Decade for Africa has been defined, after two years of intensive consultations between the concerned African parties and the interested international community, by the African Ministers in charge of Planning, Transports, and Communications. It is, therefore, a reflection of a credible consensus.

On the other hand, the United Nations Convention on the Code of Conduct of Maritime Conferences is the result of a compromise between the conflicting interests of shippers, maritime conferences, and outsiders, indeed, even the public good.

Overall, the application of the Code is positive, but it continues to give rise to diverging views on the nature of the most appropriate institutional mechanisms for a more efficient implementation. In this respect, the first Code revision conference has defined guidelines which will eliminate these difficulties. There is no doubt that the conclusions of this Round Table would also help to improve the smooth running of the Convention.

I shall conclude with the wish that this Round Table gives the operators of the maritime transports chain in Western and Central African countries an opportunity to establish a real partnership to ensure a reinforced efficiency of this transport sub-sector.

**ADDRESS BY Mr. L. PUFONG
SECRETARY-GENERAL OF MINCONMAR**

Honorable Minister of Public Works and Transport of the Republic of Benin,
Honorable Representative of the Chairman of the Ministerial Conference,
Excellencies,
Ladies and Gentlemen,

In welcoming you to this Round Table, I wish to thank you for agreeing to fully participate in the deliberations. This shows your deep concern for the future of shipping in the West and Central African subregion and your enthusiasm for economic development through free but fair trade. I also wish to state what a great honor and pleasure it is for me to say a few introductory words on the Round Table on behalf of the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR), our subregional organization, grouping together twenty-five (25) states, which I have the privilege to serve.

First and foremost, I would like to express a profound gratitude to H.E. President Nicéphore Soglo and the people and Government of the Republic of Benin for generously allowing us to host this important conference here. The sacrifice made by Benin in hosting this Round Table, at a time when the finances of African States are in the doldrums, is surely a sign of the commitment to the new spirit of African economic integration and of the constructive role Benin has always played in the affairs of MINCONMAR. In expressing these feelings, I am certain to be speaking for everyone present. I would kindly request H.E. Florentin Mito Baba, Minister of Public Works and Transport of the Republic of Benin to convey these feelings to the Head of State.

Our gratitude will not be fully expressed if I do not seize this occasion to thank the international agencies and the friendly nations who have financially contributed to the organization of this Round Table.

Now, I would like to speak very briefly on the subject of our Round Table, which addresses the problems of maritime access of the West and Central African subregion. This Round Table is the first phase of the *Trade and Transport Component* of the Sub-Saharan Africa Transport Program (SSATP) initiated by the World Bank and jointly implemented with MINCONMAR. It aims at identifying the bottlenecks which inhibit the development of efficient and competitive liner shipping services.

From the viewpoint of MINCONMAR, there are many reasons for supporting these initiatives. First of all, this forum provides a platform from where we can make known current subregional maritime policies. It offers the opportunity to seek ways and means to link-up with the international shipping industry, which has undergone substantial technological and structural changes during the last decade; it is also an occasion for us to exchange views with representatives of international maritime and financial organizations on the best ways and means to include our subregional maritime aspirations in our development plans. Last, but not least, it is a welcome opportunity to heighten awareness of the investment requirements for shipping services and port development in the international financial community.

What achievements do we expect from the Round Table?

At MINCONMAR, we are convinced that our subregion cannot and should not stay at the margin of international shipping. The theory of comparative advantage derived from the international division of labor which implies that emerging economies like ours should stick to plantations and mines, i.e., in the production of basic commodities—since our cheap labor constitutes a comparative advantage—cannot fully serve our development aspiration. This is why we think that this Round Table provides a platform on which concrete

proposals will be made to redress any policy or operational errors, so as to enable decision-makers to take the necessary measures to ensure policy improvement and operational efficiency in the shipping subsector. This done, it is our conviction that our subregion will take its rightful place in international shipping.

We are hopeful, therefore, that your contributions, as eminent experts in shipping services, during the discussions of the Round Table will produce timely recommendations to address the problems which have led to the decline of the subregional fleets.

**ADDRESS BY H.E. F. MITO BABA
MINISTER OF PUBLIC WORKS AND TRANSPORT
OF THE REPUBLIC OF BENIN**

Honorable Minister of Trade and Tourism,
Honorable Representative of Serving Chairman of MINCONMAR,
Honorable Representative of the World Bank,
Honorable Representative of United Nations Development Program,
Honorable Secretary-General of the Ministerial Conference,
Honorable Representatives of International Institutions,
Honorable Representatives of Governments, Agencies, Departments
and Users of Shipping Services,
Ladies and Gentlemen,
Distinguished Guests,

Allow me first of all, to welcome you to the Republic of Benin, especially to Cotonou, our nation's economic capital, on the occasion of the opening of the Round Table on Shipping Services in West and Central African States.

By deciding to hold this meeting in Cotonou, the sponsors of the project, i.e., the World Bank, the Ministerial Conference of West and Central African States, the Center for Maritime Transport, and all the other donors are demonstrating the great interest they have in Benin; and this confirms their desire to seek solutions to the numerous problems which hinder the development of shipping services in African countries south of the Sahara.

By accepting to host this Round Table, the Republic of Benin intends to be part of all the efforts towards making maritime transport competitive in African States, that is to say more regular, more reliable, faster and cheaper.

It is, however, obvious, today, that the weakness of our countries shipping lines and the structural problems confronting them do not always allow for an effective response to the ever-increasing demands of a sector as complex as Maritime Transport.

Moreover, the lack of efficiency in our countries' shipping services jeopardizes the development of the entire sector. Consequently, the industry does not benefit from developments, especially in the areas of technology and trade.

What are the basic reasons for this situation?

Why does the situation continue?

What should be done to change it?

To this end, you will debate the topics proposed to guide your discussions, which are as follows:

- the macro-economic impact of maritime transport on African economies;
- the worldwide technological progress and new market technology of maritime transport and their impact on Western and Central African States; and
- the maritime transport policies.

Each of these topics is as interesting as the other and will elicit a rich exchange of ideas which will be of mutual benefit.

Moreover, the caliber and number of the participants attest to my great satisfaction that partners from North and South are aware of the interweaving of their destiny and of the need to find solutions to their common problems through an open and sincere dialogue even in our crises-ridden world.

Furthermore, experience shows that competition does not prevent partners from either pole from agreeing on issues that are of mutual benefit in the area of maritime activities.

I am convinced that, contrary to the fears of some interest groups, expansion in the shipping services of African States will truly serve the interests of the international community as a whole since it fosters an overall and intensive development of these countries while enhancing their credit rating vis-à-vis their partners from the North. Above all, it will boost trade between the North and the South.

This is why I am hoping that your deliberations will lead to the definition of effective strategies for horizontal and vertical cooperation, which would enable each country in the West African subregion to organize national and functional shipping services. I also hope that your deliberations will lead to a true transfer of shipping know-how.

Consequently, these are the significant questions to which you are requested to find appropriate answers.

In the course of this conference, you will have to identify and clarify the various and sometimes conflicting opinions of all the parties involved in shipping services. You will also have to work closely on the key issues of the maritime transport sub-sector in order to recommend a program of study with the ultimate objective of mapping out a strategy to develop more efficient shipping services in West and Central African, which is a prerequisite to economic development.

You now understand why all these countries, especially Benin, which are open to new ideas and all forms of useful exchanges between partners, are relying so much on the outcome of this conference.

While wishing you successful proceedings, I declare open the Round Table on Shipping Services in West and Central African Countries.

III. OBJECTIVES & ORGANIZATION OF THE ROUND TABLE

Presentations by:

Mr. L. Pufong, Secretary-General of MINCONMAR,
Mr. J. Doyen, Chief, Infrastructure Division, Technical Department for Africa of the World Bank.

PRESENTATION BY Mr. L. PUFONG, SECRETARY-GENERAL OF MINCONMAR

Mr. Chairman,
Distinguished Ladies and Gentlemen,

When they attained independence in the sixties—with the exception of Angola and the other lusophone member states, which obtained their sovereignty in the middle of the seventies—the twenty-five countries of the West and Central African subregion which constitute MINCONMAR were in a total economic dependency situation from the former colonial powers.

In the area of communications, for example, these countries—as well as most of the newly independent African nations—were confronted with inextricable exchange problems of every sort.

As far as trade was concerned, these countries were purely and simply at the mercy of foreign shipowners.

It is no secret, however, that transportation is a foundation of economic systems and that it is very often an overarching factor in the activities of other economic sectors, such as trading. As far as West and Central African countries with extrovert economies are concerned, more than 90 percent of their trade goes by sea, which makes these economies reliant on maritime shipping.

In addition, the results of our countries' commercial activities represent critical inputs in our economic development in terms of exports and imports—bringing in foreign currencies and allowing to purchase machinery, manufactured goods, and raw materials. International shipping is, therefore, a limiting factor of the external trade efficiency and dynamism.

The importance of international shipping to external trade and its relevance to the development process have driven several countries to create their own fleets with the objectives of a larger participation in this economically viable sector and of improving their external balance.

Another consideration of great consequence is the contribution of a fleet engaged in international shipping to the security and freedom of trade while, in the particular case of a developing country, providing an opportunity to control costs (freight rates).

However, the benefits to be derived from the possession of a fleet were, however, beyond the reach of the new nations because of the difficulties of market access. The United Nations convention on a Code of Conduct for the maritime conferences, to which most of the MINCONMAR member states are party, ushered in what

was quite adequately described as a "New Maritime Order" lending hope to our young nations—and, indeed, to the Third World—to participate significantly in their seaborne trade.

This convention is significant because it ensures market access and guarantees 40 percent of the seaborne trade to national carriers.

We believe that an efficient transport system—of which international shipping constitutes an important element—is one factor which can influence and improve to a certain degree our commodity prices.

The national fleets of the subregion have been closely linked to the liner industry which, albeit imperfectly competitive, has for a long time provided regular and stable services to the area. These liner conferences have come under severe criticism. In some quarters the question of their relevance in the organization of trade is being openly voiced.

The Code of Conduct for liner conferences—to which most MINCONMAR member states are party—is the basic international legal instrument on which the West and Central African subregional shipping policy rests. Indeed, Article 52 of the convention provided for a conference which examined the working and implementation of the Code between October 1988 and June 1991. This conference confirmed its continuing validity as a flexible international regulatory instrument relevant to the special needs and problems of developing countries.

Today, the matters relating to services in general and shipping in particular are being negotiated under GATT within the framework of the liberalization of services. In this forum, the measures taken by MINCONMAR member states for the implementation of the Code, such as the bilateral agreements with EC member states—which are the main trading partners of the region—are back in question.

Cargo sharing measures decreed by the Code—which we consider in our subregion as an effective and efficient means by which our national shipping lines have gained access to cargo, hitherto entirely monopolized by the shipping companies of industrial countries—are being condemned as anticompetitive.

At the national level of the MINCONMAR member states, the World Bank has an ongoing Transport Policy Program which, without doubt, will have a direct influence on national transport policies. The Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR), which has as one of its goals the coordination of national transport policies, cannot be indifferent to this Bank initiative.

It is rumored in some circles that the shipping policy of the West and Central African subregion has made trade uncompetitive and that, as a consequence, it has negatively affected the development of the subregion. The cargo sharing measures stemming from the Code of Conduct are being generally indexed as the major factor inhibiting competition and development in the subregion. The shippers' councils, which are assigned the responsibility of implementing the cargo sharing policy—based on the well-known 40/40/20 formula—played, and will continue to play, a very important role in the reshaping of the subregional maritime landscape.

It is also being pointed out that the decline of the national fleets of the subregion and their inability to respond to the technological and structural changes in the international shipping industry are a direct consequence of these maritime policies.

Another factor which has been incriminated for the poor productivity of the national fleets of the subregion is state ownership. The private shipping companies, however, which operate on slot or space charter—incurring very little overheads and contributing minimal inputs to the national economies by way of investment and employment—have not fared any better.

The policies which have enhanced the setting up of nations, fleets, and shippers' organizations, and which fostered the development of ports and other shipping infrastructures within the member states of the subregion, were conceived in 1975 and are contained in the Abidjan Charter and the Convention on the Institutionalization of the Ministerial Conference.

The Abidjan Charter spells out a comprehensive and coherent maritime policy for the subregion. The Charter underscores the importance of training, as well as the protection of shippers. A major objective of the policy is to enhance free but fair trade through participation of national fleets in the seaborne leg of their foreign trade. Another important objective aims at a greater productivity and an increased competitiveness of the national fleets and, consequently, at the promotion of trade.

In ensuring market access to their national fleets, the subregional country policies aim at establishing some direct control over the local shipping services, as well as a measure of security for the local trade. Shippers' organizations, while catering to the interests of shippers, by ensuring the adequacy of services and the level and structure of the freight rates, are also charged with the implementation of the cargo sharing measure. The rationale behind entrusting these two diverging and seemingly contradictory functions to the shippers' councils is to create a balance between consumers and providers of shipping services.

Thanks to the Union of African Shippers' Councils and its forerunner, the Regional Negotiating Committee, it can be said that freight rates have generally been stable and, in some cases (export of basic commodities) actually pushed down.

However, most of the shipowners consider that the stabilization of freight rates has been detrimental to them as the current level of these rates does not allow them to be profitable and to recapitalize.

Some shipowners have openly declared that, in the absence of policies that would have removed barriers and made market access possible to national shipping lines of the subregion, a precondition for their participation in the trade would be higher and remunerative freight rates. This is not only highly contradictory in the light of the assertion that the West and Central African Trade is uncompetitive as a result of high rates, but we may rightly ask where the truth really is.

Even if this were to be proven, however, the subregional operators point to an even greater handicap which concerns them and relates to their inability to compete with their European counterparts. This handicap results from the numerous advantages accorded to European shipowners by way of favorable financing for procurement of new vessels, operational subsidies, and tax shelters. Subregional member states do not have the means to extend the same advantages to their fleets. The result is their inability to compete effectively with their counterparts who can afford to keep pace with technological developments in the industry, thanks to government inducement policies.

It is important to state that, in spite of these difficulties, the West and Central African subregion must compete in a global market that continually demands greater reliability and security of services. Furthermore, to stop or slow the continuing deterioration of their terms of trade, the nations of the subregion must endeavor to be competitive and protect the net value of their exports by increasing the efficiency of their transport system. This applies also to import traffic where transport cost to the subregion must be greatly reduced. By addressing only the seagoing element of the transport chain, the benefits to be derived from any reorganization will be minimal and may even be lost if the other components of the transport chain are not properly addressed.

As a matter of fact, the Sub-Saharan Africa Transport Policy Program (SSATP) of the World Bank addresses the other modes, in addition to other aspects of transport and communications, and particularly human resource development—a non negligible factor in the development process.

Mr. Chairman,
Distinguished Ladies and Gentlemen,

I have been trying to give you a picture of the underlying preoccupations of the various parties involved in the West and Central African maritime trade.

What do we expect from the Round Table?

We at MINCONMAR believe that we cannot remain at the stage of being only producers of raw materials if our development aspirations are to be met. It is our conviction that we have to be sufficiently involved in their transformation, transportation, and marketing. Since this Round Table addresses the seaborne part of transportation, we believe that our participation has to be total and effective. Our fleets will have to be modernized and made more efficient. This will require a massive input of capital. We count on the international community, well represented here, to come to our assistance. We must be competitive and, therefore, we have to ensure that our shippers are better protected through counseling and information. More important still, the shippers' councils will have to ensure through negotiations freight rates that do not penalize our exports and imports.

We are thus hopeful that the contribution from the eminent shipping experts that you are will be geared toward identifying the bottlenecks that have hampered our development in this area.

**PRESENTATION BY Mr. J. DOYEN
CHIEF, ENVIRONMENTALLY SUSTAINABLE DEVELOPMENT DIVISION
TECHNICAL DEPARTMENT FOR AFRICA OF THE WORLD BANK**

On behalf of the World Bank, and more particularly on behalf of my colleagues of the Africa Region, I wish to salute the joint support of all the authorities which made this gathering possible. I must also thank the authorities of Benin for hosting this Round Table. In the same way, I also wish to recognize the support and cooperation provided by MINCONMAR. Let me thank, moreover, UNCTAD, the EC, and the IMO for their close collaboration, as well as the EC and the Canadian and French Governments for their financial support.

I feel honored to be addressing you at the Opening Session of the Round Table on Shipping in West and Central African Countries. It is a happy omen that we meet in Benin, which plays an important role in interregional trade. Indeed, following the example of numerous countries in the Region, the economy of Benin is largely based on trade and depends, thus, on transportation. The transport sector is, in fact, the object of particular attention by the Government of Benin.

Objectives of the Round Table

The reason we are meeting here is that African shipping is at a crossroads:

- The national shipping lines are in deep financial trouble and their role in global traffic is decreasing.
- The current regulatory and institutional framework has led to an additional tax burden. It is seen as an obstacle to technological progress and a hindrance to the opening of national markets.
- The shipowner agreements evolved under these regulations go against the EC competition rules.

What is at stake in the current crisis is important. What brings us together here is the firm belief that the search for new orientations for the shipping policies of the West and Central African countries is a complicated venture that must be embarked upon with the participation of all stakeholders.

I feel our works should pursue three objectives:

- First and foremost, it is a matter of gaining a better understanding of the shipping situation in the West and Central African nations: what are the problems and what are the options?
- Second, it is necessary to define the studies and consultations to be undertaken in order to develop these options and to evaluate the impacts and the details of their implementation.
- Finally, it is a matter of recommending the most appropriate framework(s) to pursue the definition and application of new shipping policy orientations.

Our reflections are mainly focussed on policies and actions of governments and regional cooperation organizations as well as external development institutions. Although the worldwide organization of transports has a significant impact on African economies, the latter have practically no influence on the evolution of worldwide transport. It is, thus, important for the countries of Africa to develop adaptive strategies to ensure their participation in world trade under the best possible conditions.

First, my remarks will present a few elements of the global context in which the African economies are evolving. Then, I would like to review the framework of macro-economic and sectoral policies within which the new shipping policy orientations will be established, and make a brief reference to the programs supported by the World Bank. Finally, I intend to review the organization and the program of this Round Table.

Global Economic Context: A Narrow Margin of Error for Sub-Saharan Africa

Africa's role in the world economy is marginal and declining. The reversal of this trend will require overcoming major changes in the determining factors of insertion into international trade flows. From an economic and financial standpoint, we must be aware that:

- growth of the industrial countries will not be sufficient to revitalize economic growth in the developing countries;
- real interest rates will remain high; African countries are deep in debt and offer generally less than attractive prospects to the world banking system; and
- direct investments in developing countries will favor countries belonging to trading blocs.

As far as production and trading are concerned, we must admit that Sub-Saharan Africa is hardly integrated into the main exchange streams between the three big economic blocs—North America, Pacific Rim, and Europe—which provide the setting for increasingly integrated production processes.

Logistics is now an essential factor of competitiveness. The developing countries of Asia and Latin America have resorted to strategies seeking to insert their productive capacity into the logistic chains of such large industrial sectors as the automobile, apparel, and electronic industries.

The Sub-Saharan nations do not appear to have yet found the right mix of inputs, manpower, management, and technologies to achieve successful insertion into these large production and trade flows. The economic success of Mauritius is largely due to its integration into these flows, which started in the seventies with the textile sector and which has since progressed to the toy and computer sectors.

The worldwide integration of production processes is not only the result of lower transportation costs and emerging world banking services but, above all, of the dramatic reduction of the price of processing and transmitting information.

In addition to these factors, the rapid progress of the materials and bioengineering technologies are furthering a substitution process to replace base products traditionally exported by Sub-Saharan Africa.

In conclusion, the circumstances surrounding the integration of the Sub-Saharan countries into the world economy are difficult and leave little room for error. Quick progress toward regional economic integration is necessary. The challenge to the transport and communications sectors, in order to reach the required threshold of logistic skills, is particularly hard.

The degradation of the African economies during the last decade makes the task only more difficult.

Macro-economic Policies: Structural Reforms and the Importance of Human Resource Development

Since 1980 Sub-Saharan Africa has grown poorer. The persistent economic crisis has driven governments to reconsider the basis of their economic policy and to embark upon structural reforms aimed at redefining the public sector role. This has been achieved through reduction of direct intervention in the production of goods and the provision of services, improvement of the regulatory and legal frameworks, and development of infrastructure and human resource. Among these reforms are measures to abolish price controls, streamline public finances, and reform public enterprises.

The countries that have persisted in the implementation of these structural adjustment programs have registered an improvement in their economic performance. The 20 countries supported by the Special Fund for Sub-Saharan Africa have shown an average annual growth of 4 percent of their GDP for the 1988–90 period and a significant increase in their gross investment rate. In spite of these encouraging results, growth resumption has been slower than anticipated as a result of the structural constraints that can only be overcome in the long-term.

The economic and political transformation period which Sub-Saharan Africa is now experiencing, gives an opportunity to introduce reforms and develop the rudiments of a long-term strategy.

The Bank's Long Term Perspective Study, entitled *Sub-Saharan Africa: From Crisis to Sustainable Growth*, has contributed to the formation of a consensus on the essential elements of the so-called second generation strategies: deepening of the structural reforms, freeing resource and energy from the bottom up, and indispensable regional integration to extend the far too narrow limits of the domestic markets and enlarge the competition field.

In this study, some projections are made on the basis of realistic objectives and estimates for the next 20 years. The major objectives are: an annual increase of 2 percent to 4 percent in agricultural production, a reduction by half of the birth rate, a priority given to human resource with a particular accent on women, a doubling of the private saving rate from 11 percent to 20 percent, and an increase of investment from 11 percent to 25 percent of the GDP, with an average rate of return of 20 percent.

This would produce an increase in the average per capita income of about 1 percent per year during the next 10 years, thanks to the impact of the reduction of the demographic growth that would waver around 3 percent per year. To reach these objectives, a long-term commitment would be required by the international community to provide the necessary financial support, in the range of US\$28 billion, including US\$19 billion in new commitments and US\$9 billion in debt relief.

The study also underscores the importance of infrastructure—and especially of the transport sector—to support the strategy of increased competitiveness suggested here.

Transport at the Center of Structural Reforms

The high costs and the poor quality of transport services hamper the efforts of numerous African countries to get back on the track of economic growth. The ground is dangerous. The low density of demand, the high cost of investment, and the lack of qualified personnel make African transport services precarious and costly enterprises. It is clear, however, that some of the policies implemented to address these challenges have been highly inadequate. The poor performance of the transport sector is often rooted in:

- the proliferation of public monopolies;
- governmental price controls;
- restrictive or protectionist regulations, which give undue advantages to some businesses and individuals; and
- preferences given to national solutions over regional approaches.

Structural reforms constitute the center piece of a sectoral strategy. They are necessary to create favorable conditions for the efficient use of human resource, for the financial viability of enterprises, and to attract support from donors.

The key elements of these reforms are:

- a priority for rehabilitation and maintenance;
- the restructuring of parapublic enterprises;
- the adaptation of the regulatory framework to foster competition;
- an increased role for the private sector by opening markets and privatizing; and
- the elimination of regulatory and institutional obstacles to the development of regional operations.

The World Bank, a Committed Partner

For several decades, the World Bank has been active in the transport sector of Sub-Saharan Africa. Its operational program includes 10 to 12 projects per year amounting to US\$400 million to US\$600 million. These operations support the above-mentioned reforms, and often the Bank ensures the coordination of donors.

Along the same lines, the Bank has launched, jointly with the Economic Commission for Africa (ECA) of the United Nations, the Sub-Saharan Africa Transport Policy Program (SSATP) in order to improve the key aspects of sectoral policy. The SSATP benefits from the participation of numerous donors as well as from African institutions and experts in the field. This program has become a flexible framework for dialogue and collaboration toward developing and promoting new sectoral policy orientations, and has provided many elements of the strategies adopted by the Second United Nations Transport and Communications Decade in

Africa (UNTACDA II) for the road, urban transport, and railway sub-sectors. It is indeed under the *Trade and Transport* component of the SSATP that our Round Table is organized.

Administrative and Regulatory Costs: Obstacle to African Economies Competitiveness

The structural reforms are essentially centered on an increased opening of trade in African economies. The supporting programs include reinforcing measures for the competitiveness of enterprises in the regional and world markets. The Corridor and Country Studies show that the imports, as well as the exports of Sub-Saharan Africa, are crippled by high transport costs. According to UNCTAD statistics, transportation expenses in Africa represent 13.5 percent of the value of traded goods, while they are only 5.5 percent in the industrial countries.

Substantial elements of this excess cost originate in government regulation (customs, forwarders, insurance, documentation, tax collection, etc.). These non-physical barriers reduce exporters revenues and make imports more expensive for both the consumer and the producer, who relies on imported parts and other inputs.

As far as the maritime link in the transport chain is concerned, the administrative and tax burden imposed on the shippers, the rebates and refunds, and the deficits of the shipping lines are also echoed through the economy. Their global effects are not, indeed, neutral. Economic theory and liberalization experiences (notably in Chile and Argentina, in the shipping area) show that their impact is usually harmful: It is a negative sum game that reduces the growth and income opportunities of the economy as a whole.

It is a good practice, before starting a dialogue, to define the targets. You have probably already concluded from my remarks that our presumption for the new African shipping policy orientations can be summed up as follows:

- more competition;
- more freedom for users; and
- more regional cooperation.

The Round Table program has been designed in a way that will allow us to go from general points to well-defined action lines and monitoring frameworks.

Round Table

Three topics will be offered to our discussion:

Topic 1, that which will be discussed this afternoon, covers the current shipping situation in the countries of the Ministerial Conference of West and Central African States. Mr. Bernard Chatelin will be the moderator.

The scope of *Topic 2* is the structural evolution of shipping in the world and in West Africa. Its discussion will take place tomorrow morning, Mr. Bechraoui being the moderator.

Topic 3 will give you the opportunity to review the shipping policy options in the framework of regional cooperation. This session will also be held tomorrow morning, with Mr. Faust as moderator.

The afternoon of tomorrow will be devoted to group discussions on the three topics, and the results of these deliberations will be submitted to the plenary session on Thursday morning.

Visits are scheduled for Thursday afternoon.

Tomorrow afternoon we shall review the Experts' Group report presenting the conclusions and follow-up recommendations of our Round Table.

Conclusion

My intention was to set the global context in which the governments will have to formulate and implement their new shipping policies.

The reality is a region in a difficult position, without real advantages, with a poorly performing transport system, and with limited financing capabilities.

The necessities are economic reform, regional integration, and competitiveness.
The stakes are important. We must take up the challenge.

As the poet said:

*There is a tide in the affairs of men,
which taken at the flood leads to fortune.
Omitted, all the voyage of their lives
is bound in shallows and in miseries.
On such a full sea, we are now afloat
and we must take the current when it serves,
or lose our venture.*

IV. WORKING GROUPS

Three Working Groups have been formed to debate the various topics listed on the Round Table agenda. Texts of the papers delivered by the lecturers are published in Part II.

Topic 1: Macro-Economic Impact of Maritime Transport on African Economies

- External Trade and Maritime Transport in MINCONMAR Economies, by Mr. Lharbi, Consultant
- Shipping Services Supply and Demand in West and Central African States, by Mr. Youmba, CNCC
- Impact of Bulk Maritime Transport on West African Economies, by Mr. Hautin, Port autonome de Rouen
- Economic Parameters of Shipping Services Between Europe and West and Central African States, by Mr. Huchet, Compagnie maritime Delmas
- Maritime Transport Chains and Competitiveness of African Economies, by Mrs. Gouvernal and Mr. Rizet, INRETS
- Comparative Study on Costs and Conditions of Port Services Operations in Africa, by Messrs. Hallgrimsson and Stummelin, CCCE

Topic 2: Structural Evolution of Maritime Transport

- Structural Development of Maritime Transports, by Mr. Paelinck, Consultant
- Structural Development of Maritime Transports and its Effects on Shipping Services on the West Coast: The African Point of View, by Mr. Owusu-Mensah, Consultant
- Structural Evolution of Maritime Transport in West and Central African States, by Mr. Vioules, Consultant

Topic 3: Maritime Transport Policy

- Shipping Policy Development & Developing Countries, by Mr. Faust, UNCTAD
- Proposed Methodology for the Study of Competitiveness in Maritime Transport in West and Central Africa, by Mrs. Gouvernal and Mr. Rizet, INRETS
- Subregional Maritime Cooperation Policy, by Mr. Kouassi, Consultant
- EC Shipping Policy and Trade with West Africa, by Mr. Petropoulos, EC

A summary of the discussions held after each presentation and their conclusions is given hereafter.

CONCLUSIONS OF THE WORKING GROUP ON TOPIC 1

Macro-Economic Impact of Maritime Transport on African Economies

Moderator: Mr. Bernard Chatelin

Rapporteurs: Mr. Augustin Karanga
Mr. Henri Hervé

A comprehensive study is required to highlight the impact of the transportation network on the final costs of exports and imports which constitute the external trade of West and Central African states. Such a study should allow for an assessment of the competitiveness of the subregion vis-à-vis the international competition.

To this end, and since the scarcity, the inaccuracy, and the disparity of statistical sources are great, the definition of a method to assess this impact is unavoidable. The problems of access to information and the obstacles to a genuine transparency of the real costs of the transportation systems were also underscored. Shippers' councils could be involved in the management of this information and in providing more transparency.

A quick evaluation shows, however, that maritime freight expenditures do not represent the major part of the transportation systems' costs. Moreover, the costs of inland transportation in the subregion are much higher than in other competing countries and, therefore, jeopardize the foreign trade of the subregion.

The preferential trade agreements, with large groups having an inclination for vertical integration, as well as the shippers' trade practices (CIF purchases, FOB sales) do not give the subregion any control on maritime freight and its related costs. There are, for example, unexplained differences between maritime tariffs applicable in the various MINCONMAR member states, especially between French-speaking and English-speaking areas. An ad hoc study taking into account stopovers, freight flow, etc. should explain these differences.

Statutory and institutional constraints (administrative procedures, ports authorities and customs, transmission of documents, constant road checks, etc.), and artificial bottlenecks caused by human behavior are the factors to consider in the search for an intermodal efficiency, since these factors can constitute a serious strain on the final cost of goods and affect trade in general (port fees, transit costs, pre- and post-shipping costs, storage costs, etc.).

It appears that African shipping lines are not involved in bulk trade, which represents close to 170 million tons for the subregion. Still, the amount of investment required is quite affordable for developing countries. It was thus recommended that the following measures be taken:

- The necessary training and know-how required to manage such traffic be made available to subregional countries.
- The establishment of a regional shipping line that will provide access to a greater volume of freight and the organization of joint ventures between North and South shipping lines in order to promote technology transfers.
- A study be carried out to determine available sources of funds for the African shipping lines.

The control of international transit operations would appear to be essential for a greater participation of the subregion in the decisionmaking process related to the transport chain. A study on this subject would be very

useful, particularly to consider the possibility of establishing common subregional chains and to train logisticians and experts in plurimodal transport.

A specific study should be able to identify the problems affecting the transport chain to and from the landlocked countries, which are the most penalized. Such a study would underscore the consequences of a sudden deregulation of road transport in these countries.

The members of the Working Group on Topic 1 unanimously recommend that this Round Table be transformed into a permanent committee which, under the auspices of the World Bank, would:

- initiate approved studies, to be carried out jointly by experts from the World Bank and from the subregional African countries, as a prerequisite for a better understanding of the problems underlying the transport chain in this part of the world;
- suggest desirable focal points for national policies, with a view to improving the effectiveness of the chain and reducing its inordinate cost, which constitutes a heavy burden on the economies of the subregion;
- facilitate the formulation of a regional transport policy that will maximize the possible benefits derived from the global freight capacity generated by these countries' external trade and improve the integration of the horizontal resources, as well as the networks that constitute the transport chain; and
- assist in defining a comprehensive training program on transport in general and maritime transport in particular, making the best possible use of existing African institutions, such as the Abidjan and Accra regional maritime academies.

CONCLUSIONS OF THE WORKING GROUP ON TOPIC 2

Structural Evolution of Maritime Transport

Moderator: Mr. Bechraoui

Rapporteurs: Mr. Audigé
Mr. Makkouta

Summary

- Identifying cargoes for containerization did not present any difficulty. But, forecasting traffic volumes was impossible because of the lack of reliable statistics and the instability of African economies.
- A comparison of the different types of vessels revealed that, in spite of their numerous disadvantages, combined vessels are still mostly used on the West African coast. For the future, the preference seems to be given to Ro-Ro ships—which appear to be more suitable to African exports—to complement the highly specialized containerships.
- At first sight, the advantages of a hub port on the West African coast are not evident. Its economic advantages are likely to be jeopardized by the breaking out of cargoes and the coastal shipping costs.
- Training needs exist and have already been identified. The evolution of maritime transport technology will certainly increase those needs. The assistance of international agencies and the activities at the subregional level will have to be intensified.

1. Cargoes for Containerization

Exports: Cocoa beans (30 percent), coffee (100 percent), rubber (100 percent), cotton (100 percent), timber, bananas.

Imports: Foodstuffs, drinks, textiles, papers, manufactured goods, chemicals, etc.

- Identifying the suitable products for containerization did not pose any problem.
- Regional statistics are not directly available, but could be compiled from various sources (customs, ports, shippers' councils, specialized maritime journals, etc.).
- Trend analysis is difficult, or even impossible, because of the instability of African and world economies.
- The characteristics of the fleets serving the West African Coast are essentially determined by the southbound dominant flow of traffic.

Recommendation: A regional study on the evolution of major goods traffic and its impact on the characteristics of the fleets serving the West African coast.

2. Comparative Analysis of Vessels Types

Vessels	Advantages	Disadvantages
Ro-ro ship	1. Rapid turn-around 2. High output 3. Adapted to South-North traffic 4. Allows vertical handling 5. Suitable for heavy cargo 6. Suitable for general and rolling stock 7. Quick return on investment 8. Safety of operations	1. High investment cost 2. Requires proper organization 3. Difficult berthing conditions and non-optimal use of space 4. High operating costs 5. Need for greater storage space 6. Sensitive to fluctuations of the water level
Container ship	1. Rapid turn-around 2. High output 3. Favorable load factor 4. Safety of operations	1. Very specialized ship 2. High investment cost 3. Ill-suited for export of African goods 4. High cost of containers 5. Requires special port equipment
Combined vessel	1. Flexible utilization (goods and containers) 2. Low investment cost 3. Suitable for less complex organizations	1. Low output 2. High cost of handling 3. Poor security (theft of goods by dockers) 4. Requires storage warehouses
General cargo	1. Does not need special equipment 2. Low investment cost 3. Adapted timber traffic 4. Also adapted to bulk transport	1. Low output 2. Low profitability 3. Poor security (theft by dockers) 4. Requires storage warehouses

Conclusions:

- Ro-Ro ships and containerships are the vessels of the future.
- The more flexible Ro-Ro appears to be the favorite.
- In the area of equipment and investment, it is the port that needs to adjust to the vessels and not the other way around.

3. Technological Evolution of Maritime Services

Hub and Spokes Systems

Prerequisites:

- Harmonization of the subregional laws and customs regulations
- Establishment of subregional coastal shipping lines
- Improvement of interfaces with hinterland transports
- Establishment or reinforcement of telecommunications and information networks

- Support of the subregional states

Advantages:

- The shipowner is the sole beneficiary of the system
- Vessels' operating costs are reduced
- The cost/speed ratio is optimal

Disadvantages:

- The states in the subregion are not prepared to welcome the system
- High cost of breaking out the cargoes
- Abandonment of previous investments

Recommendations:

- Economic studies should be carried out to assess the advantages of establishing a hub port. Indeed, geography and the high cost of breaking out, as well as of feeder transportation, could compromise the success of such a venture.
- The definition of a Hub and Spokes system must be the subject of a prior consultation between shipowners, shippers, and port authorities in the subregion.

Plurimodal Transport

Prerequisites:

- Simplification of customs regulations
- Improvement of the pre- and post-shipping conditions

Advantages:

- Profitable for the shippers
- Facilitates the movement of goods

Disadvantages:

- Increased responsibility of the shipowner
- Unresolved service problems

4. Human Resource

Training needs in the area of modern transport techniques already exist. They concern mainly the following professions: dockers, shipping companies and shippers' councils staff.

The relevant areas of need are:

- data processing and computer training,
- modern stevedoring equipment and technical training, and
- evolution of the missions of shippers' councils.

The assistance of international organizations, such as UNCTAD, the World Bank and the IMO, is to be requested.

Various measures are to be implemented, such as:

- overseas training (Antwerp, Le Havre, Malmö),
- regional cooperation (Abidjan, Ghana, PMAWCA), and
- multilateral training agreements.

5. Miscellaneous

(Not discussed during the working sessions)

The horizontal concentration of African shipowners should be the subject of a preliminary study.

It is unavoidable to review the missions of the shippers' councils. They should concentrate their attention on the defense of the shippers' interests.

CONCLUSIONS OF THE WORKING GROUP ON TOPIC 3

Maritime Transport Policy

Moderator: Mr. Faust

The maritime field was the main object of the working group discussions, that is maritime transport and transportation network from shipper to client. The following points were considered:

- deregulation,
- privatization of state-owned enterprises,
- investments, especially in shipping and harbor equipment,
- role of the state and importance of regulations, and
- importance of regional integration.

The need was underscored to first study the possibility and type of deregulation to implement in West and Central African states, bearing in mind their present economic requirements, particularly with regard to transportation. For example:

- What are the prerequisites for coordinating in these states the development plans in the maritime field, and for promoting local and foreign private participation in joint subregional enterprises?
- What are the intermediate steps involved?

Such studies should take into account the specific needs of MINCONMAR member states: English- and French-speaking countries, landlocked countries, etc. At the close of deliberations, the following recommendations were made.

1. Maritime Transport Policy

- Determine whether deregulation can be a means to solve shipping problems in West Africa. It is necessary, indeed, to:
 - analyze the different phases, the pace, and the conditions of deregulation and define the statutory framework to be established in order to facilitate cooperation between the various economic operators; and
 - increase the competitiveness of African shipping lines prior to their exposure to international competition.
 - Prepare a harmonized statutory framework to simplify the movement of goods in the countries of the subregion.
 - Define, by means of unified guidelines, the roles and responsibilities of the various operators intervening in the transport chain.
 - Establish an institutional framework to settle disputes between the transport chain operators.

2. Structure and Organization of Transport Market

- Ensure reliable and coherent basic information on traffic (regional data bank).
- Define the current level of competition between conference and non-conference shipping lines. An acceptable level of competition should be defined, taking into account the envisaged cooperation.
- Assess the cost involved in each element of the transportation system and analyze its impact on the competitiveness of the economies in the subregion.
- Improve the relations between, on the one hand, shipowners, forwarders, and shippers, and, on the other hand, between buyers and sellers in freight rates' negotiations.
- Establish a priority cargo monitoring system, particularly for shipments bound to landlocked countries.

3. Support to Shipping Lines, Ports and Ancillary Services in the Transport Chain

- Increase management autonomy of concerned public enterprises.
- Increase the competitiveness of African shipping lines so that their services can be exported.
- Consider the possibility of fostering a closer regional cooperation between shipowners and even of establishing a common subregional shipping line.

CONCLUSIONS DU GROUPE DE TRAVAIL SUR LE THÈME 1

Impact macroéconomique des transports maritimes sur les économies africaines

Président de séance : M. Bernard Chatelin

Rapporteurs : M. Augustin Karanga
M. Henri Hervé

Il apparaît nécessaire d'effectuer une étude approfondie mettant en évidence l'impact du coût de la chaîne des transports sur le coût final des produits à l'importation et à l'exportation faisant l'objet du commerce extérieur des pays d'Afrique de l'Ouest et du Centre. Une telle étude devrait permettre de mesurer la compétitivité des dits produits par rapport à la concurrence internationale.

À cette fin et en tenant compte de la rareté et de l'inexactitude des informations, ainsi que de la disparité des sources statistiques, la définition d'une méthode de mesure de cet impact est indispensable. Les difficultés d'accès à l'information et les obstacles à une réelle transparence des coûts supportés par les chargeurs tout au long de la chaîne des transports ont été également soulevés. Les conseils de chargeurs pourraient jouer un rôle dans la gestion de ces données et dans la promotion de cette transparence.

Toutefois, il ressort d'un examen rapide que le fret maritime ne représente pas la majeure partie du coût de la chaîne des transports. De plus, les coûts de transport à l'intérieur de la sous-région sont de loin supérieurs à ceux pratiqués dans d'autres pays concurrents et pénalisent, à n'en pas douter, la compétitivité de son commerce international.

Les accords privilégiés avec de grands groupes, intégrés verticalement, ainsi que les pratiques commerciales des chargeurs (achats CIF et ventes FOB) ne permettent pas à la sous-région de maîtriser les coûts du fret maritime et des services connexes. Il existe, par exemple, des différences inexplicables entre les frets maritimes applicables aux différents pays membres de la CMEAOC, notamment entre les pays francophones et les pays anglophones. Une étude ad hoc fondée sur les comptes d'escales, les niveaux de trafic, etc. devrait permettre d'éclaircir ces différences.

Les obstacles institutionnels et réglementaires (notamment les procédures administratives, portuaires et douanières, la circulation des documents, les contrôles routiers intempestifs, etc.) ainsi que les goulets d'étranglement artificiellement créés par certains comportements humains, sont, en effet, des facteurs à considérer pour la recherche d'une efficacité plurimodale, car ils peuvent avoir pour effet de grever lourdement et abusivement les coûts d'approche de la marchandise (coûts portuaires, de transit, coût de pré ou post acheminement, coût d'entreposage de la marchandise, etc.), entamant ainsi la qualité du service.

Il apparaît que les armements africains ne participent pas au trafic de vrac, alors que celui-ci représente près de 170 millions de tonnes pour la sous-région. De plus, ce type de trafic ne requiert généralement que des niveaux plus raisonnables d'investissements, qui sont donc plus accessibles aux pays en développement. Il est donc recommandé de :

- mettre à la disposition des pays de la sous-région la formation et l'expertise nécessaires à la gestion de tels trafics,
- Promouvoir la création d'un armement régional permettant l'accès à une plus grande quantité de fret ainsi que la mise en œuvre d'associations entre armements du Nord et du Sud en vue de favoriser un transfert d'expertise,

- Procéder à une recherche pour identifier les sources de financement possibles et accessibles aux armements africains.

Une maîtrise des opérations de transit international paraît également être indispensable pour permettre une plus grande participation de la sous-région dans les processus décisionnels relatifs à la chaîne des transports. Une étude dans ce sens est vivement souhaitable, notamment pour examiner la possibilité de créer des réseaux communs au niveau de la sous-région et former des logisticiens et des experts en transports plurimodaux.

Une étude spécifique devrait pouvoir mettre en lumière les problèmes qui affectent la chaîne des transports à destination ou au départ des pays enclavés, qui restent les plus pénalisés dans ce domaine. Cette étude devrait examiner spécialement les conséquences éventuelles d'une libéralisation trop rapide des transports routiers dans ce pays.

Les membres du groupe de travail sur le thème 1 recommandaient à l'unanimité la transformation de cette Table ronde en une commission permanente qui, sous les auspices de la Banque mondiale :

- procéderait aux études inventoriées conjointement par des experts de la Banque mondiale et des pays africains de la sous-région, ces études étant une condition préalable et nécessaire à une bonne compréhension des problèmes de l'ensemble de la chaîne des transports dans cette partie du monde ;
- suggérerait les réorientations souhaitables des politiques nationales en vue d'augmenter l'efficacité de la chaîne des transports et de réduire ses coûts jugés exorbitants et traumatisants pour les économies de la sous-région ;
- faciliterait la formulation d'une politique régionale de transports qui permettrait de mieux tirer parti du potentiel global de fret généré par le commerce extérieur de ces pays et de réaliser une meilleure intégration horizontale des moyens et réseaux composant leurs chaînes de transports ;
- contribuerait à la définition d'un vaste programme de formation en matière de transport en général et de transport maritime en particulier, grâce à l'utilisation autant que possible, des institutions africaines existantes, telles que les Académies maritimes régionales d'Abidjan et d'Accra.

CONCLUSIONS DU GROUPE DE TRAVAIL SUR LE THÈME 2

Évolution structurelle des transports maritimes

Président de séance : M. Bechraoui

Rapporteurs : M. Audigé
M. Makkouta

Résumé

L'identification des produits conteneurisables n'a pas posé de difficultés, mais les prévisions de trafic se sont avérées impossible du fait du manque de données fiables et des incertitudes qui planent sur les économies africaines.

Suite à la comparaison des divers types de navires, il s'avère que c'est le navire mixte qui, malgré les inconvénients, reste le plus utilisé sur la côte ouest-africaine. Pour ce qui est de l'avenir, la préférence semble aller vers les navires rouliers (ro-ro) qui paraissent mieux adaptés au trafic à l'exportation des produits africains, en complément aux navires porte-conteneurs spécialisés à l'excès.

A priori, l'intérêt d'établir un port d'éclatement sur la côte ouest-africaine n'est pas évident. Ses avantages économiques risquent d'être compromis par les coûts des ruptures de charges et de pré et post acheminement par cabotage.

Des besoins de formation existent et sont d'ores et déjà bien identifiés. L'évolution technologique des transports maritimes va amplifier ces besoins. Le concours des agences internationales et les actions déjà menées au niveau sous-régional devront être renforcées.

1. Identification des produits conteneurisables

l'exportation :

Cacao en fève (30 %), café (100 %), caoutchouc (100 %), coton (100 %), bois travaillés, bananes

Les caractéristiques de la flotte qui dessert la côte ouest-africaine sont déterminées principalement par le flux dominant (sens nord-sud).

Recommandations

Il est nécessaire de réaliser une étude régionale sur l'évolution des trafics des principaux produits et son impact sur les caractéristiques de la flotte desservant la côte ouest-africaine.

2. Analyse comparative des types de navires

Navires	Avantages	Inconvénients
Rouliers (ro-ro)	1. Rapidité des rotations 2. Rendements élevés 3. Bien adaptés au trafic sud-nord 4. Permettent la manutention verticale 5. Bien adaptés aux colis lourds 6. Bien adaptés au fret routier 7. Investissements à terre limités 8. Bonne sécurité des opérations	1. Coût élevé de l'investissement 2. Exigent une bonne organisation 3. Arrimage compliqué 4. Utilisation non optimale de l'espace offert 5. Coûts opérationnels élevés 6. Nécessitent d'importantes surfaces de stockage 7. Sensibles à l'agitation du plan d'eau
Porte-conteneurs	1. Rapidité des rotations 2. Rendements élevés 3. Bon coefficient de remplissage 4. Bonne sécurité des opérations	1. Navires très spécialisés 2. Coût élevé de l'investissement 3. Mal adaptés à l'exportation des produits africains 4. Coût élevé des conteneurs 5. Exigent de l'équipement spécialisé à terre
Mixtes	1. Flexibles et d'utilisation souple 2. Faible coût de l'investissement 3. Bien adaptés aux organisations peu sophistiquées	1. Faibles rendements 2. Coût élevé des manutentions 3. Sécurité précaire (avaries, voleurs dockers) 4. Requiert des entrepôts de stockage
Conventionnels	1. Ne nécessitent pas d'équipements spéciaux 2. Faible coût de l'investissement 3. Bien adaptés au transport des grumes 4. Peuvent transporter du vrac	1. Faibles rendements 2. Faible rentabilité 3. Sécurité précaire (avaries, voleurs dockers) 4. Requiert des entrepôts de stockage

Conclusions

- Les bateaux rouliers et porte-conteneurs sont les navires de l'avenir.
- Cependant, la préférence semble aller au navire roulier, plus flexibles.
- En matière d'équipement et d'investissement, c'est le port qui doit s'adapter au navire et non l'inverse.

3. Évolution technologique de la desserte maritime

i) Systèmes « hub and spokes » (port d'éclatement)

Préalables :

- Harmonisation préalable de la législation maritime de la sous-région ainsi que des régimes douaniers
- Création de lignes sous-régionales de cabotage.
- Amélioration des points de rupture de charge vers l'hinterland.
- Création ou consolidation des télécommunications et des réseaux d'information.
- Obtention de l'accord des États de la sous-région.

Avantages :

- L'armateur est le seul bénéficiaire du système.
- Les coûts d'exploitation des navires sont réduits.

- Le rapport coût/rapidité est optimisé.

Inconvénients :

- Les pays de la sous-région ne sont pas prêts à accueillir le système.
- Coûts additionnels des ruptures de charge
- Abandon des investissements réalisés.

Recommandations :

- Il faut procéder à des études économiques approfondies pour démontrer l'intérêt d'établir un port d'éclatement. En effet, la géographie ainsi que les coûts importants des ruptures de charge et des transports locaux sont de nature à compromettre l'intérêt d'un tel système.
- La définition d'un système de port d'éclatement doit faire l'objet d'une concertation préalable entre armateurs, chargeurs et autorités portuaires de la sous-région.

ii) Transport plurimodal

Préalables

- Assouplissement des réglementations douanières
- Amélioration des conditions de pré et post acheminement

Avantages :

- Intéressant pour le chargeur.
- Facilite la circulation des marchandises.

Inconvénients :

- Accroît la responsabilité de l'armateur.
- Ne résout pas les problèmes de desserte.

4. Ressources humaines

i) Les besoins de formation dans le domaine des techniques modernes de transport maritime existent d'ores et déjà. Ils concernent surtout les professions suivantes : dockers, employés des compagnies de navigation et des conseils des chargeurs.

ii) Les secteurs concernés sont déterminés par :

- L'évolution du traitement de l'information (formation en informatique).
- L'évolution des matériels de manutention (formation technique).
- L'évolution des missions des conseils des chargeurs.

iii) Le concours des agences internationales, telles que la CNUCED, la Banque mondiale, l'OMI, etc. est sollicité.

iii) Divers moyens sont à mettre en œuvre comme, par exemple :

- des stages à l'étranger (Le Havre, Anvers, Malmö),
- la coopération régionale (Abidjan, Ghana, AGPAOC),
- des accords multilatéraux de formation.

CONCLUSION DU GROUPE DE TRAVAIL SUR LE THÈME 3

Politiques de transport maritime

Président de séance : M. Faust

Les débats ont porté sur le transport maritime et plus particulièrement sur la chaîne des transports depuis le chargeur jusqu'au destinataire. Ils ont été principalement centrés sur :

- la libéralisation
- la privatisation des entreprises publiques
- le financement des équipements maritimes et portuaires
- le rôle de l'État et l'importance de la réglementation
- la nécessité d'ententes et d'intégrations régionales

Les participants ont insisté sur la nécessité d'étudier d'abord la possibilité et la forme d'une libéralisation des opérations de transport dans les pays de l'Afrique de l'Ouest et du Centre, en tenant compte des circonstances actuelles de leurs économies et, en particulier, de leurs systèmes de transport. Par exemple :

- Quelles devraient être les conditions préalables à une coordination des efforts de développement de ces pays dans le domaine maritime et à la participation d'entités privées, nationales et étrangères, à des entreprises régionales conjointes ?
- Quelles seraient les étapes intermédiaires nécessaires ?

De telles études devraient tenir compte des particularités des pays membres de la CMEAOC : pays anglophones ou francophones, pays enclavés, etc.

À l'issue des débats, les recommandations suivantes ont été formulées :

1. Politiques de transport maritime

i) Déterminer si la libéralisation peut aider à résoudre les problèmes maritimes actuels de l'Afrique de l'Ouest. Il faut, en effet :

- analyser les étapes, le rythme et les conditions de cette libéralisation ainsi que définir le cadre réglementaire à établir pour faciliter la coopération des différents opérateurs économiques ;
- augmenter la compétitivité des armements africains avant de leur faire affronter la concurrence internationale.

ii) Harmoniser les réglementations afin de faciliter la circulation des marchandises entre les pays de la sous-région.

iii) Définir par des règles unifiées les rôles et les responsabilités des différents intervenants dans la chaîne des transports.

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PART II

Topic 1

Macro-Economic Impact of Maritime Transport on African Economies

- External Trade and Maritime Transport in MINCONMAR Economies
- Shipping Services' Supply and Demand in West and Central African States
- Impact of Bulk Maritime Transport on West African Economies
- Economic Parameters of Shipping Services Between Europe and West and Central African States
- Maritime Transport Chains and Competitiveness of African Economies
- Comparative Study of Costs and Conditions of Port Services Operations in Africa

EXTERNAL TRADE AND MARITIME TRANSPORT IN MINCONMAR ECONOMIES

**by Mr. Lharbi
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1. INTRODUCTION

The aim of this paper is to briefly discuss the external trade and maritime transport activities of the member States of the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR).

While the paper focuses on the West and Central African subregion, it has been necessary, in certain areas of the work, for reasons of data availability and consistency, to broaden the geographical scope of the paper to include all Sub-Saharan African countries (SSA). Indeed, the results and conclusions from this broader perspective are also valid for MINCONMAR member States, since the bulk of external trade (more than 85 percent) and shipping flows belong to these latter countries.

This paper has been divided into three parts:

- The first part is a brief presentation of the socio-economic conditions of the region.
- The second part discusses the evolution of the region's external trade under two aspects:
 - by volume, to evaluate the size of the flows and to characterize the various segments involved in the demand for maritime transport; and
 - by value, to determine the evolution of the external trade and to describe its main features.
- The third part analyses the external accounts of the region, first of all by reviewing the various current transactions and, in particular, the balance of goods and services as the main feature of external trade. Finally, an attempt is made to evaluate the maritime transport account and to assess its impact on the balance of payments.

2. OVERVIEW OF THE SOCIAL AND ECONOMIC SITUATION

2.1 Population: Evolution and Prospects

The population of Sub-Saharan Africa (SSA) increased from 130 million in 1930 to 534 million inhabitants in 1990, which represents an average growth rate, over a long period, of 2.38 percent per year, whereas world population increased by only 1.58 percent per year during the same period. Taking only the last 30 years into account, which is a period of relative political stability at the international level, during which almost all African countries achieved independence, Africa's share in world population increased from 7 percent in 1975 to 8.74 percent in 1980 and to 10 percent in 1990 as Table 1 shows.

Table 1: Population of Sub-Saharan Africa
(in million of inhabitants)

Year	1930	1950	1980	1990
Sub-Saharan Africa	130	178	389	534
World	2,067	2,515	4,450	5,292
Share of Sub-Saharan Africa	6.3%	7.1%	8.7%	10.1%

Source: IBRD Report: Sub-Saharan Africa: From Crisis to Sustainable Growth

Population growth is higher in Africa, especially in Sub-Saharan Africa than in any other region of the world. Besides, its growth rate increased remarkably over the last 20 years: from 2.6 percent between 1965–73 to 3.2 percent during the 1980s, whereas the general trend elsewhere was rather a decrease. Since the 1980s, Sub-Saharan Africa is the only region in the world whose demographic growth rate has remained above the 3 percent figure per year.

Table 2: Past and Projected Population Growth Rate
(in percent)

Region	1965-73	1973-80	1980-90	1990-2000
Sub-Saharan Africa	2.6	2.8	3.2	3.1
World	2.2	1.9	1.8	1.7
East Asia	2.7	1.7	1.5	1.4
South Asia	2.4	2.4	2.3	1.9
OECD	1.0	0.7	0.6	0.5
Latin America and Caribbean	2.1	2.4	2.1	1.8

Source: IMF Report, 1990.

For the next 10 years (1990-2000), all the projections confirm that this trend will not be reversed and that the evolution of Sub-Saharan Africa population will continue at the rate of 3.1 percent per year. At this rate, in the year 2001, the population of Sub-Saharan Africa will reach 725 million inhabitants, which would be exactly four times the 1950 figure.

Finally, it must be added that this population growth is accompanied by a significant urbanization increase. Indeed, between 1930 and 1990, the urban population of Sub-Saharan Africa has increased 17-fold while the rural population increased by 2.7 percent, increasing the rate of urbanization from 6 percent to 37 percent.

2.2 Economic Trends

2.2.1 Gross Domestic Product (GDP)

The evolution of the Gross Domestic Product (GDP), in real terms, of all developing countries over the last 20 years is presented in Table 3.

Table 3: **Production Trends—Real GDP**
(Annual Growth Rate in percent)

Year	73 to 82	83	84	85	86	87	88	89	90
Sub-Saharan Africa	-2.6	-0.2	0.9	3.7	3.7	1.6	2.6	2.3	1.5
World	3.0	2.5	4.5	3.5	3.1	3.4	4.5	3.3	2.1
Industrial Countries	2.4	2.6	4.8	3.4	2.7	3.3	4.5	3.3	2.5
Developing Countries	4.5	2.3	3.8	3.6	4.0	3.7	4.5	3.1	0.6
of which:	Africa	2.9	-1.1	0.7	4.0	1.7	1.3	2.9	3.3
	Asia	5.7	8.1	8.4	6.8	6.9	8.1	9.0	5.5
									5.3

Source: IMF Report, 1990.

This evolution is characterized by:

- A strong growth from 1973 to 1982: The average growth was 4.5 percent per year while the world economy grew by only 3 percent, and that of the industrial countries grew by 2.4 percent. This substantial growth of the economies of developing countries is in reality attributable to South and East Asia whose economies grew by an average of 5.7 percent per year while the GDP of African countries grew at an average rate of 2.9 percent per year. In Sub-Saharan Africa, the growth rate was only 2.6 percent per year.
- A relative slowdown of economic growth from 1983 to 1990: It is true that the international economic situation is less favorable than before and that all the world's regions have more or less suffered a slowdown. However, the slowdown of the African economies is particularly striking. With the exception of 1985–1986 (3.7 percent), the average growth rate has never exceeded 2.5 percent per year between 1987 and 1990. In fact, it has been nil, or even negative, between 1983 and 1984.

It should be pointed out that during the same period the developing countries of Asia performed very well. The average annual growth rate of their GDP was 7 percent to 9 percent between 1983 and 1988, even though it dropped slightly toward the end of the period: 5 percent to 5.5 percent between 1989 and 1991.

This economic slowdown in the 1980s was particularly severe for Benin, Cameroon, Côte d'Ivoire and Liberia which registered a negative growth between 1986 and 1990.

Africa's contribution to world production (Table 4), unlike its demographic contribution, rather regressed. Currently, its share in world GDP is only 2.2 percent and Sub-Saharan Africa's share is 0.8 percent. As compared with developing countries, the contributions of Africa and of Sub-Saharan African are 9.4 percent and 3.3 percent respectively.

Table 4: Distribution of GDP (1987–1989)
(in percent)

World	100,0
Industrial countries	76.2
Developing countries	23.8
of which:	
Africa	2.2
Sub-Saharan Africa	0.8
Asia	7.2

2.2.2 Gross Domestic Product Per Capita

There are scarcely any countries where the growth in GDP exceeds 3 percent per year. In most (32) African countries, however, the economic growth rates in the 80s were lower than the demographic growth rate, with the result that the GDP per capita declined significantly, as seen in Table 5. With a few exceptions (Guinea, Mali, Nigeria, and Togo), the GDP per capita declined in most countries in the region over the last 20 years.

Table 5: Evolution of Real GDP Per Capita
(Annual growth rate in percent)

Year	73 to 82	83	84	85	86	87	88	89	90
Sub-Saharan Africa	-0.3	-3.1	-1.9	0.8	1.0	-1.2	-0.2	-0.5	-1.4
Developing Countries	1.7	-0.3	1.9	2.0	1.5	1.8	2.2	1.0	-0.6
of which:									
Africa	3.5	-3.8	-1.9	1.2	-1.2	-1.5	6.3	0.4	-0.9
Asia	3.2	6.1	6.6	5.0	5.1	7.3			3.5

2.2.3 Production Structure

The structure of most Sub-Saharan African countries' economies, and generally of all African countries, has practically not changed for the past 20 years. After growing rapidly in the 60s and 70s (6 percent per year), the share of the industrial sector declined abruptly in the 80s: 32 percent in 1980, 23 percent in 1986, and 28 percent in 1987. At the same time, agriculture declined also: from 43 percent in 1965 to about a third of the GDP in 1987.

Table 6: Structure of GDP in Sub-Saharan Africa

Sector	Share of GDP (%)	
	1965	1987
Agriculture	42	32
Industry	19	28
of which: Manufacturing	9	11
Other industries	10	17
Services	39	40

Source: IBRD Report on Sub-saharan Africa

This production evolution reflects the slowness of export diversification in the region which, as will be seen, is dominated by primary products. The industrial products account only for about a tenth. The oil exploration industry was the sector that had a positive growth and that compensated for the agricultural sector. The decline in agriculture growth during the last decade, in part as a result of drought in the region, led to an increase of food import to fill the local food production gap.

The manufacturing industry after growing rapidly in the 60s (8 percent per year) declined rapidly and grew at the same rate as the GDP.

This brief overview of the evolution of Sub-Saharan Africa economies has shed some light on the structure of their trade between with the rest of the world and showed the need for SSA countries to develop their external trade as a catalyst of economic development for the region and as a means of gaining access to new markets, in order to ensure:

- import of food to make up for regional production shortfalls and meet the needs of the population;
- procurement of capital goods to promote productive activities and replace obsolete equipment; and
- export of products which will provide the resources needed to make purchases and repay external debts.

2.2.4 External Debt

Among the problems confronting Africa, the increase of external debts causes great concern to both creditors and debtors. In 1990, Africa's external debt was about 272 billion dollars, which was about twice its 1980 level. This amount represents a little more than 90 percent of the continent's GDP. For Sub-Saharan Africa, the debt burden is even heavier: 112 percent of GDP. Moreover, its growth has been faster between 1980 and 1990. Some countries' debt has tripled: Central African Republic, Guinea, Mali, and Nigeria, while for most of the other countries it has more than doubled: Benin (2.83), Congo (2.86), Cote d'Ivoire (2.63), Gabon and Ghana (2.3), Liberia (2.57), Mali (2.9), and Senegal (2.8).

Debt service costs Africa more than 20 billion dollars a year, of which more than half is Sub-Saharan Africa's. This amount represents about 30 percent of the continent's export earnings. In spite of the initiatives taken to reduce the debt burden of developing countries, this burden is still weighing heavily on African

economies, which are in dire need of external resources to spur domestic production and pursue economic development in the region. This paper will attempt later to show that the debt situation is one of the main causes of the balance of payments deterioration in most Sub-Saharan countries.

3. EXTERNAL TRADE

External trade of Sub-Saharan African countries will be analyzed from two points of view:

- the **quantitative aspect**, to highlight the importance of the volumes of cargo shipped and the flows of seaborne traffic generated; and
- the **value aspect** of this trade as a basic element of external trade and of balance of payments of the countries in the region.

3.1 Trade Evolution in Volume

The trade evolution in volume will be studied in terms of cargo shipped by sea which constitutes the bulk (more than 85 percent) of international trade (Tables 7a, 7b and 7c).

Table 7a: **Sub-Saharan Africa: Loaded and Unloaded Cargo**
(in million tons)

Year	LOADED CARGO				UNLOADED CARGO			
	Oil Products	Dry Bulk	Total	Rate of Growth (%)	Oil Products	Dry Bulk	Total	Rate of Growth (%)
70	61	78	139		16	23	39	
80	120	60	180		17	39	56	
81	88	62	150	-16.67	15	42	57	1.79
82	81	56	137	-8.67	14	38	52	-8.77
83	81	54	135	-1.46	15	37	52	0.00
84	86	54	140	3.70	15	37	52	0.00
85	96	56	152	8.57	13	38	51	-1.92
86								
87	102	59	161		15	36	51	
88	112	59	79	11.18	15	42	57	11.76
89	128	67	195	8.94	16	43	59	3.51

Table 7b: World: Loaded and Unloaded Cargo
(in million tons)

Year	LOADED CARGO				UNLOADED CARGO			
	Oil Products	Dry Bulk	Total	Rate of Growth (%)	Oil Products	Dry Bulk	Total	Rate of Growth (%)
70	1,440	1,165	2,605		1,403	1,127	2,530	
80	1,853	1,822	3,675		1,849	1,862	3,711	
81	1,680	1,823	3,503	-4.69	1,692	1,867	3,559	-4.10
82	1,527	1,763	3,290	-6.08	1,555	1,802	3,357	-5.68
83	1,506	1,784	3,290	0.00	1,517	1,766	3,283	-2.20
84	1,502	1,907	3,409	3.62	1,471	1,964	3,435	4.63
85	1,424	1,937	3,361	-1.41	1,436	1,991	3,427	-0.23
86	1,514	1,945	3,459	2.92	1,500	2,000	3,500	2.13
87	1,548	1,987	3,535	2.20	1,508	2,120	3,628	3.66
88	1,616	2,119	3,735	5.66	1,618	2,248	3,866	6.56
89	1,728	2,212	3,940	5.49	1,733	2,337	4,070	5.28

Table 7c: World and Sub-Saharan Africa: Loaded and Unloaded Cargo
(in million tons)

Year	LOADED CARGO			UNLOADED TONNAGE		
	World	SSA	SSA Share	World	SSA	SSA Share
70	2,605	139	5.34%	2,530	39	1.54%
80	3,675	180	4.90%	3,711	56	1.51%
81	3,503	150	4.28%	3,559	57	1.60%
82	3,290	137	4.16%	3,357	52	1.55%
83	3,290	135	4.10%	3,283	52	1.58%
84	3,409	140	4.11%	3,435	52	1.51%
85	3,361	152	4.52%	3,427	51	1.49%
86	3,459			3,500		0.00%
87	3,535	161	4.55%	3,628	51	1.41%
88	3,735	161	4.79%	3,866	57	1.47%
89	3,940	195	4.95%	4,070	59	1.45%

In 1989, loaded cargo, which can be considered as exported goods, generated by Sub-Saharan countries has reached the record figure of 195 million tons. Compared with 140 million tons in 1970, it represents an increase of 1.76 percent per year during the 1970–1989 period. Such an increase, although modest, was far higher than

that for all African countries whose combined export tonnage increased by only 0.46 percent per year. However, it was slightly lower than the World figure of 2.2 percent per year during 1970-1989.

On the basis of the situation in the 80s, for which more comprehensive data are available, a distinction can be made between two different periods:

- 1980-1984: A drastic reduction in the cargo loaded in African ports: 180 million tons in 1980 and only 140 million tons in 1984, that is a decline of 6 percent per year. This decrease was almost general, but not so drastic since world traffic also declined by 3,676 million tons and 3,410 million tons in 1980 and 1984 respectively. This represents an annual decrease of 1.8 percent. Such a reduction in seaborne trade can be explained by the second oil shock of 1979, and by the resulting economic crisis. Petroleum products exported by the countries of the region suffered from the greatest decline: 8 percent per year. Dry cargo was also affected, but to a lesser degree: 2.6 percent on the average.
- 1985-1989: There has been a sustained shipment recovery in the region: more than 6.4 percent per year, while the worldwide recovery rate was more moderate (4 percent per year) with a slight improvement in the last two years (6.56 percent in 1988-1987 and 5.49 percent in 1989-1988). Here again, recovery for petroleum products has been stronger (7.6 percent per year) than for dry cargo (4.4 percent per year).

The volume of unloaded cargo in African ports, which may be considered as imported goods, has had an evolution similar to that of exports, but in a less marked way.

Between 1970 and 1989, to refer to a long period, the trend has been upwards at the same rate as the world maritime traffic: 2.2 percent per year. This overall evolution, however, masks major variations over time. In fact, when considering the decade of the 80s, it is observed that the maritime imports' volume has declined abruptly in 1982: from 57 million tons in 1981, it dropped to 52 million tons in 1982: a decrease of 8.77 percent. This has been followed by a period of stagnation around 51 to 52 million tons per year until 1987. In 1988, imports began to recover and reached again the 1981 level: 57 million tons. This increase seems to continue in 1989, but at a lower rate: 3.5 percent as compared with 1988. Besides the unfavorable economic situation, this stagnation of imports in Sub-Saharan Africa can be explained by financing difficulties.

An analysis by product category shows that the import volume more or less stagnated around 15 or 16 million tons during the period. Dry cargo was indeed affected by the earlier described fluctuations, slightly amplified during the recovery of the last two years 1987-1989.

Participation of the region's various countries in maritime trade has been very variable. In fact, it is a perfect reflection of natural resources' unequal distribution.

With respect to loading, petroleum products are produced by five petroleum exporting countries with a Nigerian domination. Nigeria alone ships two-thirds of the volume, and the remaining one third is shipped by Angola, Cameroon, Congo and Gabon. In the case of dry cargo, three countries ship more than 50 percent of the region's maritime freight: Guinea (10 Mt), Liberia (15 Mt), and Mauritania (8 to 10 Mt). It must be remembered that Liberia and Mauritania are major producers of bauxite and iron ore respectively.

It is also to be pointed out that a group of countries, that can be qualified as "intermediate shippers", are shipping 2.5 to 3.5 million tons per year: Cote d'Ivoire (3.5 Mt), Congo (2.5 Mt) and Senegal (2.5 Mt).

As far as imports are concerned, with the exception of Nigeria which receives on the average one fifth of the region's total, the countries can be divided into two groups. The first includes major importers (2.5 to

3.0 million tons per year): Cameroon, Cote d'Ivoire, Liberia and Senegal. The second group comprises all other countries which import less than 2 million tons per year, with a very large dispersion.

In 1989, the share of Sub-Saharan Africa in international shipping was about 5 percent for loaded cargo and 1.4 percent for unloaded cargo (Table 8). The evolution of this share has been identical to that of the trade generated or attracted by the countries of the subregion, resulting in a reduction of this share from 1980 until 1985. There has been, thereafter, a slight recovery of exports. The share of imports remained rather steady since the 70s, around 1.5 percent to 1.6 percent of world trade. However, there has been a slight decline since 1987, with this share fluctuating between 1.4 percent and 1.5 percent in 1987–1989.

As compared with the trade of African developing countries, the share of Sub-Saharan Africa for loaded cargo remained at the same level: 45.5 percent in 1980 and 1989, in spite of a sharp decline between 1981 and 1984. As far as unloaded cargo is concerned, this share declined from 54 percent in 1970 to 35 percent in 1980 and to 32.4 percent in 1989. This confirms that when the international trade trends downwards, these variations are amplified in Sub-Saharan countries. The sensitivity of certain exports to a keen competition on the international market and the precarious situation of the region's economies explain this trend toward the worsening of the negative impact of the international economic environment.

3.2 Trade Structure

This subject will be dealt globally. Indeed, data for products and countries are generally not available. At first, a rough breakdown can be made according to the type of cargo, highlighting an initial segmentation of the shipping market in the region.

Table 8 shows an imbalance between loaded and unloaded cargo in the region's ports. In fact, the loaded cargo is more than three times the unloaded cargo. This wide imbalance is explained by the fact that most of the exported cargo (more than 60 percent) consists of petroleum products, especially crude petroleum, shipped from the region, while petroleum imports represent only 25 to 26% of the loaded cargo. Accordingly, the share of refined petroleum products in the imports is relatively large because of inadequate refining capacity in the region.

For products other than petroleum, this imbalance also exists, but at a much lower level. In this case, the ratio between loaded and unloaded cargo is no more than 1.5 to 1.6. The nature of traded goods is responsible for this residual imbalance. With regard to the loaded cargo, it consists mainly of agricultural products or of products of mineral or metallic origin which are generally very ponderous. The share of exported miscellaneous cargo is relatively small, but this share increases substantially in the case of imports. However, the share of other imported primary products remains relatively high.

Considering only the MINCONMAR member States for which complete data for 1980 and 1986 are available, it has been possible to establish the trade structure by cargo type (Table 8).

Table 8: MINCONMAR Member States: Structure by Cargo Type

	UNLOADED CARGO				LOADED CARGO			
	(million t)		(%)		(million t)		(%)	
Year	1980	1986	1980	1986	1980	1986	1980	1986
Dry bulk	10.60	7.60	30.0	27.5	47.00	39.70	29.17	29.8
Liquid bulk	10.00	10.40	28.3	25.3	110.50	89.70	68.60	67.3
Refrigerated	0.77	0.66	2.2	8.0	0.43	0.51	0.27	0.4
General cargo	12.50	8.14	35.5	28.6	2.57	2.76	1.70	2.0
Other cargo	1.40	0.80	4.0	10.6	0.62	0.67	0.26	0.5
TOTAL	35.3	27.6	100	100	161.1	133.3	100	100

Source: UNCTAD, *Study of Maritime Transport in West and Central Africa*.

The above Table shows the specificity of seaborne external trade of MINCONMAR member countries.

On the export side, bulk transport dominates the region's trade: 96 percent to 97 percent of loaded cargo. Crude oil alone accounts for slightly more than two-thirds of export volumes. The solid cargo transported in bulk represents 29 percent to 30 percent of total traffic. The general cargo, including refrigerated products, represents only 2 percent to 3 percent of total shipments.

On the import side, the share of bulk transport is still high: 52 percent to 58 percent of unloaded cargo, depending on the year, with a slight downward trend. The distinction between liquid bulk—mainly crude and derived petroleum products—and solid bulk—cement, cereals, etc.—is slightly in favor of the latter. Various forms of cargo represent 42 percent to 48 percent of the total loaded.

This breakdown makes it possible to better analyze imbalances on the basis of the maritime transport type. In fact, assuming at first that the traffic structure at loading and unloading of MINCONMAR countries represents that of Sub-Saharan countries and that it has not changed much since 1986—an acceptable assumption considering trade evolution between 1986 and 1989—and taking into account the fact that MINCONMAR's share is more than 85 percent of Sub-Saharan Africa's trade, the maritime transport structure of the region in 1989 can be determined by cargo type as seen in Table 9.

Bulk trade is by far the most important: 56.6 percent of departing and arriving traffic. This traffic is characterized by a substantial imbalance, especially for liquid bulk of which the outgoing flows are eight times those incoming. Most of the petroleum imports into the region consist of refined products.

Table 9: Sub-Saharan Africa: Transport Structure

Year 1989	(1) LOADED (million t)	(2) UNLOADED (million t)	(1) + (2) TOTAL (million t)	(1) : (2) RATIO	STRUCTURE (%)
Solid Bulk	53.6	17.6	71.2	3.05	28.0
Liquid Bulk	128.0	15.7	143.7	8.15	56.6
General Cargo	13.4	25.7	39.1	0.52	15.4
TOTAL³	195.0	59.0	254.0	3.3	100.0

Liners' traffic represents only 15.4 percent of the region's total maritime traffic. It varies, however. Departing traffic is only 6 percent to 7 percent, whereas arriving traffic is 43 percent to 45 percent. Liners' traffic involves an average of 40 million tons with less (reverse) imbalance as compared with bulk trade. The volume of arriving cargo is about double the volume of departing cargo. This trade is very unevenly distributed between countries and could be better handled if transportation was organized at the regional level. Economies of scale can be more easily obtained at the national level.

3.3 Trade Evolution in Value

This section is essentially based on UNCTAD international trade statistics. All the mentioned values are in current United States dollars.

In 1989, World exports reached 3,040 billion dollars, which was 50 times their 1950 value, and 10 times their 1970 value (Table 10a, 10b and 10c). There have been, however, two markedly contrasted periods:

- 1950–1980: This has been a period of very strong international trade growth, with increasing rates: 6.5 percent per year between 1950 and 1960, 9.2 percent between 1960 and 1970, and 20.3 percent between 1970 and 1980. A combination of several factors explains this trend, the most important one being the sustained economic growth of industrial countries and of some Asian countries.
- 1980–1989: There has been a subsequent slowdown in the rate of growth from the year 1980. The growth of both exports and imports decreased abruptly: the average rate during 1980–1989 dropped to 5.2 percent. This slowdown was short lived, because the international trade recovered as of 1986 and reached again its previous rhythm: 10 percent between 1985 and 1986, 17 percent between 1986 and 1987, and 13.5 percent between 1987 and 1988.

This rupture during the 1980s was essentially attributable to the delayed effects of the two oil shocks of 1973 and 1979, which slowed down the industrial economies (inflation, exchange, etc) and, as a result, reduced international trade, of which these economies are the main motors.

³ It is assumed, for simplification, that all non bulk transport is liners' traffic.

Table 10a: Exports
(in U.S. dollars billion)

Year	1950	1960	1970	1980	1985	1989
Sub-Saharan Africa	2.0	3.78	7.96	49.4	33.2	30.9
World	60.7	129.1	315.1	1,998.6	1,930.0	3,039.2
Industrial countries	36.9	85.1	223.5	1,251.6	1,272.2	2,126.4
Developing countries	18.9	28.3	57.9	573.5	457.7	650.6
Africa	3.15	5.4	12.8	94.7	61.3	55.1

Source: 1990 UNCTAD Report on International Trade and Development.

Table 10b: Imports (cif)
(in U.S. dollars billion)

Year	1950	1960	1970	1980	1985	1989
Sub-Saharan Africa	1.89	3.95	7.5	44.3	28.17	31.81
World	63.6	136.0	328.3	2,058.6	2,021.0	3,151.9
Industrial countries	41.3	88.3	234.9	1,405.5	1,385.4	2,245.4
Developing countries	17.3	30.8	58.7	471.3	416.7	624.7
Africa	3.4	6.64	11.0	74.2	57.1	62.6

Table 10c: Exports and Imports Evolution
(in percent of annual average)

	Exports				Imports			
	50/60	60/70	70/80	80/89	50/60	60/70	70/80	80/89
Sub-Saharan Africa	6.57	7.73	20.0	-5.0	7.65	6.62	19.4	-3.6
World	6.5	9.2	20.3	5.2	6.5	9.1	20.2	5.2
Industrial countries	7.1	10.0	18.8	6.0	6.5	10.2	19.5	6.3
Developing countries	3.1	7.2	25.9	1.4	4.3	6.5	23.8	1.6
Africa	5.54	9.0	22.2	-5.8	6.9	5.18	21.0	-1.87

Whereas developing countries' population is more than half that of the world, their international trade share varies between one fourth and one fifth of the value of world trade, with an inexorable downward trend. Their exports' share decreased from 31.1 percent in 1950 to 21.4 percent in 1989, while their imports' share dropped from 27.2 percent to 19.8 percent during the same period (Table 11).

Table 11: Trade Figures by Region
(percent of world total)

Region	Exports				Imports			
	1950	1970	1980	1989	1950	1970	1980	1989
Sub-Saharan Africa	3.3	2.50	2.47	1.0	3.0	2.3	2.2	1.0
Industrial countries	60.8	70.90	62.6	70.0	64.9	71.5	68.4	71.0
Develop. countries	31.1	18.27	28.7	21.4	27.2	17.9	23.0	19.8
Africa	5.2	4.00	4.7	1.8	5.3	3.4	3.6	2.0
World	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

African trade dwindled again over the period. Its share in international trade was minimal: from 5.2 percent in 1950, it declined to between 1.8 percent and 2.0 percent in 1989, both for exports and imports. The Sub-Saharan Africa region declined further from between 3.0 percent and 3.3 percent in 1950 to only about 1 percent in 1989.

This external trade decline of African countries has been to the advantage of market oriented industrial countries whose share rose from about 61 percent in 1950 to 70 percent in 1989. Within the same period, the dynamic Asian developing countries continued to increase their share of the international market through economic policies which encouraged manufactured goods' production for export. The trade evolution of developing countries (Table 11) has been similar to that observed at the international level, with the exception of the 1980s, when exports and imports increased very moderately, by 0.7 percent and 1.6 percent per year respectively, between 1980 and 1989. The trade of African developing countries and of Sub-Saharan region also increased significantly between 1950 and 1980, but less rapidly than the world average and than that of developing countries in general. This result was achieved as a result of the oil shocks and of the subsequent increase of raw material prices, during the second half of the 1970s, when exports and imports increased by an average of more than 20 percent per year.

For that matter, during the 1980s, the trade evolution of African countries contrasted with that of the rest of the world. It declined sharply: -5.8 percent per year for exports and -1.87 percent for imports between 1980 and 1989. During the same period, countries of Sub-Saharan Africa experienced the same evolution: the value of their exports dropped by an average of 5 percent per year⁴. Imports also declined by an average of 3.6 percent per year. These two rates masked a more marked evolution of exports and imports (Tables 10a, 10b, and 10c).

- Exports evolution was very erratic with sharp drops and skyrocketing increases: -39.3 percent on the average between 1980 and 1983 and -21.7 percent in 1986 as compared with 1984. In the mean time, there were intermittent increases: +9.3 percent in 1984 and 13.4 percent in 1987 which mitigated these drops.

⁴ This is a serious problem because according to some sources, exports of Sub-Saharan countries stagnated or increased slightly during this period.

- Imports declined sharply in 1983: 28.9 percent, and then 12.4 percent in 1984. This was an immediate response to the decrease in export revenues. After 1985, import expenditures rebounded but very moderately: 6.4 percent in 1987 and 3 percent in 1988 and 1989.

In response to the decrease in export revenues, imports were scaled back in most countries of Sub-Saharan Africa. This reduction, however, was less than that of export revenues: -5 percent as compared with -3.6 percent for imports. Of course, this decline had an unfavorable effect on the trade balance of these countries, as will be seen later.

A careful analysis per country, as shown in Tables 12a and 12b, indicates that these fluctuations were felt differently in each country. In the case of exports, the worst declines were experienced by the exporting countries:

- Oil: Nigeria (-11.7 percent), Gabon (-8 percent), Congo and Cameroon (-4 percent); and
- Iron ore: Liberia, Niger, and Sierra Leone.

In the other countries, though the decline slowed down, the evolution has been, on the whole, positive with an average rate of between 3 percent and 6 percent per year during the period 1980–1989. The reason for this persisting growth might be found in the nature and volume of exported products by the countries which were not affected by the general slackness during the 1980s.

At the same time, imports in each country followed the same general trend as exports, but at a slightly slower pace. With the exception of Cameroon and Gabon, for example, since all countries reduced their exports, their imports also declined (Table 12b).

Table 12a: MINCONMAR Member States—Export Evolution, 1980–1989
(percent per year)

Negative		Positive	
Country	Evolution	Pays	Evolution
Nigeria	- 11.7 %	Equat. Guinea	15.7 %
Gabon	- 8.0 %	Chad	7.8 %
Niger	- 6.9 %	Mali	5.7 %
Cameroon	- 4.1 %	Burkina Faso	5.6 %
Congo	- 4.0 %	Benin	5.1 %
Liberia	- 4.0 %	Mauritania	4.8 %
Sierra Leone	- 1.5 %	CAR	4.6 %
		The Gambia	2.8 %
		Senegal	2.2 %

Source: UNCTAD Report, International Trade and Development

Table 12b: MINCONMAR Member States—Import Evolution, 1980–1989
(percent per year)

Negative		Positive	
Country	Evolution	Country	Evolution
Congo	- 3.2 %	CAR	4.6 %
Liberia	- 9.0 %	Chad	22.6 %
Sierra Leone	- 8.8 %	Equat. Guinea	2.3 %
Benin	- 2.7 %	Gabon	2.5 %
Niger	- 4.3 %	Guinea	3.9 %
Nigeria	- 12.5 %	Mali	3.9 %
Angola	- 13.0 %	Senegal	1.7 %
		Cape Verde	6.8 %
		Guinea Bissau	4.1 %
		Rwanda	4.7 %
		Zaire	3.4 %

Source: UNCTAD Report, International Trade and Development

Reference to data in terms of value, that is, in current dollars, introduces different phenomena such as currency fluctuations, market imbalances, and price variations, which make the trade evolution analysis difficult to interpret.

The following Table gives a reconstitution of trade developments in terms of volume and value for the Sub-Saharan countries when the available data made it possible (Table 13).

Table 13: Sub-Saharan Countries Trade—Annual Average Growth Rate
(in percent)

Period	70–80	80–83	84	85	85–87	88	89	80–89
Exports:								
Volume	2.5	- 9.1	3.7	8.6	2.9	6.8	13.2	+ 0.9
Value	20.0	- 15.3	9.3	1.2	- 5.7	- 1.7	6.5	- 5.0
Imports:								
Volume	3.7	- 2.4	0.0	- 1.9	0.0	11.7	3.5	+ 0.6
Value	19.5	- 10.7	- 12.4	1.8	2.2	3.0	2.9	- 3.6

From the above Table it can be clearly seen that there is a sensible difference between growth rates by volume and by value. Over the entire period 1980–1989, the exports volume increased slightly: 1 percent, while there was a decline in value of 5 percent per year. The difference between the evolutions by volume and by value is quite marked, except as of 1987 when, in spite of the large increase in exports volume, exports revenues continued to decline.

In the case of imports, the drop in volume between 1984 and 1987 was accompanied by an increase in expenditures. On the contrary, from 1988, the increase in import value has been inferior to the increase in volume.

Two distinct reasons explain the differences:

- One is the fluctuation in the dollar value as compared with other currencies. Successive devaluations affect the purchasing power of countries whose exports are quoted in dollars.
- The other one is related to the price variations of the traded goods.

From this point of view, Sub-Saharan countries are in an unfavorable situation:

- On the one hand, most exported agricultural and mining products are dealt with on the international market, while the volume of imports from the United States is only 10 percent to 12 percent. As a result, the countries of the subregion are hardest hit by a depreciation in the dollar.
- On the other hand, a number of the exported products are primary products. It is to be noted that, notwithstanding attempts to organize the markets for these commodities, the general unit price trends downwards, except for intermittent fluctuations.
- From 1960 to 1973, the exchange rates, which changed very little in current dollars, declined sharply as a result of inflation.
- In 1974, following the first oil shock, there has been a sensible improvement in the situation, which remained steady until 1981, as a result of the second oil shock in 1979.
- After 1982, there has been a sharp decline in rates until 1988. There was a slight improvement in 1989 (Tables 14a, 14b, and 14c).

Overall, it can be said that certain products suffered more than others. The prices of tropical products, which account for a larger exports share of several MINCONMAR countries collapsed: -50 percent for coffee and -35 percent for cocoa in 1989. Cotton prices rose slightly in 1987 and then dropped again by 20 percent in 1988. The price of phosphates fluctuated from year to year, but the general trend was downwards. A few minerals and metals (bauxite, copper, cobalt, iron) were able to maintain their prices at a slightly higher level over the past five years.

The crude oil prices index also declined from 1983 onward and reached 48 percent of its 1980 level in 1989. Only manufactured products, which African countries import rather than export maintained rates increases, especially during the period 1985–1989 (25.4 percent).

Table 14a: Terms of Trade Indices
 (Base: 1980 = 100)

Region	1960	1970	1975	1981	1985	1986	1987	1988	1989
Industrial Countries	117	122	109	98	101	110	111	113	112
Developing Countries	45	38	73	109	96	71	75	71	74
Africa	49	36	67	109	95	63	67	59	64
Sub-Saharan Africa	55	54	71	103	92	72	71	65	66
Asia	32	25	66	113	99	68	76	71	73

SOURCE: UNCTAD, 1990: *International Trade and Development*

Table 14b: Indices of Exports Purchasing Power
 (Base: 1980 = 100)

Region	1960	1970	1975	1981	1985	1986	1987	1988	1989
Industrial Countries	287	66	80	100	119	133	142	155	165
Developing Countries	21	37	64	103	90	82	92	100	108
Africa	23	47	64	85	74	55	57	52	54
Sub-Saharan Africa	30	56	70	84	77	57	60	56	57
Asia	14	26	61	106	53	39	41	38	45

SOURCE: UNCTAD, 1990: *International Trade and Development*

Table 14c: Indices of Certain Commodity Prices
 (Base: 1980 = 100)

Year	1970	1975	1981	1985	1986	1987	1988	1989	1990
Food products, drinks	26.6	66.0	80.1	49.5	56.5	52.3	64.3	65.7	60.9
Coffee	31.7	45.5	81.3	87.2	123.	69.0	68.9	59.9	54.0
Cocoa	25.9	47.9	79.8	86.6	1	76.7	61.1	47.9	48.8
Minerals and metals	45.7	60.0	84.4	69.5	79.5	78.2	114.	114.	77.3
Crude oil	5.9	29.9	96.1	76.1	66.4	50.1	3	1	62.2
Manufactured goods	34.0	63.4	94.8	87.1	38.9	111.	40.0	48.5	136.
					103.	5	125.	125.	
					2	3	4		

SOURCE: UNCTAD, 1990: *International Trade and Development*

This resulted, for these countries, in a worsening of the terms of trade and a decline of external purchasing power. At the end of 1989, the index of the developing countries' terms of trade was only 74 percent of its 1980 value. For Sub-saharan Africa, it was only 66 percent. By comparison, the same index for the industrial countries remained stable at a level of 10 percent above its 1980 value, and rose to 112 percent in 1989 (base: 100 = 1980).

The African exports purchasing power plummeted sharply in the 1980s: 40 percent between 1980 and 1990, while that of industrial countries rose by 70 percent during the same period. This means that the African developing countries had to face a sharp increase in the prices of their imported goods while the prices of their exports declined.

The relative importance of Sub-Saharan countries in the region's trade has been shown by the analysis of the external trade of MINCONMAR member States during 1989 (Tables 15a and 15b). Four countries (Angola, Côte d'Ivoire, Nigeria and Zaire) account for more than two-thirds of the region's total exports. Nigeria alone accounts for 43 percent of the value of exports. The domination of the oil-producing countries is very clear. However, if non-oil products shipped by sea are considered, the picture changes drastically. In this category are ore producers, Liberia (33.7 percent) and Mauritania (13.5 percent), and agricultural producers such as Côte d'Ivoire. This structure of trade in terms of value confirms the structure in terms of volume as had been seen earlier, and highlights the predominance of countries endowed with natural resources.

Table 15a: **Exports (1989)**

Country	Value (in million \$)	Market Share (%)
Nigeria	9,000	42.57 %
Côte d'Ivoire	2,970	14.0 %
Angola	1,350	6.4 %
Gabon	1,160	5.5 %
Zaire	1,250	5.91 %
Ghana	1,020	4.80 %
Congo	912	4.3 %
Cameroon	900	4.27 %
Senegal	600	2.84 %
Others	2,129	9.4 %
TOTAL	21,291	100.0 %

Source: UNCTAD, 1990 Report: International Trade and Development

Imports are somewhat better distributed, nonetheless with a slight domination by oil-producing countries because they have more resources to make purchases abroad. Côte d'Ivoire stands out from the group in that it maintains an important share (14.6 percent) and the same level as with exports while Nigeria remains the greatest importer, accounting for over one-fifth of all the imports into MINCONMAR countries.

Table 15b: **Imports (1989)**
(CIF)

Country	Value (in million \$)	Market Share (%)
Nigeria	3,600	22.0 %
Côte d'Ivoire	2,380	14.6 %
Senegal	1,150	7.0 %
Cameroon	1,320	8.0 %
Gabon	950	5.8 %
Ghana	940	5.8 %
Congo	524	3.2 %
Mali	500	3.0 %

Source: UNCTAD, 1990 Report: International Trade and Development

The exports' structure in terms of value confirms the structure in terms of volume, in which agriculture-based commodities, metals, and minerals account for the largest market share (Table 16). These products are the main export revenue earners: 96 percent in 1990 and 86 percent in 1987. The manufacturing sector share is still limited, though it has been increasing over the last few years. A few countries, such as Kenya and Mauritius, have obtained some diversification through industrial activities' development. For the remaining countries, the situation is practically the same as that of the mid 60s, when the share of manufactured products in the value of exports was very small. Examples are Zaire (7 percent), Burkina Faso (2 percent), Nigeria (2 percent), Niger (4 percent), Ghana (3 percent), Mauritania (2 percent), Liberia (1 percent).

Table 16: **Export Goods Structure of Sub-Saharan Countries**
(percent)

Exported Goods	1965	1980	1987
Fuels, minerals and metals	34	71	47
Other primary products	58	25	39
Primary products	Total	92	96
Manufactured goods		8	4
			14

Source: IBRD Report: Sub-Saharan Africa—Long Term Prospective Study

It should be noted that, in Southern Asia, a positive contribution of the industrial sector in export development is registered. Its share in the external revenues rose from 37 percent in 1965 to 64 percent in 1987.

An analysis by country shows a strong concentration of exports, since the bulk of revenues comes from a maximum of two to four products. Table 17 illustrates the situation for the period 1987–1989.

This high exports concentration is a source of irregular revenues and causes the fragility of these countries' economies. Furthermore, the situation is worsened by the stiff competition of these products on the international market.

- Cotton is produced in large quantities in Asia, the former Soviet Union, and the United States;
- tropical products (cocoa, coffee, tea, etc) are offered on a wide scale in Latin America and in South East Asia;
- iron ore is produced by Australia, Brazil, Canada, and East European countries, especially Russia; and
- other commodities of mineral or metallic origin are produced to a great extent by industrial countries and Eastern European countries, that have abundant reserves and are closer to Western Europe, which is the traditional outlet for African products.

Table 17: Exports Concentration of Sub-Saharan Countries
 (as a percentage of total exports value, 1987–1989)

Angola Crude Oil: 91%	Côte d'Ivoire Cocoa: 34% Coffee: 18% Timber: 12%	Niger Uranium: 86% Crude Oil: 4%
Benin Cotton: 40% Cocoa: 13%	Uganda Coffee: 92%	Zambia Copper: 83%
Togo Cotton: 15% Phosphates: 48% Cocoa : 11% Coffee: 11%	Gabon Crude Oil: 64% Timber: 15%	Nigeria Crude Oil: 94% Cocoa: 3%
Cameroon Crude Oil: 30% Cocoa: 18% Coffee: 4% Timber: 8%	Tanzania Coffee: 43% Cotton: 12%	Central African R. Diamonds: 49% Cotton: 7% Coffee: 18% Timber: 10%
Burkina Faso Precious stones: 41% Cotton: 30%	Ghana Cocoa: 44% Timber: 13% Bauxite: 25%	Rwanda Coffee: 81% Tea: 9%
Zaire Precious stones 12% Crude Oil: 12% Coffee: 16% Copper: 37%	Mali Cotton: 74%	Sierra Leone Diamonds: 15% Titanium: 47% Cocoa: 7% Coffee: 7% Bauxite : 18%
Congo Crude Oil: 73% Timber: 9%	Liberia Diamonds: 17% Iron ore: 40% Timber: 10%	Malawi Tobacco: 68% Tea: 13%

As far as exports are concerned (Table 18), Sub-saharan countries' purchases on the world market concern mainly two sectors:

- Manufactured goods represent 70 percent to 75 percent of the value of the purchases, the bulk being capital and intermediate goods. This high level confirms the slow pace of industrial production diversification.
- Food products continue to account for 12 percent to 14 percent of all imports since 1965. The gap between demographic growth and agricultural production is responsible for this situation.

Table 18: **Imported Goods Structure**
(percent)

Year	1965	1980	1987
Manufactured goods	76	70	74
Food products	14	16	12
Fuels	6	11	10
Other primary products	4	3	4
Total	100	100	100

This overall structure masks major disparities in the purchase mix of certain Sub-Saharan countries. Indeed, two points deserve attention:

- The growing weight of the food imports bill (Table 19) in some countries. This bill has risen rapidly over the last 20 years in Cameroon, Congo, Gabon, Niger, Senegal, and Togo.
- The burden of oil purchases (Table 19) is severely affecting the resources of the non-oil producing countries. The oil bill has more than doubled in countries such as Benin, Cote d'Ivoire, Ethiopia, Ghana, Kenya, Liberia, Mali, Rwanda, etc., between 1965 and 1988.

The ever-increasing cost of petroleum products is apparently the main reason for the sharp energy bill increase.

Table 19: **Food and Petroleum Products' Shares of Total Imports**
(percent)

Food products			Petroleum products		
Country	1965	1988	Country	1965	1987
Niger	12	21	Ethiopia	6	23
Togo	15	34	Mali	6	16
Senegal	36	40	Rwanda	7	21
Congo	15	24	Kenya	11	22
Cameroon	11	23	Benin	6	31
Gabon	16	22	Ghana	4	17
			Liberia	8	22
			Cote d'Ivoire	6	15

Source: IBRD Report on Development (1990)

4. GEOGRAPHICAL TRADE DISTRIBUTION

An analysis of MINCONMAR member States' trade with the rest of the world highlights the predominance of the relations with industrial countries, in general, and with traditional partners (former colonial powers) in particular. This is borne out by an examination of the trade structures of each country. In the absence, however, of homogeneous data on each country, an attempt has been made to describe these structures by:

- an aggregated analysis of the 1970 situation for which complete data are readily available;
- a trend analysis for the 1980s, focussing on a number of countries for which some data are available.

These analyses are based on trade value in current dollars. Table 20 shows the 1970 trade structure.

Table 20: 1970 Trade Structure

Region or Country	Exports (%)	Imports (%)
World	100	100
Total industrial countries:		
·Europe	85.7	82.0
·EC	70.7	63.3
·U.S.A. and Canada	69.6	60.2
·Japan	11.4	12.3
·Other industrial countries	3.0	5.7
	0.6	0.7
Eastern Europe:	2.7	2.7
Total developing countries:		
·Africa	11.1	13.3
	8.1	6.1
Others	0.5	2.0

Source: Reconstituted from a UNCTAD's 1990 Report

Table 20 shows clearly an export and import structure in which trade with industrial countries is more than 80 percent. The bulk of this trade is made with the EC countries and, far behind, with North America. Trade with developing countries represents less than 15 percent, of which 6 percent to 8 percent is Africa's share.

This aggregated situation is generally confirmed when the situation of each particular country is examined separately. For most MINCONMAR countries, the exchanges' share with industrial countries is more than 70 percent, and in some cases the figure nears 95 percent.

Nevertheless, there are a few countries where trade with the industrial bloc is less than 70 percent. This is the case, for example, of the landlocked Burkina Faso and Chad, and also of Senegal, who have to trade with coastal countries (the country of origin or the final destination of cargo may be the industrial countries in the final analysis).

Since it is not possible to discuss the 1980s trade evolution in every MINCONMAR country, the following Table presents only the situation of the main countries in the region.

Table 21: **Trade Patterns of Selected Sub-Saharan Countries**
(in percent)

Country	Cameroon		Nigeria		Côte d'Ivoire		Kenya		Angola	
	Export	Import	Export	Import	Export	Import	Export	Import	Export	Import
Year	86		88	87	87	86	88	85		87
WORLD	100		100	100	100	100	100	100		100
INDUSTRIAL COUNTRIES:										
·Europe	92.4		67.5	80.9	91.2	81.1	64.4	69.4		68.3
·EC	67.0		60.4	68.7	42.0	63.1	54.7	56.5		48.5
·USA+Canada	66.2		60.3	64.7	41.5	57.8	54.4	54.1		43.4
·Japan	17.6		5.4	3.8	49.1	12.3	8.6	7.9		7.8
·Others	6.6		1.2	8.2	0.1	5.2	0.7	5.0		10.9
	1.2		0.5	0.2	0	0.5	0.4	0.1		1.1
EASTERN EUROPE:										
·Africa	0.4		4.1	1.4	0	6.0	5.3	1.1		0.5
DEVELOPING COUNTRIES:										
·Africa	6.4		28.5	14.9	8.8	10.8	25.0	27.5		30.1
·South East Asia	4.6		22.3	5.8	6.1	1.2	22.8	21.4		2.8
Asia	0.2		2.0	5.5	0.1	6.2	1.7	0		19.2

A review of the countries' trade structure for the second half of the 1980s shows that:

- most countries maintained a high trade level with the industrial countries;
- there was some trade redistribution among industrial countries, with the result that the Japan and South East Asia group of countries gleaned one to two points (of imports) from the traditional industrial countries;
- there has been no clear trend toward trade consolidation with Africa, the relationship being rather erratic with various African countries over the years.

It is obvious that the very slow growth of local economies is the main cause of the trend observed, namely the high trade volume with industrial countries as main outlets for raw materials and suppliers of manufactured goods. There was no big change in the type of goods involved. In addition to the lack of exports diversification, there is also an absence of trading partners' diversification. Even though Asian countries have a substantial market potential, African countries have not yet made a significant penetration into their markets.

This spatial distribution of MINCONMAR member States trades and of African countries in general is the opposite of the world trade structure, which is essentially intrazonal: indeed, more than two-thirds of Western Europe's trade takes place with other European countries, and half of the world's trade happens between industrial countries.

Africa seems to escape this logic, which will be reinforced in the future as more and more regional economic groups are in the offing. An increased economic cooperation between Sub-saharan countries could ensure a competitive regional economy, foster intraregional trade, and help product diversification on the international market.

5. **BALANCE OF PAYMENTS**

In this paper, the balances of payments of the Sub-Saharan countries are based on UNCTAD data (1990 Report on International Trade)—rather than on the IMF data—for reasons of sources' homogeneity. There are, however, some consistency problems with respect to import CIF and FOB values, as well as export values, that have been difficult to solve.

The obtained results should, therefore, be considered as orders of magnitude that will have to be refined in the course of future studies. The intention, here, is to give an initial view on the various items of the balance of payments and on their evolution over the last five years. Thereafter, an attempt will be made to assess the seaborne trade impact on current transaction results in the countries of the region.

5.1 **Goods**

Trade in goods, i.e. "visible goods", as discussed earlier, constitutes the most important part of the current transactions (Table 22). The 1989 balance showed a surplus of 1,700 billion dollars. It is to be noted that the region's trade balance has always been positive. But, after this increase during the 1970s, this surplus has begun to decline over the last few years. This trend first appeared in 1986, when exports dropped sharply, by more than 18 percent, as compared with the 1985 figures. The trend subsisted in spite of the fact that exports bounced back in 1987 and 1988, because imports were not reduced in line with the drop in revenues. The cover ratio which was between 120 percent and 125 percent in 1980–1985 was only 105 percent in 1989.

The situation is similar for the region's oil-exporting countries who have enjoyed a permanent trade surplus, such as Cameroon, Congo, Gabon and Nigeria. The same is true for ores and precious stones exporting countries, whose prices have moved upward (gold, cobalt, copper, diamonds), such as Liberia, Zaire, Zambia and Zimbabwe. These countries still have a positive balance that has, however, been declining for some years now. Cote d'Ivoire and Uganda are also in a surplus situation as a result of their export development and their sound external procurement policies.

Save the here-above mentioned countries, all the others have been in the throes of chronic external balance deficits for nearly 20 years. These deficits, however, have had a tendency to stabilize over the last five years. Indeed, most of these countries have now embarked on austerity programs which limit spending and foreign purchases.

Table 22: Sub-Saharan Africa—Balance of Payments
(in millions of US dollars)

Year	1970	1980	1985	1986	1987	1988	1989
GOODS:							
·Exports (fob)	7,980	51,848	35,573	29,620	31,968	32,995	35,200
·Imports (fob)	6,971	42,982	28,579	27,060	29,641	31,673	33,502
Trade Balance	1,009	8,866	6,994	2,560	2,321	1,321	1,698
SERVICES (NET):							
Balance of Goods and Services	-1,935	-14,359	-12,593	-12,271	-14,571	-14,668	-14,791
Balance of Current Account	-926	-5,493	-5,599	-9,711	-12,250	-13,347	-13,093
PRIVATE TRANSFERS (NET):							
PUBLIC TRANSFERS (NET):							
Balance of Current Account	-241	-1,338	108	-295	69	297	483
704	3,142	4,046	4,425	5,173	5,445	6,387	
-463	-3,689	-1,445	-5,581	-7,008	-7,608	-6,223	
CAPITAL ACCOUNT:							
·Long term capital (net)	1,091	7,240	3,308	3,832	3,420	2,689	7,211
Loans	918	10,450	8,995	10,732	11,305	9,563	12,322
Loan repayments	-469	-4,076	-8,180	-7,535	-10,020	-9,448	-7,580
·Short term capital	-139	528	-593	2,066	4,331	5,454	-167
ERRORS AND OMISSIONS:	38	-1,312	-1,068	225	-478	345	990
TOTAL BALANCE	527	2,767	202	542	265	880	1,811
Cover ratio (Exports/Imports)	1.14	1.20	1.24	1.10	1.08	1.04	1.05

Source: Based on an 1990 UNCTAD Report

5.2 Services

Trades in services, or "invisible trades", (see Tables 22 and 23) constitute the second item of current operations. Their negative balance has been worsening since the early 1980s.

In 1989, the deficit of the balance of services in Sub-Saharan countries was 14.8 billion dollars, which represents 42% of the export goods value. This negative balance exceeds the trade surplus and contributes to a persistent deficit of the current account. This situation, which is detailed in Table 23, is the result of many factors, the main ones being:

- the high level of imported services in the region, which heavily depends on these services to maintain its level of production and exports; this accounts for a large portion of the total foreign bill: 35 percent to 40 percent;
- the sharp increase of the interest charges paid on external debt, which occurred during the 1980s: an increase of 160 percent in 1989 as compared with 1980; its share in the balance of services rose from 19 percent in 1980 to about 48 percent in 1987 and 1988; and
- the limited tertiary sector development and, in particular, the low level of exports of services in the region; export earnings on services covered only one third of service expenses.

Freight and insurance expenses (Table 23) represent a large share (20 percent to 22 percent) of the imported services and contribute for 30 percent to 35 percent to the balance of services deficit. Transport expenditures decreased substantially between 1980 and 1985: from 5.88 billion dollars in 1980, they have stabilized around 4.3 billion dollars per year until 1987, and they increased again by about 10 percent in 1988.

As far as transports are concerned, it is worth mentioning that the value of services has declined drastically between 1980 and 1985 (46.5 percent) and remained constant at 0.65 to 0.70 billion dollars per year since then.

The region's shipping lines participation has been curtailed over the last few years as compared with the beginning of the decade. On the whole, the balance of transport services was negative, while the deficit tended to increase. This aspect will later be studied in more details.

Table 23: Sub-Saharan Africa—Balance of Services: Main Items
(in billions of current dollars)

Year	1980	1985	1986	1987	1988	1989
DEBIT:						
·Insurance and Freight	(1) 5.88	22.65	18.73	18.49	21.70	22.20
·Interests on Loans	(2) 2.70		5.10	4.80	7.20	7.50
CREDIT:	(4) 1.55	8.31	6.14	6.25	7.15	7.47
·Insurance and Freight	(5) 0.83		0.67	0.65	0.75	0.67
·Interests on Loans	1.25		0.50	0.51	0.60	0.62
·Travels	1.00		0.96	1.20	1.40	1.50
BAL. OF SERVICES: (1)-(4)=	(6) -4.33	-14.30	-12.60	-12.30	-14.60	-14.70
NET BAL.OF TRANSP.: (2)-(5)=	(7)		-3.47	-3.63	-3.75	-4.13
INTERESTS: (3):(6) (%)	0.19		0.40	0.39	0.49	0.51
RATIO FREIGHT/DEBIT: (2):(1)	0.26		0.23	0.23	0.20	0.22
SERVICES/GOODS+SERVICES:						
·Import	0.85		0.40	0.41	0.43	0.36
·Export	0.13		0.14	0.17	0.18	0.17

Source: Reconstituted from a 1990 UNCTAD Report.

The outstanding balance of goods and services (Table 22) has evolved negatively. The 1989 deficit was 14 times bigger than in 1970 and more than twice (x 2.4) the 1980 figure. In spite of a substantial increase of transfers, essentially public transfers under the form of aid from donors, the current transactions deficit remained high: 6.22 billion dollars in 1989, which was more than four times the 1985 figure.

It is also important to note that all the region's countries suffer from a chronic current transactions deficit and that the situation generally became worse during the 1980s.

Finally, the capital account has contributed significantly to the improvement of the outstanding external balance, which was always positive. This improvement results of massive capital transfers as long-term loans to the region's economies—to support their structural reforms and to meet, at least in part, their financial needs. In this regard, the countries of Sub-Saharan Africa are reimbursing huge amounts of loans: 8 to 10 billion dollars per year since 1985, in spite of the efforts the international community has been making to lighten the region's debt burden.

In 1989, debt service represented about 47 percent of overall exports of the Sub-Saharan in terms of financial flows. Save for the in public transfers' increases since 1986, the situation would have become unbearable because most of the loans contracted would be used only to service the debts.

It must be pointed out that debt rescheduling efforts of these countries are still limited. Specific measures should be taken to ease the Sub-Saharan economies and to enable them to invest and thus grow.

5.3 Impact of Transport on Balance of Payments

It is difficult to assess the general impact of maritime transport and national shipping lines on the basis of the balance of payments. A complete balance sheet, in foreign currencies, requires an accurate knowledge of:

- the foreign disbursements related to the financing of ships purchased or chartered abroad;
- the bunker and service charges in foreign ports; and
- the foreign operating expenses of ships, such as spare parts and fuel purchases, etc.

This entails that the net investment impact, in terms of foreign currencies, in the maritime transport sector differs considerably according to the various maritime policies of the countries.

On the basis of balance of payments data, it is, however, possible to determine the total transport costs of imports and to identify certain indicators that will make it possible to assess the regional shipping lines' contribution to the region's external trade development. In order to do so, some approximations will be necessary. In particular, since insurance costs cannot be isolated, they will be integrated in transport costs.

Table 24 is a synthesis of a review of Sub-Saharan countries for the period 1984–1989. It is based on the approach described in the IBRD study, *Transport in Invisible Trade* (PPR, December 1988).

The total import shipment costs borne by Sub-Saharan African countries in 1989 was 4.7 billion dollars. Between 1984 and 1989, there has been a rather moderate increase of transport costs (4.3 percent from 1984 to 1985) followed by a near-stagnation period between 1985 and 1987, after which there has been a sharp increase in 1988 (10.9 percent) and a slight decline in 1989. This erratic variation cannot be explained by the transported volume of freight evolution. The freight rates fluctuations and the effects of the various countries' maritime policies are the real factors which require a more thorough study.

Table 24: Sub-Saharan Africa—Total Transport Cost
(in millions of US dollars)

Year		1984	1985	1986	1987	1987	1989
IMPORTS:							
·CIF	(1)	34,177	32,907	31,440	34,049	35,913	37,614
·FOB	(2)	30,082	28,581	27,061	29,641	31,674	33,502
·Ratio CIF/FOB (1):(2)		1.136	1.155	1.162	1.148	1.133	1.123
FREIGHT & INSURANCE:							
·Credit	(3)	672	898	595	575	746	577
·Debit	(4)	-3,585	-3,790	-3,740	-3,852	-4,239	-4,112
·Total Freight (2)-(1)	(5)	-4,095	-4,326	-4,379	-4,408	-4,882	-4,681
NATIONAL FREIGHT: (5)-(4)	(6)	510	536	639	556	643	569
SHARE OF NAT'L TRP.: (6):(5)	(7)	12.45	12.40	14.60	12.60	13.17	12.15
TOTAL OWN TRP.: (6)+(3)	(8)	1,182	1,434	1,234	1,131	1,389	1,146
NET REVENUE INT'L TRP.: (8)+(4)	(9)	-2,403	-2,356	-2,506	-2,721	-2,850	-2,966
NET BALANCE OF INT'L TRP.: (3)+(4)	(10)	-2,913	-2,892	-3,145	-3,277	-3,493	-3,535

Source: Items 3 and 4 are IMF's data (*Balance of Payment Documentation*).

The CIF/FOB ratio has maintained an average value between 1.12 and 1.14 from 1984 to 1989. This highlights the significant share of transport costs in the value of imports. For comparative purpose, Table 25 presents these ratios' values for different world's regions.

Table 25: Freight Costs as a Percentage of CIF Imports Value

Region	1987	1988	1989
World	5.24	5.27	5.27
Industrial Countries	4.39	4.40	4.42
Developing Countries			
· Africa	8.90	8.85	8.78
· Asia	11.30	11.30	11.30
Sub-Saharan Africa	8.36	8.39	8.35
Sub-Saharan Africa	12.90	11.70	11.00

Source: UNCTAD Reports on Maritime Transport, 1987 and 1988.

Though the Sub-Saharan countries' transport share in import costs has been declining since 1986, it is still obvious that this share is a little more than double the world average and about 2.5 times higher than that of industrial countries. The ratio is even higher for certain landlocked countries, such as Uganda (20 percent to 25 %) or Rwanda (20 percent), but it could be highly dependent on imported products' unit value. A study by the World Bank (December 1988) has indeed shown that this ratio is, in fact, independent of the national shipping lines' share in the countries' import transport. In other words, the freight rate and the imported products' value are the only determining factors.

In the area of transport, pressure on freight rate is the only possible action to reduce its impact on import and export cost and improve the international trade competitiveness. The creation of an enabling competition environment in this sector, through reforming, among other things, the maritime conferences' operation could significantly contribute to bringing CIF/FOB ratios to an acceptable level and reducing the additional transport costs burdening the region's economies.

The regional shipping lines' participation in the transport of imports has resulted in foreign exchange savings amounting to 570 million dollars in 1989. This participation has varied over the years, with a slight increase between 1984 and 1986, and alternated declines and an increases in 1987–1989.

On the average, the savings have hovered between 550 and 640 million dollars. The share of the national shipping lines revenues in the total shipping costs of the region's imports has been between 12 percent and 14 percent, depending on the year. This contribution is low when compared with that of other regions that enjoy large fleets, as is the case of some Asian and Latin American countries.

If the sale revenues of transport services are added to these amounts, the total contribution of national shipping lines rises around 1.2 or 1.4 billion dollars per year for the period 1984–1989, which represents 3.5 percent to 4.2 percent of export revenues. In 1989, these revenues represented 15 percent of the region's total service sales and covered 7.8 percent of the negative balance of services. Even though this is a rough approximation, this approach allows to determine the role of regional shipping lines in the external accounts. While this participation is appreciated, it is nonetheless limited and has no real effect on freight shipment distribution.

Finally, the overall balance of the transport account can be calculated in two ways:

- By integrating the global revenues of the national shipping lines in the overall transport account, which gives a negative deficit of about 3 billion dollars. This deficit is increasing in absolute terms, as a result of a faster imports' transport cost increase than that of direct and indirect national shipping lines' revenues. This balance is worsening at an annual rate of 5.9 percent since 1985. In 1989, it was about 20 percent of the total balance of services and exceeded by more than 74 percent the balance of goods surplus.
- According to the balance of payments account, the balance of the goods' transport account (difference between transport credit and debit) is also negative, but the deficit is higher. It reached 3.5 billion dollars in 1989 and seemed to worsen because expenditures outpaced revenues in the sector. Its share of the chronic balance of services' deficit ranges from 22 percent to 24 percent, according to the year.

5.4 Conclusions

In summary, as is the case with all services, the maritime transport account shows a chronic deficit, which is slowly but steadily increasing: 3 to 3.5 billion dollars per year, which represents 20 percent to 24 percent of the negative balance of services. This deficit exceeds by 70 percent the trade surplus in goods. The imports' freight cost is the highest anywhere in the world: it is the double of the world's average and is 2.5 times the ratio of the industrial countries.

The contribution of national shipping lines is significant: more than one billion dollars in revenues—including the cost of shipping imports for own account—which decreases the negative balance of services by about 8 percent. In order to better assess the efficiency of national shipping lines, however, it would be necessary to have all the information needed to determine the real operating cost of such a system.

Therefore, it seems obvious that investment opportunities in maritime transport cannot be evaluated from the only viewpoint of its impact on the balance of payments. In the case of Sub-Saharan Africa, the

indicators do not show any advantage for the countries that own a national fleet. In fact, with the exception of Nigeria, the situation appears to be more or less similar in all the countries along the African West Coast.

The present study is but a summary analysis, which would require a deeper review under its second phase on the basis of some countries' case studies to highlight the main factors that determine the maritime transport cost and the interactions between maritime policies and the expenditure level incurred, as a result of these policies, by national and regional economies.

There is a need for economies of scale and for optimal investments, which requires a coherent maritime transport policy, not only at the national level but especially at the regional level, or, at least, at the subregional level. The regional integration mechanisms and the existing structures (MINCONMAR, for example) should be revived and reorganized so that they can help to formulate and implement such policies. Only then, will it be possible to define the role of national shipping lines and the level of investment they require.

SHIPPING SERVICES' SUPPLY AND DEMAND IN WEST AND CENTRAL AFRICAN STATES

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1. INTRODUCTION

1.1 This paper has been prepared within the framework of the Round Table organized by the World Bank, the European Communities (EC) and the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR). Its scope is to analyze supply and demand for maritime transport in West and Central Africa.

1.2 The aim of the paper being to enhance the maritime transport efficiency, the analysis will take into account actual supply and demand for maritime transport and will point out whatever weaknesses may exist (methods, statistics, etc) that might lead to unsound conclusions.

1.3 Two kinds of difficulties were encountered:

- A lack of finances for the necessary travels to obtain important documentation and reliable data.
- The absence of a subregional source of exhaustive statistics and the disparity of available statistical sources, which do not necessarily use the same data collection methods nor do they produce data for the same purposes. The result is that, generally speaking, statistics for the same country differ according to the sources: whether port, shipping line, shippers' council, or customs.

1.4 Deficiencies, and sometimes unavailability, of subregional statistics prevented to provide figures for the period after 1990.

1.5 This paper will thus tackle two issues:

- the supply of maritime transport (operators' capacity within and outside the subregion); and
- the demand for maritime transport.

1.6 A conclusion will be made through an attempt to relate supply to demand, on the basis of available data.

2. SUPPLY OF SHIPPING SERVICES LINER SERVICES IN WEST AND CENTRAL AFRICA

2.1 Overview

The developing countries' share in world transport supply increased from 20.9 percent of world tonnage in 1987 to 21.1 percent in 1989 to 21.2 percent in 1990. MINCONMAR member states had a steady share of 0.3 percent of world tonnage between 1980 and 1988 in terms of deadweight tons (dwt). This figure has now declined because companies in the subregion have on-lent some of their ships. In 1991, about 120 ships operated along the West Coast of Africa as compared with 160 ships in 1988. This means that the number of ships declined by 40 units (33 percent). It would seem, however, that notwithstanding this reduction in the number of ships, there still exists an excess supply of some 25 percent over the subregional demand.

2.2 Type and Capacity of Ships

The liner traffic of the subregion is usually carried by multipurpose ships, containerships and semi-containerships, general cargo vessels, ro-ro vessels, and lighter-carriers. The current structure of the fleet serving the African West Coast is as follows:

Type of Ship	Number of Units
General Cargo	29
Multipurpose & Semi-Containerships	50
Lighter-Carriers	03
Containerships	21
Roll-on/Roll-off Vessels	17
Total	120

In 1990, the largest fleet, represented by the COWAC conference, was composed as follows:

COWAC Fleet

Shipping Line	Name of Vessel	Type of Vessel	Year	Dwt	TEU
Black Star Line	Kota-Lagoon	Multipurpose	1980	16,700	500
	Simili-River	Multipurpose	1980	16,700	500
	Tano-River	Multipurpose	1980	16,700	500
	Volta-River	Multipurpose	1980	16,700	500
Camship	Cam-Bilimga	Multipurpose	1984	16,800	600
	Cam-Ebene	Multipurpose	1984	16,800	600
	Cam-Morer *	Multipurpose	1983	16,648	
	Cam-Ruby *	Multipurpose	1979	15,120	
CMB Group	Billesborg	General Cargo	1977	13,200	400
	Boringia	Containership	1978	20,000	970
	Charlottenborg	General Cargo	1976	12,800	390
	Christiansborg	General Cargo	1981	9,400	440
	CMB-Eagle	General Cargo	1984	12,700	430
	CMB-Ebony	General Cargo	1977	21,900	770
	CMB-Quellin	General Cargo	1977	20,600	600
	CMB-Exprit	General Cargo	1978	21,000	770
	Concordia *	Containership	1983	25,400	1,280
	Fiona	Containership	1978	20,000	970
	Woermann-Ulanga *	Containership	1976	23,000	1,380
Cobenam	Space charter on other ships to Benin				
Cosenam	Space charter on other ships to Senegal				

Shipping Line	Name of Vessel	Type of Vessel	Year	Dwt	TEU
EAL	EAL-Opal * EAL-Ruby * EAL-Topaz *	Containership Containership Containership	1979 1979 1979	11,600 11,500 11,400	450 450 450
Navale-Delmas	Nedlloyd-Zaandam Renée Delmas Suzanne Delmas Thérèse Delmas Véronique Delmas Yolande Delmas Adeline Delmas Blandine Delmas Caroline Delmas Delphine Delmas Fernando Possoa	Containership Containership Containership Containership Containership Containership Conbulker Conbulker Conbulker Conbulker Conbulker	1984 1982 1982 1983 1984 1984 1986 1986 1986 1986 1976	26,300 26,300 26,300 32,000 32,000 32,000 33,500 33,600 33,600 33,500 26,500	1,001 1,001 1,001 1,570 1,570 1,570
Nedlloyd Service provided through an agreement with DELMAS					
Nigerbras	Charter				
Nigerian Green Line	Charter				
Nigerian National Shipping Lines	River-Adala River-Andoni River-Asab River-Ikpan River-Mada River-Maje River-Majidum River-Ngada River-Oji River-Oil River-Oshum	Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose	1979 1979 1979 1979 1979 1980 1979 1980 1979 1980 1979	16,500 11,600 11,700 16,700 11,600 16,500 16,300 16,600 16,500 16,500 16,500	500 250 250 500 250 500 500 500 500 500 500
Portline	Ponta de S	Containership	1978	4,958	194
Portwal	Fernando Pessoa	Conbulker	1976	26,363	33,000
Hoegh/SNO/SWAL (SCADOA)	Hoegh-Banniere Saint-Roch Saint-Roland Saint-Romain	Ro-Ro Ro-Ro Ro-Ro Ro-Ro	1980 1980 1979 1981	24,200 24,300 28,000 24,200	1,190 1,180 1,220 1,190
Sitram	Agboville Jacqueville Yakasse Yamoussoukro Yopougon	Multipurpose Multipurpose Multipurpose Multipurpose Multipurpose	1978 1978 1978 1977 1977	16,500 16,700 16,900 16,700 16,900	400 400 400 400 400
SNC	Hébé Thésée	Multipurpose Multipurpose	1981 1980	12,700 12,700	430 430
Sonatrach	L'Abanga La M'Passa	Multipurpose Multipurpose	1983 1983	12,700 12,700	430 430
Sotonan	Charter				
ESC/MOL/UWAS/ESC	Service provided by 5 to 8 general cargo ships chosen from a homogeneous fleet of 18 vessels (dwt = 7,400 tons, capacity = 11,750 m³)				

Shipping Line	Name of Vessel	Type of Vessel	Year	Dwt	TEU
Van Uden	Maashaven	Multipurpose	1980	7,550	370
	Parkhaven	Multipurpose	1977	6,250	270
CMZ	Bandundu	Multipurpose	1974	15,100	
	Bukavu	Multipurpose	1975	15,100	
	Kananga	Multipurpose	1973		
	Mbandaka	Multipurpose	1975	15,100	

* Chartered vessels

Source: COWAC Annual Report, 1990.

2.3 Fleet Age

World's ships age has been increasing on a regular basis. The average age of ships of all types has grown from 12.25 years in 1988 to 12.98 years in 1989, and to 14.06 years in 1990⁵. In 1988, 87.5 percent of the African developing countries' fleet were less than 14 years old, while only 79.6 percent of the industrial countries' fleet were less than 14 years old, as well as 61.7% of the other developing countries' fleet. The fleet of MINCONMAR member countries, created between 1977 and 1984, was therefore relatively younger.

In the absence of other reliable data, an estimate of the average age of MINCONMAR member states fleet can be made on the basis of COWAC data, which show that its average age is 13 years—a figure well below the world average.

2.4 Liner Organization

The West and Central African subregion is served by shipping lines which are grouped into conferences or are operating independently. It should be underlined that, from the beginning, the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) supported the liner conferences system, which explains the large number of conferences operating in the subregion.

Five major conferences operate in the subregion: COWAC, MEWAC, UKWAL, FEWAC, and AWAFC.

- COWAC (Continent West Africa Conference). It consists of two European sectors:
 - North COWAC, whose range of activities, in Europe, extends from Belgium to the Scandinavian countries, with the exception of the United Kingdom and Ireland; and
 - South COWAC which covers Belgium, The Netherlands, Germany, France (Atlantic Coast and English Channel) and the Atlantic Coast of Spain.
- North COWAC and South COWAC have the same range of activities in West and Central Africa. This range extends from Mauritania to Angola. In 1990, COWAC grouped 33 shipping lines, of which 12 were African and 21 European.
- MEWAC (Mediterranean Europe-West Africa Conference). This conference operates between Western Mediterranean (Gibraltar, Greece and North Africa, that is, from Morocco to Tunisia) and West and

⁵ UNCTAD, Review of Maritime Transport, 1988, 1989, 1990.

Central Africa (from Mauritania to Angola). In 1990, MEWAC grouped 22 shipping lines, of which 11 were African and 11 European.

- UKWAL (United Kingdom-West Africa Joint Service). It covers the United Kingdom and Ireland's ports and West and Central Africa's ports, especially in the English-speaking countries, including Cote d'Ivoire, Benin, Cameroon and Zaire. UKWAL comprises 11 shipping lines, of which seven are African and four are European.
- CEWAL (Central and West Africa Line). This conference operates between Northern Europe (from Belgium to the Scandinavian countries, with the exception of the United Kingdom and Ireland) and Angola and Zaire. It consists of eight shipping lines of which two are African and six European.
- AWAFC (American-West African Freight Conference). This conference operates between the Atlantic Coast of the United States of America, the ports of the Gulf region, the Atlantic Coast of Canada, the ports along the Saint Lawrence River (with the exception of those to the west of Montreal) and West African ports. It has seven shipping lines, of which three are African and four non African.
- FEWAC (Far East-West Africa Conference). It operates between the Far East and the West Coast of Africa. It groups nine shipping lines, of which four are African, three Japanese and two European.

There are some 40 African and European shipping lines within the liner conferences operating in West and Central Africa. There is, however, a preponderance of European shipping lines, and these can be divided into two main groups:

- the SCAC-NAVALE DELMAS Group, and
- the CMB, EAC, WAS, DAFRA LINE and WOERMANN LINE Group.

This domination of the European shipping lines is particularly marked by the importance of their financial and naval means.

In addition to the conferences' shipping lines, there are also independent companies which operate in the subregion. They are called "non conference liners" or "outsiders". Some of these independent shipping lines are:

Maersk Line	G+C Africa Line
AAEL	Nile Dutch
Transmar	Rhein Mass und See (RMS)
Grimaldi	Deep Sea Shipping
O. T. Africa Line	

These shipping lines dispose of important means—generally ro-ro vessels and containerships. For example, here is the composition of some of these shipping fleets⁶:

Maersk Line:

Thorkil-Maersk, 1990, 14,900 dwt, 940 TEU
Tobias-Maersk, 1990, 14,700 dwt, 950 TEU

⁶ Journal de la Marine Marchande, March 15, 1991.

O. T. Africa Line:

Kintampo, 1985, 10,700 dwt, 810 TEU
Kukawa, 1975, 21,600 dwt, 1470 TEU
Kumasi, 1976, 21,600 dwt, 1470 TEU
Watergids, 1989, 14,100 dwt, 1030 TEU

Nile Dutch:

Mount Cameroon, 1987, 14,100 dwt, 725 TEU
Atlantic, 1987, 14,100 dwt, 725 TEU

G+C Africa Line:

Marine-Coral, 1974, 17,100 dwt, 380 TEU
República-di-Amalfi, 1989, 18,800 dwt, 920 TEU
República-di-Geneva, 1988, 18,800 dwt, 920 TEU
Seki-Rolette, 1976, 12,100 dwt
Tagana, 1982, 17,400 dwt, 640 TEU

2.5 Subregional Fleet

The Shipping Lines of the West and Central African countries have been classified into three categories:

- Shipping companies owning their vessels;
- Shipping companies operating chartered vessels; and
- Shipping companies chartering space or trading traffic rights.

Shipping Companies with Own Vessels:

- **Guinomar** (Guinea): It owns three ore carriers and is jointly managed with Norwegians.
- **Sitram** (Cote d'Ivoire): It has six ships—five multipurpose vessels and one tanker. It also has three or four ships available for time and trip charter.
- **Black Star Line** (Ghana): It disposes of four multipurpose ships, each with 16,700 dwt. The Black Star Line also has two or three vessels under time charter.
- **Nigeria National Shipping Lines** (Nigeria): It owns 13 multipurpose ships.
- **Nigerbras** (Nigeria): It has one ship (15,800 dwt).
- **Brawal** (Nigeria): It has one ship.
- **Cameroon Shipping Lines** (Cameroon): This company has two multipurpose ships, each with a dwt of 16,800 tonnes. It charters two or three ships and also charters space.
- **Sonatram** (Gabon): It has two ships (12,700 dwt each).

- **CMZ** (Zaire): It has four ships (15,100 dwt each).
- **Angonave** (Angola): It has some ten ships.
- **CGTM Caboverde** (Cape Verde): It owns three small ships with capacities ranging from 2,900 to 5,500 dwt.

Shipping Companies with Chartered Vessels

- **Sivomar** (Cote d'Ivoire): Operates under trip and time charters.
- **Fako Shipping Line** (Cameroon): Operates some charter services and sells its remaining traffic rights to European shipping companies.
- **Solimaz** (Zaire): Operates charter services and sells its remaining traffic rights to European companies.
- **Comaunam** (Mauritania): Operates small multipurpose vessels under time and trip charter.
- **Nigerian Green Line** (Nigeria): Operates under time charter.
- **Bulkship** (Nigeria): Operates under time charter.

Shipping Companies Operating under Space Charter or Sale of Traffic Rights

- **NSAL, NAL and AOL** (Nigeria)
- **SNG** (Guinea)
- **CMC** (Cameroon)
- **Cosenam** (Senegal)
- **Sotonam** (Togo)
- **Cobenam** (Benin)
- **GNL** (Gambia)
- **Sonam** (Mali)
- **Cofama** (Burkina Faso)
- **Socotram** (Congo)
- **LCA** (Central African Republic)

Some of these shipping companies are affiliated with the *Association des compagnies de navigation maritime africaines* (ACNMA).

It is rather difficult to determine liner services supply in the West and Central African subregion. Indeed, apart from the deadweight tons of ships, it should be possible to take into account the number of trips, the volumes of cargo actually shipped into and out of the subregion. For some major lines, the ships operate within an area that extends from Morocco to Angola. The available capacity for West and Central Africa should be deducted from that available outside this area, taking into account the disparities between ships and between trips of the same ship.

From the foregoing, it can be seen that in the absence of a comprehensive and thorough study based on information and data obtained from most of the involved parties, only a rough estimate of the supply situation can be established.

Since 1988, it has been assumed that four types of ships operate in the subregion and share the traffic as follows:

General cargo ships:	20%
Ro-Ro vessels:	20%
Containerships:	20%
Semi-containerships:	40%

The capacity offered by African shipping companies, maritime conferences, and outsiders varies according to the country, the conference involved, and the type of traffic (import or export). It is globally estimated that outsiders account for 20 percent of the total supply, while African shipping companies account for 24 percent to 25 percent of this total. The remaining part (about 55 percent) is supplied by conferences from outside the region⁷.

The position of the shipping companies from outside the subregion is further reinforced by the fact that the space charters and shipping rights transfers by the subregion's shipping companies which do not own ships are made in their favor.

In 1988, the maritime transport supply in terms of theoretical capacity stood at 21.9 million tons, of which 9.9 million was for container traffic. This supply has slightly decreased as a result of the fall of African shipping companies' supply, which, in 1987–1988, was based on 69 ships and, in 1990–1991, on only 40 ships.

3. DEMAND FOR SHIPPING SERVICES

The demand for maritime transport will be discussed according to available data, which could only be obtained from ports, shippers' councils and some liner conferences. Indeed, statistics on shipping companies are generally considered as confidential. Furthermore, UNCTAD statistics, which give overall figures for Africa, have not been very useful for this study purpose.

⁷

Survey of the transport sector in the CEAO region, Sectoral Report on Maritime Transport, by Boun Prasong Baylatry, January 1991.

The development of containerized and multimodal traffic and the procedures' simplification have meant that the maritime sector is a simple link in the transport chain. Operators are increasingly collecting information tailored to their needs. Since these data banks are not centralized, they are inaccessible.

This lack of adequate statistics also makes it difficult to determine the actual level of trade between MINCONMAR member states and the rest of the world.

It has been estimated that the trade between MINCONMAR member states and the EC amounted to 85,000,000 tons in 1987, which represents 3.3 percent of the trade between the EC and the rest of the world and 87 percent of the trade between the EC and the ACP countries. Since then, however, there has been a progressive slowing as a result of the international economic crisis (drop in the purchase prices of many agricultural products exported from the subregion).

3.1 Demand Effectively Met

Real satisfied demand in MINCONMAR member states can only be accurately determined if there is continuous access to many data sources, over a period of at least six months, to reconcile the data and, if need be, to organize additional surveys.

Available Statistics on Countries and Ports

These source give some initial idea on the satisfied demand. But the information provides only a partial view of the picture as it is not possible to reconstruct the overall demand by simply adding up the data. For example, the following series of tables provide traffic information for various ports.

Autonomous Port of Nouakchott (Mauritania)
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988
Import	343	354	414	481
Export	10	16	29	16
Total	353	370	443	497

Source: Annual Statistics of the Port of Nouakchott, 1985–1988.

Autonomous Port of Dakar (Senegal)
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988
Import, in containers	2,520 275	2,037 277	2,302 302	2,007 330
Export, in containers	2,251 137	2,296 135	2,205 135	2,662 160
Total, in containers	4,771 407	4,333 414	4,507 437	4,669 490

Source: Annual Statistics of the Port of Dakar, 1985–1988.

Autonomous Port of Abidjan (Cote d'Ivoire)
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988
Import in containers	6,287 465	5,722 470	5,960 492	5,894 513
Export in containers	3,887 641	3,649 628	3,483 591	3,373 633
Total in containers	10,174 1,106	9,371 1,098	9,443 1,083	9,267 1,146

Source: Annual Statistics of the Autonomous Port of Abidjan, 1985–1988.

Autonomous Port of San Pedro (Cote d'Ivoire)
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988
Import	68	166	177	160
Export	1,088	977	732	732
Total	1,156	1,143	914	892

Source: Annual Statistics of the Port of San Pedro, 1985–1988.

Ports of Ghana
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988	1989	1990
Import	1,985	2,031	2,769	2,823	3,199	3,374
Export	771	1,039	1,501	1,631	1,596	1,634
Total	2,756	3,070	4,270	4,454	4,795	5,008

Source: Ghana Shippers' Council & Ghana Ports and Harbors Authority.

Autonomous Port of Lome (Togo)
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988
Import in containers	1,184 190	1,264 191	1,430 178	1,629 162
Export in containers	173 54	239 68	319 79	288 79
Total in containers	1,357 244	1,503 259	1,749 257	1,917 241

Source: *Annual Statistics of the Port of Lome, 1985–1988.*

Autonomous Port of Cotonou (Benin)
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988
Import in containers	1,059 140	1,030 137	1,097 155	1,094 170
Export in containers	108 39	137 57	173 51	95 23
Total in containers	1,167 179	1,167 194	1,270 206	1,189 193

Source: *Annual Statistics of the Port of Cotonou, 1985–1988.*

Ports of Cameroon
Traffic Evolution (in tons x 1,000)

Year	1985	1986	1987	1988	1989	1990
Import	3,430	3,190	2,715	2,559	2,419	2,458
Export	1,172	1,179	1,119	1,210	129	1,140
Total in containers	4,602	4,369 912	3,384 780	3,769 734	4,712 735	3,898 816

Source: *Annual ONPC Reports, 1985–1990.*

From these port statistics it may be concluded that traffic flows vary from country to country and from port to port. The containerization development is to be noted. COWAC and MEWAC liner conferences believe that, in 1990, North-South container traffic accounted for some 55 percent of the North sector traffic (65,374 TEU) and some 63 percent of the South sector traffic (41,848 TEU).

Actual Demand Met by the COWAC and MEWAC Liner Conferences

COWAC and MEWAC are the two largest liner conferences operating along the West Coast of Africa. The following tables show their traffic evolution:

COWAC: North-South Traffic

Year	North Sector		South Sector	
	Weight (tonnes)	Units	Weight (tonnes)	Units
1985	1,568,749	2,307,646	1,399,274	2,455,876
1986	1,284,046	1,938,211	1,215,833	2,033,966
1987	1,509,174	2,234,190	1,136,769	1,822,581
1988	1,804,762	2,522,416	1,042,325	1,719,310
1989	2,047,052	2,879,481	905,596	1,505,826
1990	1,893,610	2,661,675	896,022	1,490,979

Source: COWAC 1990 Annual Report.

COWAC: South-North Traffic

Year	North Sector		South Sector	
	Weight (tonnes)	Units	Weight (tonnes)	Units
1985	1,280,448		1,100,000	1,310,000
1986	1,297,128		833,500	1,183,000
1987	1,255,331		713,086	964,072
1988	1,250,092		743,244	995,923
1989	1,336,699		644,308	825,121
1990	1,527,430		800,000 *	1,050,000 *

Source: COWAC 1990 Annual Report.

* Estimated

A review of these tables show that North-South traffic is heavier than South-North traffic both in terms of volume and units. For the North-South traffic, the North sector flow was heavy between 1986 and 1989 but declined in 1990. As far as the South sector is concerned, the traffic has dropped steadily since 1986. In the South-North traffic, there has been a slight increase in the North sector since 1989 while, according to estimates, there has been an increase in the South sector in 1990.

Traffic by MEWAC members' shipping lines remained more or less the same between 1989 and 1990. This traffic flow developed as follows:

- North-South: 608,400 tons in 1989 and 613,800 tons in 1990 (which represents an increase of 0.89 percent) and 1,109,700 units in 1989 as compared with 1,094,00 units in 1990 (which is a decrease of 1.43 percent).
- South-North: 1,210,200 tons in 1990 against 1,209,500 tons in 1989 (which represents an increase of 0.06 percent) and 1,573,600 units in 1989 against 1,535,200 units in 1990 (which is a decrease of 2.5 percent).

Statistics on liner conferences, like those on ports, give a good idea of the situation, but they are very incomplete. They show the overall traffic without any breakdown and, moreover, they do not take into account the trade carried by outsiders.

3.2 Demand Share of Each Shipping Line

The share satisfied demand depends on the considered countries and lines. It is to be noted that Africa purchases 75 percent of its imports and sells 75 percent of its exports in Europe. The main economic partners and investors of the subregion are France, Germany, Italy and the United Kingdom. This section will focus on two relations:

- Cote d'Ivoire-France, and
- Cameroon-Europe.

Cote d'Ivoire-France

In 1990, France bound traffic (Atlantic and Mediterranean) represented 353,192 tons, which equals 429,373 units amounting to a freight value of 8,188,999,000 FCFA versus 302,925 tonnes (375,203 units) for a freight value of 6,798,136,000 FCFA in 1989. The traffic distribution per flag was as follows⁸:

Flag	Tonnage		Units	Value
	Tonnes	%		
Cote d'Ivoire	128,364	36.3	34.3	34.7
France	170,846	48.4	51.2	51.1
Others	53,932	15.3	14.6	14.2
Total	353,142	100	100	100

In the traffic between Cote d'Ivoire and Atlantic France, the Ivorian shipping line (Sitram) accounted for 32.7 percent of the volume and 30 percent of the units, for a freight value of 30.6 percent. The French shipping line accounted for 51.4 percent of the volume and 54.9 percent of the units, for 54.8 percent of the freight values. Other shipping lines accounted for 15.9 percent of volume, 15.1 percent of units, and 14.6 percent of the values. As far as these other shipping lines are concerned, no distinction has been made between other liner conferences and outsiders. The other shipping companies of the subregion were involved only in the amount of 0.5 percent of tonnage, 0.4 percent of units, and 0.4 percent of freight values.

⁸

According to the statistics published by the Office Ivoirien des Chargeurs (Cote d'Ivoire Shippers' Council).

In the Cote d'Ivoire-Mediterranean France traffic, the flag distribution is as follows⁹:

Flag	Tonnage		Units	Value
	Tons	%	%	%
Cote d'Ivoire	38,577	48.3	48.3	48.2
France	29,755	38.9	38.9	38.6
Others	10,169	12.8	12.8	13.2
Total	78,501	100	100	100

The other MINCONMAR shipping companies were involved in other countries traffic for 2.3 percent of the tonnage, 2.1 percent of units and 2 percent of freight values.

Non liner conferences' shipping lines handle very little cargo in Cote d'Ivoire. In 1988, for example, they accounted for 4 percent in South COWAC, 6.5 percent in North COWAC, and 3 percent in AWAFC¹⁰.

Cameroon-Europe

In 1988, Cameroon's external trade with the EC countries amounted to 1,979,910 tons, which represents about 67.5 percent of Cameroon's total external trade.

With respect to import traffic with Northern Europe, Camship (Cameroon's national shipping line) had participated for 31.8 percent of the liner trade, while the remaining traffic was carried by European companies. The conference traffic was 80.63 percent, whereas the outsiders traffic amounted to 19.37 percent.

In the case of exports, the conferences handled 87.36 percent of the liner traffic (of which 35.68 percent were handled by Camship) and the outsiders 12.64 percent.

In their relations with Atlantic Europe (France), conference shipping lines handled 59.2 percent of liner import traffic (of which Camship handled 19.6 percent) and outsiders 40.8 percent. Export traffic was carried by conference shipping lines for 80 percent of the liner trade (Camship: 32.2 percent) and by outsiders for 20 percent.

In the Mediterranean area (Italy, France and Spain), Camship handled 21 percent of the liner trade imports and 31.5 percent of exports. Conference lines handled 59 percent of imports and 77 percent of exports, while outsiders handled 41 percent of imports and 23 percent of exports.

In 1989, traffic between Cameroon and EC countries was 1,873,030 tons and represented about 61 percent of total trade. The Camship share was 503,320 tons, or about 16.5 percent of total trade.

The global trade volume generated with Northern Europe was 750,740 tons, of which Camship transported 214,050 tons.

⁹ According to the statistics of the Office ivoirien des chargeurs.

¹⁰ See the Jean-Claude Kouassi's Report prepared on behalf of UNCTAD in 1990.

Of the entire liner import trade, the conferences carried 183,520 tons, that is 67.39 percent (of which Camship handled 27.91 percent) and outsiders carried 88,730 tons, or 32.61 percent.

For exports, the liner trade amounted to 418,010 tons. Conferences lines transported 303,660 tons, or 72.64 percent (of which 28.54 percent by Camship) and outsiders 114,350 tons, or 27.36 percent.

Camship's share of Atlantic Europe's traffic was nearly 15.8 percent of imports and about 10.7 percent of exports. As far as liner trade is concerned, the conference transported 254,910 tons of imports, of which 76.10 percent by Camship, while outsiders handled 23.90 percent. Other subregion's shipping lines transported 1.5 percent. On the export side, the entire liner trade was 160,030 tons, or 84 percent, of which Camship carried 32 percent, and the remainder 16 percent were handled by outsiders.

In the liner trade with Mediterranean countries, which amounted to 128,350 tons of imports, liner conferences transported 107,660 tons or 83.88 percent, with 25.13 percent going through Camship, and 16.12 percent were handled by outsiders. Concerning export trade to the Mediterranean countries, liner conferences transported 283,970 tons, or 71.58 percent, of which Camship handled 23.29 percent, and 28.42 percent were carried by outsiders.

3.3 Overall Demand Situation

A comparison of supply and demand, through an analysis by liner conferences and by shipping lines, should help to determine the real level of oversupply, which is widely recognized in shipping trade along the West African coast. However, while it is somewhat easy to appraise the supply, the same does not seem to hold for demand. Furthermore, unless a common method for data collection is adopted, it is difficult to know the traffic handled by the subregion's national shipping lines by their own means, by time and trip or space charters.

Maritime operators estimate that supply distribution is as follows:

European conferences	20%
African shipping lines	24.5%
Outsiders	25.5%

Although market shares are difficult to determine, it is estimated that each country with a national shipping line, in West and Central Africa, handles between 10 percent and 25 percent of the traffic generated by its external trade and that the entire subregion's fleet handles about 25 percent of the export trade, which represents approximately the total subregion's supply.

It should, however, be remarked that, to this day, estimates have been based on theoretical data compiled by maritime transport researchers and on the findings of a few professionals.

4. CONCLUSIONS

Maritime transport supply is quite significant along the West African Coast. Its characteristics are:

- A fleet of some 120 ships with an average age of 13 years, which is under the world average (14 years).
- A steady decline (about 33 percent) during the last four years, which is typical of African shipping lines.
- A strong domination by the major European shipping lines.
- An increasing importance of containerships and semi-containerships (about 60 percent of the fleet).
- A capacity supply by African shipping lines amounting to 24.5 percent of total supply, the remainder, about 75 percent, being supplied by European shipping companies, members or not of liner conferences.

As far as the actually satisfied demand is concerned, it varies from one country to another and depends on the line services. It is, however, declining because of the negative impact of the current economic crisis affecting the region.

National shipping lines within the subregion are actively involved in maritime transport, but they generally handle less than 40 percent of the traffic of their respective countries and participate very little in the other countries' traffic in the subregion.

In general, it is estimated that the cargo shipped by African shipping companies represents 25 percent of actual demand.

The outsiders' participation, which is slightly more than that of African shipping companies, seems to be increasing significantly, and may continue to do so in the light of the ongoing changes taking place within the liner conferences.

The excess of supply over demand does not seem to be caused by the region's shipping companies, whose fleet continues to decrease.

As a result of the already mentioned difficulties with respect to maritime transport statistics, caution must be exercised when drawing conclusions on the region's situation. It is strongly recommended that a study be carried out on the maritime trade between MINCONMAR and EC member states to establish, among other things, a reliable data bank based on a common data collection method agreed by all concerned parties.

IMPACT OF BULK MARITIME TRANSPORT ON WEST AFRICAN ECONOMIES

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ANNEX: Port Traffic of Major West African Coastal Countries

1. INTRODUCTION

Bulk transport on West African Coast was chosen as one of the topics of the Round Table on the impact of maritime transport on the economies of Sub-saharan African countries.

First of all, we shall try to define the physical characteristics of West African Coast bulk traffic (products, quantities and logistics) and, particularly, the distribution between tramping and regular lines. With regard to this latter point, we shall try to understand to what extent there exists a competition between tramping and regular lines, for which products, and at what investment or packaging costs.

The study covers the Mauritania-Angola range and includes 15 major countries: Angola, Benin, Cameroon, Congo, Cote d'Ivoire, Gabon, Ghana, Guinea, Guinea-Bissau, Liberia, Mauritania, Nigeria, Sierra Leone, Togo, and Zaire. It also establishes some comparison with other regions.

The global trade on this range represents—imports and exports combined—a tonnage of 100 million tons distributed between some 20 well-equipped ports, which hardly equals the performance of one big European port such as Marseille or Antwerp.

The fragmentation of this region's transport economy is a result of the colonization, which arbitrarily split the area, and of the lack of a common economic policy among the region's states, leading to underdevelopment of communications infrastructure.

There is, therefore, not a single port with a proven international character, well equipped, and capable of attracting the trade of an hinterland comprising several neighboring states. The Table in Annex gives a global picture of the maritime traffic of this range over a period of five years (1985–1990). (Available statistics cover 10 countries).

The following trends are shown:

- Liquid bulks:

A global decline of 3,535 Mt resulting mainly of the sudden drop in petroleum products' exports from Nigeria. External economic factors (world market), rather than deficiencies of transport infrastructure, seem to account for this evolution. Liquid bulk flows, oil in particular, generally require high performance port facilities which obtain a special attention from the States and are supported by technical inputs from the large international petroleum companies. Tramping, which is commonly used for liquid bulk shipping, offers, in this area, highly competitive freight rates which vary only with international demand and supply.

- Solid bulks:

Here we have a more contrasted picture (products' diversity and handling). Globally, the trade remains stable but conceals a drop in phosphates' and forest products' exports, compensated by a large increase in iron ore and coal exports (especially from Nigeria). There is also a very significant increase in grain imports (particularly wheat). The lack of reliability of the statistics does not, however, allow for more in-depth analysis.

Two types of trades can be distinguished on this range:

- Very large bulk traffic handled through specialized terminals (especially various ores and minerals). As is the case for liquid bulk, these products generally enjoy excellent conditions at port and at sea: modern terminals, jointly managed by States and mining companies. This traffic is exclusively transported by bulk carriers engaged in tramping.
- Bulk traffic of more modest volumes are handled either through specialized terminals or with multipurpose port equipment. For the same product (grains, for instance), harbor handling equipment will be different from one port to the other, depending on the importance of flows, trade networks, strategic interest of the product, and destination (landlocked or coastal countries).

With regard to maritime transport, these traffics are carried by tramping or regular lines. We therefore have to define the advantages and constraints of these two types of maritime shipping, which are themselves closely linked to port receiving infrastructure.

In brief, it can be said that 70 percent of the bulk traffic (except liquid bulk) use specialized terminals and are carried uniquely by tramping, and that 30 percent of this traffic can either use tramping or regular lines.

2. BULK MARITIME TRANSPORT

Bulk carrier ships are, no doubt, the most economical means of transporting goods. Their main characteristics and advantages are as follows:

- Bulk shipping of very large quantities, without physical limitations with regard to the size of the ship.
- No special conditioning of the goods.
- Very low port handling charges as compared to packaged goods.
- Very competitive freight rates resulting from:
 - using time charter ships or tramping¹¹; and
 - non conference status.

But constraints are many and do impede the systematic use of bulk trading.

2.1 Incompatibility of Bulk Transport with Goods to be Shipped

Bulk shipping of sugar is currently being experimented by the Australian shipping line TNT, but the profitability of such an innovation can be questioned.

¹¹ Unsophisticated standard ships chartered on world market at cheap rates.

First, the cost of the vessel *BIBO II*, a 40,000 t ship specialized in sugar transportation, is estimated at FF 600 million, which is double the price of a highly sophisticated modern containership. This very specialized type of ship must establish its profitability on:

- very fast loading stopovers: about 10,000 t/day as compared to 2,000 t/day for bag handling; and
- very fast unloading stopovers: about 3,500 t/day against 1,000 t/day for bags.

Moreover, there seems to be some other substantial handicaps:

- freight competition with sometimes "outdated" bulks;
- adaptation of carrying capacity to trade contracts and hence obligation to call in several unloading ports; and
- no back haul freight.

But the utilization of this ship in the bulk-in/bulk-out mode is only an intermediate phase. In 1991, E.D. & F. Man Company, ship manager, signed an agreement with the Algerian Government for the construction of the first terminal for reception of bulk white sugar. This project is currently being implemented. Algeria imports about 700,000 t of sugar per year and the initial project is to import about 250,000 t of it through the new bulk terminal. This entails the construction of an horizontal storage silo with a capacity of 60,000 t and of bagging and packing facilities in order to meet the local market requirements.

The *BIBO* intermediate stage having been completed, the bulk-in/bulk-out stage will show the full efficiency of the system of bulk sugar transportation.

There is currently no economical possibility for bulk flour transport. The traditional bags are therefore maintained with their inherent high logistic costs, especially at the packaging level (200 FF/t), and port charges: 60 to 240 FF/t. These are very high prices, taking into consideration the techniques (bag/bag, pre-sling or descending shaft), the cost of handling labor, the cost of port equipment and the rhythm of handling. In Northern European ports, equipped with descending shafts or using the pre-sling technique, a rate of 60 FF/t is commonly applied, whereas in receiving ports not equipped with handling facilities and resorting to cargo booms, which generally have a poor control over evacuation flows outside port area, a rate of 240 FF/t is currently observed.

2.2 Incompatibility with Volume of Trade Contracts

West African Coast markets are usually very narrow, because of a number of thinly populated countries which are generally serviced by one or more ports. This situation hampers the development of bulk transportation. Taking sugar import as an example, we have a market of 330,000 t shared among 22 countries! Annual sugar imports of each country range from 200 t to 95,000 t!

As far as malt is concerned, the same observation can be made. West Africa is the third main malt importing geographical zone in the world with 150,000 t per year for 22 countries.

The market for grains, however, is more important, and clearly on the increase. In 1990, this economic zone imported more than 4 million t. Therefore, the grain traffic will help to illustrate the receiving countries' attitude in terms of economic choice.

2.3 Tramping Charter on the West African Coast

Regarding chartering dry bulk ships in tramping, West African Coast is a geographical sector which is much appreciated by shipowners. Chartering rates are usually very low reflecting exactly the current world freight market. Back haul freights are, in fact, easily available and, in most cases, **match the size of importing ships**. West African Coast is a rich economic zone for shipowners seeking back haul freights in tramping, such as:

- phosphates from Togo;
- magnesium ore from Gabon, via Pointe Noire;
- coal from Nigeria;
- magnesium ore from Ghana;
- phosphates and atapulgite from Senegal; and
- woods from various African countries.

With regard to freight daily costs, the West African Coast is not penalized. For example, during the first quarter of 1992, the following rates have been recorded:

28,000 t ship, Channel-Persian Gulf Zone	US\$9,000/day
24,000 t ship, Channel-Dakar-Abidjan Zone	US\$6,500/day
15,000 t ship, Channel-Indian Ocean (Reunion) Zone	US\$6,300/day
26,000 t ship, Channel-Far East (Taiwan) Zone	US\$8,500/day

Besides, port calls costs for shipowners are, with a few exceptions, lower by 50 percent, and even more, in African ports than in Northern Europe ports. For the same ship (25,000 t), we recorded (for the year 1990) the following costs of calls:

Hamburg	FF 155,000	Abidjan	FF 50,000
Antwerp	FF 165,000	Lome	FF 34,000
Dunkirk	FF 120,000	Cotonou	FF 45,000
Rouen	FF 180,000	Lagos	FF 145,000
Le Havre	FF 70,000	Douala	FF 127,000
Dakar	FF 36,000	Libreville	FF 56,000
Port Gentil	FF 40,000	Pointe Noire	FF 74,000

In conclusion, it can be stated that the West African Coast zone, strictly in shipping terms (daily costs plus cost of calls), is not constrained by any obstacles, as far as tramping freights are concerned, when compared to other world economic zones. It is a very significant trump that has to be exploited.

The last parameter affecting freight rates is the duration of tramp ship calls in this geographical area, which are closely related to port unloading facilities.

2.4 Port Investments

These investments are essential to achieve the necessary loading and unloading rates for bulk shipping. These rates have a direct impact on freight rates.

By and large, tramping freight rates depends on the following parameters:

- loading rates: determining lay-days;
- unloading rates: determining lay-days;
- sea voyage: estimated in sail days;
- ports of call costs; and
- freight market (resulting from demand and supply).

Let us consider the example of a bulk carrier loading and unloading in a European port:

- (a) in a port equipped with functional unloading machines and adequate storage facilities;
- (b) in a port without specialized equipment (unloading with a tipper into a truck).

For a 25,000 t ship, with daily costs of FF 60,000/day, tramping freight rates will be established as follows:

(a)	Loading: 2 days	FF 120,000
	At sea: 10 days	FF 600,000
	Unloading: 6 days	FF 360,000
	Calls at 2 ports	FF 450,000
	Total	FF 1,530,000
	In/Out freight equivalent to	FF 61 per ton US\$12 per ton
(b)	Loading: 2 days	FF 120,000
	At sea: 10 days	FF 600,000
	Unloading: 6 days	FF 1,080,000
	Calls at 2 ports	FF 450,000
	Total	FF 2,250,000
	In/Out freight equivalent to	FF 90 per ton US\$17 per ton

A US\$5 saving per ton is quite considerable, but it is also important that the handled volumes allow to finance the investments. Indeed, port equipment investments in Africa cost much more than in Europe, in terms of:

- **Taxes:** Although government programs are generally exempted from import taxes on equipments, private investments are penalized with very heavy taxes. Whereas, the government is very often an ineffective manager when it acts as a substitute for private investors.

- **Construction:** Locally manufactured goods and products can be used as available. This will allow for a reduction of transportation costs, but very often the raw materials have to be imported. Specialized equipment are usually imported.
- **Labor:** Local labor is generally cheap. An African undertaking requires, however, help of expatriate engineers, supervisors and specialized fitters. Travel and living expenses are very high.

According to a report by a group of industrialists, an investment in Africa is at least 30 percent more expensive than in Europe and this difference may climb, in some cases, up to 50 percent or even 100 percent. Africa, therefore, generally suffers from low bulk volumes and high cost of port infrastructure. It is obvious, however, that for traffics flows of several hundred thousand tons, port investments may prove to be very profitable, sometimes within a very short time (ore, cement, fertilizer, etc.), but for lower traffics, the choice may be more difficult.

2.5 Choice of Import Volume

We have, indeed, a choice between three systems:

- The supply exclusively by bulk carriers which requires considerable investment in port infrastructure (handling and storage). The cereal facilities of the *Grands Moulins de Dakar et d'Abidjan* are good illustrations of the system.
- The supply by bulk carriers serving two or three receiving ports. Although this system entails attractive freight rates and the supply of average size shipments, which do not require very large storage facilities, it however demands a coordination of purchases and deliveries between two or three buyers, which is not always possible.
- The supply in bulk specialized hold on regular liner ships. This system is particularly attractive for the ports which do not have specialized terminals. Unloading is carried out through tipper cranes and truck conveyors. This can be done simultaneously with the containers' unloading, so that the ship is not delayed.

The advantages of this latter system are obvious:

- Stocks may be strictly limited to industry needs over a very short period—one to two weeks. In an economic world, where adjusted flows and zero stocks are the norm, industrialists prefer regular supplies which enable them to reduce their stocks to a minimum without fearing to run out of stock as could be the case with regular lines.
- Port investments are kept to a minimum.
- No special handling or conditioning to be considered for delicate products in terms of preservation (especially agricultural and food products). This problem is crucial in Africa because of humidity and heat which foster pest proliferation.
- FIO quotations allow for organization and management of unloading operations.
- Permanent contact is maintained with the international market (industrialists are not speculators).

- Separation of the lots according to utilization criteria.

But the system poses a major problem at the freight rate levels between Europe and the West African Coast. Ranging from FF 260 to FF 340 per ton, these rates are double or triple the tramping fees.

This type of bulk transportation, by regular liner services, is currently very much in use for food product shipped from Rouen (malt, wheat, gritz, etc.) on the polyvalent Conbulk ships of the Delmas Viejeux company. Malt and wheat to Douala, wheat to Libreville, Lome, Ouagadougou and Bamako via Abidjan are other examples.

This solution generates substantial savings as compared to the container system hitherto used. For instance, malt initially packaged in bags, then later in bulk containers, is currently handled in bulk on regular lines (Abidjan-Libreville range) and could be handled in tramping by bulk carriers.

Malt Export (from Reims, France): Bulk Shipping Costs (in FF)

(cost of product ex-factory: FF 2,000/t, container load: 16 t)

Item	Bulk Container	Regular Lines	Tramping (15,000 t)
Factory loading	10	5	3
Port forwarding	90	90	90
Port handling	65	30	25
Subtotal: FOB Rouen	165	125	118
Maritime freight	750	350	80
Port handling and taxes	250	200	100
Volume loss	20	60	60
Total	1,185	735	35

This Table is very revealing and suggests several remarks:

- On the cost side, there is a huge distortion between the three options. The costs double and even triple between the three solutions. At the Rouen FOB level, none is really attractive, but it is obvious that the African port costs eliminate the bulk container system.
- Moreover, in addition to the high cost of the container solution, the attempts at bulk containerization toward landlocked countries ended in failure, because of:
 - a too long immobilization of containers during the land transport (and sometimes the disappearance of containers);
 - empty returns of containers (generally open tops); and
 - inadequate container receiving and unloading facilities; indeed, bulk containers require a receiving platform equipped with jacks to slant the containers and unload by gravity.

In most cases, African ports are organized as profit centers for their countries, where taxes are collected on goods passing through. Port charges are indeed very high, but are largely made of taxes and duties. Therefore, they rarely reflects the actual economic costs of African port services.

Trucking costs are twice higher than those observed in France. This is also attributable to similar factors to those evoked for port infrastructure:

- Vehicle operating costs are heavily burdened by taxes and duties (vehicles, spare parts, tires, etc.).
- Governments interfere through an abusive regulatory system (police, customs, etc.), and civil servants who collect additional fees of an informal nature. In 1990, there were 63 various "controls" between Abidjan and Ouagadougou (adding the equivalent of FCFA 800,000 to transport costs).
- Road infrastructure is generally in poor condition.
- Fuel prices are, in most West African countries, roughly twice the French price level.
- Vehicle maintenance is two or three times more expensive than in France.

To conclude this brief comparative study of costs between regular lines and tramping, it is interesting to analyze the global transit costs along the transport chain from the port of loading to the point of delivery to the purchaser. Let us consider an extreme case: the forwarding of grain between Rouen and Ouagadougou, via Abidjan

Grain Shipment from Rouen to Ouagadougou, via Abidjan (in FF/t and %)

Item	Regular Lines		Tramping (Via Silo)	
FOB Rouen Price	650	42.0%	650	50.0%
Fobing	40	2.6%	30	2.3%
Freight	240	15.5%	120	9.2%
Port Handling and Taxes	200	12.9%	90	7.0%
Loss	20	1.3%	10	0.8%
Trucking Abidjan-Ouagadougou	400	25.7%	400	30.7%
Total	1,550	100.0%	1,300	100.0%

These figures show that tramping would generate a saving of FF 250 per ton, resulting mainly from freight and port handling costs. Reinforcing grain storage facilities (silos) in Abidjan is therefore desirable. This concise study, however, does not take into account the cost of tying up stocks as a result of tramping.

It is also to be noted that road transportation represents a fairly high percentage of the global cost, which in tramping operations amounts to more than 30 percent of the product franco value. A recent survey has shown that the railroads, which could be competing with road transport, are not operated adequately, and this also suggests that a railway restructuring might be desirable.

3. CONCLUSION

As has been mentioned earlier, recourse to bulk transportation brings substantial savings along the transport chain, especially in relation to port calls, but it requires heavy investments in African ports. These investments can only be realized, and be profitable, if important traffic flows exist, which, most often, depend on the needs of several African countries.

It could therefore be tempting to say: let us create a sophisticated port terminal and regroup the trade of several countries in a single well-equipped harbor. But, road transportation costs in Africa are, however, a major constraint on such solution. Indeed, the hinterland—which is the economic zone of influence—of a port relies essentially on:

- the cost of passing through; and
- the costs of land transport toward its hinterland.

These are basically determined by infrastructure quality (rapidity and security of movements), transit time (customs and check points), and back haul freight availability.

It therefore appears that the current land transportation situation in Africa is a temporary constraint hindering the creation of large specialized port terminals, common to several countries. As recently remarked by the Senegalese Minister for Maritime Affairs "the era of solitary adventures is over". The implementation, in common, of such projects can only enhance, indeed, the economic situation of the concerned African countries.

Port Traffic of Major West African Coastal Countries

Country	Tramping				Liner				Total			
	Liquid Bulk		Solid Bulk		Others		Containers		1985	1990	1985	1990
	1985	1990	1985	of which	1990	of which	1985	1990	1985	1990	1985	1990
Benin	200	135	200	Grain120	310	Grain 60	875	676	205	210	1,480	1,330
Cameroon	655	595	750	Grain 30	640	Grain 20	2,300	2,560	780	820	4,485	4,515
Cote d'Ivoire	4,820	5,180	3,830	Grain115	1,480	Grain245	1,800	3,600	1,400	1,310	11,850	11,570
Ghana	n/a	1,315	n/a		1,900	Coal 100	n/a	2,815	n/a	600	n/a	6,630
Guinea	535	575	3,700		3,800		585	680	240	470	5,060	5,425
Mauritania	35	15	n/a		110	Grain 20	1,050	355	15	70	1,100	650
Nigeria	8,900	4,280	25		1,745	Ore 600	105	4,325	15	1,630	9,045	11,980
						Coal 620						
Senegal	855	1,670	2,085		2,385	Grain375	2,240	1,525	525	660	5,705	6,230
Togo	635	650	400	Grain 25	570	Grain160	775	n/a	315	340	2,125	1,560
Zaire	n/a	n/a	245	Grain180	260	Grain205	1,260	1,070	415	426	1,920	1,755
Total	16,635	14,415	11,235		13,200		10,990	17,605	3,910	6,526	42,770	51,645

ECONOMIC PARAMETERS OF SHIPPING SERVICES BETWEEN EUROPE AND WEST AND CENTRAL AFRICAN STATES

**by Mr. Huchet
Delmas**

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I wish that this paper will contribute to the Round Table deliberations through an objective review of the real transport conditions and of the knowledge and experience accumulated as a Line Director in the French Group SDV. Many references will be made, in this paper, to SDV's naval equipment and to its operating modes. Other shipowners, both African and European, can draw other lessons from their own experience, and it will certainly be interesting and constructive to make some comparisons.

1. BACKGROUND

1.1 Information Sources

There is a lack of reliable statistical tools. The available data are incomplete and heterogeneous. Any attempt to undertake a rigorous analysis of such fragmented information would be illusory. Accordingly, the figures presented here are only indicative. Nevertheless, they have been carefully established, however, by combining available statistics with other data sources and with our own observations. Therefore, we believe these figures can adequately be used to support our remarks.

1.2 West and Central Africa in World Trade

In 1990, Africa as a whole accounted for 2.9 percent of total exports to OECD countries and 3.4 percent of imports. For the region under consideration (Mauritania-Angola and neighboring landlocked countries) these figures are respectively 1.2 and 1.3 percent, including solid and liquid bulk. The proportion of general cargo is thus insignificant when compared with the total trade volume with OECD countries, and more so, when related to total world trade. From this stark reality, we may draw a first conclusion: maritime transport of general cargo to and from West and Central Africa is affected by the international economic situation, but has no significant impact on this environment.

1.3 EC Participation

In this narrow market, EC maintains and even reinforces (1989–1990) a considerable share (82 percent). This observation is based on Conferences' secretariat statistics and shipments estimates by non-conference regular lines.

There are no reliable South-North traffic statistics. The emergence of Angola, with its imports from the EC, especially from Portugal, has not yet been statistically monitored. Data and observations for the first six months of 1991, however, confirm the 1990 trend, except for CEWAL which is affected by the Zaire recession.

1.4 European Export Evolution since 1977

The Table given in Annex 2 suggests the following comments:

- The figures relate only to shipments through Continental Europe's conferences.
- Since 1981, a record year, there has been an overall decrease of 30.4 percent, which can be broken down by sector: MEWAC: 30.0 percent, NORTH COWAC: 14.4 percent, and SOUTH COWAC: 47.9 percent.

- In addition to a general traffic decline, there appears to be a diversion of French trade flows to the relative benefit of the Northern Continent. This trend is confirmed in 1991. This results, on the one hand, of the probable African countries' willingness to diversify their European suppliers and, on the other hand, of Antwerp's attraction for cargo of French origin.

1.5 Emergence of Anglophone Countries

The above mentioned figures do not include cargo shipments by outsiders. Nevertheless, they still are significant. Indeed, outsiders mainly deal with Nigeria and Ghana. These two countries are free of freight control—though a few half-hearted attempts have been made—and are developing their imports. A review of various sources shows that nearly 50 percent of the general cargo shipped from Europe by liners is bound to Nigeria. Furthermore, considering Ghana's emergence in both North-South and South-North trade, European shipping lines have to adapt to a trade shift from the francophone to the anglophone zone. For example, the SDV Group, which is traditionally francophone, acquired the British EDL shipping line in 1989, and has organized its services in order to provide the ports of Lagos (Nigeria) and Tema (Ghana) with adequate capacity and frequency to meet the growing relative importance of these two ports in the region.

1.6 Service Capacity

Annex 3 gives a list of liner capacities serving regularly, in 1991, the area under consideration. Capacities are expressed in dwt, which is the only common denominator for ships having very different characteristics. It is to be remarked that Europeans are operating 84 percent of the global capacity, while Africans are operating only 16 percent of that capacity. As a group, Africans no longer carry the cargo shares allocated to them by the Code of Conduct. This has given rise to the strange phenomenon called "retrocession". This is not, however, verified on a sectoral basis in some countries (Cote d'Ivoire).

1.7 Recent Developments

Two recent developments are likely to considerably affect shipping lines' organization in the area under consideration:

- Major merger of shipowners have taken place in Atlantic Europe, around Delmas (SDV) and CMB respectively, in the COWAC-UKWAL zones.
- The EC (DG IV) has heavily sanctioned and consequently forbidden the arrangements taken by the conferences to settle the legal conflict opposing the EC regulations and the African Legislation based on the Code of Conduct. Since this is a very recent decision, it is not yet possible to venture an analysis of its consequences.

North-South Trade in 1990

Countries	Freight (t)	Ratio (confer.)
NORTH COWAC: · Germany · Netherlands · Belgium	4,500,000	60/40
SOUTH COWAC: · France	1,875,000	80/20
UKWAL: · United Kingdom	767,000	60/40
MEWAC: · Mediterranean France · Spain · Italy	1,467,000	75/25
CEWAL: · North COWAC Range toward Angola & Zaire	414,000	75/25
Subtotal, EC (82%)	9,023,000	
AWAFC: · United States · Canada	579,800	100/0
FEWAC: · Japan · South East Asia	1,400,000	85/15
Subtotal, other than EC (18%)	1,979,000	
Grand Total	11,002,800	

Capacities in Service
(in tdw)

Shipping Lines	Atlantic	Mediterranean	Total
EUROPEAN LINES*			
NDA SDV	340,981	116,478	457,459
JSA	122,332		122,332
LT/TRANSCOA		155,001	155,001
SPLOSNA		48,257	48,257
MESSINA		49,034	49,034
KELLER		6,100	6,100
MAC LINE		8,058	8,058
GRIMALDI		62,283	62,283
ECOA		35,954	35,954
CMB GROUP	167,490		167,490
BACO	65,400		65,400
NILE DUTCH	28,000		28,000
OTAL	95,400		95,400
GRIMALDI/COBELFRET	43,800		43,800
Subto	863,403	481,165	1,344,578
AFRICAN LINES			
CAMSHIP	33,509	4,800	38,309
SITRAM	83,730		83,730
SONATRAM	25,330		25,330
SIVOMAR		21,439	21,439
VSL	16,633		16,633
NNSL	66,000		66,000
Subto	252,202	26,239	251,441
Grand To			1,569,009

* Plus a few East European liners with non-regular services.

Evolution of North-South Flows
(in tons of freight)

Year	COWAC NORTH	COWAC SOUTH	COWAC N.& S.	Total
1977	2,332,352	2,112,063	4,444,415	5,684,907
1978	2,252,498	2,332,160	4,584,658	6,000,096
1979	2,231,807	2,501,817	4,533,654	6,144,484
1980	2,669,881	2,746,317	5,416,198	7,273,210
1981	3,108,265	2,863,184	5,971,449	7,726,647
1982	2,649,141	3,099,980	5,749,121	7,194,879
1983	2,099,356	2,696,514	4,795,870	6,093,134
1984	2,056,821	2,617,350	4,674,171	5,945,169
1985	2,307,646	2,456,575	4,763,121	6,095,379
1986	1,938,211	2,025,832	3,954,043	5,124,869
1987	2,234,290	1,988,472	4,332,662	5,403,434
1988	2,522,416	1,824,079	4,346,495	5,478,847
1989	2,879,722	1,584,369	4,464,091	5,680,929
1990	2,661,675	1,490,979	3,803,654	5,380,346

2. DEFINING THE MARITIME TRANSPORT SEGMENT

2.1 Price and Cost of Transport

To avoid any confusion, let us define the transport price (or freight rate) as the total of all expenses incurred for cargo transportation from its point of origin to its final destination. That is, chronologically:

- land transport to the port of loading;
- passing through the port of loading;
- maritime transport;
- passing through the port of unloading; and
- land transport to final destination.

This transport price is shared by the seller and the buyer on the basis of the transaction terms, FOB or CIF, which determine who pays for the maritime transport part.

The maritime transport component is the carrier's revenue to compensate for his costs from the point of loading to the point of delivery, which determines, in space and time, the limits of the shipowner's responsibility.

This is simple and well-known. But, the reality is singularly more complicated for each country and, in fact, each port perpetuates its own definition of the point where responsibility for the goods is transferred.

2.2 Liner Terms in Africa

Let us begin with Africa, where practices are relatively more homogeneous. The rule is that of alongside delivery. For imports (and vice versa for exports), the ship bears handling costs from shipboard to alongside delivery, whereas the goods bear the handling costs from alongside to the land vehicles. The application modalities of this rule differ, however, according to whether port handling operations are national or private activities.

In general, handling operations remain nationalized in anglophone countries and ports. In this case, port authorities, which also are handling agents, directly issue an invoice to the goods for all port operations beyond alongside delivery. The shipowner is not involved and is billed only for shipboard operations within his responsibility area.

In francophone countries and ports, at least in the main ports (Abidjan, Dakar, Douala, Libreville, and Pointe Noire), handling operations are private and shipowners negotiate with the handling company an integrated rate from shipboard to land vehicles, according to a tariff approved by the Port Authority (Competition and Price Directorate). It is important to note that, in Africa, public authorities interfere, directly or indirectly, in one of the components of transport price.

2.3 Liner Terms in Europe

In Europe, each conference zone perpetuates its own modalities. In every case, shipowners negotiate with a private handling agent an integrated rate from shipboard to evacuation vehicles (or vice versa).

In the COWAC NORTH zone, where the rule is, in principle, alongside delivery—or nowadays, terminal delivery for containers—shipowners recover on the goods the cost of handling from alongside, or from terminal, to land vehicles, according to a tariff established by the conference, without any public authorities' intervention. This tariff is called THC for containers and PLTC (port liner terms charges) for non containerized goods.

In the COWAC SOUTH zone (France), the rule is, in principle, shipboard delivery. The modalities are the same but the loading or unloading tariffs compensate for all operations between shipboard and land vehicles. These charges are subjected to a port tariff, which may be suspected of public authorities' interferences.

In the MEWAC zone, the reference is shipboard in the South of France and alongside delivery in Spain and Italy, and the tariffs include taxes or corresponding THC.

In the UKWAL zone, the rule is, in principle, alongside delivery. During the 80s, however, the "all in" system has been generalized, and all the services, up to shipboard, are now included in the maritime freight rates.

Furthermore, each conference has established its tariffs in its own currency—DM in COWAC NORTH, FF in COWAC SOUTH, £ in UKWAL, FF and US\$ in MEWAC—and had adopted tariff policies which have nothing to do with maritime transport itself, such as container leasing and contribution to land transport. Thus, it can be seen that, in Europe, it is difficult to draw the line between the ship economic responsibility and that of the freight. As a consequence, the maritime transport price of goods, that is the shipowner's revenue, compensates for various services according to the European port through which the cargo is passing.

2.4 Harmonization of Conferences' Terms and Conditions

Aware of the need to harmonize transport conditions, the members of COWAC NORTH, COWAC SOUTH, MEWAC, and UKWAL have decided to establish a European alongside delivery tariff in all ports of Atlantic France, North Continent and Mediterranean zone, based on a distribution (60% to the ship and 40% to the cargo) of handling charges between shipboard and land vehicles, excluding any other services which remained billed to the cargo. The currency adopted is the European ECU. This measure, applicable as of February 1st, 1992, a few months ahead of the complete movement liberalization within the EC on January 1st, 1993, could have grave consequences. Indeed, cargo will be allowed to choose a port on the basis of its competitiveness in terms of costs and quality of service. French public authorities, anticipating a serious risk of non-competitiveness of French ports as compared to those of their big Belgian and Dutch competitors (connected to an elaborate rail, road and river network) have undertaken, at the end of 1991, a revision of the handling labor statute, which, as we see it, is the only survival condition of the French ports.

Another consequence of this arrangement associated with the opening of intra-European borders is that there will no longer be any formal relations between the country of origin or destination of the cargo and the European transit port. As a result, the bilateral agreements on cargo-sharing, under the Code of Conduct, will no longer have any economic raison d'être within the EC.

2.5 Goods Transported by Liners

We have attempted to define, in space and in time, the maritime element of transport, which is the object of our review. It has been shown that, in Europe, its limits are still differentiated, but moving toward a clear and homogeneous definition, in line with the wishes of shipowners, as well as shippers and receivers of the cargo.

We also have to define the concept of general cargo. A simple definition is easy to give: general cargo is constituted by all forms of cargo, with the exception of solid and liquid bulks. But, since the determination of general cargo shipping cost is based on an analysis of liners operating costs, there is need to change this too simple definition into: **general cargo is the cargo generally transported by regular line ships.**

Thus, important North-South shipment of solid bulk are carried by tramp ships chartered outside the perimeter of this study. But, smaller shipments, up to 3,000 or even 5,000, tons are carried by liners as are bags of flour and sugar. South-North shipments of timbers and logs are transported in part by chartered ships (the same ships that have carried bulk or bags from Europe or the U.S.A.), and in part by liners. Fresh fruits, bananas and pineapples, are carried under special conditions by specialized vessels. This will be discussed in Section 6.

3. MARITIME TRANSPORT COSTS

3.1 Definition

The cost of maritime transport includes all costs incurred by the shipowner between the place and time of taking the cargo in charge and the place and time of its delivery, which is within the maritime transport segment discussed in Section 2.

The cost price can be broken down into:

- variable costs;
- cost of containers or of other mobile equipment; and
- fixed costs.

3.2 Variable Costs

Variable costs are a function either of shipping revenues (agents' commissions and provision for damages and losses) or quantity of cargo and containers carried (port handling, feeding, equalization).

Variable costs do not vary much from one shipowner to another, and differences are not significant between the Europe-West Africa sector and the other maritime routes to Europe. It was observed that, in 1991, variable costs of SDV fully cellular containerships accounted for 32.4 percent of net shipping revenues.

3.3 Cost of Containers and Other Mobile Equipments

Container costs of the same SDV fully cellular containerships accounted, in 1991, for 19.1 percent of net shipping revenues. This is a high figure which requires further analysis.

In counterpart for a reduction of ship's port time, the shipowner has invested heavily in containers. If the ship is fully cellularized, the shipowner must dispose of a container park of 2.5 times its capacity. Thus, a fleet of four 1,000 TEU ships will require a permanent container park of 12,000 TEU. If the shipowner also owns this container park, the corresponding investment is of the same magnitude as that of the ships.

The duration of the container trips between Europe and West Africa (the loop) is of 160 days to 170 days on average. This is poor performance in regard of the relatively short trip times in other sectors. Transit times in certain African ports are, indeed, excessively long, as a result of terminal congestions, inadequate port equipment, cumbersome customs procedures, insufficient distribution and evacuation networks, etc. Furthermore, empty containers must often be repatriated to exporting African ports.

The average cost of a loop, in 1991, was about FF 3,000, including land repositioning costs in Europe and excluding demurrages collected in Africa. It is assumed that other fully cellular containerships' operators have similar results.

3.4 Fixed Costs

Fixed costs are considerably affected by the very specific operating conditions in West Africa. By fixed costs, it is to be understood:

- the maritime voyage costs, i.e., fuel and port charges;
- the daily ship expenses;
- the general overheads; and
- the interests on invested capital.

All these costs, divided by the dynamic service capacity (expressed in TEU, m³ or linear meter, according to the vessel type) determine the **production cost**, which is an expression of the shipowner's competitiveness.

Ideally, this production cost will be at a minimum under the following circumstances:

- maximum static capacity, i.e., the largest possible vessel; and
- minimum trip duration, in order to increase the dynamic capacity—which means that, on a given maritime route, port time must be minimized—thus the number of port calls is kept to a minimum.

3.5 Typical West African Factors Affecting Maritime Transport Costs

- Ship size and capacity are limited by access restrictions to certain African ports. This is especially the case of Dakar—which is the first port, in geographical order, where ships arrive fully loaded—Libreville and Douala. Even medium tonnage ships will no longer have access to Libreville and Douala if dredging works are not undertaken in a near future.
- The high average gross weight of containers bound for West Africa (15.7 ton in 1991) also limits the effective vessel capacity. Indeed, a ship built to carry 1,650 TEU, on the basis of an average container gross weight of 14 t (which is the figure usually adopted by shipyards and brokers), will be limited to a load of 1,420 TEU to gain access to Dakar, the first port on her route. To gain access to Douala, she will have to be almost empty, and will have to call twice (outbound and inbound) at the exporting ports of Abidjan and Tema.
- North-South trade is extremely scattered, both in Europe and Africa. It often takes 17 to 20 calls per voyage to ensure a full container load. African shipowners are less affected by this, because, in Africa, they concentrate on their national ports.
- Ships operating on the West African Coast must be equipped with their own lifting and handling gear. In every other area, operating cellular ships are gearless. Only two ports in the region are equipped with gantry cranes: Abidjan, where they are in working order, and Lagos, where they are rarely available. As long as all the region ports are not equipped with reliable facilities, containerships will have to be autonomous, and this will require additional investments.
- West African ports are among the least productive in the world, in terms of cargo handling rate. This is a general remark, based on average performances, which, in fact, are very different from one port to another. But, overall, the time spent in West African ports is excessive and affects trip duration.
- Port charges in Conakry, Matadi and Lagos are among the highest in the world.

3.6 Overcapacity?

The production cost is also a function of the utilization rate of a ship. It is often heard that there is an overcapacity operating between Europe and West Africa, and that freight rates are too high. This is somewhat contradictory. Indeed, if there were overcapacity freight rates would be driven down by the market mechanism. In our view, there is no permanent overcapacity, but perhaps a marginal technical overcapacity.

In fact, over the last several years, there has been a general decline in the trade volume carried along the dominating North-South route that sets the service capacity level. All African and European shipowners have thus withdrawn some of their vessels on economic ground. However, in periods of sluggishness, this adaptation is often lagging because transport capacity cannot immediately follow demand variations. Nevertheless, no shipowner is interested in maintaining overcapacity, which, in fact, he would eliminate himself without waiting to be constrained to do so.

3.7 Shipowners are Affected by Their Production Cost

All shipowners support about the same variable costs. But, their production costs are very different, as is also their capacity to resist market pressures. In this respect, armaments can be classified in three groups:

- European shipowners, members of conferences;
- African national shipowners, members of conferences; and
- European shipowners, non-members of conferences.

The first category is easy to identify. It is currently illustrated by two major groups: The SDV Group, which represents the French national interests (and charters capacities from the Dutch NEDLLOYD shipping lines), and the CMB Group which represents the Belgian, Danish and German national interests. By the importance of its controlled resources, in terms of accumulated national rights, cross trade rights, participation in "free" sectors, and capacities available, this type of armament can line up modern, high capacity ships in such quantity as to ensure its autonomy. In other words, they provide a loaded mode frequency which is commercially satisfactory. Furthermore, they are heirs to a long African tradition, and develop a strategy of permanency. They are, however, handicapped by the traffic scattering which requires them to call in numerous ports. Nevertheless, their production costs are relatively low.

The second category shipowners operate small or medium tonnage multipurpose ships (12,000 dwt to 17,000 dwt) under national flag. African shipowners are focussed on their national ports. But the time saved that way is offset by a poor ship productivity. They have high production costs, and they generally follow a survival strategy.

The European non-members of conferences have carved special niches for themselves, such as uncontrolled traffics between busy ports (Antwerp-Lagos, UK-Lagos) or ports which are poorly served by other lines, and where there are no national shipowners (Gambia, Liberia, Sierra Leone). Their naval equipment is diversified, but they usually operate performing, high capacity ships. They are free from any flag constraints and take advantage of the charter market and of the economy flags. Their production cost is probably low and their strategy is to wait-and-see, speculating on a near future abolition of cargo controls.

3.8 Break Point

A shipowner's capacity to withstand market pressures is determined by his break point. This break point is reached when the net FIO—that is the net shipping revenues minus the variable costs—do not compensate the production cost. There are two ways to consider this problem:

The ship's operator is also the shipowner and investor. In this case, the actual margin over fuel costs, port charges, daily running costs, and structural overheads will be affected to service the capital. In his accounts, the shipowner will have opted for an amortization plan, according to a series of considerations (fiscal, etc.), which will not reflect the actual financial cost of his investment. The actual financial cost is the return on the investor's equity and the interests on the loans. If there is no return on the equity, or if this return is inadequate, no provision to replace the naval equipment will be constituted. In other words, if there is no return on the shareholders' invested capital, or if the return is too low, the shareholders will not maintain their investment, thus questioning the permanency principle which characterizes the shipowners of the first category. This provision for the naval equipment renewal ensures service continuity and is commonly referred to as profit! Curiously enough, this alleged profit of a shipowner is usually disputed. Is the profit margin of an exporting industry disputed? If there were no profit, the industry would stop producing and exporting.

The ship's operator is not the shipowner. In this case, the ship is leased under time charter conditions. Thus, in the calculation of the production cost, the running costs and capital costs are replaced by the time charter cost of the ship. If the break point is reached, all activities must cease, as direct expenses exceed revenues.

3.9 Example of Production Cost

In 1991, the production cost of the SDV fully cellular containership services has been, excluding capital costs, FF 4,260 (or US\$260) per TEU from Europe. This figure includes:

- fuel;
- port charges;
- running costs; and
- structural overheads.

It corresponds to a fleet of four 1,420 TEU and two 900 TEU ships, under French flag, making 45-day trips of 10,000 miles each, with 17 calls per loop.

If the operator is not the shipowner, the ships would be valued according to prevailing charter market conditions, that is US\$16,500 and US\$11,500 respectively and the production cost would therefore be FF 5,282 (or US\$938).

3.10 Distribution of Containerization Benefits Between Ship and Cargo

The shipowner has made a fairly large investment which has increased the ship's productivity. To a large extent, shippers also benefit from this investment: substantial savings on goods conditioning, safer and faster service, less handling, etc. They do not pay, however, for these benefits, whereas the shipowner tries to adjust his rates accordingly, by introducing rental charges, which are strongly opposed by the shippers. This debate is not concluded yet, and is not limited to West Africa. Since this subject is not part of this paper objectives, we shall not discuss it any further.

3.11 Are Containerships More Efficient Than Ro-Ro Ships?

The containership suffers an initial handicap. Indeed, the shipowner must nearly double his investment in container equipment. The same capacity ro-ro vessel should thus offer a lower production cost, at least on the basis of this initial observation. Many other factors, however, must be taken into consideration. Ro-ro ships also demand to invest in specialized equipment:

- unitization equipment: tugs, mafis, bolsters;
- on board handling equipment;
- tractors;
- containers, but in relatively smaller quantities, the ro-ro ship deck being generally devoted to container transport; and
- lifting cranes: the large ro-ro vessels serving the Europe-West Africa sector have to instal one or two cranes for container handling, which is a violation of the original principle governing this transportation mode.

The total of these investments, however, does not reach the relative level of those made in containers by the cellular containerships' owners. Nevertheless:

- the ro-ro shipowner bears the goods unitization and de-unitization costs, while in the Europe-West Africa sector, most of the North-South containers are processed as full container loads (FCL); the FCL proportion in South-North traffic, however, varies according to products, and is currently in evolution;
- the complexity of stowing operations in the hull of a ro-ro vessel, compounded by the high number of ports of call, does not allow for a full utilization of the available space, so that, in the North-South sector, a ro-ro ship is considered as "full" with only 50 percent to 60 percent of effective occupation of the below deck space; and
- the ro-ro vessel is better adapted to the South-North traffics of sensitive agricultural products (cocoa) and of lumbers but, over the past few years, it has been observed in some countries (Cote d'Ivoire, Ghana) a sharp decline in the export of logs and lumbers in favor of locally sawn wood, produced at various finishing levels.

Finally, it is also to be noted that the ro-ro ship is the privileged means of maritime transportation for all types of rolling stock: trucks, busses, tractors, construction site equipment, etc.

Evaluating the positive and negative factors which affect the ro-ro ship's relative productivity as compared with the fully cellular containership is a complex exercise, which is difficult to conduct with objectivity. In fact, shipowners have adopted either system without waiting for the economic verdict. But, as a result of the merger of DELMAS (engaged in full containerization) and JSA (HOEGH's heir, a promoter of ro-ro vessels) into the SDV Group, we might have soon a clearer picture of the situation. A comparative analysis will be possible, the conclusions of which will influence future investments.

4. MARITIME TRANSPORT REVENUES

4.1 General Information

It is difficult, but possible, to estimate the cargo volume carried—with a limited statistical base—whereas it would be risky to try a general presentation of shipping revenues. There is, indeed, no statistical support at all. Shipowners and shippers are very reluctant to provide information they consider as their business secrets. In the absence of any reliable source, we have had to focus our attention on a few significant data that were occasionally leaked, which have been verified and validated. Let us start with some background information.

- The North-South conference tariff is not respected by anyone. It still is, however, a benchmark, at least for the francophone destinations.

· Maritime transport is an industry that is particularly subjected to the brutality of the market forces. Accordingly, the shipowner's revenue—thus the maritime transport cost for the shipper—varies between:

- a higher limit above which the CIF product value would not allow the exporter to be competitive on his market. Driven out of the market, he would give up shipping or seek other markets; and
- a lower limit beyond which shipping revenues would be inferior to the shipowner's production cost.
- The cargo control systems, based on the Code of Conduct, for the North-South traffic between Europe and certain West African countries constrain the free play of market forces, but do not eliminate them.
- Lastly, we are not sure to have fully perceived the Code of Conduct's objectives in the maritime transport area. Is it intended to enable African countries to better control their import costs and the competitiveness of their exports? or is it aiming at providing African countries with a profitable maritime transport industry?

We shall now review separately the North-South and South-North situations.

4.2 North-South Trade

4.2.1 *Evolution*

The following Table shows the containerized freight evolution registered by DELMAS since 1981. There is an average of 22 tons of freight per TEU.

FCL Freight Evolution

Year	Revenue (FF/TEU)
1981	10,399
1982	11,622
1983	12,420
1984	12,586
1985	13,360
1986	12,954
1987	11,298
1988	10,344
1989	10,449
1990	10,907
1991	10,543

This Table suggests a few comments:

- Over this ten-year period, revenues in current French Francs have remained constant. The increases in 1983–1986 were the result of fuel surcharges to compensate corresponding extra costs. The market mechanisms suggest that other shipowners have realized about the same level of freight revenues.

- The latest official increases of conference freight tariffs date back to October 1985. They had no discernable effect on the actual rates.
- In France, the monetary erosion coefficient was, for the last ten years, 1.67 according to French banking sources. The average European coefficient may have been slightly lower, but we do not know it.
- These DELMAS statistics also reflect, during the period, an increase of transports toward Ghana and Nigeria, that usually generate lower revenues.
- Taking these reservations into account, it can be estimated, without a great risk of error, that the revenue per TEU, in constant terms, declined by at least 50 percent since 1981.
- It is to be remarked that the negative evolution of the shipowner's income is also the result, in part, of changes in the transported products' type and value. Since the early 1980s, the economic recession in West African countries has drastically limited imports of high value products, generally deemed to be luxury goods.

Rather curiously, this evolution has also had a negative impact on the maritime transport production cost. Indeed, as a general rule, poor products are heavier than rich products. Between 1981 and 1991, the average gross weight of a 20 ft container increased by 2 tons, that is, for a 1,500 TEU ship, an additional load of 3,000 tons. The ship's effective capacity is therefore reduced, because of nautical restrictions to access some West African ports, as was earlier mentioned.

At this point of the review, it is necessary to distinguish between francophone and anglophone destinations.

4.2.2 *Francophone Destinations*

Francophone African countries have introduced the Code of Conduct's provisions in their national legislation, or rather their interpretation of those provisions. We shall not discuss here of the resulting legal conflict with the EC regulations.

The practical consequences are:

- the outsiders' pressure is less marked;
- freight rates remain relatively higher; and
- the conference tariff is still a reference.

Thus, the conference charges higher rates for distant destinations (Pointe Noire) than for nearer destinations (Dakar). Similarly, the conference charges more for rich goods than for poor goods. These trends still prevail, although watered down, nowadays.

4.2.3 *Anglophone Destinations*

In this section, we essentially refer to Nigeria, where the *Shipping Policy* of October 1987 has indeed integrated the Code of Conduct into the national legislation. However, the National Maritime Authority has not, so far, been able to implement its provisions as a result of serious internal disorders.

Nigeria is thus considered by shipowners as "free", and this entails some practical consequences:

- outsiders exert a great pressure;
- revenues are, therefore, lower than the average revenues of francophone destinations; and
- there is a trend toward application of FAK rates (Freight All Kind) that make little or no difference between rich and poor cargo.

It is to be noted that, as far as North-South tariffs are concerned, Ghana is aligned on Nigeria. Other anglophone West African countries (Gambia, Liberia, and Sierra Leone) have little conference liners' services, and we do not have any information on their policies.

Zaire and Angola are special cases. Freight rates to Matadi remain high because of the high access costs to the Matadi port and of the protection ensured by the very hermetic CEWAL pool. Angola is beginning to import, but the freight rates are not yet stabilized and tend to decline. There is no control at all. The inflow of cargo brings about a congestion of the port of Luanda, where operating conditions are extremely difficult.

4.2.4 *North-South Shipping Impact on CIF Freight Value*

For the reasons already given, the part of the maritime transport cost in the CIF value of goods cannot be constant. Here are several series of figures presented to help organizing our reflections.

- FOB value of the cargo in a 20 ft container, for 22 tons of freight (1991):

White Products	FF 100,000
Ceramic Tiles	FF 120,000
Groceries	FF 250,000
Textile, Cigarettes, Alcohol	FF 400,000

- Average shipping revenue (excluding reefer) by TEU, according to destination (1991):

Francophone Ports:

Dakar	FF 8,836
Conakry	FF 9,348
Abidjan	FF 10,094
Lome	FF 10,156
Cotonou	FF 9,273*
Douala	FF 11,333
Libreville	FF 12,538
Pointe Noire	FF 12,021

* Cotonou represents a deviation from the general increase observed in North-South trade. Much of the cargo unloaded in Cotonou is bound for Nigeria.

Anglophone Ports:

Tema, Ghana	FF 8,750
Lagos, Nigeria	FF 8,869

Non Typical Destinations:

Matadi	FF 15,437
Luanda	FF 11,735

Rates in effect from the Mediterranean zone (dominated by Italian exports) are much lower. We assume this is the result of the keen competition between five Italian armaments, which could not, or would not, organize or group themselves as did their North European counterparts

- Percentage of the maritime freight in the CIF value of cargo bound for Abidjan (in FF):

Goods	FOB Value	Freight	CIF Value	%
White Products	100,000	9,000	109,000	8.3
Ceramic Tiles	120,000	10,500	130,000	8.0
Groceries	250,000	13,000	263,000	4.9
Textile, Cigarettes, Alcohol	400,000	13,500	413,500	3.3

Note: Similar differences are observed on other francophone destinations.

- Percentage of the maritime freight in the CIF value of cargo bound for anglophone ports (in FF):

Goods	FOB Value	Freight	CIF Value	%
White Products	100,000	8,800	108,800	8.1
Ceramic Tiles	120,000	8,800	128,800	6.8
Groceries	250,000	8,800	258,800	3.4
Textile, Cigarettes, Alcohol	400,000	8,800	408,800	2.2

Note: A de facto FAK policy has been adopted in anglophone ports.

Two conclusions can be drawn from these summaries of actually registered sets of figures:

- the value added by maritime transport ranges between 2 percent and 9 percent of the CIF values, according to the port of destination and the type of cargo; and
- the so called "poor" products are penalized in favor of the "rich" cargo.

4.2.5 Comparison with Freight Rates from Europe Toward Other Sectors

For such a comparison to be rigorous, significant and reliable, it would demand considerable research and study means, in close correlation with a review of related production costs. Hasty observations would lead to deceitful, possibly erroneous conclusions, and thus dangerous for the interpretations that could be made from them. To illustrate the complex nature of the subject, it must be remarked that the Europe-West Africa maritime sector does not cover one but many destinations, each of them having their own problems, and that, in that same sector, shipowners of all sizes and all types, with various structures, have each their different production costs. What is the economic value of an "average" in such an environment?

To remain within the scope of the present study and stick to the principle of validating benchmark and yardsticks to organize our reflection, we propose two examples:

- A 20 ft container from Le Havre to New York is charged a FAK rate of FF 3,360 (or US\$600). This is the extreme example. It defies any logic, for whatever is the shipowner's competitiveness in production cost (certainly much lower than in the West African zone), the

net FIO is nil or negative and there is no return on the naval investment. This is the result of an extreme liberalization imposed by U.S. legislation. Only a few very large armaments, of worldwide fame, continue to fight each other on the North Atlantic routes. Since they survive, we assume they are making their profits elsewhere.

The Europe-South America sector (Atlantic Coast) offers a better comparison with the West African zone, with similar loop duration, operating conditions and traffic, and a rather strong conference system. However, only three countries (Argentina, Brazil and Uruguay) and five ports are involved in the South American sector. Thus, production costs are most certainly lower. A 20 ft container bound for these destinations is charged an average rate of FF 14,100 (that is 40 percent more than for West Africa). Actual rates have remained very diversified, according to the nature and value of the cargo (from FF 8,800 to FF 18,000). The South American national fleets actually carry their allocated cargo share. Until 1990, there was a rather rigorous cargo control. Then Argentina liberalized its trade and attracted many outsiders, which have exerted a tremendous pressure on freight rates. It is planned that cargo control will be lifted in 1993 in Brazil. This is likely to have an impact on European and South American shipowners' revenues.

4.3 **South-North Trade**

4.3.1 *Traffic Identification*

South-North liner traffic is far less diversified in its nature and countries of origin. They are, thus, easier to identify. Cargo is essentially made of agriculture and forestry products. The Table below indicates the most significant flows (Source: Eurostat 1990). Though less important, rubber, canned fish from Senegal, and mining products in transit through Matadi are also worth mentioning. The serious difficulties encountered in accessing Matadi (difficult and costly access both for incoming ships and for goods arriving from hinterland) will probably divert all the Zaire's mining production to other ports in Eastern and Southern Africa. Furthermore, West Africa also exports 450,000 tons of cotton per year (1991) toward the Far East and Morocco.

4.3.2 *Establishing South-North Freight Rates*

Cargo carried by regular lines from West Africa to Europe is, in principle, subject to the conference tariffs, which have not been adjusted since 1984. These tariffs are not better respected than in the North-South traffic, but three countries have arbitrarily confirmed the freight rates applicable to their main exports:

- In **Cote d'Ivoire** : the OIC determines, without consultations with shipowners, the freight rates applicable to all categories of export.
- In **Nigeria**, the freight rates applicable to all agricultural products are determined by a Commodity Board.
- In **Ghana**, the freight rates applicable to cocoa and by-products are determined by a Cocoa Marketing Board.

As a matter of fact, the export freight rates from other West African countries are subjected to the market forces.

South-North Traffic in 1990
(in tons)

Origin	Cocoa	Cotton	Coffee	Timber	Total
Matadi		30,000			30,000
Cote d'Ivoire	476,000	14,500	110,000	749,000	1,335,000
Burkina Faso	151,000				14,500
Ghana		20,000		237,000	388,000
Togo		16,000			20,000
Benin					16,000
Cameroon	100,000		101,000	662,000	863,000
Gabon				567,000	567,000
Congo				504,000	504,000
Total	727,000	80,500	211,000	2,719,000	3,737,500

Note: Nigeria exported a significant volume of cocoa in 1991, but no data are available.

4.3.3 *Unitization Rate*

Cargo loaded in West Africa on regular lines is almost entirely unitized, with the exception, of course, of logs and of a few ships carrying full loads of cocoa in bags during peak periods.

- Nearly 100 percent of coffee, cotton and cocoa by-products are containerized.
- About 30 percent of cocoa beans are containerized. The balance is unitized on ro-ro ships or, sometimes, shipped as a full loads on general cargo ships.
- Wood processing industries of all species, with the exception of veneers (okoumie of Gabon), recently had a robust development. Vessels are carrying fewer and fewer logs and more and more dressed wood at different value added levels. Dressed wood is containerized or unitized on ro-ro ships, which can also carry them flat on deck.

4.3.4 *1991 Freight Values*

There are no statistical records of freight values. To obtain some indications, let us review the SDV Group revenues from the main products transported. We assume they are in conformity with the market.

Product	Revenue	
Coffee	FF/t 442	FF/TEU
Cotton	FF/t 500	6,634
Cocoa	FF/t 380	FF/TEU
Rubber	FF/t 310	5,000
Wood (Atlantic)	FF/m ³ 330	FF/TEU
Wood (Mediterranean)	FF/m ³ 358	4,750 FF/TEU 6,120

Dressed wood is charged according to its added value. They leave the shipowner with an average revenue of 4,500 FF/TEU, but may vary greatly in function of the product processing. The above mentioned

freight rates have not changed since 1984. In other words, in Francs, they reveal a decrease of about 50 percent of shipowners' revenues during the last nine years. And they do not take into account the 12 percent tax reduction imposed by OIC in 1991.

4.3.5 *Freight Rates' Percentage in the CIF Value*

Selling prices of agricultural products are subjected to wide fluctuations on the world markets. The part of freight rates in the CIF value of a product is therefore insignificant. Maritime transport is a service of which price and cost are not influenced at all by commodity markets. Here again, just to give an idea of the situation, we have established some indicators for the year 1991 (percentage of the maritime freight in the CIF value of certain commodities), on the basis of the OIC rates, which may be considered as a reference for West Africa:

Coffee	6.5%
Cotton	7.0%
Cocoa	6.0%
Rubber	6.5%

The freight rates applied to logs are about 22 percent of their CIF value. A few wood importers, however, engage in unfair practices very harmful for the carriers which have to absorb the high handling cost of a product which is, by its nature, very resistant to modernization. Selective investigations by shipowners on certain ships have revealed substantial undervaluation (up to 30 percent) that could not be traced to a given consignee.

4.4 **Linkages Between North-South and South-North Freight Rates**

There has been a widespread belief that shipowners would use their North-South revenues to subsidize their South-North shipments. This belief has no ground. On the one hand, the shipowner has no control on his revenues, contrary to what is also widely believed. He is subjected to the market forces and, in South-North trades, to tariffs imposed by African shippers' councils or other commodity boards without consultations with armaments. On the other hand, the shipowner commissions a ship and containers to undertake a round trip. This shipowner has, therefore, the responsibility to recover the full cost of his equipment rotation by cumulating a revenue from the outbound trip with, whenever possible, a revenue from the inbound trip, since on the whole, the inbound volumes are generally lower and do not balance the outbound volumes.

We do not understand why this elementary quest for profitability has to be interpreted as subsidization of one trade flows by another in the opposite direction.

5. POINT TO POINT TRANSPORT

This phrase "point to point transport" sounds magical. It would seem that, by integrating all the components of the transport chain from the point of origin to the final destination, savings would be generated to the benefit of the freight.

What is the current situation?

- In the now generalized situation of North-South FCL transport, the integration is physically achieved, since the cargo is not subjected to any direct handling from its production place to its reception place, where it is removed from the container and distributed by the importer.

In most cases, the exporter will establish the CIF selling price after contracting with several suppliers:

- A shipowner which will provide the container and will ensure the maritime transport.
- An land carrier (rail, road or river) which will carry the container to the port of loading.
- A customs agent at the port of loading.
- A cargo handling operator at the port, which will not be directly compensated by the shipper, but the services of which will be billed through a loading charge or TCH.

His customer, the consignee, will pay the port unloading tax, the services of a customs agent and will bear the cost of carrying the container to his warehouse.

It is not easy to reconstitute the full cost of transport, since the shipper knows its components up to the port of destination. The consignee knows the costs downstream and the CIF value which is the purchasing price, but is not broken down to show the components of the upstream transport cost. Furthermore, both upstream and downstream of the maritime transport, there are innumerable types of transport, which depend on many factors:

- the selection of the ports of loading and unloading;
- the location of the places of origin and destination in relation to the selected ports;
- the pre- and post-forwarding modes; and
- the armament belonging to one of the categories defined earlier.

In some cases of emerging trade—10 percent to 15 percent of North-South FCL traffic—the shipper will hand over to a forwarding agent the complete responsibility for the container, from its point of origin to its final destination. This forwarding agent actually knows the real through transport cost and the amount he charges his customer. The **cost of transport** should be the same, since it follows the same chain of services but, as the agent usually handles huge cargo volumes, he has leverage to negotiate preferential rates with service providers: shipowners, land carriers, and even port authorities which, in an authentic free competition spirit, do not hesitate to subsidize the cargo passing through their port. The **actual transport cost** is always the same, but the total price paid for the landed cargo at the factory or at a specific location is usually lower, since the forwarder concedes a part of the advantages obtained from the providers. There are, indeed, no saving on the real cost, but rather a **margin transfer**. The forwarder has, for that matter, the necessary flexibility to differentiate the charges applied to the richest types of freight. In general, he does not reveal his costs and revenues, confidentiality being a guarantee of his business.

An extreme case would be that of a shipowner that would also operate, in Europe and in Africa, as land carrier, handling agent and customs agent. In this case, a real cost reduction could materialize through better coordination, better organization and overheads' compression. As far as we know, in the Europe-West Africa sector, only SDV has recently approached such vertical integration. It is, however, too early to assume the resulting saving level for the Group and its customers.

6. SOUTH-NORTH TRAFFIC OF FRESH FRUITS

This section will be essentially devoted to the transport of bananas from Cameroon, and of bananas and pineapples from Cote d'Ivoire. A simplified presentation of the quantities and values (FIO) of these products currently carried by specialized ships.

Cote d'Ivoire

Year	Bananas (in tons)	Pineapples (in tons)	Freight Rate (FF/m ³)*
1984	109,000	94	248
1985	110,000	161	248
1986	87,000	169	248
1987	85,000	160	248
1988	78,000	122	248
1989	91,000	125	225
1990	96,000	137	230
1991	117,000	121	230

* A ton of bananas or pineapples = 3.4 m³.

Cameroon

Year	Bananas (in tons)	Freight Rate (in FF/m ³)*
1984	52,000	1,080
1985	57,500	1,122
1986	56,500	1,122
1987	49,500	1,122
1988	46,000	1,122
1989	63,000	1,122
1990	80,500	1,130
1991	120,000	1,130

* A ton of bananas = 3,4 m³.

These Tables show that:

- there is a stagnation of the fruit exports from Cote d'Ivoire, but there is also an impressive development of Cameroon's fruit exports, as a result of the intensive industrialization of its plantations; and
- the transporter's revenues remained constant in current terms, thus declining by about 50 percent in eight years.

Most banana exports from Cote d'Ivoire and Cameroon are bound to Mediterranean Europe, whereas most pineapple exports from Cote d'Ivoire are shipped to North West Europe (Antwerp). The tonnage of fresh fruits exported from these two countries accounted for 2.32 percent of the world market in 1991. The transport cost is guaranteed under previous contracts, respectively with CAMSHIP, SITRAM and SDV, renewed from year

to year. It is, as already seen, constant in current terms. The transport is subjected to market forces which are absolutely outside of its influence. Only a few maritime routes, sailed by a few major world producers (South America, South Africa) still make it possible, by rerouting, to ensure some loading regularity, which could not be provided by West Africa's potential.

High rates in Cameroon (as compared with Cote d'Ivoire), associated with the large production increase, make it likely that producers will soon ensure their own fruit transport.

West African producers in West Africa are extraordinarily resistant to any form of progress in the transport area. Fresh fruits' containerization, which is technically mastered in other maritime sectors, could regularize fruit transport and restore a certain economic order. This is particularly obvious in the case of the pineapples from Cote d'Ivoire, shipped to North West Europe, from where refrigerated containers are brought to Africa, loaded with various products under controlled temperature, and are returned empty!

7. SUMMARY OF AN OPERATING RESULT

We propose a summary of an operating result of the cellular service that we presented earlier as an example for production cost calculation.

This service has provided a capacity of 59,840 TEU from Europe, of which 9,000 TEU were chartered by another European shipowner, on the basis of the theoretical production cost compensation (ships' actualization on a TC market basis).

The operator had, thus, an available capacity of 50,840 TEU, of which, on average, 90 percent were utilized while outbound and 60 percent while inbound. Accordingly, the operator loaded 45,700 TEU for the outbound voyage and 30,500 TEU for the return trip. On the way out, 10 percent of the cargo was constituted of containers outside the ship's convenience and third party charter. Consequently, 41,000 TEU were FCL carried under average market conditions, as discussed earlier, which generated a revenue of FF 10,500, and 30,500 TEU, on the return voyage, also generated, under average market conditions, a revenue of FF 5,500.

How will the annual operating account be presented? See the following Table (in French francs).

Net Revenues: Southbound	41,000x10,50 0	430,500,000 32,900,000
Northbound Charter	4,700x7,000 30,500x5,500 9,000x5,252	167,750,000 47,250,000
Total Revenues		678,400,000
Variable Expenses		349,376,000
Net FIO	51,5%	329,024,000
Production cost	4,260x59,840	254,918,000
Capital Service		74,106,000

This Table suggests two comments:

- This is an ideal operating year, with no strikes in ports, no technical immobilization, no machinery breakdown, no accidents or incidents, no sociopolitical troubles in any of the 11 African ports served, no arbitrary ship seizure by some authorities for inexplicable reasons, etc.
- Interests on invested capital, under such ideal conditions, amount to 11,7 percent of the direct maritime revenues (excluding chartered freight). It does not guarantee the ships' replacement, their value being, in this case, about FF 12 billion. If revenues were to decline by just 10 percent from the 1991 level, there would virtually be no return on the naval investment, though maritime transport is a highly capital intensive industry.

8. CONCLUSIONS

Developments over the last 10 years, as observed and formulated in this paper, may be summarized as follows:

- Between 1981 and 1991, revenues in constant terms have declined by 50 percent while, at the same time, North-South traffic volumes has regressed. Europeans and Africans alike have endured this situation, but their reactions have been different.
- Europeans have drastically trimmed their production costs. They have formed large groups to avoid overcapacity, and have commissioned larger and better performing ships.
- During the boom period, 1978–1982, Africans have purchased enough ships (general cargo vessels ranging from 12,000 dwt to 17,000 dwt in capacity) to ensure the shipping of their cargo share under the Code of Conduct. But, the decline in revenues and traffic volumes, compounded with the relatively low productivity of medium tonnage general cargo vessels, brought them rapidly to the break point defined earlier. In order to survive, they had to sell some of their ships and to dispose of their traffic rights, practice that is now being disputed.
- There are two types of African armaments, those with nothing else to sell than their traffic rights and those who are still operating as maritime carriers. Among this latter group, me must specially recognize two Ivoirian shipowners, SITRAM and SIVOMAR, which have shown a great resilience under the circumstances. This is perhaps the result of their more rigorous management and better policies. But, they also greatly benefited from the fact that Cote d'Ivoire is an exporter of unitized and unitizable products. Ivoirian shipowners have loaded their vessels on both export and import routes, and have thus ensured an adequate level of productivity which helped keeping them away from the break point. Their neighbors have not been so fortunate.
- There is great pressure from all quarters in favor of maritime transport liberalization between Europe and West Africa. We personally believe that the sort of order which has appeared over the last few years (even if it sometimes seems to be some form of disorder), has had the merit of somewhat discouraging freight rate fixing and of globally promoting the continued provision of quality services in a difficult region. If the present order is to be questioned, it would have to be replaced by another traffic organization, rather than by an extreme liberalization which would entail serious consequences: How would existing African fleets survive? Would secondary ports continue to be served?

- Already now, current revenue levels drive both European and African shipowners to revisit the permanency of their services.
- Europeans, though formed in large groups, are also induced to lower their production cost. But, considering the typical West African difficulties that have been identified, potential productivity gains are getting rare. Slightly larger capacity vessels could be introduced (relying on the designers' ingenuity trying to obtain larger capacities without increasing ships'length or width, nor draft when fully loaded. Container parks management could be improved through better control of the loops. Voyage duration could be improved through reducing the number of ports of call (but, isn't this the beginning of a deterioration of service quality?). Lastly, overheads could also be slightly compressed. In any case, however, it must be remembered that all shipowners are permanently seeking a lower production cost.
- Africans will have to pool their resources and traffic rights in order to reach production costs that are comparable to Europeans'. Another way out for them is to join in an European Group to pool their equipments and operations. This is the approach chosen by the Ivoirian shipowners to gain quicker access to a real productivity and to the status of 21st century armament.

MARITIME TRANSPORT CHAINS AND COMPETITIVENESS OF AFRICAN ECONOMIES

**by Mr. Rizet and Ms. Gouvernal
INRETS**

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1. KEY ISSUES

The Sub-Saharan Africa Transport Policy Program (SSATP) is intended to improve the transport sector efficiency and, thereby, foster the region's development. One of the program components, *Trade and Transport*, has for its main objective to improve the international competitiveness of the Sub-Saharan Africa countries. Like the other components of the program, this one is expected to generate proposals for policy and institution reforms aimed at reorienting the economies of the countries involved, and, more specifically, their maritime transport sector, in order to ensure their insertion into the international trade flows. Taking into account the other papers to be presented at this Round Table, we propose a bibliographical analysis of the influence of maritime transport chains on competitiveness.

When we talk about commodities' competitiveness, whether exported or imported, we are, in fact, reviewing the organization, the prices, and the costs of the entire transport chain. Our goal is to make known works carried out in this area, not only covering West and Central Africa but also other regions, to make comparisons and synthesize them, in order to establish a preliminary diagnosis of the current situation and identify the unresolved issues in view of proposing a more complete diagnosis.

Here are the fundamental issues to be discussed:

- In the current condition of the maritime transport chains, in terms of costs and quality of services, is Africa lagging behind its competitors? To what extent are the maritime transport chains from and to Africa less cost-effective than those linking other continents?
- If maritime transport chains are an obstacle to the African economies' competitiveness, what are the reasons for this situation? In particular, it will be necessary to try and determine to what extent this situation is the result of:
 - specific geographical disadvantages, such as Africa's location outside of the major East-West trade routes, its limited trade volume, and its traffic structure, or of the fact that certain regions of the continent are landlocked far away from the coast; and
 - organizations and policies that do not optimize international transport; it will be particularly important to assess the economic cost of cargo reservation policies designed to protect African fleets (Bennathan, 1989).

2. COMPETITIVENESS, COST AND QUALITY OF TRANSPORT SERVICES

To answer the question of the competitiveness of the African economies, the analysis will be based on comparisons of competing chains, i.e., those carrying the same commodities from different origins (Africa, Asia, Latin America), in terms of service quality and cost to the shipper. We have, thus, attempted to identify, in past studies, what elements might help to establish a competitiveness diagnosis. The aim is, indeed, to evaluate the international transport chain influence on the competitiveness of exported commodities, and of imported inputs in the African production systems. This evaluation cannot simply be limited to an assessment of the transport share in the prices of the considered commodities; it is also necessary to understand the nature of the commodities markets, the level of competition and the pricing mechanisms.

For most products exported from Africa, competition on the world market is very brisk, and transport cost increases are automatically reflected by losses of revenues, or even by losses of markets, i.e., a decline in

economic activity. For imports into Africa, such transport cost increases have an impact on the prices of imported production factors, such as machinery, vehicles, fertilizer and fuel.¹²

For other products, quality of service is the determining competition factor. This is especially the case of fresh produce, for which service rapidity and reliability are of prime importance. Other commodities will entail different requirements in terms of service quality, such as the absence of humidity for the containerized coffee transport (Leray, 1989). Quality of service criteria can sometimes be defined by indicators: amount of insurance premiums in relation to insured values, blocking of funds and financial costs linked to the chain's time span (Saint-Laurent, 1989), and service frequency. These indicators, however, can only give an indirect and imperfect measure of the importance attributed by shippers to the various service quality components.

In this regard, E. Bennathan (1989) distinguishes between the very large exporters, such as those involved in mineral product exports, which have always the possibility to negotiate the transport services most suited to their products and the small shippers with very diversified needs, which are interested in having the widest possible choice of carriers and which are the first victims of cargo reservation. The French shippers' council, which is very much in favor of shippers' freedom to choose their transporter, also believes that cargo sharing, notably in Africa, is a detrimental factor to the quality of service (Conseil des chargeurs maritimes français, 1991).

Lastly, for certain highly specialized commodities, transport cost is not a determining factor in international competition, which is more concerned with product quality. With a given product quality in limited supply, the final sale price can be adjusted to the overall manufacturing and transport costs (Permala, 1987). This is most often not the case with African exports.

3. TRACKING PRODUCTS ALONG THE TRANSPORT CHAIN

Improved productivity or lower transport prices of one of the links of the chain may be reflected by higher prices of other links. For example, the container represents a means of improving handling operations' productivity and of reducing time in port, and hence turnaround cost; but this reduction is partially offset by the costs of container park management. Conversely, maritime transport time may be increased because of port congestion resulting of inadequate investments in ports. Thus, transport analysis and comparison must relate to the entire chain to take into account each element of cost and service quality affecting a given commodity. It is often between the links of the chain that weaknesses are located.

¹² The high cost of imports may also be reflected in the protection of local production against competing imported products: growers in the landlocked countries are less severely subjected to competition from Asian rice than growers in the coastal countries. This protection of local food production has also its cost, however, in terms of differential labor costs and other economic factors. In Europe, for example, the regions around Rotterdam and Antwerp harbors, and to a lesser extent around Brittany's harbors, have successfully developed swine and poultry production, thanks to the availability of cheap supplies of imported feed (Marloie, 1985).

Saint-Laurent (1989) mentions an impressive number of taxes, processing costs and other charges for a few imported and exported commodities of Zaire. Excluding custom duties, it costs the equivalent of CFAF 2.7 million per ton (US\$8,400) to import spare parts from Europe, 54 percent above the goods' FOB value at their port of origin. The cost of the transport chain represents only 14 percent of this total generalized transit cost—the bulk of which consists of capital immobilization costs and bank charges resulting from the long time frame involved (between 99 days and 309 days, including formalities), of the cost of obtaining convertible currencies, and of the multiple charges and taxes imposed upon the importer.

A similar situation is also found, to a lesser degree, in other African countries. In Côte d'Ivoire, the time spent in port, for imported containers, is given as 12–20 days (5–10 days for exported containers), resulting mainly of custom procedures and formalities (Castro, 1991). But transit costs in Zaire are on average two to three times higher than those observed in other African countries; this promotes informal trading activity. Indeed, authorities and police focus on the strategic locations that are the visible entry and exit gates for declared goods, and it is only natural that operators tend to avoid these formal circuits (see Table 1).

**Table 1: Sample of Generalized Direct Costs of Imports
from Europe's Atlantic Zone to Various African Countries**
(in CFAF 1,000/ton, excluding custom duties)

Commodity	Flour					TEU				
	Niger Cotonou Mixed	Ouagad. Abidjan Road	Bamako Abidjan Road	Bamako Dakar Rail	Kinshasa Cotonou Mixed	Niger Cotonou Mixed	Niger Lagos Road	Ouagad. Abidjan Rail	Bamako Abidjan Rail	Kinsh. Matadi Road
Maritime freight	20.4	20.4	25.7	20.8	21.8	54.2	33.1	53.8	50.9	171.6
6.0	6.0	6.2	1.3	2.5	35.0			38.4	30.6	54.6
Port and transit	28.5	30.6	30.4	18.8	7.8	34.9				23.1
Land transport										
Subtotal physical chain	55.9	57.0	62.3	43.1	30.9	124.1	65.3	100.5	119.9	249.3
Bank charges	0.9	0.8	1.4	0.8	9.8	14.6	13.0	14.1	19.5	1,806.3
Immobiliza- tion	0.5		1.0	1.0	4.2				7.4	259.4
Loss insurance	2.8	1.7	2.3	1.5	3.3	14.5	27.4	18.2	10.4	168.3
Other charges										
Subtotal	4.2	2.5	4.7	3.3	17.3	29.1	40.4	32.3	37.4	2,234.1
Total	60.1	59.5	67.0	46.4	48.2	153.2	105.7	132.8	157.3	2,483.4
Time span (days)	34.5	32	51.2	25.7	59	34.5	38	33	51.2	200
Land distance (km)	1,060	1,118	1,225	1,240	362	1,060	1,525	1,145	1,225	340

Sources: J. Rebelo (1989 and 1990) and Saint-Laurent (1989).

Wide differentials are observed among generalized direct costs:

- Among commodities: Container transport costs (valuable goods) hover around the double, per ton, of the flour transport costs, when carried by liner, and costs still much more in the case of Zaire.
- Among destinations: Zaire was very expensive as far as spare part imports are concerned. The accuracy of those estimates, however, is to be questioned. A more detailed analysis of billing rates (see para. 4.1) shows a great volatility in this area.

Finally, for the landlocked countries, it appears that maritime freight represents less than half, generally about one third, of the generalized direct import costs. Table 2, here below, gives an overview of the findings of various studies of African exports. It already appears, as in the case of imports, that the situation differs considerably from one African country to another, and, of course, from one commodity to another.

Table 2: Direct Costs of African Exports to Europe
(in CFAF 1,000/ton)

Commodity	Coffee			Cocoa		Lumber	
	Country Year	C. d'Ivoire 1988-89	Zaire 1989	Cameroon 1985	C. d'Ivoire 1988-89	Cameroon 1985	Zaire 1989
Maritime freight	35.7	94.3		24.2	29.7	28.0	17.5
Port and transit	7.9	31.2		6.2	7.8	22.1	1.3
Land transport	15.0	66.3		20.0	10.0	20.0	12.7
Subtotal, physical chain	58.6	191.8		50.4	47.5	70.1	31.5
Immobilization	77.5	105.3		46.0	59.7	41.6	19.2
Loss insurance	1.8	11.7		3.8	1.7	2.6	1.0
Customs		19.2		65.6		56.0	3.6
Other charges	55.8	41.9		23.5	5.9	25.8	5.2
Total (A)	193.7	369.9		189.3	114.7	196.1	60.5
Share of A in CIF value	49%	63%		32%	31%	33%	40%

Sources: Castro, 1991, Saint-Laurent, 1989 and Nielsen & Skarstad, 1987

Export costs seem particularly high for high-value agricultural products. They represent between one third and one half of the CIF value (as established by the European market) of such products, and even more in the case of the Zairian coffee.

More generally, to compare the global amount and the transit cost structure, the data homogeneity must be checked. Data used here are from corridor studies commissioned by the World Bank for Table 1 and from various shippers' councils for Table 2.

A recent UNIDO study provides a much more detailed analysis of the wood transport chain. One part of this analysis deals with transport problems encountered for exports from West and Central Africa, and another part deals with those of South Eastern Asia (Tate and Kouassi, 1990).

It shows, first, that it is difficult to compare shipping costs and maritime issues between the two regions: What we have here is, in fact, two case studies conducted with different approaches, and different commodities. There is a real Asian lumber market, where wood is processed on the Asian continent and reexported in veneer and plywood forms to Europe and America. Indeed, Africa exports its logs mainly to Europe, which means that it is not actually in competition with Asian wood products.

The study does not include a synthesis with a point-by-point comparison of transport chains. Two major findings of this work may be highlighted:

- The importance of the production and marketing structure, which determines traffic volumes, and thus the extent to which use is made of tramping, which is frequent in Asia, or of regular liner shipping, in Africa. The low-priced tramping, common in Asian countries, relies on very old vessels that will soon need to be replaced. This will result in a substantial transport cost increase when those ships will be replaced.
- The variation in freight rates charged on the same route (Indonesia-Europe) depends on the ports of call: they can be 35 percent to 40 percent higher for the secondary ports in Indonesia.

This latter point echoes the findings of the above-mentioned studies of transport corridors in Sahelian Africa, which show large freight charges differential for goods from Northern Europe according to the African port of arrival. Freight to Lagos, for instance, is much lower than to ports in francophone Africa: It has been observed that container rates to Lagos are about 40 percent lower, and rates for flour 10 percent lower, than those charged for goods shipped to Lomé or Cotonou. This raises the question of the competition between African ports.

The essential conclusion of this study is that a comparison of competing transport chains requires the adoption of a common approach of the different countries before starting the field work, both in terms of the product, which must be the same, and in terms of indicators of service quality and of cost calculation methods.

These studies attempt to track the goods from their origin in Africa to their final destination. Vertical integration of different operators along the transport chain makes it even more difficult to assess the significance of each of the various links: A large group integrating these agents may be willing to lose money on the maritime link, for example, if they earn more as forwarding agent.

However, this tracking of a given product along the chain does not offer an opportunity for dealing with the more classical issues of transport economics: The long-term trends of the transport chain are determined by productivity developments of the various intervening agents. The main factors of improvement, in space or in time, are found in the technical and economic characteristics of the different links. The existence or non-existence of backhaul freight, of seasonal fluctuations, and of technological developments need to be analyzed by mode and not by tracking a product along the different links of the chain.

Thus, it is also important to analyze, link by link, the African transport chains in order to determine their main handicaps when compared with their competitors.

4. THE MARITIME LINK

To simplify matters, let us consider that the export chain, from an African production site to a European port, comprises a land transport operation, a port link, a maritime transport operation, and some formalities—which sometimes turn out to be the longest and most costly stage, but fall outside transport economics as such. Concerning the physical chain, it might be useful to say a word on two components other than the maritime link:

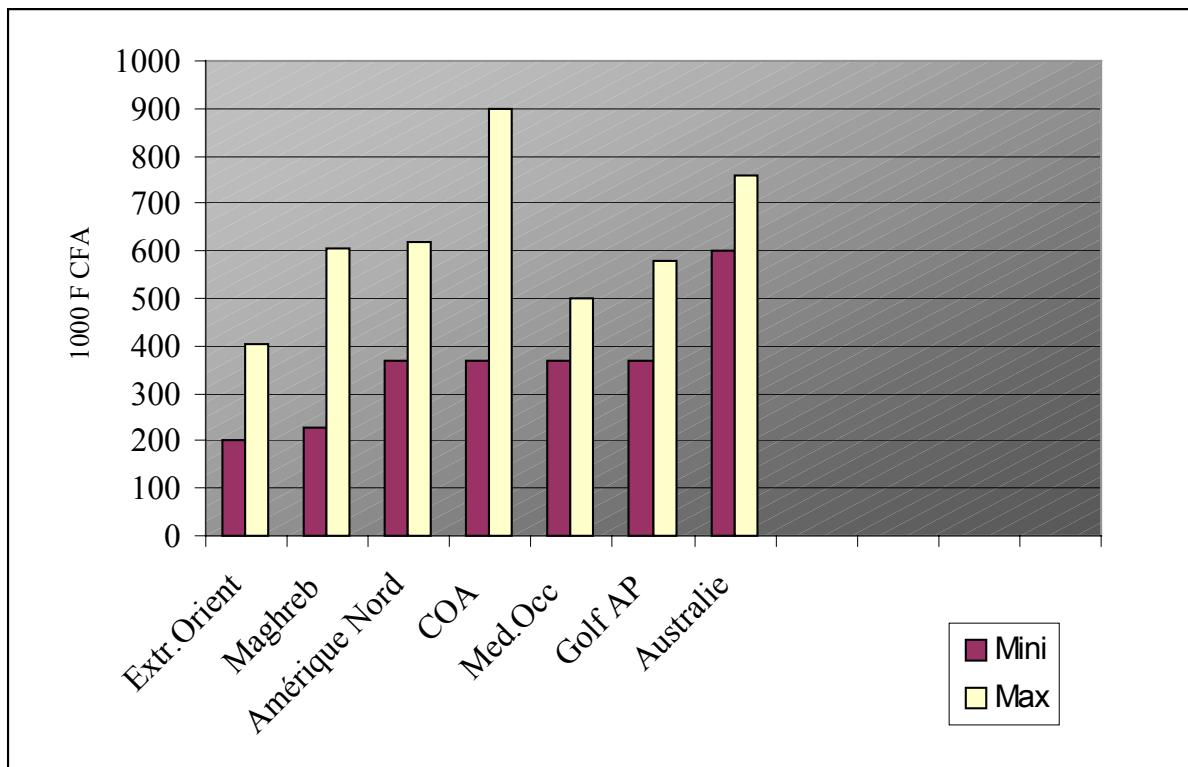
- Land transport is particularly costly in Africa: Long-distance trucking prices are one and a half to twice as high as French prices. Compared to Asian prices, they are four to six times higher. An analysis of trucking production costs in three francophone African countries shows that the extremely high price of the production factors is the principal cause of this African incremental cost. The productivity of these factors, however, is low in Africa (Rizet, 1990). The wide differentials of prices of imported production factors—vehicles, spare parts, fuel—bring us back to the problem of the cost of that particular import chain. We must then examine how and to what extent this acts as a multiplier of transport cost. Rail transport is generally less expensive, being extensively subsidized by public authorities, but unreliable and slow (Castro, 1991).
- African ports are presently under study by the CFD (formerly CCCE), and a presentation on this subject is on this Round Table agenda. Let us simply point out here that ports have a direct influence on freight rates, even if those rates, as in Africa, do not account for all of the handling costs, some of which are borne directly by the shipper. This influence depends on:
 - the type of ship allowed into the port, and particularly its capacity, in relation with the port natural configuration and its dredging situation; and
 - port time, and hence turnaround costs.

These comments and those on the transport chains, lead us to identify the passing through a port as a key element of transport productivity.

4.1 Price of Container Maritime Transport

A 1989 survey collected a sample of actually recorded TEU rates from and to Europe on 13 major maritime routes, and some 50 observations concerning African West Coast (Brunet, Jamois and Lionel Marie, 1989, and Africa Conteneur, 1990). These rates were converted into U.S. dollars and, when necessary, adjusted on a comparable basis (liner terms): quay-to-quay, all-in. The main elements explaining the price variations are the ports of origin and destination, the direction (North-South or South-North), and the nature of the goods. No indication, however, is given on the importance of the shipper (number of containers shipped per year), although this characteristic is often mentioned as significant.

Chart 1: Range of TEU Freight Rates from Europe
October 1989



The sample is statistically too small to yield precise figures on freight rates level and structure. The chart indicates the minimum and maximum freight rates observed on various routes, for goods shipped from Europe.

- Since the prices on a given line vary widely, the authors feel that an average rate would be meaningless. Variations remain substantial, even when coming down to a more detailed level of shipment (same commodity, same direction, same origin and destination). It is on the West African Coast that the greatest rate differentials appear, and it is there also that the maximum rate is reached.
- The shipper has also a very large influence on the establishment of freight rates, according to volume and frequency of his shipments.
- The transport price is also adjusted according to what the goods can bear in international trade: This is against the notion of fair pricing in maritime transport. Ad valorem pricing, however, which is applied by the conferences, could disappear in favor of a box rate (FAK) as a result of a strong competition and of losses of market. The BOLLORE Group's decision to abandon the conferences, following the recent EC decision, could accelerate this process.

It seems that southbound rates are higher than northbound, which means that African exports (making little use of containers) enjoy more favorable freight rates than African imports.

If a large enough sample could be collected, detailed analyses would make it possible to highlight the specific influences of the main factors. Indeed, the knowledge of an average rate per country would be a very useful tool for evaluating the overall (or average) cost of the countries' external trade. It would then be necessary to ascertain the statistical validity of the various shippers' categories according to their traffic volume.

Finally, it is to be noted that, overall, the reviewed studies on maritime transport chains generally conclude that freight rates to Africa are reasonable (for example: Nielsen and Skarstad, 1987).

4.2 Cost of Container Maritime Transport

Few studies have sought to understand and explain the key elements in the formation of maritime transport costs.

Catram (1989) has studied costs formation for liner transport between Europe and the West African Coast, using a simple method to estimate average costs per ton offered, excluding overheads and land commercial charges. Here are some of the findings:

- Economies of scale are considerable: from \$23/TPA for ships under 5,000 DWT to \$13.2/TPA for ships over 20,000 DWT.
- Old ships have substantially higher costs: from \$11.5/TPA for ships under two years of age to \$23/TPA for ships over 15 years old.
- Container management cost is estimated at 40 percent of the total vessel cost.
- African owned semi-containerships are somewhat cheaper per TPA than those of their competitors (but the influence of the capacity utilization rate, not included in this estimate, is important).

The cost analysis carried out by Drewry (1991) is more detailed and, covering several lines, allows for comparisons between them. The lines studied are those linking Northern Europe to West African Coast (WAC), to East Latin American Coast (ELAC), to Indian Peninsula (IP) and to East North American Coast (ENAC). The following Table gives an overview of the principal calculation assumptions (line characteristics) and of the estimated costs per container.

**Table 8: Comparison of Transport Costs to Shipowner
of a Container on Different Lines (1989)**

Sector	West Africa		Latin America		Indian Peninsula		North America	
Direction	North	South	North	South	West	East	East	West
Total demand (1,000 TEU/year)	74	242	118	76	251	165	1,268	1,490
Available capacity(1,000 TEU/year)	402	417	224	204	270	262	1,892	1,915
Transit time, (days)	45.3		50		35.6		28	
of which time in port (days)	15		13.5		13.5		10	
Port calls (number)	10		12		6		10	
Ship capacity (TEU)	1,244		1,365		1,202		600	
Capacity utilization rate (%)	52.6		53.1		77.5		70.2	
Fixed costs (CFAF 1,000/Slot)	395		560		415		366	
Fixed costs (CFAF 1,000/TEU)	751		1,054		535		521	
Direct costs (CFAF 1,000/TEU)	265		574		298		492	
Indirect costs (CFAF 1,000/TEU)	233		364		202		300	
Total cost to shipowner	1,249		1,992		1,035		1,313	

Source: Drewry, 1991

The principal factors of cost differentials between the West African Coast and the other destinations are those resulting from demand characteristics: ship size and utilization rate, number of port calls, types of container.

Overall, it appears that Africa, despite long delays in port, has fixed costs somewhat lower than those of the other lines per offered slot, except for North American East Coast. On the one hand, direct costs (immobilization and container handling) seem very low—partly as a result of different billing practices of the various ports. On the other hand, considering the relatively low capacity utilization rate in 1989 (large number of empty returns), the total cost toward Africa is between those to India and to North America, and certainly much lower than in the case of Latin America.

5. CONCLUSIONS

None of the reviewed studies offers a complete picture that could serve as the basis for a clear analysis of the cost-effectiveness of Africa's maritime transport chains in comparison with those in other parts of the world. All these studies were either analyses of individual transport chains for a given commodity, offering no basis for comparison, or cases in which a few elements of comparison were cited, but none related to the chain in its entirety.

What really happens in maritime transport is that the shipper's bargaining position and skills are the most important determining factors in transport pricing. It would therefore be necessary to examine African production and marketing structures. The case of fresh fruit seems a particularly interesting one to study in the light of these criteria, and could perhaps yield solutions, basically of an organizational nature, to the impasse in which the shipper-shipowner dialogue is now bogged down.

From the reviewed studies, it does not appear that the maritime freight cost is the main handicap to the competitiveness of the African economies. The generalized transit cost of foreign trade, exports and particularly

imports, however, seems extremely high in a number of countries. Quality of service and, more specifically, the duration of transit, is an obstacle to export diversification, in particular for small entrepreneurs wishing to enter the export business.

The conclusions reached by Castro (1991) on Côte d'Ivoire are applicable to the other African countries, namely that they should "make a major effort to ensure that the land transport sector, port interfaces, and ancillary transport links meet the needs of shippers and transporters, and remain competitive."

This view on the impact limitation of the maritime link on the cost or overall cost-effectiveness of the transport chain should, however, be adjusted according to the country concerned. When the competitiveness policies of the different countries are taken into account, it becomes necessary to consider the following criteria:

- the existing maritime policies and the present situation of transport infrastructure (maritime, port and hinterland);
- the volume of foreign trade and the marketing structure of external trade;
- the geographic situation (landlocked or coastal countries); and
- the situation of procedures hampering international trade and the currency convertibility problems.

In Zaire's case, for example, it seems that a solution to the issues of procedural improvement and facilitation of international trade (including the broader matter of currency convertibility) is much more urgently needed from the viewpoint of the competitiveness of its overall economy than from that of maritime transport as such. For the Sahelian landlocked countries, priority must be given to improving land transport to the ocean ports.

This does not mean that maritime link improvements should not be sought, nor that it is in the African countries' interest to withdraw from this sector. In fact, there are various incentives to encourage countries to have their own fleets (security and independence of foreign trade, foreign exchange savings), but no criteria for their evaluation have been found in the reviewed studies.

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COMPARATIVE STUDY OF COSTS AND CONDITIONS OF PORT OPERATIONS AND SERVICES IN AFRICA

THE CASE OF DAKAR: A PRELIMINARY STUDY

**by Messrs. Hallgrímsson and Stummelin
CFD**

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1. INTRODUCTION

The *Caisse centrale de coopération économique* (CCCE) has a comparative study of ten major ports underway. The study objectives are:

- to better understand overall freight handling operations and related ships' services;
- to review the tariffs and costs of these operations and services and assess their impact on African economies' competitiveness; and
- to identify areas where it could be possible to improve the practices and procedures, in order to facilitate port transit and reduce cost, and enhance the productive sector efficiency.

The port of Dakar has been the first to be studied, in order to figure out the necessary methods and resources to reach the objectives. The synthetic elements, proposed hereafter, are therefore preliminary and indicative, and are intended to suggest observations and comments aiming at producing a more interesting, more reliable, and more operational study, for the benefit of all concerned parties.

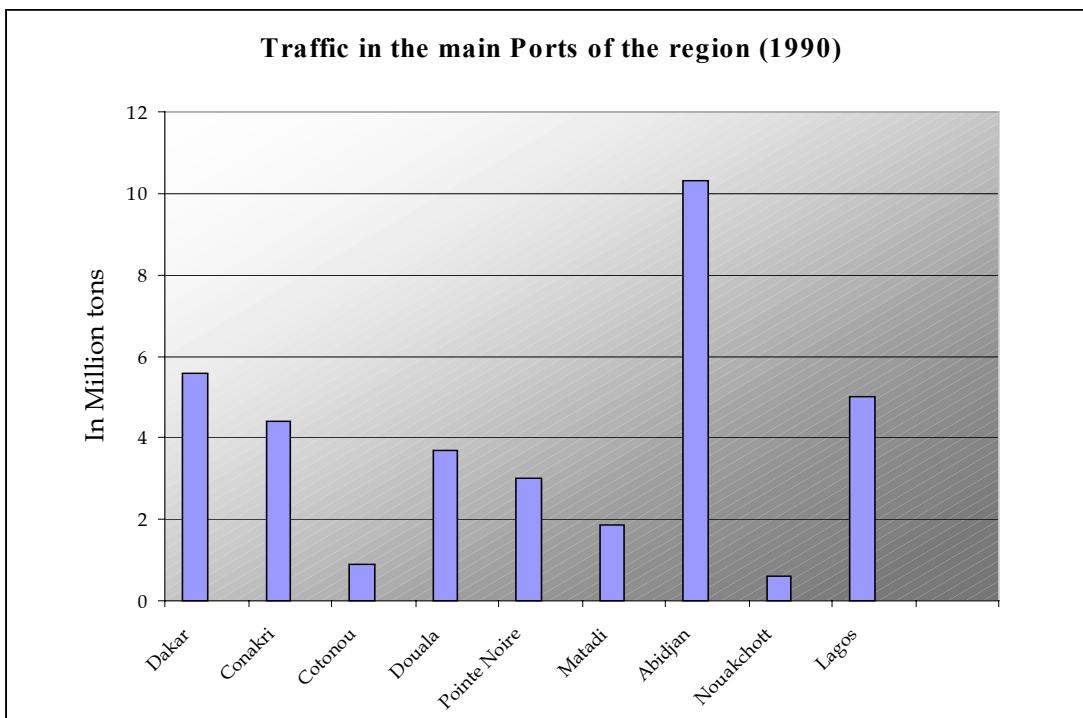
After scrutinizing the current situation in the ten selected ports, a summary report will be prepared, providing comparative elements and various data, notably in the economic efficiency area, that would contribute to the definition of regional port development policies and to the formulation of local improvements in the areas of structural organization, administrative reform or physical investments.

2. THE PORT AND ITS REGION

2.1 The site

The port of Dakar is the main port of Senegal. It handles almost all of Senegal's maritime trade with the world. Located on the Cap Vert peninsula and protected by Cap Manuel, the port of Dakar takes advantage of one of the few natural port sites in West Africa. On the land side, the port is surrounded by the Dakar urban zone, which is crossed by road links to the hinterland. There are railways along the coast, Northward to Saint-Louis, and Eastward to Bamako, Mali.

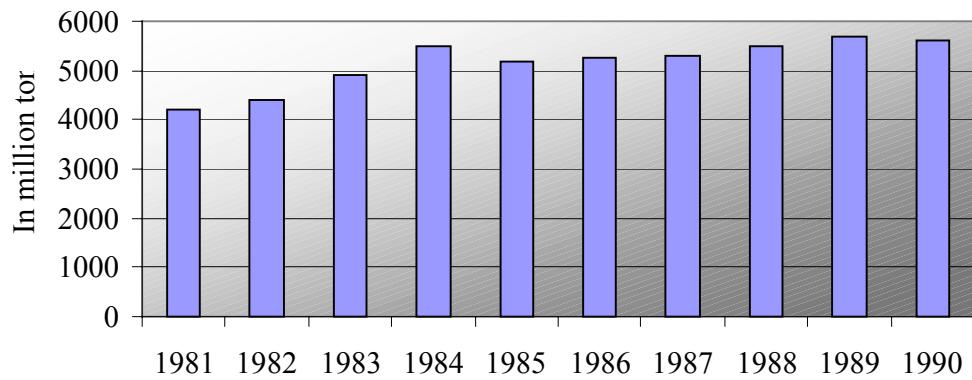
The port of Dakar handles an annual tonnage of 5.5 million tons of freight. It is the second busiest port in the Sub-Saharan West Africa region, after Abidjan, but ahead of Lagos and Douala.



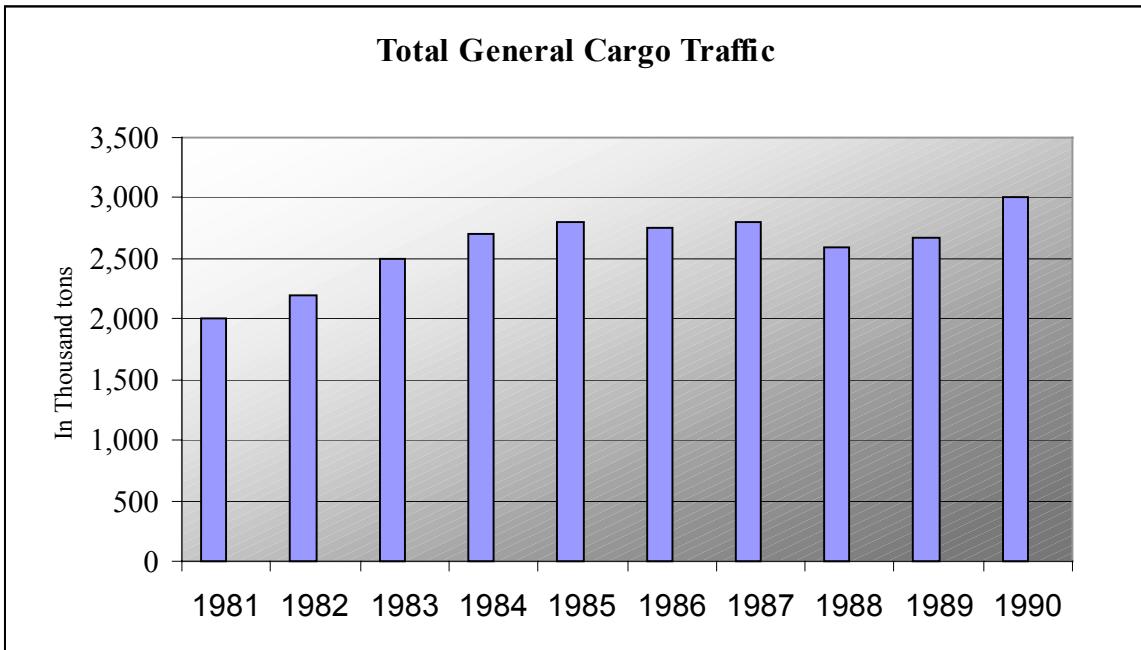
2.2 Traffic Development

Over the past 10 years, traffic has increased at an average rate of 2.7 percent per year. This is a rather low figure, which is influenced by the trade fluctuations of petroleum products and the stagnation of phosphate exports.

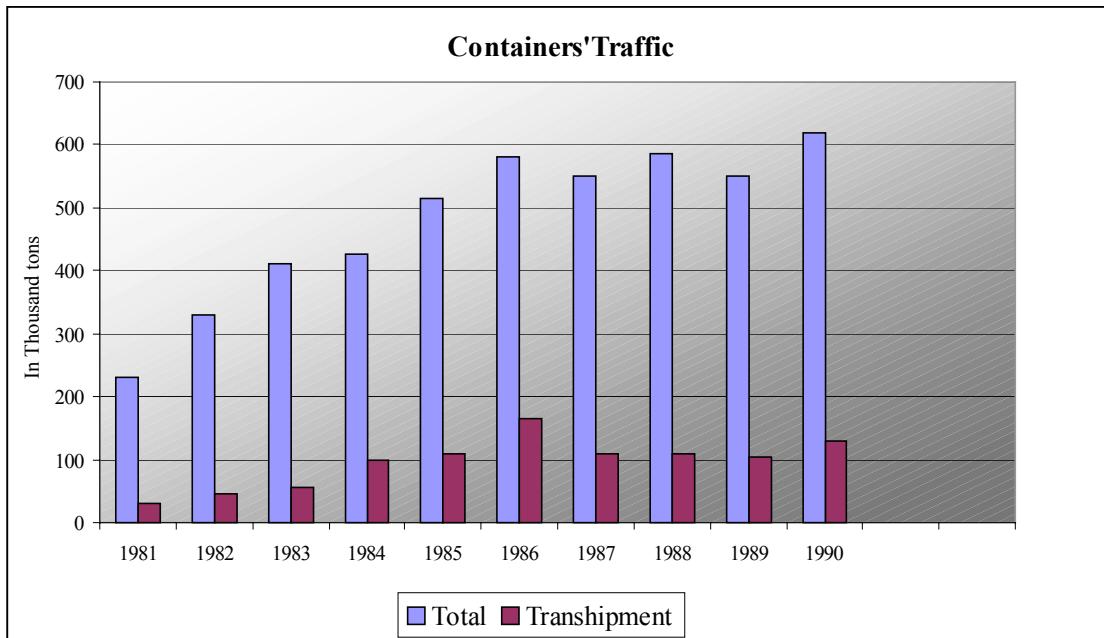
Traffic Evolution through the Port of Dakar



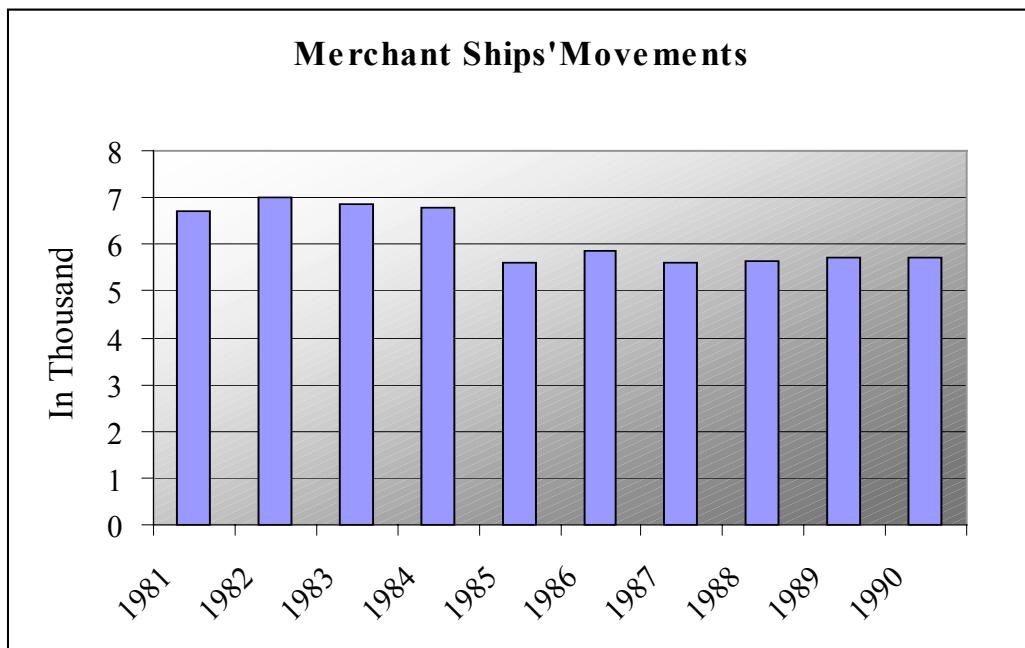
Nevertheless, general cargo traffic increased from 2 million tons in 1981 to 3.1 million tons in 1990, which represent an average annual growth of 5 percent.



The quantity of containerized goods increased at a faster rate, from 236,000 tons in 1981 to 626,000 tons in 1990, that is an average annual increase of 11.4 percent. Containers' transhipment increased, in relative terms, from 12 percent in 1981 to 20 percent in 1990, with some fairly wide variations from year to year, reaching a peak of 27 percent in 1986.



The number of ships stagnated, and even declined slightly during the 1980s. This reflects the introduction of larger vessels and, particularly, a better utilization of their capacity.



2.3 Infrastructure

The port of Dakar (see map in Annex) consists of six distinct zones:

- the old piers (no. 1, 2 and 3), with warehouses along the quays, which are ill-adapted to modern processing and handling practices;

- the basin reserved for the national navy;
- the fishing port;
- the area equipped with bulk handling facilities (grains, phosphates and petroleum);
- the new container terminal; and
- the shipyard.

The navy home port, the fishing port and the shipyard separate from each other the specialized areas of the port. Indeed, the main characteristics of the port of Dakar are the separation of the various zones, and the fairly large berthing lengths enclosing rather limited platform areas for handling and warehousing (except in the container terminal zone).

2.4 Port Management

The port of Dakar is managed by the *Port autonome de Dakar* (PAD), a public authority under the Minister of Transport and the Minister of Finance. Its Board of Directors is composed of Government representatives, port users representatives (freight forwarders, shippers' councils, etc.) and a representative of the Malian Government.

PAD is responsible for the direct management of the port open water area, including berthing and piloting, and of the platforms and warehouses which are leased to various outside operators. Towing operations are sub-contracted to a private company. Cargo handling, port supplies and transit operations are provided by private enterprises.

A special role is played by the *Entrepôts du Mali au Sénégal*, which dispose of an area of 75,000 m² of platforms and warehouses in the northern and southern zones of the port, through which all goods bound for Mali must transit.

2.5 Prospects

In West Africa, the development of maritime transport will likely lead to an increasing use of hub ports served by intercontinental ships and complemented by regional coastal shipping. In its present configuration, the port of Dakar is ill-adapted to play the role of a hub port. Its major constraint results from its limited platform area. A master plan exists, however, that considers expanding the port beyond the existing basins, toward the Pointe de Bel Air. This project would propose to build additional piers and to fill up adjacent zones, which are currently flooded, in order to enlarge the port. A huge initial investment would be needed, which could not be justified if Dakar were not to become a hub port, rather than a secondary port.

The port of Dakar is, therefore, more than most other region's port, fully aware of its competitive situation in relation to other ports. This has led it to apply a port tariff, that is tantamount, in fact, to granting a subsidy supported by its national traffic, to the transit transhipment traffic bound for Mali and Mauritania. Isn't it paradoxical that the port competitiveness concern could bring a negative impact on the general competitiveness of Senegalese goods on the world market?

3. TRANSIT IN THE PORT

3.1 Methodology

The object of this study is to examine the impact of port transit on the competitiveness of the Senegalese economy, and, thus, the importance of transit costs in the selling prices of exports and the cost price of imports. The study has three parts:

- An analysis of the level and structure of the country's foreign trade and a selection of products that are representative of the trade.
- An estimate of the total transit cost through the port, obtained by aggregating the revenues of all transport auxiliaries and other operators, including the port itself, and by calculating the value of the transit time.
- An estimate of transit costs through the main channels selected for the analysis of foreign trade, based on a survey of a sample of representative enterprises.

3.2 Foreign Trade

In the last year for which statistics are available, that is 1989, Senegal's export trade amounted to 3.1 million tons, for a value of FCFA 221 billion, while import trade was 2.8 million tons, for a value of FCFA 393 billion.

Senegal's Export Trade (1989)

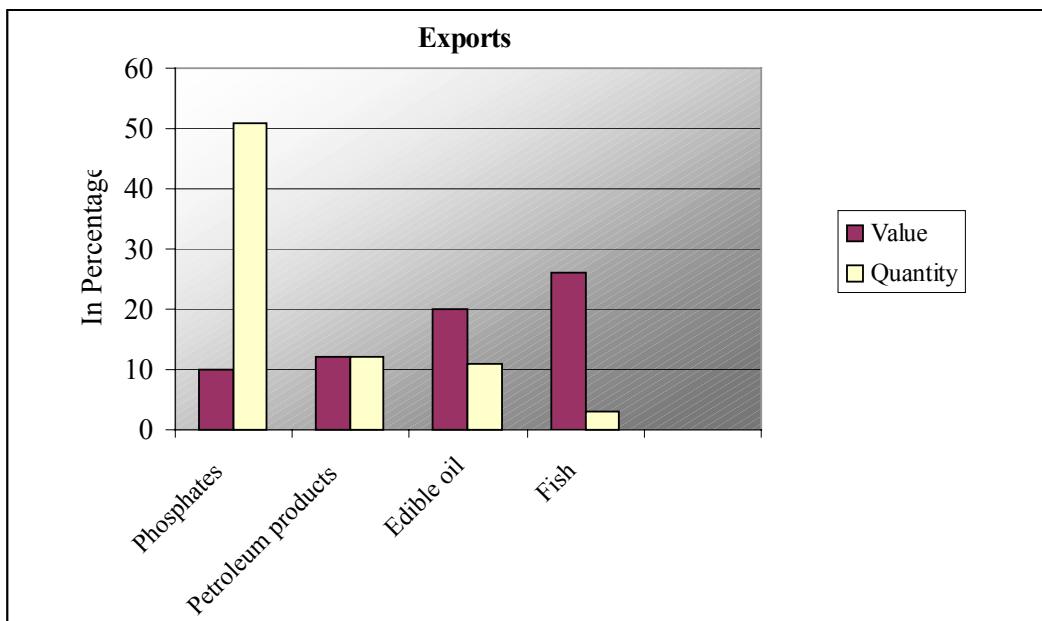
Commodity	Value (FCFA million)	Quantity (000' tons)
Groundnut Products	44,189	331.6
Petroleum Products	30,145	408.8
Phosphates	22,216	1,561.1
Fresh Fish	14,523	14.0
Shell Fish	26,224	29.9
Canned Fish	16,315	20.6
Others	67,535	709.3
Total Export Trade	221,147	3,075.0

Senegal's Import Trade (1989)

Commodity	Value (FCFA million)	Quantity (000' tons)
Rice	38,131	430.8
Grains	12,550	161.5
Petroleum Products	66,710	1,442.2
Chemical Products	10,976	18.3
Timber and By-Products	4,141	33.4
Common Metals	10,777	46.6
Paper Products	12,900	26.9
Dairy Products	12,216	20.9
Vegetable and Fruit	7,011	52.3
Sugar	1,855	10.6
Textiles	3,329	5.3
Others	211,945	536.3
Total Import Trade	392,541	430.800

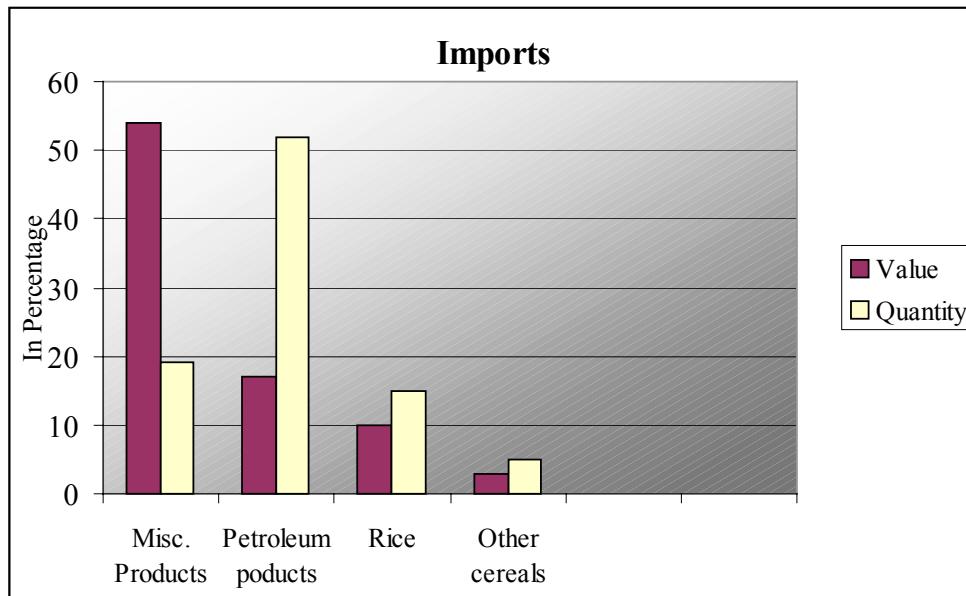
Four groups of commodities represent 77 percent of tonnage, and 69 percent of total value, of the export trade:

- phosphates;
- petroleum products;
- oil cakes and groundnut oil; and
- fishing products.



In the case of imports, 87 percent of the tonnage represent 92 percent of the total value:

- general cargo;
- petroleum products;
- rice; and
- other cereals.



It is to be remarked that port statistics and Customs Services statistics are not coordinated. Thus, the figures presented here are somewhat approximate. Possible errors, however, should not exceed 10 percent to 15 percent.

3.3 Total Cost of Port Transit

The global transit cost in a port is the sum of the costs of services, infrastructure and available equipment, and of the value of the freight transit time. For goods other than bulk cargo, which are handled through specialized facilities owned by producers or consumers, this cost is estimated on the basis of the port revenues and of the cost of towage, shipping, handling and transit services. It is calculated as follows:

Item*	(FCFA Billion)	
Item*	1989	1990
Port Taxes	6.2	6.5
Towage	0.7	0.7
Handling	14.1	14.3
Forwarding services	5.2	5.1
Shipping agency	1.6	1.4
Total	27.8	28.0

* Excluding phosphates and petroleum products

The total cost of passing through the port is thus about FCFA 28 billion, which represents 5.7 percent of the total value of imports and exports, excluding oil and phosphates. For 70 percent of the cargo, port time is about 10 days. Assuming that the remaining freight is stored for an average of 20 days and a rate of interest of 10 percent per year, the total cost of immobilized capital would amount to 0.3 percent of the total value. Excluding petroleum products and phosphates, the global cost of passing through the port is, therefore, 6 percent of the cargo value.

For bulk petroleum products, transit costs, including the pipeline cost, amount to 0.6 percent of the product value, and for refined products these costs are 2.7 percent of their value.

On the whole, these figures do not, at first sight, indicate that transit costs through the port of Dakar are very high.

3.4 Transit Costs for the Main Classes of Goods

Port transit costs, from the ship arrival in the port to the freight landing zone, comprise three items:

- First, a commodity rate is charged by the vessel as an unspecified part of the freight rate.
- Second, a commodity rate is charged by port operators, or supported directly by the shipper.
- Third, the cost of physical losses and of port transit time.

In the case of Dakar, the first item includes port charges (for the use of the basin and for coming alongside), piloting, towage, berthing and shipboard handling. These amounts are included in the freight rate charged by the shipowner and, therefore, do not appear in direct billing to the cargo. Their impact on specific channels depends essentially on each shipowner's internal policy for distributing financial charges. Generally, port rates and towing charges are well known.

The second item includes handling, warehousing, and forwarding costs as well as other services in relation with the cargo. These costs are represented by the revenues of local handling operators, freight forwarders and shipping agents.

The third element is the sum of the insurance premiums paid and the interests on the immobilized capital. In general, insurance premium is included in the freight forwarder's bill.

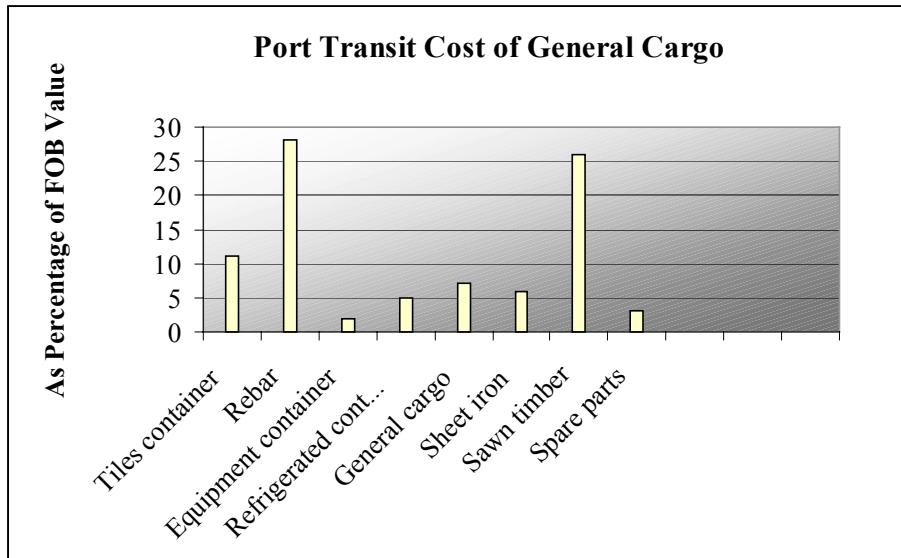
As far as the first item is concerned, comparative figures exist on port transit costs between Dakar and Le Havre, which indicate that the transit through Dakar is much cheaper than through Le Havre:

·	piloting	40 to 50%
·	berthing	10 to 20%
·	towage	30 to 90%
·	port charges	10 to 20%

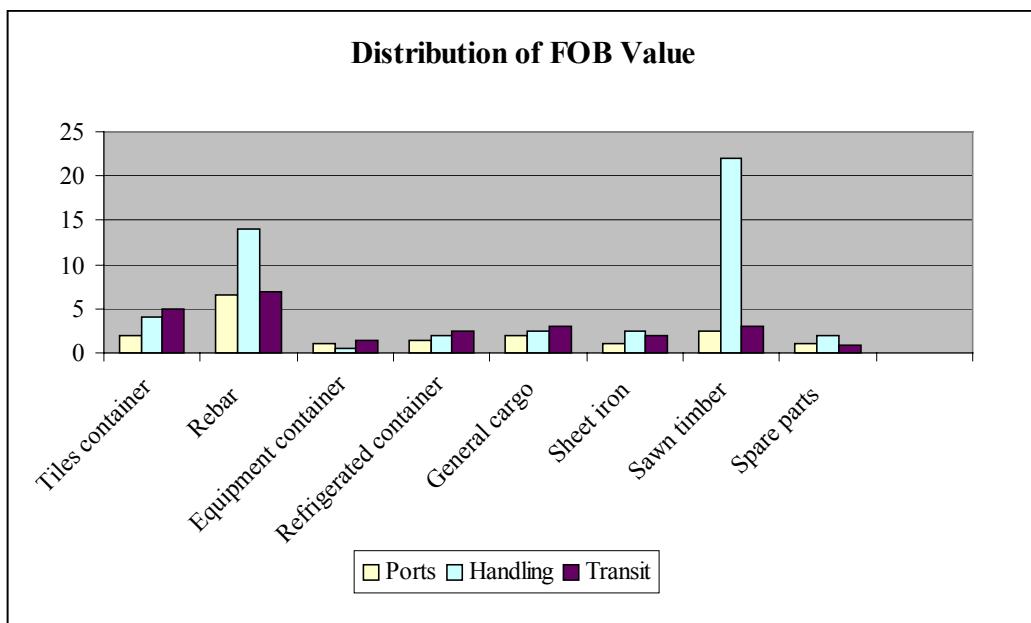
Obviously, there are various physical, organizational and other differences between the two ports to justify these transit cost variations. Nevertheless, the general conclusion appears to be that the costs borne by cargo passing through Dakar are not excessively high.

The comparative costs the second item result from an analysis of bills collected from shippers. These figures are to be considered as estimates, because there are wide variations in billings according to different channels and even between firms, and this raises the issue of the breakdown of individual costs. It is, however, possible to identify the major trends in total costs and their distribution in three billing subcategories: port charges (commodity rate), handling, and transit. This analysis concerns only general cargo and is not applicable to bulk cargo, which transit through specialized facilities generally owned by the shippers.

Thus, total costs of port transit (excluding the cost of port time) vary from less than 2 percent to about 30 percent of the freight value. It is evident that the higher the weight/value ratio, the greater the relative cost. It is illustrated by the following diagram.



The distribution between the three billing subcategories is as follows:



The statistical analysis of cost components is a difficult task, because of the variations in billing and of the impact of formal and informal rebates after the bill settlement. It has been observed, however, that handling costs and port charges are more uniform than transit costs. Indeed, handling cost of specific cargo (such as timber, 20 ft container, etc.) may vary up to double the amount, but usually remains under 5 percent of the value, while transit cost fluctuates more and may reach 30 percent of the value. Such high costs are probably abnormal and may be caused by loading delays, which entail prolonged warehousing, the costs of which are billed with the transit costs. Nevertheless, they exist, and will not be reduced, unless a close control of transit costs is established by the shipper, and a real competition between forwarding agents is promoted.

As far as container handling is concerned, there is generally a difference, up to double and even much more, between direct costs and billing prices. Since there are great variations in costs, a 20 ft non refrigerated unit may, on average, be handled at the following prices in different places:

- Antwerp FCFA 38,000;
- Le Havre FCFA 57,000; and
- Dakar from FCFA 43,000 to 100,000, and even more.

At Dakar, with direct costs of about FCFA 30,000 per unit, the margin for political risks, overheads, taxes and profits seems to be comfortable.

General cargo is increasingly imported in containers, which is the way of the future. Indeed, containerization improves port transit efficiency and reduces its cost. The fact that the container is subjected to a special and additional port duty—which varies from FCFA 8,000 to 15,000—is an anomaly that constrains its development. More generally, in order to reduce port transit costs, it will be necessary to reduce handling costs especially by promoting competition among operators and by easing customs procedures, in line with the many recommendations that have already been accepted.

As regards bulk cargo, especially phosphates (exported) and grains (imported), the facilities are privately owned and it does not seem possible to reduce port transit costs in a significant way. But, on the contrary, handling of the traditionally packaged commodities is characterized by the very low efficiency of stevedores' teams. It should be possible to double or triple their productivity.

In several cases, it has been observed that some shippers were obviously showing little interest in the shipping cost of their cargo, because they believe it hardly affects the selling price. Captive markets such as those for vehicle spare parts and for industrial equipment usually practice prices much higher than necessary and, thereby, constrain the country's competitiveness.

The fees charged by customs and forwarding agents are high, and sometimes very high. In fact, some shippers have undertaken to clear themselves their cargo through customs in order to avoid prohibitive transit costs.

4. CONCLUSION

Export transit costs have an impact on producers' selling prices. Indeed, world prices are fixed when the cargo arrives in an industrial country. Import transit costs, which affects the prices paid for raw materials and other inputs, have an impact on the cost prices of industrial products and, significantly, on the prices of the main export products. However, since these price increases are much lower than the various duties and taxes, importers do not usually pay adequate attention to them. As the port is the main gate toward the outside world, these costs have an effect on the entire national economy.

Many improvements can be considered, some of which are exposed hereafter:

- continuous improvement of customs procedures, in particular, regulations governing customs escorts;
- more rigorous management of conventional cargo handling teams;
- greater promotion of competition by shippers, both in transit services and cargo handling services; and

abolition of ports surcharges on containers.

Each percentage gained on any of these services has a direct effect on different categories of cargo, which can be estimated as follows, except for petroleum products and phosphates:

Transit Handling Costs and Port Duties
(FCFA Million)

Commodity	Port Duties	Handling	Transit
General cargo	40	60	75
Grains	5	30	-
Groundnut products	5	18	11
Fishing Products	5	7	13

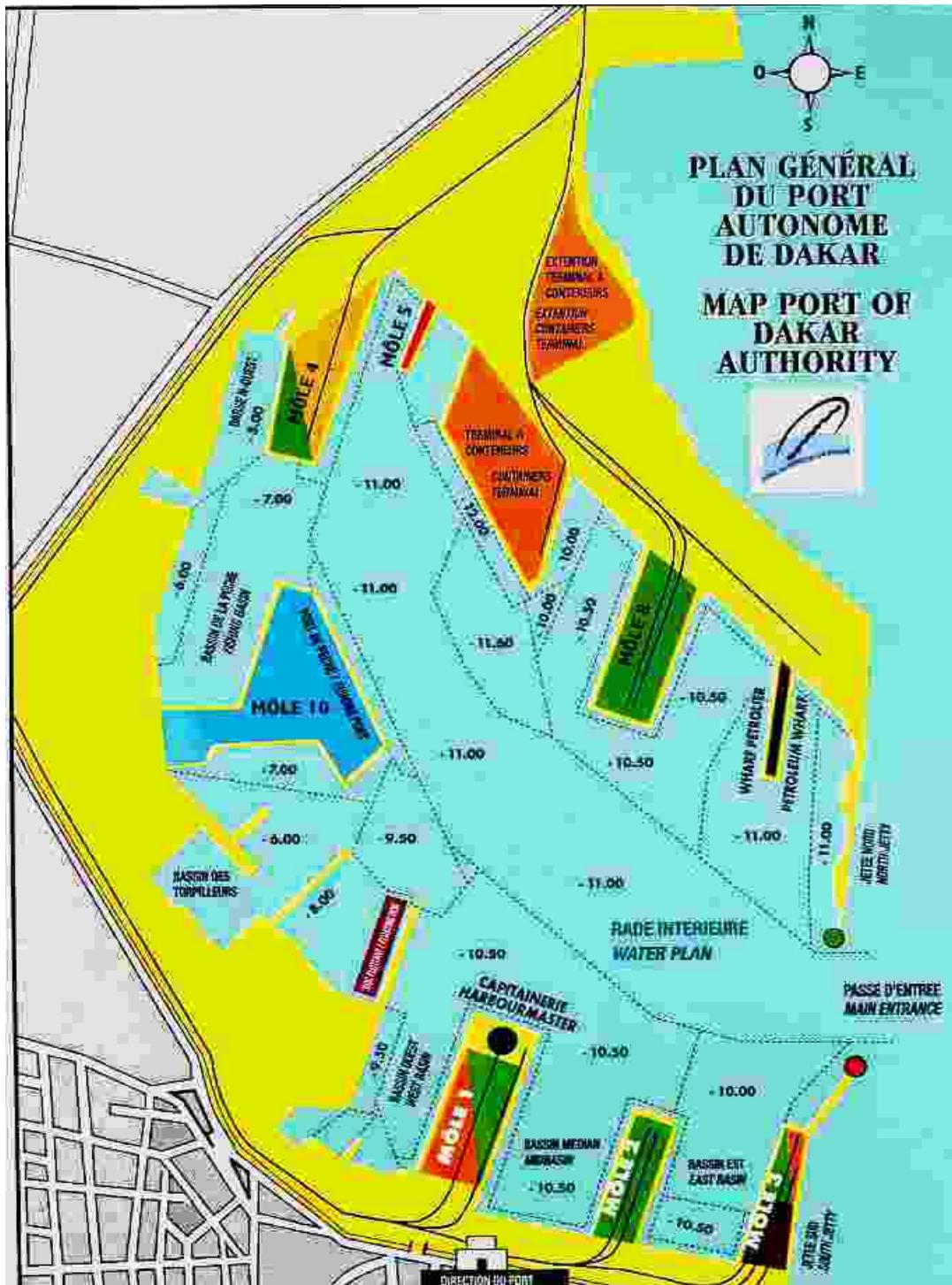
Thus, a 1 percent reduction of handling charges for general cargo would result in FCFA 60 million savings, which would have a direct effect on the selling prices.

While in transit through the port of Dakar is not cheap, it does not seem to be particularly penalizing. Many improvements could, however, be implemented and efficiency could be enhanced in order to achieve the desired economic results.

**PLAN GÉNÉRAL
DU PORT
AUTONOME
DE DAKAR**

**MAP PORT OF
DAKAR
AUTHORITY**

AUTHORITY



Topic 2

Structural Evolution of Maritime Transport

- Structural Developments in Maritime Transport (Paelinck)
- Structural Development of Maritime Transport and its Effect on Shipping Services on the West African Coast—The African Point of View
- Structural Developments in Maritime Transport (Vioules)

STRUCTURAL DEVELOPMENTS IN MARITIME TRANSPORT

**by Mr. Paelinck
Consultant**

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1. BACKGROUND

The political, economic and technological changes, which have occurred since 1960, have fundamentally disrupted the maritime thinking of the entire world. Both industrial and developing countries are facing identical difficulties, but their response capacity is widely different.

In assessing the political changes and economic development consequences, two main domains—which are, to some extent, interdependent—must be investigated:

- the rules of the international game; and
- the attitude toward developing countries.

The OECD countries' objectives have so far been founded on the need to guarantee competitive access to cargo in all sectors of maritime transport. Developments in intermodal transport have pointed to the need, not only to have access to cargo, but also to obtain reciprocal access to all services on which overall transports are depending, as well as global door-to-door services. This covers the establishment by non nationals of branch offices, agencies and facilities with open access in the OECD countries, but not necessarily in other countries.

The rules of the game concept covers a much wider field. It is necessary, indeed, to determine if the comparative advantage of some carriers is based on a tax system, on subsidies, or on reconstitution of companies under bankruptcy laws that their competitors may qualify as unfair practices. This problem is still more difficult and complex to apprehend than the cargo reservation issue. It should be approached cautiously in the light of the keen competition among shippers, which has become the norm in the current period of overcapacity.

Evolution toward economies of scale will raise competition policy problems, which originate in market economy countries, the role of which is minor, or even nil, in developing countries' domestic policies. It is hardly doubtful that agreements between shipowners, as well as transnational mergers, could be attacked by the users and providers of maritime services. Nevertheless, the problem is not perceived everywhere in the same way.

It is certain that the importance now given to competition will result in the survival of the fittest. This already difficult situation could still be worsened by the inability of developing countries' carriers to withstand competition on a commercial basis over the next few years.

2. TRENDS IN SEABORNE TRADE

2.1 Regular Lines—Plurimodal Transport

The regular lines sector can no longer be described as being made up in part by cargo and in part by containers, as was the case 15 years ago when the United Nations Code of Conduct for Maritime Conferences was formulated. Not only has the container invaded many forms of intermodal traffic but it has fostered the emergence of major transporters offering comprehensive door-to-door services. These services, which link transportation to production and to final delivery of the goods, are also qualified of point-to-point services. This second phase in the container revolution evolves regularly according to the shippers' wishes to collaborate with carriers and with the development of electronic data interchanges.

For plurimodal transport operators that are also shipowners, developments in intermodal transport implicitly show what has to be the main operating objective. Management of the maritime link, in the transport

chain, is still important (considering the huge investments) but the major task consists in providing a high value added service which will offer cost savings to consumers by a total control of the overall transport chain. This should enable shipping operators to successfully penetrate industrial or developing countries.

2.2 Political Evolution

The most significant political trend is undoubtedly the detente between sovereign states and political groups. The desire to normalize relations rather than engage in conflicts may usher in a period of greater political stability.

Political stability, as well as the reconstruction that comes in the wake of any conflict, may not only bring about economic growth, but may have determining consequences on the growth of trade in manufactured and agricultural goods. However, it is still an open-ended question whether growth in developing countries' economic production will necessarily entail a sensible growth in the regular lines sector.

2.3 Economic Evolution

During the next 15 years, transnational corporations will intensify their production or assembly in countries where labor is cheap. Derived markets will only have a limited growth, whereas transport distances will decrease.

2.4 Intermodal Evolution

Intermodalism was developed as a natural extension of the container, in its search to establish closer links between manufacturers and importers and retailers of his products. The new intermodal operators enhance their services by integrating, in their containerships' operations, port facilities, countries' infrastructure, and inland terminals, the management of which they monitor closely. Very sophisticated computer links, between the customers and the various partners in the transport chain, are fast developing.

This intermodal transport development was accelerated by the current overcapacity situation which opened the way to a struggle for survival through price cutting, within or outside the conferences.

The development of land terminal facilities is especially justified when the producer or the end user is far from the sea and where there already exist land transport infrastructure. Where an intermodal system already is implemented, it can often be developed even further, but it is of the greatest interest to establish it in areas where it is still in its early stage of development.

2.5 Future of Conferences and Consortiums

The structure and content of the old-time conferences are obsolete. The creation of consortiums bringing together conferences and sometimes "outsiders" also seems to be a thing of the past. This form of cooperation was established some 20 years ago and was based on structures and practices that have remained unchanged, whereas the liner environment has changed and continues to evolve. In fact, the conditions which gave birth to this form of association are outdated and no longer in line with current realities. Furthermore, they are not tailored to meet the demands of future developments. Rules and regulations are too rigid and no longer respond to modern management, in the current context of the maritime transport (late decisions, lack of decisions based on bargaining power between partners, rules of unanimity, etc.).

The financial aspect should not, however, be overlooked. It serves no purpose to supplant partners only to find them again as competitors. Besides, going alone involves the disposition of enormous financial resources, necessary today to acquire the new dimension which portends the success of integrated lines.

It would seem likely that, within these groups, rules and regulations would change, let alone internal agreements, giving way to a unified management system. In other options, new structures would be established according to the best interest involved, and to the relative importance of the maritime and land stakes.

3. TECHNOLOGY DEVELOPMENTS

3.1 Introduction

The evolution of cargo type and volume determines technology orientations for designing and building new vessels.

In the past, the emergence and, later, widespread use of new ships' types, such as the trend toward larger unit size, coincided with periods of strong growth and diversification of world maritime transport. Thus, within the relatively short time between the end of the 1950s and the early 1970s, a very favorable maritime environment ushered in new methods of handling and storage on board, improving the technical and economic transport conditions for traditional goods and opening the way to new products.

At that time, there has been a huge increase in the number of bulk carriers, containerships, ro-ro vessels, gas and chemicals carriers, whereas liquid gas carriers and vessels specially equipped for heavy and bulky commodities appeared on the seas.

Another spectacular phenomenon was the capacity increase of ships, especially oil tankers, when steep increases of traffic flows made possible to obtain economies of scale. It is obvious that without these changes, the dramatic international trade development would not have happened.

In the subsequent period of depressed freight market, resulting from some stagnation in international maritime transport and from the strong overcapacity which affected most sectors of the world fleet, the technical innovations took a new but less spectacular turn, nevertheless also very interesting.

Shipowners and shipyards became interested in conceiving cheap and efficient vessels, which could be operated profitably, notwithstanding the depressed freight market.

The successive oil shocks and their effects on fuel prices brought about major improvements in propulsion efficiency by reducing the specific consumption of engines and enhancing the hydrodynamic performance of propellers and hulls.

Another approach, in an attempt to reduce operating costs, was to automate and computerize as much as possible the various functions in order to cut down on crew size and improve management of both ship navigation and cargo handling.

The experience of the past 30 years proves that orientation of technology evolution in merchant ships is very sensitive to the climate surrounding the freight market and results from supply and demand for maritime transport capacity.

It is of course difficult to propose a detailed prognosis of the likely course of evolution and of its chronology for the next decades. Nevertheless, by analyzing the factors governing the design and construction of different vessels' types it may be possible, initially, to chart a future course on the basis of the more or less recent past, which might portend naval technological evolution in the coming decades.

Then, in the light of what is known on the current efforts in naval research and development, and of assumptions of the likely evolution of the economic and technological environment, it may be attempted to evoke the general orientation, in the next two decades, of the main developments in merchant ships.

3.2 Determining Factors of Merchant Vessels Technology Development

3.2.1. *Endogenous Factors*

These endogenous factors are related to situations or events of an economic or technical nature which emerge amidst maritime transport activities, even if their initial causes originate from other economy or world policy areas.

Growth and Diversification of Traffic Flows

Maritime transport history shows that it is the seaborne volume increase of one or another category of commodity which justifies, from a certain threshold, resorting to specially designed vessels to carry homogeneous cargo under the best technical and economic conditions.

The modern merchant fleet has its roots in the widespread adoption of steel construction and mechanical propulsion in the second half of the 19th Century. In fact, a genealogical tree of the cargo vessels' types can be drawn from their common ancestor: the 3000 to 5000 dwt multipurpose steamship, developed in Great Britain, that was the standard vessel in 1865–1880. This type survived until World War II with relatively minor technological improvements to ensure most of the tramping operations.

The cargo diversity carried over the past 100 years resulted in the successive introduction of the coal carrier, the oil tanker, the refrigerated vessel, and then the numerous specialized ships which proliferated during the strong growth period of maritime transport which characterized the 30 glorious years of the world economy, and more particularly the 1955–1974 period. This original multipurpose vessel also evolved into the cargo liner which, since the beginning of this century, has been different from the tramping vessel in that it was faster, had a greater capacity and especially cellular spaces to stow various cargo types, under specific conditions of handling and storage.

Since then, the liner has changed substantially, especially in the 60s, to keep pace with progress in port handling.

While the world economy developments do not necessarily imply that there will be a sharp increase in maritime transport, diversification and research in naval technology must be pursued.

Evolution in Cargo Handling and Packaging

Changes in cargo handling and packaging often go hand in hand with the increase and diversification of maritime traffic flows. Liquid bulk instead of barrels led to the creation of the tankership. Coal and ore bulk carriers were built when trade expanded between distant ports. However, it was the widespread adoption of inland bulk storage, handling and transport of various forms of massive cargo that popularized bulk carriers, capable of carrying different kinds of cargo of various densities or other physical or chemical characteristics.

Nowadays, there is no more mention of general cargo, such as boxes, cartons, bales, bags, barrels and drums, but rather of "neo-bulk" since this cargo is now conditioned on pre-slung pallets, in big bags or in another form that allows handling by mechanical means.

Containerization, rooted in road transport, grew in international trade only when cellular containerships, specially designed to ensure intercontinental transport continuity of massive cargo flows, were in operation. Like the concept itself, the use of containers requires special handling and storage techniques resulting, in a search for economies of scale, in the use of larger and larger ship capacities.

Horizontal rolling of cargo has also been a major evolution cause for the ships which prompted a real revolution in naval architecture, of which the consequences have not always been clearly anticipated in terms of the risks ensuing from the necessary openings in the bulkhead to ensure access and movement of vehicles on board ro-ro vessels.

Indeed, these ships are particularly vulnerable to serious accidents with flooding of their holds and decks as well as shifting of their cargo. The desire for and provision of basic safety features should always take precedence over the commercial priority given to handling operation speed.

Multipurpose Vessels

Ship specialization according to the type of cargo carried, or the handling mode involved, implies, as far as operation economies are concerned, a major handicap since, in general, a ship specialized in a particular type of cargo will only find cargo to be shipped in one direction on certain lines and will therefore often have to sail back on ballast or with very little cargo.

Similarly, a cellular containership will not carry cargo that has not been containerized, and if, on the contrary, it is often possible to ship containers on general cargo or ro-ro ships, there is no benefit from most of the advantages of the system.

In the area of bulk cargo, liquid carrying vessels are not much different in architecture from those carrying solid cargo. However, there are incompatibilities between their respective handling and storage systems.

It is therefore not surprising that shipowners have been interested in multipurpose vessels. They are, in principle, a combination in one single ship of the characteristics of two or three specialized types, ensuring complementarity of carried cargo in function of geographical situations or of chronological sequences of port calls.

The best known types of multipurpose ships are the ore-bulk-oil (OBO) sometimes in combination with containers (COBO), bulk-containerships, and ro-ro-containerships. Units of the first two types do not always undertake successive voyages in each of their specialty, for there are few direct or triangular routes propitious to this kind of operation. On the contrary, their hybrid character gives some guarantee against the volatility of the freight market and makes it possible to transfer their transport capacity from one sector to another according to variations, deemed sustainable, of the freight market situation.

The ro-ro containership meets a more structural adaptation objective to the shippers' needs, on such and such regular lines, for large volumes of containerized cargo and for transportation of non containerized cargo, such as vehicles and heavy or bulky items.

There have been many other combinations considered and tested which have not provided the expected results. Too much adaptation to certain geographical and commercial conditions limits dangerously the possibility of alternative use of the vessel for other purposes, in the case where change would occur in the original situation. At any rate, increasing handling and storage equipments is an expensive proposition that adds considerably to operating costs.

Financial and Commercial Constraints on Shipowners

Shipowners financial and commercial constraints are numerous and often contradictory. Designing a ship entails a compromise between what may be commercially and technically desirable and what is financially possible. Speed and unit size are two variables which govern directly the vessel's transport capacity; hydrodynamic and thermodynamic laws, as well as several other technical, economic and financial constraints, limit the shipowner's choice and stretch to the limits the naval architect's ingenuity. A cheap and efficient vessel is not a specific type per se, but rather an ideal toward which one should tend through compromises.

Facing the market constraints, the shipowner must strive to reduce every element of its operating costs. This necessity is, together with the adaptation to traffic evolution, constitute the permanent foundation of research and development efforts in the area of merchant ships' technology.

This research focuses on the savings that could be obtained by reducing fuel consumption and by improving propulsion efficiency through more effective propellers, hulls shapes and smooth paints.

Shipowners also tend to limit crew size without impairing safety and sound management of the vessel, to reduce the turn around time through accelerating handling operations, and to save immobilization time through preventive maintenance.

Research priorities may be altered by exogenous factors, such as the fuel price. They also vary according to the economic and social environment in which the shipowner operates.

While these constraints are felt differently according to period and flag, they have a general character and govern the world shipbuilding technological evolution. For example, the shipowner EVERGREEN, who is not known for paying high salaries, will operate his new containerships with 12 crew members, and the ultra-modern LAURITZEN refrigerated vessels have crews of seven members.

Economic and Financial Constraints on Shipbuilders

Just as the shipowner, the shipbuilder must constantly strive to reduce his production costs under the pressure of competition. This has been made particularly difficult as a result of the recession that has hit the industry and of the inadequate order backlog in most world shipyards between 1976 and 1987.

As far as vessels' types are concerned, shipbuilders' efforts to reduce their costs led to a study of ranges of standard ships proposed to shipowners, following more or less thorough market surveys. The shipyards' hopes to economically produce long series of identical ships, at least in terms of their main features, did not materialize, with the exception of the hybrid vessels proposed 20 years ago to replace the Liberty Ships of World War II. These were the FREEDOM type from a Japanese shipyard and the SD 11 type built by a British yard which allowed the construction of some one hundred nearly identical ships. Other series were built in very small numbers (rarely more than 10 units) and the longest series were produced to meet joint orders by grouped shipowners, rather than as a result of shipbuilders' commercial initiatives.

The scarcity of standard ship construction, contrasting with automobile, railway and aeronautic industries which have been mass producing for a long time, can be explained by the scattered structure of efforts and world demand as well as by the generally depressed shipping market. With the exception of short periods of robust demand, prices for the custom-built ships desired by the shipowners were so low, compared to the production costs of most shipyards, that it was hardly possible to produce standard ships at such lower prices that would have incited shipowners to give up their individualistic behavior.

The recent reduction in number of shipyards and the difficulties shipowners are currently facing has resulted in shipowners sometimes accepting the standards proposed by shipbuilders, and even requesting shipyards to reproduce ships previously built for other armaments. The rule remains: Individuality.

3.2.2 ***Exogenous Factors***

Incidence of Land Transport Techniques

The relation between land transportation, especially road transport, and containerships or ro-ro ships, has been mentioned. In fact, all the cargo processing, packaging, handling and storage methods and techniques were first developed inland.

Since ports are located at the border between economic spaces, and since customs formalities are added to port operations, a complex network of shipping auxiliaries has emerged.

Although intermodal transport goes far back in ancient times, it has only recently been the object of serious research. Since the industry wants to go back to its core business, it demands from the intermodal operator an increasingly deeper knowledge of the industry, whereas the operator is striving to influence his industrial partner to better adapt his product to the constraints of the transport chain. In the absence of a universal link, a new method has to be invented for each enterprise.

This logical evolution toward optimization of the door-to-door transport encounters political and social problems, one of which is the traditional resistance to progress in port handling operations, which threatens jobs. Another example is that of American customs checking containers for drug. Any progress resulting from the introduction of new technologies can be thwarted by these factors.

Physical and Geographical Constraints

The most universal constraint, for the naval architect, stems from the fact that the ship has to move at the interface between the ocean and the atmosphere. This is a hostile environment, because of its turbulence and disruptions, which make it difficult to give the vessel the necessary qualities of buoyancy, propulsion and seaworthiness.

Other constraints are the accessibility to estuaries, channels and docks; the size of locks and berths; port equipment; and large canals (Suez and Panama).

The necessary interaction between these constraints and the vessels does not mean that there is any rational coordination between shipowners and port authorities of investment decisions. Indeed, in the rush toward gigantism, stemming from the search for economies of scale, ships and their facilities are usually considered separately, with makes it impossible to globally optimize the financial investments along the transport chain. The results is, most often, that the competition between ports cause unnecessary duplication of fixed facilities.

National Regulations and International Conventions

Protection of human life, health of seamen, and pollution control have led national and international lawmakers to set up a complex system of regulations and conventions which are applied to new ships and, sometimes, to existing ones. These regulations have a tendency to proliferate and, often, stand in the way of the most economical technical solutions.

Disasters at sea, such as the capsizing of the *Herald of Free Enterprise* and the running aground of the *Exxon Valdez*, have had serious consequences not only on the construction of ro-ro ships and oil tankers, but also outside the maritime world. Recent accidents involving hazardous products in tankers or on board ro-ro ships once again drew attention on the shipment problems created by these products, which are not always marked as dangerous. It may be necessary, in the future, to ship these products aboard specially equipped vessels.

Training and Qualification of Officers and Crews

In many disasters at sea, human error or negligence seem to be the main cause. The qualifications of the crew, and in particular of its officers are indeed at the core of safety at sea. Sea professions have traditionally evolved by experience transfer from the old seadog to the younger, adding personal experience to prescribed regulations. A lack of seasoned officers has made shipowners to recruit staff more hastily, without too much emphasis on desirable qualifications.

The reduction in number of crewmen, resulting from more and more automation, subjects the crews to unknown social stresses, which create new psychological problems. Indeed, automation has not yet succeeded in integrating the full range of maritime experience of the old seadog.

Impact of Research and Development in Other Sectors on Naval Technology

The shipbuilding industry is subjected to other industrial sectors' influences. With the exception of hydrodynamics, the problem is often one of adaptation to the conditions of the maritime world. Shipowners are usually very conservative and adopt new materials and systems only after they have been proven effective inland.

Impact of Evolution in Competing Transport Modes

The influence of land transport techniques often stems from their complementary status with maritime transport. The most obvious competition is that of air transport. The most striking example is the total replacement of maritime transport of intercontinental passenger by air transport. However, over short distances, the road-sea and rail-sea combinations have shown a better resistance to air competition.

With other forms of land transport the complementary situation of maritime transport may give way to competition. For example, undersea oil and gas pipelines, and tunnels may claim a share of the seaborne traffic.

The debate between proponents of greater speed and high unit capacity will never end. However, among other distribution systems, it is quite possible that road carriers could be subjected to the competition of coastal shipping or of renewed river transport.

4. ORIENTATION OF SHIPBUILDING TECHNOLOGY

The high number of combinations between the various evolution factors makes it difficult to accurately forecast the future developments in maritime technology.

4.1 Tankers

This category covers all tanker type ships that carry bulk liquid loaded and unloaded by on board pumps. The tanker type depends on the nature of the liquid to be transported.

4.1.1 *Crude Oil Tankers*

In spite of the competition between oil tankers and oil pipelines, the oil tanker remains indispensable to ensure a flexible transportation of crude oil. International oil pipelines are, indeed, very vulnerable to political conflicts.

During the period 1964–1973, economies of scale led to the construction of increasingly larger tankers. In fact, a ship with a one million tons capacity is technically feasible. However, the first oil shock brought this evolution to an end. Such a development might again become desirable if a new phase of steep growth and traffic flow concentration of crude would occur. Currently, medium- and long-term forecasts rather point to a period of stagnation, or even of slow decline of the intercontinental crude oil transport.

Recent ecological disasters have heightened public awareness of very large tankers. They also have had an effect on the shipbuilding industry that has to subdivide tankers into smaller holds than before. It is even likely that ships will have, sooner or later, to be built with a double hull.

4.1.2 *Refined Products Tankers*

There has been a steady growth in the maritime transport of refined petroleum products over the last few years. This can be explained by the fact that refining activities have been moved toward OPEC countries.

Traditionally, a distinction is made between the transport of heavy fuels and clean products (generally fuels). In the case of clean products, safety regulations have become very severe. The dirty tankers are usually larger than the clean tankers, albeit some clean vessels may be converted into dirty vessels after a number of years. It is anticipated that in the 21st Century clean ships will have a capacity of up to 100,000 tons and will be subjected to even tougher regulations.

Stricter regulations, divided holds, and new bulkhead coatings could transform these vessels into multipurpose ships, which would be capable to carry both crude and refined products. Construction of such ships is under study, seeking to facilitate the cleaning process by placing the beams outside of the holds.

4.1.3 *Liquified Gas Carriers*

Few changes are in the offing for LPG carriers. An increase in size to about 100,000 m³ may be expected for the same reason than for refined products: the production of propane and butane gas is very closely linked to the refining process. There will be greater developments in gas carriers, since, after a stagnation period, there has been a marked upturn in 1989.

4.1.4 ***Chemicals Carriers***

This type of vessels can be subdivided according to the toxicity of the cargo transported (in line with the MARPOL I and II conventions). In order to carry hazardous cargoes, the vessel must have a double hull, and lateral and bottom ballast tanks with adequate capacity to avoid shearing in the event of a collision. For some products, tanks are built of stainless steel. Research is underway on the possible use of composite material.

4.2 **Larger Bulk Carriers**

4.2.1 ***Bulk Carriers***

The largest vessels in this category have a capacity of 350,000 tons. In most cases, these are vessels ranging between 120,000 and 220,000 tons which carry bulk ore and coal on intercontinental routes (H.N. Hughes has calculated a gain of 34 percent for a 220,000 ton vessel as compared with a 64,000 ton of the PANAMAX type).

In the future, developments in the number and size of large bulk carriers will depend on the type of bulk to be transported. Iron ore will increasingly be processed near the mines and the use of coal will depend on electricity generating plants, which are suspected of being environmental hazards. Ports are adapting to receive larger vessels, but the ships in the 120,000 tons to 150,000 tons range are here to stay because only a few ports are accessible to the largest.

4.2.2 ***PANAMAX and HANDY SIZE Bulk Carriers***

Ships that follow routes via the Panama Canal (locks' size: 900 x 100 ft = about 65,000 tons) are usually used to carry grain and ores other than iron or bauxite. As far as coal is concerned, passing through Panama results in great time savings.

The HANDY SIZE (20,000 to 40,000 tons) is used for small bulk, such as phosphates, fertilizer, and scrap iron. Specialized ships are increasingly carrying certain small bulk products, such as wood pulp or cement.

4.2.3 ***Combined Ships***

The best known combined (hybrid) ships are the ore-bulk-oil (OBO) vessels used to carry dry or liquid bulk, depending on the most profitable market. Their capacity ranges from 120,000 tons to 175,000 tons, but since several years smaller vessels of the PANAMAX type are also being used. High construction price and cleaning difficulties limit their utilization. The PANAMAX vessels are sometimes used to carry containers (about 1,500 TEU), but in a liner system, these vessels are less interesting because of their very low speed (14 to 16 knots).

4.3 **General Cargo Ships**

In future years, general cargo vessels are going to slowly disappear. They have two or three blocks with a capacity of 8,000 to 15,000 tons and derricks or cranes (see Annex). Most West African fleets are of the general cargo type. They will be replaced by high efficiency specialized ships or by multipurpose vessels.

4.3.1 ***Containerships***

Containerships' evolution has so far made it possible for them to compete with land or air transport. A PANAMAX type can load 4,000 TEU, even 4,400 TEU if there is a fifth level off the deck. Its typical speed was, 20 years ago, of 26 to 28 knots. Nowadays, it is between 21 and 24 knots.

The world's biggest is currently the *CGM Normandie*, with 4,427 TEU. It is 275 m long and 37,1 m wide. It is anticipated that, in the future, there will be a greater traffic concentration as a result of the development of superterminals ideally located to ensure liaison with hinterland. This concentration will further drive up the capacity of containerships; today, the largest have a capacity of 4,400 TEU. Vessels with 5,000 to 6,000 TEU are already on the drawing board, but they will only appear by the year 2000. For shorter distances, smaller vessels will provide a feeder service from the main ports.

4.3.2 ***High Speed Ships***

In order to carry passengers and high value cargo—or over short distances—ultra fast ships (40+ knots) are being designed. A "techno-super-liner" has already been developed in Japan to carry 1,000 tons between islands at a speed of 50 knots.

4.3.3 ***Roll-On Roll-Off Ships***

The growing importance of this type of transport results from the road transport development. The great advantage of this type of transport lies in its loading and unloading speed and in the possibility of providing door to door service without any transshipment.

Construction of ro-ro vessels will have to be reviewed and improved to better ensure the safety of the passengers and cargo they carry.

4.3.4 ***Specialized Ships***

These specialized ships are represented by many types of different vessels. Their number will increase in the next decades according to maritime transport evolution on certain routes. A few examples of specialized ships that already have been in existence for a long time are refrigerated vessels (reefers) carrying fruit, meat or fish. A recent development in this area is the introduction of load units (pallets) instead of individual crates. Various types of refrigerated containers are used on containerships (containers with refrigerating units or connected to the ship system).

4.4 **Passenger Ships**

The traditional passenger ship, sailing intercontinental routes, could not withstand competition from air carriers. A new range of passenger ships has, however, made a significant breakthrough in the luxury cruises area.

4.5 **Impact of Technology Evolution on Ports**

The quest by shipowners to optimize operating benefits through economies of scale and feeder systems highlights port accessibility and capability for distribution through coastal shipping, river transport or hinterland road or rail networks. The impact of commercial behaviors, such as opening hours, costs of calling at port (piloting, towing, port charges, handling and ship and cargo delays), as well as the social climate must be taken into account. This may lead to some concentration in a given region from where distribution will then possible

at lower costs, in terms of ships and port facilities. But, there is an important risk that such a port survives or dies depending on a shipowner's decision. (Concentration of several shipping companies into a single operating group increases this leverage).

In Africa, port congestion has been a serious problem in the past. Containerization has helped to alleviate the situation. But, today, the problem is often that of container congestion because the sophisticated handling equipment is not maintained as it should. Accordingly, ships continue to be equipped with handling equipment on board (which increases operating costs) without being able to shorten delays if the land equipment can not evacuate the containers.

Cost of a Ton Shipped by Various Types of Vessels

Ship type	Conventional (10,000 dwt)	Combined (16,000 dwt)	Containership (1,500 TEU)
1. Annual cost (\$ million)	4.3	7.4	13.6
Capital	0.9	2.1	6.8
Operating costs	1.8	2.9	3.3
Travel costs	1.6	2.4	3.5
2. Million TEU.Mile/Year	210	410	2,016
3. Operating cost (US cents per TEU.Mile)			
utilization: 100%	1.9	1.8	0.7
utilization: 70%	2.7	2.6	1.0

Comparative Operating Costs of US Flag and Taiwan Flag

Ship	U.S. Flag	Taiwan Flag
1. Capacity (TEU)	4,200	2,800
2. Annual cost (\$ million)	17.5	11.1
Capital	7.1	4.5
Operating costs	5.0	2.2
Travel costs	5.4	4.4
3. Million TEU.Mile/Year	510	370
4. Operating cost (US cents per TEU.Mile)		
utilization: 100%	3.4	3.0
utilization: 70%	4.9	4.3

Economies of Scale—Containerships

Year	1982	1987
Vessel Type (Evergreen)	V-Class	GL-Class
Capacity (TEU)	1,200	3,000
Year of Construction	1977–1978	1987–1988
Construction Cost (\$ million)	15	30
Speed (knots)	20	20
Fuel Consumption (Tons)	65	65
Daily Operating Cost, Ex Fuel (\$)	10,400	18,500
Daily Fuel Cost (\$)	7,150	7,150
Cost per TEU.Mile (\$)	0.030	0.018

5. NEW RELATIONSHIP BETWEEN TRADE, INDUSTRY AND SHIPPING SERVICES

5.1 Introduction

What can now be observed reflects a fundamental change in the industry restructuring, with shipping companies increasingly better prepared to compete on a continental scale. Globalization is again in fashion, though it is now called geographical diversification. Moreover, the current recession has focussed management attention on the need to increase productivity, enhance market share, and obtain economies of scale. The recession has also underlined the attractiveness of joint ventures and minority participations.

But the most dramatic gains have been obtained through integration of larger transport systems with industry itself. This is a result of alternative production systems located in low wage countries, as well as cheaper material sources. This evolution opens interesting prospects for developing countries and hopes of economic acceleration. Unfortunately, these possibilities have been constrained by the apparent inability of public authorities and economic communities to face the growing demands of international business for high quality products delivered in increasingly shorter time. These demands reflect the necessity to provide goods at the same pace as the changing markets.

5.2 Growing Importance of Customer Service

Whereas quality and cost remain important factors, the capacity to quickly react to market demands is becoming the major factor in the conquest or development of a market. Instead of the old saying "cheaper is better", the new theory indicates that most businesses would be more prosperous by focussing on "faster is better". Customer service is getting more prominent; indeed, there are more success stories based on service differences than on product differences. Moreover, customer service is now considered as a key strategic concept; it crosses geographic borders and allows for a global integrated strategy focussed on customers.

Customers demand quality and rapidity. They are even prepared to pay more to be absolutely assured prompt delivery as promised, which will enable them to maintain an optimal level of inventories.

Efforts toward greater flexibility and lower costs entails an authority delegation to the lower rungs of an organization which is nearer to the customer. At the same time, this flexible organization structure stimulates resorting to third party services.

As already mentioned, companies now are more focussed on their core business in order to direct available means to the areas of maximum profitability and leave other fields of activity to specialists. The nature of relationships between traders and manufacturers, on the one hand, and the transport industry, on the other hand, is becoming a major element in the success or failure of an enterprise. The transport function and the inventory management of goods in transit are now an integral part of the production and sale processes. Indeed, faster technology changes allow for accelerated automation and better production control, and the ratio of distribution costs to total production costs is getting more attention.

5.3 Information and Telecommunications

Information is an essential element of the efficient management of purchasing, manufacturing and marketing. Real time and instant information are needed to monitor shipments, production and inventory levels, and—still more important—customer preferences.

The value of a product or service is not so much characterized by what it is made of than by the surrounding information. Some companies are resorting to computer technology to differentiate their products and to make their proposals more accessible to their customers. Information is a strategic tool and most industry managers claim they are giving more and more importance to telecommunications infrastructure when dealing with new business associates.

Computers now being more affordable, Electronic Data Interchange (EDI) is rapidly developing and is improving productivity.

5.4 Transport Logistics Management

When production means have reached the limits of their efficiency, it has then become obvious that the total time from the raw materials to the sale of the finished products had to be monitored. Thus, the old practice of dealing separately with manufacturing, storage, transport and information had to be replaced by an integrated planning system.

In the beginning, transport logistics were limited to the distribution stage, but were progressively extended to the warehouses and other support services. Later, they also integrated the procurement function. But the system remained expensive.

Three factors contributed to an accelerated development of logistics:

- the speed of technology developments;
- the structural evolution of business organization and of local economies; and
- the market globalization.

In some countries, liberalization of the national regulations has removed the constraints and opened the way to an effective competition in transports and telecommunications.

Within the companies, new control techniques have been adapted to each stage of production, storage, transport, and distribution (Distribution Resource Planning, Materials Resource Planning, Direct Product Profitability, etc.).

In the developing world, the problem was to determine if projected trends in intermediate or final products supply guarantee was indeed corresponding to the concept of efficient logistics management.

Performance issues in developing countries' industries and recurring infrastructure problems, however, have delayed the eventual evolution in this area.

Industrial importers are very concerned by their overseas partners' capacity to conform to their severe demands in the area of logistical data. Some limited, or incompatible, EDI systems in developed countries present a lot of difficulties to those industries which want to adequately support their sophisticated transport logistics (zero defect).

5.5 New Relationships between Shippers and Service Industries

Numerous businessmen indicate their preference for buying imports "free on board" (FOB) or "ex-factory". This clearly reflects their desire to control transport costs. About 40 percent of overseas procurement is made FOB, and the companies involved have calculated a reduction of 20 percent to 30 percent of their logistic costs. It is clear that there is a tendency among the developing countries' customers to dictate transport instructions for their purchases.

Smaller, but more frequent, shipments may also have some influence on arrangements in intermodal transports.

It is now well accepted that, by resorting to the services of expert third parties, some industries are able to penetrate new markets and to offer customized services. Moreover, by such practices, industries conserve their capital and reduce their risk of possible losses. As a matter of fact, in many countries, the recourse to third party services is necessary, and even compulsory, when local authorities require local ownership. Some parts of the transport chain, operated by third parties, may also be subcontracted to more specialized partners (maintenance of a truck fleet, for example).

The success of resorting to third party services stems from the management's desire to reduce and flatten the organization structure, the objective being to equal the benefits of a vertically integrated system, while escaping its burdens.

Possible options are extended. Shippers obtain a value added range which allows to reorganize a global or local structure, from a rigid capital intensive system, to a more variable and flexible system. Logistic services' organizers have an opportunity to stabilize their customer base, with a larger cash flow.

Storage industry is also evolving, it now offers, beyond warehousing and distribution services, such additional services as part assembly or information exchange with other members of the distribution system. Currently, there is a consensus to ship knocked down products as far as possible down the logistic chain to minimize transport cost. This concept will find more intensive applications in the 1990s and will expand the storage industry role.

Flexibility, reliability, speed, and consistency of services and information quality are the most sought after elements on the transport and transport logistic markets.

6. WHERE DO WE GO FROM HERE?

The eminent economist John K. Galbraith said:

Industrial activity in the United States, in Europe, and soon in Japan, fights an aging process. The large organizations and their structurally incorporated bureaucracies suffer from self sustaining mediocrity. There are too many decisionmaking levels. People do not think anymore, but develop protective mechanisms in order to pass responsibilities to another level. Such bureaucratic stagnation, compounded with incompetency, can now be observed in the automobile industry. The economists' school of thought, according to which large transnational enterprises have a life and an efficiency of their own, is wrong. In the next 10 to 20 years, all sorts of large American enterprises will vanish.

These words certainly will also be applicable to the maritime transport organizations, if they do not follow the way of technological and commercial changes.

In order to define a strategy for the future, here are a few questions to be answered:

1. Which are the lines to be operated?
2. What are the goods and volumes commercially accessible without artificial protection measures?
3. Which types of vessels are needed to answer questions 1 and 2?
4. Is it possible to cooperate with other countries?
5. If the answer to question 4 is "yes", which are the countries and the lines to be involved, and what will be the collaboration form?
6. Is it possible to directly deal with industries?
7. If the answer to question 6 is "yes", which are those industries, and should question 3 be revisited?
8. Is it better to deal with each country individually or with groups of countries, in order to succeed on a regional or intercontinental level?
9. How can a plurimodal integrated system be developed with the proposed lines?
10. Is the modern concept of transnational logistics applicable and acceptable in the regional philosophy?
11. Are communications and information means developed to the same extent by both partners?
12. Is it possible to guarantee a constant quality level to the proposed services?

Of course, the list is not exhaustive. Through the answers to these questions, a new philosophy will be distilled to the benefit of all.

**STRUCTURAL DEVELOPMENT OF MARITIME TRANSPORT
AND ITS EFFECT ON SHIPPING SERVICES
ON THE WEST AFRICAN COAST**

THE AFRICAN POINT OF VIEW

**by Mr. Owusu-Mensah
Consultant**

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1. BACKGROUND

1. It is no secret that modern structural and technological developments in maritime transport have had no significant impact on shipping in West Africa and, for that matter, in Sub-Saharan Africa. Basic statistics reveal, for instance, that at the end of 1990, despite the traffic increase generated by the introduction of containerships, developing Africa had only four containerships, representing only 0.1 percent of the world total TEU capacity of fully cellular containerships. Sub-Saharan Africa had no containership.

2. The frightening aspect of this is that whereas national shipping lines of West Africa are not taking advantage of containerization to replace their ageing general cargo vessels, they are drastically reducing their fleets, leaving, in most cases, their countries' external trade to industrial countries' lines, which have modern fleets.

3. For instance, Ghana's *Black Star Line* and Nigeria's *National Shipping Lines* owned and operated, in 1980, a total of 45 multipurpose vessels. Today, they own and operate less than 20 vessels, having sold a part of their fleet without replacement. It must, however, be underlined that almost all West African national lines are not currently in a position to acquire modern vessels with their operating resources.

4. At the end of 1990, while 4,757 containerships were on order, none were for Africa. As far as West African national lines are concerned, new construction prices are prohibitive, and only national governments, sole shareholders, could finance new acquisitions that companies could not otherwise afford. In 1985, a 15,000 dwt general cargo ship cost \$12 million, a 1,200 TEU ro-ro \$28 million, and a 2,500 TEU containership \$26 million. In 1990 these prices shot up considerably to \$24 million (100 percent increase) for a 15,000 dwt general cargo ship, \$36 million (28 percent) for a 1,200 TEU ro-ro, and \$52 million (100 percent) for a 2,500 TEU containership.

5. Toward the end of the 1980s, most industrial countries serving West African countries, rationalizing their operations, entered into acquisition and charter arrangements with their neighbors. In 1990, the CMB announced the complete integration of its own services with those of its new partners, the two Danish companies *Dafra-Lines A/S* and *EAC-WAS*, and the German *Woermann Line*. These lines introduced four services to West Africa:

- **Container Service-North**, operating five container vessels of about 1,200 TEU each, calling at all major ports of the Senegal-Cameroon range;
- **Container Service-South**, using two formerly Woermann 600 TEU container vessels to serve the Gabon-Angola ports;
- **Combi-Service A**, servicing the smaller ports in West Africa; and
- **Combi-Service B**, servicing only six West African ports.

6. About at the same time, the French company, *Delmas Vieljeux*, purchased *Elder Dempster, Palm Line* and *Guinea Gulf Line*, thereby assuming control of the UK-West Africa conference operations. Slot charter arrangements were also entered into by *Delmas* with *Nedlloyd* of the Netherlands. Whereas European lines were rationalizing their services to improve their operations and profitability, West African national lines did not see the need to follow suit. The only attempt in this direction was a cooperation agreement between *BSL* of Ghana and *NNSL* of Nigeria in 1991, which has practically not been profitable to either line. As West African lines have failed to maintain strong links among themselves, while their European partners did, some West African countries have opted for loose slot charter operations with European friends and competitors.

7. In recent years, marked changes in ship routing, voyage frequency and ports of call have occurred in most parts of the world. Unfortunately, such changes have been slow to show in developing Africa, where the hub port, or load center port, principle which consists for the major ship operators in focussing their services on a small number of regional ports, and relying on extensive coastal and surface transport networks, to complete the cargo journey, is almost unknown. In West Africa, national shipping lines, confronted with intensive competition and local ports' realities of low productivity and high cost, have not seen the need to rationalize their ports of call. In this case, it could be tempting to blame the lines themselves, but the truth is that they have been, in most cases, forced into this situation by their conference partners from the industrial countries. For instance, in the UK-West Africa traffic, which is operated under a joint service arrangement, the UK partner, *Elder Dempster* (also known as *Delmas*) which was in charge of the joint service, programs the vessels serving West Africa in such a way that their ships call only into major ports, while *NNSL* and *BSL* vessels call almost at all ports in the West Africa range on their southbound leg. For a round trip voyage, a *Delmas* vessel will call at Dakar, unload all cargo bound for ports between Dakar and Lagos Apapa; proceed to Apapa, load and unload; call at Tema, load and unload; call at Abidjan, load and unload. So, during a round West African trip, the vessel calls at only four ports. On the contrary, a *NNSL* ship will call at Banjul, Abidjan, Takoradi, Tema, Apapa, and Port Harcourt, to unload. Then, when northbound, loads at Port Harcourt, Takoradi, and Abidjan, thus calling at nine ports on a round voyage. This phenomenon has contributed to the deterioration the financial position of these lines, as voyage revenues have continued to fall, in the wake of increasing port costs and stagnant freight rates.

8. Chartering has not been attractive to West Africa national shipping lines as an alternative to liner shipping. This stems from the fact that they usually consider themselves as traditional liner companies. Moreover, most African national lines are high cost operators, with daily running cost outstripping open market charter rates. They have, therefore, not deemed profitable to operate vessels on the charter market. Chartering vessels to enlarge their fleet has also been a problem, because their operating costs cannot be covered by the charter rates. So, while national lines of the subregion cannot purchase vessels equipped with the new technologies, due to financial constraints, they also are not in a position to charter such vessels because their high operating cost do not allow them to recover the charter fees.

9. West African national operators are undergoing an operational, financial and confidence crisis. This situation has made it impossible for them to take advantage of the unprecedented technological changes which have taken place in maritime transport. Though they are themselves responsible to some extent of this situation, national policies have also played a disastrous role in their demise, letting these technological changes by-pass the subregion.

2. STRUCTURE OF WEST AFRICA SHIPPING

10. West African shipping can be described as a risky business. There has been, in the past three years, a re-aligning of the services offered. In part, this has been necessary because of a severe competition which has cut what little reward there was, and in part because of the nature of the trade which is strongly biased toward southbound traffic.

11. The West African shipping scene is characterized by national lines, a few of which are operating a sizable number of ships, and many others operating just a few ships or no ship at all. There are a few indigenous private operators, but a considerable number of foreign operators are utilizing more modern vessels. The national lines serve predominantly national trades and have little involvement in cross trading. Their operations are primarily directed toward the UK and Ireland (operating in the UKWAL Joint Service Conference), and Western Europe (operating in the Continent-West Africa Conference, (COWAC), with partial participation through loose slot charter arrangements in the far East and America trades. All national lines operate in COWAC, with *NNSL* and *BSL* operating also in UKWAL.

12. There are five service groups operating between Northern Europe and West Africa. The largest of these is the French company *Delmas Vieille* (*SNCDV*), with representations in the Mediterranean through *SIVOMAR*, and in the UK-Continent through *UKWAL*. *Delmas* has always kept strong ties with francophone West African countries.

13. The second group is the *Joint Service Africa* which brings together the African shipping activities of *SCADOA*, the *SNC*, the Norwegian *Hoegh*, the Swedish *Transatlantic*, and *Nedlloyd* of the Netherlands.

14. The third operator is the Antwerp based shipping and transport company *CMB*. The *CMB* bought *Dafra Line* and the *EAC West Africa Service* in 1980 and consolidated their position on this market.

15. The fourth group is made of the West African national lines. The fifth group is made of the independent West African operators, which have also undergone changes of heart and commitment. These include *OT Africa Line*, *EAL* and *G&C Africa Line*.

16. All operators on the West Africa route agree that there are too many vessels trying to win a part of too small a cake. This scenario has created a stiff competition resulting in falling freight rates. Operators in the UK-West Africa trade lament that today's southbound freight rates are about 50 percent of the 1986 rates. Northbound freight has suffered a similar fate, though not directly through competition, but rather through another mechanism which will be discussed later under the role of the shippers' councils. For instance, freight rate for cocoa beans has been virtually stagnant at £42.00 for more than six years.

17. At this juncture, it seems appropriate to look at the factors which, together with freight rates, have made West African shipping lines unable to adopt new shipping technologies, thereby making most of these technologies bypass the subregion. After that, the stage will be set to discuss why major technological development, pluri-modal transport and door-to-door service, have not received the required attention in the subregion.

3. POOR PERFORMANCE OF WEST AFRICAN NATIONAL SHIPPING LINES

18. Most national shipping lines in West Africa are on the verge of collapsing; some of them are already in virtual bankruptcy, as a result of a host of factors, including mismanagement and a complete lack of interest from the governments which own them. Fleet size has been dwindling at an alarming rate over the years (see Table below) through ship sales, while no attempts were made to replace the units sold. Currently some national lines do not have ships, having sold the few ships they had. It is feared that, in a very near future unless something is done, most West African national lines will be without ships, thereby leaving the transport of the subregion national trades in the hands of foreign shipping lines.

Merchant Fleet of West African Countries
 (General Cargo in thousand GRT)

Country	1986	1987	1988	1989	1990
Ghana	99	75	58	60	56
Nigeria	295	319	311	211	200
Cote d'Ivoire	102	102	102	67	67
Cameroon	67	48	48	24	24
Togo	53	59	47	11	11

Source: Study of Maritime Transport, UNCTAD, 1986, 87, 88, 89, and 90

19. It is absolutely necessary, for the national shipping lines to play their expected meaningful role in economic development and promotion of their countries' foreign trade, that cost-effective institutional and human resource development strategies, as well as adequate national and subregional policies, be adopted.

20. As for all state-owned enterprises in developing countries, the main reason of the poor performance of West Africa's national shipping lines is mismanagement. However, apart from this and other internal factors, such as lack of planning, absence of competent managerial staff, etc., there exists other external problems which have seriously hampered the performance of the national lines.

21. First, the government exerts a strong control, which severely interferes with the application of a coherent commercial policy. Most governments seem to look at shipping as an ancillary service promoting their foreign trade, rather than as a commercial business enterprise operating in a highly competitive area.

22. Second, national lines have been subjected to severe capitalization problems. Indeed, governments, as sole shareholders, have failed to provide the fresh capital needed, for example, for fleet renewal and modernization.

23. Third, there is a lack of appropriate national shipping policies. Where they exist, they fail to create the enabling environment conducive to effective commercial management of the lines.

4. POLICY ISSUES

24. The first issue is that of the economic role of the shippers' councils. To counter the difficulties encountered by the shippers of the subregion, shippers' councils were established with the following objectives:

- negotiations of the freight rates with conferences;
- promotion of the maritime activities; and,
more recently:
- implementation of the cargo sharing provisions of the UNCTAD Code of Conduct.

25. The shippers' councils have successfully helped shippers by stabilizing freight rates through their negotiation; nevertheless, national shipping lines have been the victims of their success. Stagnation in freight rates, especially for export commodities, such as cocoa and coffee, has seriously aggravated the financial position of the lines. For instance, the negotiated freight rate for cocoa beans on the West Africa-UK route has been around £42.00 per ton since the early 1980s. Being high-cost operators, and with increases in port and stevedoring tariff, especially in their home ports, this freight rate freeze has crippled the financial situation of the lines. While the foreign operators in the conferences, being private enterprises operating on commercial principles, manage through cost-effective strategies to cope, their counterparts in West Africa, being national lines, find it difficult to cope. For instance, while freight rates for timber, cocoa and coffee—the export commodities carried mainly by the national lines—have been virtually stagnant for the past six years, stevedoring cost in some West African ports have increased substantially over the same period.

26. During the last meeting for freight rates negotiation between the conferences and the *Union of Shippers' Councils*, held in Liverpool, national lines wanted a minimum of 10 percent increase of freight rates for northbound commodities. This request was based on their operating cost increases, but was not accepted. There was another rate freeze.

27. The second contributing factor is associated with the implementation of the UNCTAD Code of Conduct for conferences, something which was originally designed to help national lines grow. The role of shippers' councils in the implementation of the Code has been unclear, and this has failed to make the national lines, as expected, the beneficiaries of the Code. Perhaps the fact that most national lines in West Africa have shrunk rather than expand since the effectiveness of the Code's cargo sharing provisions underscores this claim. The UNCTAD's opinion on this issue, given hereafter, is extracted from UNCTAD's document ST/SHIP/1 "Guidelines Toward Application of the Convention on a Code of Conduct for Maritime Conferences":

In some developing countries, shippers' councils have been charged with the administration of the cargo sharing systems. It does seem, however, that serious conflicts of interest may arise from involving bodies charged with protecting the shippers' interests in the controversies and difficulties which are liable to emerge in the mechanisms of cargo sharing.

5. CAN NATIONAL SHIPPING LINES BENEFIT FROM PROGRESS IN MARITIME TRANSPORT

28. The national shipping lines' inability to keep pace with innovations in maritime transport stems, to a large extent, from their precarious financial position. Internally, their inability to operate efficiently and make profit, and, externally, their national governments' inability to recapitalize to enable them to follow appropriate technological evolutions are the two main problems that have to be seriously discussed.

29. In order to allow national lines to keep pace with technological innovations in maritime transport, and at the same time play their expected meaningful role of promoting economic development and foreign trade of their respective countries and of the subregion, a number of national and subregional strategies for institution and human resource development must be implemented. In addition to the well-known strategies recommended by most experts, some drastic policy changes have to be adopted.

30. The recommended strategies for institution and human resource development are:
- ensuring that national lines improve their operational and financial performance; depoliticizing the national lines, at all levels;
 - separating ownership from management; and
 - promoting staff and management training.
31. In addition to these strategies, the following policy reforms are deemed necessary.
- A revision of the current application of the Code of Conduct must be performed. In this regard, new implementation policies must be formulated to ensure that the national shipping lines become the true beneficiaries of the Code, as it should be.
 - Governments, sole shareholders of national lines, should encourage the establishment of national trust funds to meet the financing needs of their national lines. Part of the service fees charged by shippers' councils for cargo sharing could be channelled into these funds, and be used for recapitalizing the national lines, for fleet renewal, for example. This would be an indirect way the Code would help the national lines to develop.
 - The Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) was set up in the subregion, in 1975, with the objective, among other things, of bringing together the subregion nations to formulate common maritime policies that safeguard their interest. Three specialized agencies are part of MINCONMAR:
 - the Union of Shippers' Councils (USC);
 - the Port Management Association of West and Central Africa (PMAWCA); and
 - the Association of African National Shipping Lines (ANSL).
 - Whereas the USC and the PMAWCA have credibly served the purpose for which they have been established, judging from their performance and achievements, the same cannot be said of the ANSL, which is more or less inactive. Serious efforts must be made by the various national shipping lines of the subregion to bring the ANSL to an activity level similar to that of the USC and the PMAWCA.
 - In the light of the fierce competition of foreign lines operating in the West Africa sector and of the individual strength of the various national shipping lines, an effective way of ensuring national shipping lines play their expected role in the national economies would be the creation of a subregional maritime consortium. The national flag syndrome, which pushed even small countries with limited national trade to set up their own national shipping lines, must be abandoned in favor of a subregional line, capable of withstanding the competition of strong, long established foreign operators.

6. PLURIMODAL TRANSPORT AND DOOR-TO-DOOR CONCEPT IN WEST AFRICA

32. One technological development of the last decade in maritime transport is the plurimodal system, a consequence of containerization. This technological evolution did spread rapidly in the industrial world and is now conquering developing countries. Lack of foresight, however, in judging the containerization impact on distribution and logistic systems, has caused many African countries to be late in adapting to the plurimodal transport concept.

33. A high percentage of containers entering Africa are still stripped in the ports and their cargo moved inland in break bulk form, thereby sacrificing many advantages of containerization. In Ghana, for example, container throughput in the Port of Tema increased from 161,274 TEU, in 1987, to 396,346 TEU, in 1990, an increase of 145 percent. Yet, some 85–90 percent of the boxes were stripped in the port. This practice contributes to congestion in ports, adds to handling costs and increases the risks of loss, damage and pilfering.

34. The majority of plurimodal transport operators active in Africa today, are from industrial countries and operate in a regulatory vacuum. The few local operators around are so small and ill-equipped they cannot compete with foreign enterprises. Their business is so limited that, for example, they usually are not capable to meet the customs deposit and guarantee requirements.

7. CONSTRAINTS PROHIBITING A FULL DEVELOPMENT OF THE DOOR-TO-DOOR CONCEPT IN AFRICA

35. The factors hampering the full development of plurimodal and door-to-door transport systems in Africa may be grouped under two headings: logistics and institutions.

Logistic Problems

36. *Communications.* The backbone of an efficient door-to-door system is communication. In West Africa, like in any other region of Africa, communication is a big problem. This affects the monitoring of movement of cargo in transit, and the clearing of goods through customs. The Electronic Data Interchange (EDI), which is a system based on direct computer linkage for transmission of messages and documents, is virtually non-existent in the subregion.

37. *Inland Transport Systems.* An important element in an efficient plurimodal transport chain is a well developed network of inland transport systems, which will facilitate the working of the whole chain. In the West African subregion, plurimodal transport and door-to-door service are seriously constrained by the poor condition of inland transport systems: roads and railways in particular. Indeed, road and rail links with ports are often inadequate to promote proper door-to-door services. In Ghana, for instance, the *Volta Lake Transport* offers a potential door-to-door liaison to the northern sectors of the country, but this inland waterway, which can provide an inexpensive, energy-efficient, and environmentally acceptable form of transport, is constrained by the absence of rail or road links to the Port of Akosombo.

38. *Inland Container Terminals.* The absence of inland container terminals, or "dry ports", in many countries of the subregion means that cargo must necessarily be cleared by customs in ports. Established inland container terminals are awarded the same customs status as sea ports. The existence of such inland container terminals, should ease the container congestion problem in ports, facilitate container quick turn around, and avoid the burden of having to go to maritime ports to clear goods through customs.

Institutional Problems

39. *Inadequate Use of Incoterms 1990.* A major reason for the *Incoterms 1980* revision was essentially the evolution of transportation techniques, particularly cargo unitization in containers, plurimodal transport, and roll-on roll-off traffic.

40. The majority of traders in the subregion are not aware of the existence of the amended *Incoterms 1990* and are still referring to the older *Incoterms 1980* in their sales contracts. This does not favor the development of the door-to-door concept. There has not been any serious attempt by national authorities to promote the use of *Incoterms 1990*.

Customs Regulations

41. Customs regulations in the subregion constitute the biggest obstacle to the full exploitation of the advantages associated with containerization. Customs procedures are cumbersome, time consuming and excessively bureaucratic. In most ports, it is practically impossible, except by force of circumstances, to clear a container without off-loading its whole content.

42. National economies in the subregion, and elsewhere in the developing world for that matter, dictate that customs regulations are cumbersome and bureaucratic. Nevertheless, these peculiar problems of developing countries cannot be ignored.

- In the developing world, most countries' resources depend, to a large extent, on indirect taxation, whereas in industrial countries the bulk of revenues is generated through direct taxation. In Ghana, for instance, 60 percent to 70 percent of the national revenues are generated through indirect, customs and excise taxes. In 1991, out of a projected national revenue of Cedis 385 billion, indirect taxation brought Cedis 267 billion, representing some 69 percent of the budget.
- The major problem encountered by any tax administration is the taxpayers' unwillingness to pay their dues. This unwillingness is manifested in two ways: contraband and fraud. Contraband is concealing of goods. Fraud is related to documentation falsification, such as overinvoicing, underinvoicing, false description or classification of goods, etc.
- Fraudulent operations require a collusion between traders and customs officials to perpetuate the harmful practices of contraband and fraud. Therefore, in developing countries ports, the trend is toward minimizing the incidence of such complicity.

43. Under final analysis, it seems that the real problem resides not so much in the procedures themselves, but in the way these procedures are applied. In other words, human factors in customs services may be considered as the major impediments. They consist in deliberately slowing the clearance procedures, in delaying cargo inspections, in resorting to any possible delay of cargo, and in personal interpretation of official texts, with the deliberate objective of extracting some informal retribution.

44. It is obvious that in the West African subregion, where salaries are low and cost of living is high, customs fraudulent practices will remain prevalent and any attempt to ease the customs regulations in ports will result in serious losses of national income. How would governments sacrifice a vital source of revenues for the sake of technological development in maritime transport?

8. RECOMMENDED SOLUTIONS

45. Something has to be done if the subregion is not to be left behind in the quest to improve transportation systems. The objective is, in the long run, to bring a cost reduction of transporting national trade in and out of countries.

46. In order to find an amicable solution to this dilemma, transport and trade facilitation committees should be established in the countries along the subregion coasts to exchange ideas on how to implement new technological development in the subregion. These committees, which would be composed of all parties involved in the plurimodal transport chain (i.e. importers, exporters, port users, shipping lines, customs officials, national maritime authorities, etc.) and would be given the necessary authority to implement recommendations deemed paramount in freeing the plurimodal transport chain of any obstacle.

47. National governments would, through the transport and trade facilitation committees, encourage the establishment of economically viable inland container terminals. Such terminals would offer all the facilities and services found at the ports, and would, to a large extent, facilitate the door-to-door concept development and also encourage the use of the new *Incoterms 1990*.

48. Serious attempts must be made by national authorities to promote the use of the *Incoterms 1990* by importers and exporters in their sales contracts. In most countries of the subregion, exports are FOB (or FCA) and imports are CIF. Reversing this practice and promoting the use of the *Incoterms 1990* would contribute to the plurimodal transport development and would stimulate the mastery of the international transport chain by local freight forwarders and operators. It would also improve the general economic environment through directly enhancing the value of national imports and exports.

49. Another technological development to be fully integrated into the West African transport infrastructure is the UNCTAD's *Advanced Cargo Information System* (ACIS). ACIS—a system especially developed to allow forward planning and optimal resource utilization of the various African transport infrastructure elements—aims at eliminating bottlenecks and at reducing transport costs and delays by providing electronic data allowing the integration of all transport modes, including the maritime link, and the effective organization of transshipment. West African States must encourage its establishment, which will ease considerably the communication problems associated with plurimodal transport.

9. CONCLUSIONS

50. It is obvious that innovations and technological progress, which currently characterize maritime transport, do not penetrate in Sub-Saharan Africa.

51. National shipping lines are slow—or unable—to innovate because of their acute financial problems attributable to internal mismanagement and external lack of interest of their shareholders—the national governments. Certain counterproductive national policies also contribute to their poor operating performance.

52. New technologies, which allow for the plurimodal transport development do not seem to be implemented in the subregion, mainly because of customs regulations, but also because of other transport logistic problems.

53. If serious efforts could be made to ensure that national shipping lines improve their operational and financial performance, and to generate enough cash flow to renew their naval tools, they would then be in a position to innovate. National lines in the subregion have the required potential to grow but, in the face of the severe competition characterizing the shipping trade in the subregion, can they do it alone? Perhaps, the

national flag syndrome should be abandoned in favor of subregional shipping lines which could be able to withstand the mighty competition of strong foreign operators. Subregional cooperation is probably the key of the survival strategy.

54. The subregion cannot avoid the plurimodal transport development. Every effort must be made to integrate the new transport technologies in the African scene, but not at the expense of national income and security. Transport and trade facilitation committees, comprising all actors in the transport chain, could study the problems and propose solutions to eliminate the obstacles and ensure that importers and exporters pay their fair share of taxes and duties.

STRUCTURAL DEVELOPMENTS IN MARITIME TRANSPORT

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1. INTRODUCTION

1.1 Scope

A serious and thorough study of developments, in any field, must be limited in time and space. Accordingly, this study of recent changes in the field of maritime transport will be limited to the period from 1960 to date, and to shipment of general cargo under liner conditions.

The study will take 1960 as its starting point because this date—or rather this period—corresponds to both the period when Sub-Saharan African countries obtained their independence and when the technological revolution in shipbuilding and maritime transport began. From the technological standpoint, this period marks the end of the building of multipurpose ships using the old design. This can be explained to some extent by the after effects of World War II. In fact, the great losses suffered by world merchant shipping had to be made up for by the use of war time ships of the Liberty or Victory type or by new ones built in a rush using the pre-war design. Up to 1960, the "modern" ship was a ship with two to three decks which was well equipped to serve many ports, loading and unloading general cargo, including bulky items. Very often, these ships were equipped with deep tanks for bulk liquid. The deadweight was about 10,000 tons and the speed was between 16 and 18 knots. These ships were also equipped with diesel engines that guzzled oil, which was cheap at the time, and were designed to transport anything anywhere.

1.2 General Cargo

General cargo transport is divided into three categories:

- Tramping, which is relatively infrequent in Sub-Saharan Africa.
- Chartering, which has not structurally evolved, even though the ships utilized have become more specialized and increasingly more efficient.
- Transport under liner conditions, by shipowners providing regular line services. This type of service is essential for the establishment of sustainable trade relations between nations. It is in this area that recent technological advances have brought fundamental modifications in the transport of general cargo, and begun to affect Africa during this decade.

It may also be said that, until the 1970s, filling ships to capacity was the priority rather than the concern for short turn around time, since freight rates were adequately remunerative. They were, indeed, set by the shipowners themselves, grouped into conferences.

2. CAUSES OF THE MODERN EVOLUTION—PERIOD 1970–1980

At the time when most of the old fleet was to be replaced, several events, some of which were extraneous to maritime shipping, accelerated the course of the evolution.

- The emergence of some states' desire to control the freight rates applied by the conferences (establishment of the first shippers' councils). This was justified by the impact freight rates had on foreign trade—thus on the fledgling economies of developing countries. It slowed down freight rates adjustments, which rates would no longer follow and compensate the ships' operating cost inflation. As a result, shipowners had to challenge the management criteria.
- The 1973 oil crisis—which resulted in dwindling oil resources and quadrupling oil prices—led shipowners to review entirely the propulsion systems of their ships and the organization of

their services to meet the vital need for economic speed. The most far-reaching impact of the oil shock, however, was the resulting serious economic crisis, with a concomitant reduction in trade volume, and thus of maritime transport.

- The development of valuable cargo containerization, though an ancient concept, accelerated at the end of the 1960s (the first containership appeared in 1963).
- The awareness that developing countries accounted for 40 percent of the world maritime cargo but earned only 5 percent of the related revenues led UNCTAD, in 1974, to adopt the principle of a more equitable cargo sharing system. The resulting rule, known as the 40/40/20 formula, served as the basis for some bilateral agreements between European and African states.
- The creation of many African national shipping lines, which seemed to many to be guaranteed by the cargo sharing rule between trading partners. It should be borne in mind, indeed, that, at the time of independence, only Ghana (BSL, 1957) and Nigeria (NNSL, 1959) had a national shipping line. SITRAM (Cote d'Ivoire) was established in 1967 with European partners, and became a national shipping line only in 1976.
- Port investments were very high. Many countries developed modern and efficient ports, and this had a significant impact on shipbuilding. The acceptable draught was, on the whole, improved.

All these events resulted in the questioning of the earlier views on maritime transport. Behind this new vision was the compelling need to ensure profitability above all.

Shipowners were thus compelled to tailor their ways and means in order to ensure some degree of profitability as a result of the general changes that took place in the economic environment. In fact, these developments were not spontaneous and, in the early 1970s, many shipowners were not too optimistic about the future of container services along the coast of Africa. New and old ships, which were more or less adapted to container shipping, were operated side by side for a long time. But by then, containerized transport had proven to be profitable in other parts of the world.

These technological developments had major effects in two key areas:

- equipment development; and
- evolution of operating methods.

3. TECHNOLOGICAL DEVELOPMENTS

3.1 **Evolution of Equipment**

These equipment developments will be considered in their broadest sense, that is, in terms of types of ships and containers, as well as in terms of technical environment, such as handling equipment, port infrastructure, etc.

3.1.1 *Ships*

There is no doubt that, as far as cargo transport is concerned, the ship must be adapted to its cargo in order to ensure optimum efficiency through maximum use of cargo holds and through easy and faster handling. The answer to this search for specialization is the transport in containers. In fact, as cartons, bags, boxes, etc.,

can be stuffed in advance in standardized units, the ship then only has one type of cargo to carry: containers. Containerships therefore seem to be the most efficient, and thus the most profitable type of ships.

There is another type of modern ship that can compete with the containership, the roll on-roll off ship (ro-ro), which has the added advantage of being a multipurpose vessel, particularly well adapted to the transport of vehicles, public works equipment, and bulky items.

Finally, there is a very popular type of ship in West Africa, the combo, which is used to transport both containers and general cargo. These non specialized ships have two disadvantages: a poor use of cargo space and a slow handling time, more similar to those of the old multipurpose rather than of the modern ships.

There are also the old multipurpose ships which are disappearing, all the more now that trade between Africa and Eastern Europe—the last major user of this type of carrier—is definitely slowing down. The barge carriers, which are poorly adapted to the region, have never really been popular.

It should be pointed out that containerships and ro-ro ships are mainly operated by European shipping lines, whereas the combos constitute the essential of African fleets.

The following table presents the difference in efficiency between these various types of ships. It is based on a statistical study of ships' voyages in Africa and elsewhere in the world. The figures are average numbers and, consequently, only relative importance should be attached to them; they give, however, an idea of the profitability of each type of ship.

Profitability of Different Types of Ships

Type of Ship	Capacity	TEU/Day	Days	Efficiency
Multipurpose	450	56	16	73%
Combo	420	60	14	85%
Containership	1,000	240	8	70%
Ro-Ro Ship	950	280	7	90%

It appears immediately that the efficiency of the combos is not significantly higher than that of the old multipurpose cargo ships. Similarly, the efficiency of the containership and the ro-ro ship is more or less the same.

The percentages show the relative efficiency of these types in Africa and in the rest of the world. These statistics were based on results of containerships of 1,000 TEU. The differences would of course be greater with containerships of 2000 TEU.

In the light of the above figures, it goes without saying that it is better to invest in the most efficient equipment.

3.1.2 *Containers*

At the beginning, containerized transport was blamed for its lack of flexibility and its inadaptation to the African market. In fact, while the first boxes were adequate for European exports of valuable goods, they were ill-adapted for African exports with the result that the containers were returned empty. Since then, continuous developments of the boxes and of their use has led to a more balanced use. These developments are still on-going and are leading to greater specialization and, especially, greater versatility. Today, the containers are loaded with low value cargo in North-South traffic (flour, sugar) and with African exports, that were once considered incompatible (coffee and cocoa), in South-North traffic. The new developments underway already point to a new type of container, CONAIR, which should foster the transport of fresh products from Africa, while improving the load factor of containerships, and thus, increasing the gap with the combos.

Nevertheless, modern ships and containers can only be efficient in an environment of modern equipment and infrastructure.

3.1.3 *Port Infrastructure*

In the past 20 years, West and Central African countries have made tremendous efforts to modernize their ports, and even to build new ports. These investments, very heavy for the fledgling African economies, consist mainly of:

- improvement of access and depth (channels and berths);
- extension of quays;
- construction of sheds and warehouses; and
- establishment of container terminals.

Thanks to these investments, the main ports have been adapted to progress in maritime transport. Over the past 15 years, however, following the widespread economic crisis and the stagnation in seaborne trade, there has not been any major modernization of ports. Work that began before the crisis has had to be completed, but new projects are not going to be implemented anytime soon, many countries facing daunting financial problems.

3.1.4 *Equipment*

Rational operation of containerships requires not only adapted infrastructure (large storage areas in particular), but also efficient handling and transport equipment. A few rare ports are equipped with very expensive handling gear. The wisdom of such heavy investments can, however, be questioned. Since ships have to carry their own handling equipment because most African ports do not have the required cranes, there are no savings in shipbuilding. Furthermore, most of the ports that do have handling equipment have only a limited number of cranes with the result that some ships at berth have to wait for some time until handling gear is available.

Depending on the port, handling operations are usually carried out by private companies, with ties to shipowners, or by state agencies. The equipment used (fork lifts in most of Africa) has not changed much since it was introduced some 25 years ago. It has a lifting capacity of 40 tons, is adapted to containers, uses trailers to transfer cargo from the ship to the container terminal, and uses automatic spreaders. This equipment is common to all kinds of ships and is adapted to the pace of operations. In ports with private handling

operations, the equipment is well maintained. In contrast, with state-owned handling agencies, it is not always the case, because of their financial problems.

3.1.5 *Computerization*

The growth of the container fleet, as well as the wide geographical coverage (hinterland) have made it absolutely necessary to manage the boxes in real time. As telecommunications facilities in Sub-Saharan Africa are usually inadequate, this is being done only very partially.

3.2 **Organizational Evolution**

At the beginning of the period under review, maritime trade between two economic zones was organized by liner conferences, clubs and shipowners' associations. Their main roles were to:

- establish general operating rules that are non negotiable by shippers;
- publish freight rate tariffs, applicable by all members to all shippers, with possible deferred rebates to loyal customers; and
- share cargo among members on the basis of the volumes transported during the previous year.

Though this system appeared to be monopolistic, it did not eliminate competition. In fact, members strove to increase their market share by improving quality of service or by other measures and there was still a market for outsiders—*independent shipowners*, not members of the conferences—providing regular and reliable services.

Operations remained individual, each shipping company operated its own line without entering into any particular agreement with the others. This trend was encouraged by the rapid trade growth (it was a period of rapid economic growth of most of the states in the region).

The first shippers' councils appeared at the end of the 1960s. Their primary mission was to negotiate freight rate increases with the main lines operating in the country. The immediate effect was a diminution of the lines' profit margin and the beginning of greater consolidation. This was also the beginning of harmonized services between shipowners operating within the same sector, to reduce the number of port calls (for example, Africa-UK services).

The massive appearance of African national shipping lines, most of them being members of conferences, did not substantially change the principle of individual operation of lines, even though this was the beginning of groupings. It was also the beginning of more rational operations in the region as a result of the existence of container transhipment infrastructure which made it possible to group cargo on ships belonging to the same company, thus reducing the number of calls to smaller ports.

There were also new developments in the early 1980s, stemming from:

- the breakthrough of containerized transport;
- the economic and financial crisis in Africa (stagnation of traffic); and
- the application in some countries of the 40/40/20 formula and, sometimes, of ensuing bilateral agreements.

This 40/40/20 formula had two opposite effects for the major shipowners:

- a tariff protection thanks to flag protection; and
- a loss of markets resulting of the emergence of protected young African fleets.

It should be pointed out that this guarantee encouraged African shipowners to rapidly procure ships which, unfortunately, could not compete with the newest containerships.

In the world, in general, and in Africa, in particular, maritime transport organization, during the 1980s, evolved with the generalization of containerized transport and the increase of ships' size stemming from the imperious need to achieve economies of scale.

Of course, these economies of scale are significant only when large capacity ships are not required to serve a too large number of ports. This is what led to the development of the services called "round the world" and of feeder networks operated by smaller ships using transhipment platforms chosen for their efficiency rather than for their own traffic (e.g. Algesiras). These networks make it possible for a shipowner to serve the largest number of ports from a hub port. A corollary of this organization is the through-transport system under the responsibility of one transporter only—a great improvement in the quality of service to shippers—while opening up some less developed zones to the benefits of containerization.

In Africa, which is less involved in East-West trade, since 80 percent of its trade is made with Europe, shipping agreements were concluded between partners having both the capacity to transport TEU. There were two different aspects in this development:

- the creation of consortiums, or GIE, with the joint operation of a single service by ships that still belonged to each partner (example, Androide);
- the slots agreements (cross space chartering) between shipowners from countries within the same economic zone as well as North-South which, in the framework of bilateral agreements, represent a great commercial improvement for filling up the ships. Of course, such slot agreements may also exist between consortiums.

Finally, the flexibility provided by containerships encouraged door-to-door transportation, sometimes called plurimodal transport. There seems to be a need to clarify this definition. There is no doubt that plurimodal transport has probably existed for thousands of years and has contributed to the fortunes made by the merchants of Venice while trading spices between India and Europe. Closer to us, freight forwarders, the real organizers of door-to-door transport, have largely contributed to the transport of equipment for modern Africa under their sole responsibility along the entire transport chain. Thereafter shipowners took their place to ensure greater competitiveness through cost cutting and better control of trade, thus ensuring a higher ship filling ratio. In order to implement this policy, certain groups embarked on vertical integration (see the example in Annex I). Nevertheless, it is worthy to point out that this approach to the door-to-door concept still has a limited scope in West Africa, because most users are located in the port area.

4. IMPACT OF TECHNOLOGICAL DEVELOPMENTS ON AFRICAN SHIPPING

In Sub-Saharan Africa, more than anywhere else in the world, there is a close link between national economy and maritime trade. The equilibrium of the fragile economies of young states in the region depends to a large extent on their capacity to export their agricultural products, with low value added, in markets where there is keen competition (coffee, cocoa, cotton, etc). The impact of freight rates is a determining factor for the

development of these markets and thus for the balance of trade. Indeed, 95 percent of the foreign trade of the subregion is seaborne.

This close relationship makes it difficult to distinguish between the impact attributable to the economy and that resulting from recent technological and organizational changes. To summarize in a general context, it can be said that the fragile economies of Sub-Saharan African countries which are confronted with serious economic crisis of financial origin (foreign debts, in particular) have been unable to withstand increases in transport costs. These increases in the past enabled shipowners to compensate for costs. The response of certain shipowners to face these losses in profitability was either to abandon the market or to invest in new efficient but expensive naval equipment (and that is the focus of this paper). In addition to these investments, the shipowners set up a new system of organization (fewer ports of call) and started a new service for their shippers which made it possible at the same time to better control trade flows.

It became necessary for African national shipping lines to follow the trend. Unfortunately, the financial situation of most of these shipping lines was precarious, and since the changes required heavy investments which neither the shipping lines nor the countries could afford, nothing was achieved. There was a third possibility open to African national shipping lines: to continue operating their fleet at a loss. Some of them chose this option, and that is a subject of concern.

The quest for sophisticated technology, to maintain profit margins by emphasizing the capital intensity, deteriorated African shipping lines whose capacity to sustain competitiveness has been declining. As a result of some lack of rigor in management and of the use of ill-adapted equipment, 40 percent of these shipping lines have disappeared in a few years from the coast of West Africa (bankruptcy, takeover by competitor or withdrawal from the sector).

Ports have had to modernize their working tools and major efforts are being made in this area. Today, most ships operating along the coast of Africa can call in most ports in the region. However, the size of ships is being increased, and one may wonder if there is any more room for new efforts.

While it is easy to understand the major problems facing African shipping lines as a whole in the area of their naval equipment, it is more difficult to comprehend that nothing, or virtually nothing, to improve their organization.

So far, no African consortium has been established. It is true that African shipowners have entered into slot agreements with their counterparts of the North or South, but these agreements are often plagued by problems of interpretation of the 40/40/20 formula, which is itself further complicated by provisions of bilateral agreements.

Participation of a single African shipowner in North-South trade will have only a limited scope, with the exception, perhaps, of his own national traffic.

Since the young maritime shipping companies operating along the African coast are excluded from horizontal concentrations—for reasons that should be explained—they have failed to take advantage of the opportunities to establish, with independent European operators or other maritime transporters, some form of *Groupement d'intérêt économique* (GIE), or other type of vertical concentration, which would have enabled them to compete with their colleagues from the North in terms of service and profitability.

Is this a consequence of the 40/40/20 formula?

This rule should not be forgotten when discussing developments in the maritime sector in Africa, because of its great, albeit controversial, impact.

4.1 UNCTAD's Convention (40/40/20)

The 40/40/20 formula establishes the principle of cargo sharing between trading partners. It was adopted in 1974, and with it, many African shipping lines were established. The Convention entered into force in 1983. In the meantime, North-South bilateral agreements, according to the provisions of the Convention, were signed. Bulk cargo and outsiders are excluded from the rule application. Yet, bulk cargo is very important for the member countries of MINCONMAR, while outsiders play a major regulatory role. This exclusion limits the scope of the Code and exposes its rule to diverse interpretations by member states wishing to protect their flag.

Nevertheless, the adoption of this Convention has led to the emergence of an African armament and to the participation by Africa in the transportation of its seaborne trade. However, it has been proven that, in spite of this protection, shipping lines as a whole, and African shipping lines in particular, have not been able to reach the threshold of profitability. Economic laws, indeed, played their role. The capacity reduction of the African fleet does not allow it to carry more than 60 percent of its reserved cargo.

The Code of Conduct appears as a necessary development condition of African armaments, but this is not sufficient and must not mask economic realities. Proof of this is that, while most African shipping lines continue to operate under latent bankruptcy situation behind the shield of the 40/40/20 formula, other private shipping lines, that have been able to adapt in a timely manner to economic realities, have weathered the difficult commercial and financial storm.

This formula which had the noble aim of providing developing countries with foreign exchange and of creating jobs through participation in the transport of their cargo has not achieved its stated objectives in Sub-Saharan Africa. Unless African shipping lines have a 60 percent share of the traffic, it can not be said that they are performing well. It would, however, be interesting to know at what price to the national economies and which respective share was attained as a result of the application of the Code of Conduct and the bilateral agreements, since they are likely to disappear with the advent of the single European market in 1993.

The Code of Conduct leaves much room for diverging interpretations. Worse, on the substance of the Code, there is a clear difference of view between the EC and MINCONMAR. To the notion of legal investment, that grants access to the market, the EC opposes its view of a flag community, with full freedom for everyone within the framework of fair competition. The Code of Conduct grants African shipowners a guaranteed share of the trade through the conference system. Furthermore, for one group, respect for economic laws is secondary whereas, for the other group, this respect is the foundation of the maritime transport industry.

Finally, divergent interpretations also exist between MINCONMAR member states, for there are other problems stemming from the interpretation of the Code:

- Is there a community of interests between an African shipowner taking the risk of investing in equipment and job creation and a shipowner only too happy of managing his national traffic rights, charging a commission which makes very little economic sense?
- Is it normal that some countries impose, under pretext of the 40/40/20 rule, prior authorization for services by vessels (outsiders) flying the flag of an EC or MINCONMAR member state?

Since the EC and African states are privileged partners, and do not challenge the rule, they should, together, specify the conditions of its application on the basis of economic liberalism.

4.2 Particular Difficulties in Sub-Saharan Africa

The shipment of cargo to and from Africa is expensive. The reason is not only ill adapted vessels operated by African shipping lines.

- There is very little traffic in each port as compared with the trade volume that transits in the major European ports. It will therefore be very dangerous to systematically compare the cost prices.
- Sub-Saharan Africa is not an integrated zone, and the absence of road and rail links throughout the region eliminates the competition between ports. Each port—in general one main port per country—deals essentially with its national trade and that of its immediate hinterland.
- This absence of competition has led inexorably to high service costs, whether they are port charges or handling charges, which are even sometimes prohibitive and incoherent.
- Ships' delays are partly attributable to a cumbersome bureaucracy, in particular delays in starting the procedures, as is very often the case with customs.
- Slow customs and delivery procedures of containers detain them uselessly in port storage areas.
- In some countries, insecurity, which results in shipowners paying for losses, entails huge customs fines.
- Administrative difficulties and delays during transhipment require the larger vessels to make more regular calls at various ports.
- Structurally, containerized cargo is unbalanced and about 100,000 containers are returned empty to Europe, with the corresponding expenses. Moreover, some African countries need more containers for their exports than they receive. This creates a necessity to reposition them at shipowners' expenses.

This list is not exhaustive. All these charges have an impact on the cost prices and are supported by national economies. It is certainly easier and faster to solve those problems than to restructure the capital of an armament in view of its fleet renewal.

4.3 Commercial Trade and its Development

Sub-Saharan Africa, despite being independent for more than 30 years, is still largely dependent on Europe for its trade, 80 percent of which is made with the EC. This is an important consideration in the prospective study of maritime transport evolution in the subregion.

Africa's Customers and Suppliers
(in US\$ billion)

Customers		Suppliers	
Italy	16.2	France	15.4
France	12.1	Germany	10.0
Germany	10.3	Italy	8.1
Spain	5.9	United Kingdom	6.5
United Kingdom	5.4	UEBEL	3.0
UEBEL	4.8	Netherlands	2.8
Netherlands	3.4	Spain	2.6
U.S.A.	15.9	South Africa	13.9
South Africa	11.4	U.S.A.	8.0

Trade between Sub-Saharan African countries has remained negligible.

Two major political deadlines may have an incidence on trade in Sub-Saharan African countries:

- the single European market as of January 1, 1993; and
- the likely reintegration of South Africa in the concert of African nations.

In the longer term, the dismemberment of the former Soviet Union (USSR) and the disappearance of COMECON could bring to the emergence of new trading partners from Eastern Europe.

For the moment, relations between the EC and Africa will be most determining. Africa may have subjects for concern with respect to the development of its economic relations with the EC. In fact, it is to be noted that:

- there is a diversification of European suppliers (cocoa from Malaysia, for example);
- the movement of goods within the EC is free;
- the disappearance of certain protectionist measures (bananas from former French colonies); and
- the decrease of Europeans interests in Africa (decline in investments).

Political relations between the EC and Africa are excellent. It can be anticipated that Europe-Africa trade will not suffer from the changes about to happen in Europe. But it is hard to imagine an important development because of the difficult economic situation prevailing in most countries of the region. The aim of this paper is not to seek the causes of this situation. However, it should be pointed out that:

- the per capita income in 1990 is only 80 percent of what it was in 1970; and
- the indebtedness of African nations exceeds the threshold of tolerance.

It is thus difficult, in the medium-term, to foresee any significant increase in the trade of the subregion and, consequently, in maritime traffic.

The economic crisis afflicting Africa is structural. Improvement of the situation will only develop slowly and gradually. Solving the financial crisis will take time and will require the consent of creditors. There may be relief under way, but the crisis is likely to remain latent in the short- and medium-term.

Trade as a whole is rather stable, even though there may be some differences from one country to another, taking into consideration the particular economic situation of each country. In the area of maritime trade, the likely scenarios are:

- a modernization of the European fleet;
- a few developments in port infrastructure and equipment; and
- a modernization of the organization of maritime services, with development of transhipment and hub operations, concentration of armaments to optimize the effects of economies of scale, vertical integration, and control by shipowners of the entire transport chain.

On the latter point, Africa's concept of door-to-door traffic should be limited because the final destination of most cargo is the port zone, since ports are considered in most cases as the economic capital of the countries, with the exception of landlocked countries.

From the foregoing, it can be said that—except for globally negative protectionism in the longer term—the current decadence of African shipping lines will continue because it is difficult to see how, in the short-term, there will be a massive financial restructuring of these national lines, which would be the only way to a radical modernization of the fleet and a return to some degree of profitability.

5. MEDIUM-TERM RECOVERY PROSPECTS FOR AFRICAN SHIPPING

It has been mentioned earlier that the emergence of shipping lines in Sub-Saharan Africa resulted in a large measure of the adoption of the principle of cargo sharing between trading partners. Nevertheless, other national shipping lines existed before 1974 and, in spite of the new protection provided by 40/40/20 formula, old and new shipping lines are now facing serious financial difficulties and are incapable to renew their obsolete fleets. Furthermore, they face stiff foreign competition and their poor performance will make the already difficult situation worse.

Under these conditions, it is probable that, unless the various countries make a conscious effort to subsidize these shipping lines indefinitely, they are likely to face tremendous problems in the short- and medium-term, at least those which have taken the risk to invest. Paradoxically, national shipping lines without vessels will continue to manage their reserved cargo volumes for a fee charged to transporters.

This is definitely not the right approach. Collective thought should be given to:

- the streamlining of the maritime sector;
- the conditions of recovery for certain shipping lines; and
- the profitability of maritime transport in West and Central Africa.

On a purely economic level, only a small number of countries have sufficient foreign trade traffic to justify a national shipping line (within the framework of the theoretical application of the 40/40/20 formula) that can actively serve the needs of the country.

Furthermore, it is obvious that the promoters of the rule had not intended that the participation of the younger states in the transport of their own trade would be at any price, and to the detriment of the national economy. Besides, while the aim was to improve the trade balance and create jobs, it was not expected that this would take place through shipowners whose interest would be to cover operating costs and not real development. As a result, the credibility of the entire African armament is in question.

Finally, it has been clearly shown that the protection provided by the 40/40/20 rule is necessary but largely inadequate to ensure the profitability of a national shipping line, whatever may be the interpretation given to the Code of Conduct. States have borne great expenses, but most of the national shipping lines have not played the driving role expected to spur export developments.

How, under the circumstances, can the situation evolve?

5.1 **Evolution under the Code of Conduct (40/40/20)**

5.1.1 *Status Quo*

In a context of economic stagnation, the financial situation of the lines can only worsen, since vessels are operated in a non profitable manner within an organizational framework that is ill-adapted to modern competition. National shipping lines will continue to have difficulties to renew their fleet and to reorganize themselves. Only countries with a merchant fleet will be able to survive whatever may be the cost to the national economy. The initial disappearances from the market will occur in countries facing grave economic crises and having a low volume of trade. Accordingly, there will be strictly political arguments to support shipping lines without vessels.

5.1.2 *Status Quo, with Privatization*

Profitability criteria are equally true in this case, since the problems to be encountered by potential buyers would be identical. For the state, however, the situation would be different, because it has to pay for restructuring the capital before the transfer of ownership or rights, but would not have to incur additional losses. Private management would likely lead to better results, as it will not be subjected to the constraints hampering public enterprises. However, privatization itself poses problems for it probably will be difficult to find national majority shareholders to finance the modernization of the fleet. In this situation, it can be seen that the problems and their solutions are the same, whether it is a national or private shipping line.

5.1.3 *North-South Consortiums*

The concept of joint North-South operation refers to the joint operation of a single fleet made up of vessels belonging to various partners, in order to ensure its profitability (better load factors, fewer calls at ports, less competition, etc.). Each party is expected to have more or less similar cargo and port handling operations. In addition, in order to ensure the survival of this type of agreement, it is necessary that, for a given sector, the partners are of equal strength, and that there is sufficient reciprocity to allow each partner to benefit from the local facilities of the others. The problem, however, is that, as far as technology is concerned, African shipping lines are lagging behind their European partners, with the result that there cannot be a balanced partnership. The only strength of the African shipping lines is their goodwill, stemming from their traffic rights under the United Nations Convention on cargo sharing system (40/40/20) and the existing bilateral agreements.

It is obvious that the establishment of such consortiums today may give the impression that the sector is being revived, but it is likely that this is just a temporary expedient. Since they might not have enough capital

to invest, they would soon lose their right to speak up and, thus, become unable to influence the consortiums policies.

It could be different if the African partner were a group (GIE or consortium) of African armaments instead of individual shipowners. The goodwill in that case would have a greater weight, assuming that the goodwill of the European partner remained the same, and the resources of several investors would be much greater. Similarly, from the organizational point of view, Africa's potential would be enhanced and North-South negotiations would be more balanced, with more sustainable results.

5.1.4 *African Consortium*

The establishment of a single Sub-Saharan African shipping line has been on the agenda for decades (the Mer Afrique project). This project is still wishful thinking. One can imagine the difficulties to manage such a huge undertaking, with all the conflicts of interest that it would generate.

The establishment of better balanced GIE or consortiums would be a more flexible (partners can leave easily) and better adapted solution in the regional context. But such groups should be based on a community of economic interests.

At present, it seems that survival of the Sub-Saharan shipping lines is depending upon the establishment of such groupings. However, whereas all the shipping lines in the region are facing the same problems of technological backwardness and financial crises, there remains the problem stemming from the recent evolution: the divergent interpretations given to the cargo sharing formula. There are major differences between African states on this point and the efficiency of the consortium would depend on a solution to this problem, without questioning the principle. In order to pave the way for these groupings, it is unavoidable to solve this issue.

- First of all, a single interpretation of the cargo sharing formula and its implementation must be agreed upon. Today, the various African countries have diverging views on this rule, ranging from controlled liberalism to outright protectionism.
- When this problem is solved, a Sub-Saharan Maritime Space should be created within which a shipowner from a MINCONMAR member country would be considered as operating a national shipping line and be free to carry cargo to and from any country in the region.
- Taking into account the fact that 80 percent of Sub-Saharan foreign trade take place with Europe, the cargo-sharing rule must be extended to European partners and simplified application rules must be adopted in common.

This should lead to the abolition of controls and loading authorizations, which are expensive and penalize shipowners. Periodic controls on a half-yearly or yearly basis should, within the framework of a common organization such as the conference system would allow to maintain the balance, while taking into account the means deployed by each partner.

Two key principles should prevail:

- liberalism, even if controlled; and
- profitability of maritime transporters.

After adopting these principles, which do not waive the UNCTAD's cargo sharing rule, there is more to be done.

5.2 Liberalization under the Code of Conduct (40/40/20)

5.2.1 *Identification of Common Interests*

For example, these common interests could be: servicing a defined geographical sector in which the traffic volume is inadequate to justify intensive maritime services (e.g., Mediterranean-West African Coast) or linking a geographical group of countries (such as the UDEAC countries) with all of Europe. Indeed, groupings could be established in Africa to serve one region, including its hinterland; for example, coastal countries can serve Mali and Burkina Faso within one sector ranging from Dakar to Lome. This can only define a framework for discussion between potential partners, for, in a consortium, each participant must adhere freely according to his own interests.

5.2.2 *Groupings Around New Poles of Economic Interests*

For example, the creation of an African coastal shipping service, to ensure a real development of intra African trade, which is virtually non-existent nowadays because, among other reasons, there are only incomplete and irregular maritime services. Shipowners would participate in this coastal shipping service on the basis of available space and schedule. This may be envisaged in the medium-term as a hub system according to needs. While it might not necessarily be profitable, it would have a definite impact on national economies.

Another pole of common interests which could spur the growth of exports of the subregion would be the transport of fruits and vegetables. The production of these products could be significantly increased if exporters had adequate means to ship their products. This is a vast and complex problem, but one in which the maritime link is dominant.

5.2.3 *Meeting Actual Needs*

These immediate needs might, as far as ships are concerned, be met through time charter, which is a more flexible solution than purchasing a vessel, even if this is an expensive temporary measure according to the market situation.

6. IMPACT OF TECHNOLOGICAL DEVELOPMENTS ON EUROPEAN SHIPPING

The end of Second World War has left European fleets partially destroyed and certainly inadequate to meet the challenge of a booming commercial trade. Shipowners were financially exhausted.

It was only with various forms of help, generally from the states, that merchant fleets could resume their operations and reconstitute their naval potential. This recovery has been possible, largely by resorting to cargo ships built during the war: the *Liberty Ships*.

These were difficult years, but the economic recovery and the reconstruction of a devastated world entailed a vigorous maritime trade, creating a large excess of demand over supply.

This favorable situation continued during the booming 1960s, and was even reinforced by the accession to independence of many states of the former colonial empires. This euphoric situation was not conducive to tight management. Shipowners were already embarked on what is presently known as the run

toward gigantism. Tankers were first, with a capacity of 40,000 tons. Conventional cargo ships were still at about 10,000 tons, but they increased their speed to 16–18 knots.

Some extraneous events helped to promote this trend toward bigger ships, such as the nationalization of the Suez Canal. This encouraged some armaments to renounce sailing through this canal and to build the first 100,000 tons tankers. The resulting economies of scales were so impressive that the trend was never reversed.

Regular line services were also durably affected by a technological innovation issued from the road transport: the container. With the construction of the first containerships, during the mid 1960s, started the necessity to invest huge sums in new vessels meant to replace the traditional ships then in service.

At the same time, appear the first armament groupings, in order to make profitable the large investments that were becoming much more important than for the ancient equipment.

For example, let us mention the ACL Consortium, operating in the North Atlantic sector, that groups the French TRANSAT, the British CUNARD, the Swedish WALLENIUS, and other Swedish interests. The objective of the grouping was to operate identical ships, built precisely for this traffic, in an autonomous structure, independent from the participating armaments, and to share together the financial risks. This model has been followed by other shipowners operating in the Far East sector.

West Africa was not completely excluded from this evolution, though examples were rare, but the 1971 merger of DELMAS-CHARGEURS RÉUNIS, through AFRICATAINERS, cannot be ignored (CR were the pioneers).

Beyond these mergers, directly linked to the operations, other concentrations took place, as soon as 1970, in most case by capital merger or buy out. Immediate interests were in reducing the structural costs (headquarters), and some operational expenses (commercial networks). As an example, let us mention the merger of the CGT and MESSAGERIES MARITIMES, in France, armaments servicing two totally different sectors. The goal was, of course, to save on company structure, and to reach the critical size of a worldwide armament. This example is not the only one of a merger of two large shipping lines of the same country, others are MITSUI and OSAHA SHOSEN, HAPAG and NORDDEUTSCH LLOYD.

These are the two most frequent types of shipowners' concentration. They both seek to improve profitability through a diminution of operating and structural costs. West and Central African states would not ignore this trend toward concentration, though they have been lagging behind other regions. This concentration movement is, indeed, still presently ongoing.

6.1 Fleet Concentration

6.1.1 *Delmas*

Created in 1867 and installed in Africa since 1925, DELMAS has absorbed the French armaments MARTIN and DENIS FRÈRES, as well as the African services of CHARGEURS RÉUNIS. It has also absorbed ELDER DEMPSTER, United Kingdom, that had already taken over GUINEA GULF. Concentration went on with JSA SCADOA-HOECH and MERZARIO, Italy. This armament has also absorbed the French NCHP, specialized in the Indian Ocean and Red Sea sectors, and has more recently taken a significant participation in the South African UNICORN.

6.1.2 Compagnie Maritime Belge

This armament, established in 1886 to service the Belgian Congo, has absorbed several other maritime companies. After the SUEZ GROUP took control of the Belgian SGB, CMB TRANSPORT, a subsidiary of CMB, adopted the external growth objective of reaching an adequate size to make its investments profitable. More recently, CMB TRANSPORT has taken over WAS, from EAST ASIATIC, DAFRA LINE, and WOERMAN LINE.

These armament concentrations and the reorientation of some traditional armaments toward other activities have caused a large number of shipowners to disappear (40 percent of the ancient are gone). Among them: the British lines, which survive only through ELDER DEEMPSTER, controlled by DELMAS; STINNES, taken over by EAL; HOEGH LINE; SNO; CHARGEURS RÉUNIS; FABRE FRAISSINET; AGTI; TRANSMARE; and OCOMARAN.

New armaments have emerged, of which a few were short-lived. Let us mention, as far as the West African Coast is concerned: OTAL, RMS-BACO LINER, GRIMALDI COBELFRET, and MAERSK LINE.

All these changes were not necessarily motivated by the technological modernization of maritime transport. It is, however interesting to note that the disappeared armaments were generally operating conventional or combo ships, whereas the newcomers are operating fairly modern vessels, such as containerships, barge carriers and ro-ro ships.

These concentrations of means and capital have not been the only answer of European shipowners to the technological issues. The generalization of the container, which offers the possibility of easy transhipment, without greatly increasing the risks, has induced a restructuring of services.

6.2 Service Restructuring

Of course, West Africa, remote from the large East-West trade flows, was less affected by this phenomenon than other parts of the world. Nevertheless, some shipowners operating in the sector have found ways to improve their services' efficiency.

The transhipment concept is linked to an organization of ships' operations based on a main line, a transhipment port (hub), and one or several feeder services to route the containers to the region's other ports.

Two different types of transhipment may be considered:

- Transhipment, at a major port, of the freights intended for the smaller ports in the region or for ports that are too distant to justify the voyage. (For example, a ship having only 20 containers for Libreville, Gabon, could take advantage of unloading them in Abidjan, Côte d'Ivoire, saving five to six days and port costs.) Shipping the boxes to their final destination will cost US\$20,000 to 25,000, to compare with some US\$100,000 to complete the voyage. Of course, this is one of the most favorable case.
- When two different services by the same armament, or consortium, cross each other in a given port, containers are transhipped between the two ships so that each port would be serviced by only one of the ships. (For example, ship A, arriving from Northern Europe with freight intended for all the ports of the range Abidjan-Douala, and ship B, arriving from the Mediterranean sector, with freight intended for the same ports, would transfer boxes between them so that ship A would call at Abidjan, Lagos and Douala, while ship B would call at all the other ports, whatever the containers' origin is.)

Asian armaments have, indeed, mastered the art of transhipment in huge hub ports, such as Singapore and Hong Kong, but Europeans have also taken advantage of its possibilities. In particular, MAERSK, based in Algesiras, Spain, has tripled its traffic since the opening of its terminal in 1986. Centrally located between the Northern Europe-Far East and U.S.A.-Middle East lines, this base also serves as a hub for several regions, of which the West African coast. The terminal deals with some 350 ships per year and handles 3,000,000 tons of cargo. DELMAS should also be mentioned for its regular use of transhipment at crossing points on the West African coast for a long time already, even though there are no administrative and customs facilities.

To be efficient, this restructuring of services must be closely monitored by the armament, which has to be directly involved in all transhipment operations. This brings up the issue of vertical integration.

6.3 Vertical Integration

The introduction of sophisticated and expensive equipment, the very high operating costs of modern ships, the extension of shipowners' responsibilities in the framework of plurimodal transports and, in Africa, the risk of exorbitant customs fines have led the armaments to take over, when legally possible, the whole operation. That is:

- port handling;
- terminal management;
- transhipment operation;
- transit forwarder;
- container management;
- container repair;
- container transport to final destination;
- container warehousing;
- container emptying and restuffing (on customs request).

This global involvement aims at two objectives: a permanent real time monitoring of the goods, and savings through better coordination.

All large European and Asian armaments have tried to achieve these priority objectives each time that local regulations allowed for it.

In West Africa, these operations are authorized, and this sometimes penalizes harbors in the concerned states. A complete vertical integration is thus not possible. The group DELMAS-SCAC, however, being present with national subsidiaries in all countries of the subregion, has succeeded to control the above mentioned operations, except the repairs.

7. CONCLUSIONS

Operating profitably an individual maritime transport service between Africa and Europe can only be achieved by an armament having major resources, adequate to finance the purchase or construction of modern and efficient ships (energy and handling) and of large carriers (threshold level), and having the support of logistic network to offer through services (economic and commercial aspects).

Do African shipowners have the possibilities to do that? The answer, generally, is no, because of their precarious financial situation and also because of the economic marasma in which they are currently operating.

The present situation cannot go on indefinitely and supporting the status quo would lead to greater deficits. Grouping African maritime interests could be the beginning of a solution to the problems, as long as the grouping is accompanied by a restructuring (reduction of charges, economies of scale). Such groups could

be organized around the shipping lines of countries providing enough traffic to offer some guarantee. The maritime environment needs to be cleaned.

These groupings should be established, under adequate conditions of profitability, by integration or association with European partners, in the framework of North-South consortiums. But, the described actions are not the only ones to be undertaken. More has to be done in order to make maritime transport profitable in West and Central Africa. An attempt must be made to reduce direct costs charged to ships in the ports of the sub-region and to improve efficiency. Priority must be given to these actions, as they do not require big investments and can have a short-term impact.

Finally, it seems essential to also reconsider the freight rates to ensure a correct compensation for all shipping lines; otherwise maritime services balance risks to be impaired.

In brief, it can be said that the modern operation of maritime transport is characterized by:

- huge investments in naval equipment;
- close financial control on the commercial network;
- participation in port handling operations; and
- control of a land transport network.

ANNEX I

EXAMPLE OF TOTAL INTEGRATION—THE BOLLORE GROUP

1. Horizontal Integration

In about 10 years, the DELMAS-VIELJEUX armament has successively absorbed all the French shipowners that had been operating for a long time on West and Central Africa: MARTIN, CHARGEURS RÉUNIS, DENIS FRÈRES, CAENNAISE and SCADAO.

Extending its scope, DELMAS-VIELJEUX also took control of ELDER DEMPSTER LINES, the only British still operating on West Africa. Moreover, agreements were concluded with SAAEL and NEDLLOYD, Netherlands, and this wide range of European shipping lines was recently completed with the purchase of the Italian MERZARIO.

In the prospective of the return of South Africa to the concert of nations, this huge European group has taken an important participation in South Africa's second largest armament, GRINDROD (UNICORN).

In addition, the BOLLORE Group has created with the Cote d'Ivoire national line, SITRAM, a consortium that will operate modern ro-ro vessels. It is obvious that this consortium will continue to benefit from previous agreements between SITRAM and other African national shipping lines.

2. Vertical Integration

The recent merger between DELMAS-VIELJEUX and the SCAC Group, which later became SDV, has brought to the armament the entire SCAC-SOCOPAO network, adding to an important system of land transportation subsidiaries in Europe and Africa. SDV, which was already a leader in maritime transport between Europe and Africa, has now, upstream and downstream, a very important network of freight carriers between the two regions: forwarders, handlers, shipping and air agents, etc.

Established in all EC countries and in all West and Central African countries, with minor exceptions, the BOLLORE Group can offer exporters from these countries combined transport services with through bills of lading, and ensure door-to-door transport, while maintaining direct control on cargo. This undoubtedly enhances efficiency and reduces costs.

It should be pointed out that, in 1991, SDV operated 48 ships and 72,000 containers, of which 36,000 were their own, and that, recently, they ordered: five containerships of 2,200 TEU, of which 400 CONAIR, and two 10,000 m³ tankers.

EVOLUTION OF CONTAINERSHIPS

1. In the Mid 1960s

- Ships of about 400 TEU and 8,000 to 10,000 dwt with container handling facilities
- These were ships that had been transformed
- Coastal services or short distances
- Containers were not yet standardized

2. At the End of the 1960s

- Ships of 700 to 1,000 TEU and 15,000 to 20,000 dwt with or without handling equipment
- These ships were built as container carriers
- Adoption of ISO standards for 20 and 40 ft containers
- Appearance of ro-ro vessels
- Transoceanic services, such as North Atlantic between industrial countries

This type is well suited to the needs in West Africa, where port infrastructure is not yet much developed. These ships will progressively evolve until 1972–1975 with:

- improvement of on board handling equipment
- increase in capacity up to 15,000 dwt
- enhanced hull hydrodynamics
- beginning of ship specialization

3. Decade of the 1970s

From 1970, the progressive emergence of containers and the sharp increase of energy prices accelerate the technological evolution of the naval tools operating between Europe and Africa. This mainly happened between 1978 and 1983.

- Gradual evolution of specialized ships, such as the containerships, more frequently built without handling equipment (ports are now equipped with gantry cranes)
- Capacity increased from 1,800 TEU (30,000 dwt) to 3,000 TEU (50,000 dwt)
- Long distance services to the Far East or South America (less developed countries)

4. After 1980

- "Land bridges" free shipowners from the size constraints imposed by the Panama Canal
- Capacities reach 3,500 to 4,000 TEU (57,000 dwt)
- Beginning of the East-West Round the World services with special organization of transhipment platforms and feeder services to the north and the south

Containerized traffic reaches today all regions of the world and has been definitively introduced in Sub-Saharan Africa.

5. Ships of the 1970s and 1980s

Année	Région	Type de navire	Nom du navire	Teu	TFL
1973	EUR	PC	CORREZE	380	15.800
1974	AFR	POLY	BANDUKU CMZ		15.100
1976	EUR	POLY	ANDRE DELMAS		21.800
	EUR	POLY	MICHEL DELMAS		26.500
1977	AFR	COMB	CAM BUBINGA	330	12.800
	EUR	COMB	OUELLI	600	20.600
1978	AFR	YAMOSSOUKRO			16.700
	EUR	HELENE DELMAS		800	25.000
	EUR	TYPE FIONIA EAC		930	20.000
	EUR	ANZERE NAUTILUS			
	EUR	BUONA SPERANZA			
		LLOYD			
				Manutention Horizon 100%	
1979	AFR	COMB	RIVER ABOINE NNSL	250	11.700
	AFR	COMB	RIVER ADADA	500	16.500
	AFR	COMB	CAM IROKO	600	16.600
	EUR	LASH	BACO RMS 12 Barges	650	21.800
	EUR	TO/PC	SAINT ROLAND SCADOA	1.220	28.000
1980	AFR	COMB	KETA LAGOON BSL	500	16.700
	EUR		PC, RORO, LASH		
1982	EUR	PC	NATHALIE DELMAS	950	26.300
1983	EUR	PC	Feeder MAERSK	1.150	19.400
	EUR	PC	USARAMO	1.350	18.000
	EUR	PC	THERESE DELMAS	1.570	32.000
1984	AFR	COMB	CAM BILINGA	600	16.800
1986	EUR	POLY	DELPHINE DELMAS	900	33.500

Topic 3

Maritime Transport Policy

- Shipping Policy Development and Developing Countries
- Subregional Maritime Cooperation Policy
- Competitiveness in Maritime Transport in West and Central Africa—Proposed Study
- Maritime Policies of the West and Central African States—Challenges and Prospects
- EC Shipping Policy and Trade with West Africa

SHIPPING POLICY DEVELOPMENT AND DEVELOPING COUNTRIES

**by Mr. Faust
UNCTAD**

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1. WORLD LINER SHIPPING DEVELOPMENTS AND PERSPECTIVES

1.1 General Developments

The second half of the 1980s and the early 1990s have been marked by a series of important political and technological developments which will have a profound influence on shipping during the next decade. On the political side, the most important event has no doubt been the developments in Central and Eastern Europe leading—apart from developments internal to the region—to a new and still evolving relationship with the West. Other important developments concern new alliances between countries affecting the flow—or potential flow—of goods, services and persons across national boundaries. Mention may be made, in particular, of the Free Trade Agreement(s) between Canada, Mexico and the U.S.A., the advent of the EC Single European Market in 1993 and its possible enlargement by several countries, and the EC-EFTA agreement toward the establishment of the European Economic Space (EES). Improved relations between China and number of Eastern countries, as well as with Japan, and the establishment of Hong Kong as a Special Autonomous Region within China as of 1997, should also be mentioned. New alliances have also been formed between developing countries in different areas of the world and existing ones have received a new impetus. In Latin America, for instance, a recent agreement between member countries of the Andean Pact (Cartagena Agreement) provides for a re-orientation of their economies toward a more competitive and export-oriented system and larger degree of integration. Similar developments are taking place in Asia and, to a lesser extent, in Africa. A common characteristic of all such developments is a strong commitment to reduced government control or intervention in many fields and the promotion of liberalization of markets. Following a first wave of liberalization introduced in a number of countries, however, disruptive effects have already been observed on the global scale as witnessed by the slow progress of the Uruguay Round in the GATT.

Nevertheless, and irrespective of the final outcome of the Uruguay Round negotiations, it may be expected that the general movement towards a greater liberalization of markets (including world shipping markets) will continue at least for some time during the 1990s. This movement has received a strong impetus from the desire and actions taken by countries in Central and Eastern Europe to move toward or institute a market economy. Many developing countries are considering similar actions and some have already taken measures to that effect. As a corollary to liberalization, the role of government in many spheres of activity is being reduced while government-owned enterprises are being privatized, or at least commercialized.

As mentioned, negotiations on the liberalization of trade in services presently conducted under the auspices of the Uruguay Round in the GATT can be expected to have a lasting impact on the way the shipping industry will operate. Even though negotiations have not yet been finalized it appears likely that shipping will figure as one of the service sectors to be covered by the GATT agreement. While trade in shipping services is under scrutiny in the GATT, important changes have also occurred within UNCTAD that equally affect the intergovernmental machinery dealing with shipping in this organization. In February the eighth session of UNCTAD met in Cartagena and took important decisions on the institutional reform of the organization to enable it to respond to the new challenges posed by profound transformation in the world order. At the same time the Conference agreed on a re-orientation of the substantive work of UNCTAD and defined priority areas and new methods of work. In the area of services, including shipping, the Conference focussed on enabling developing countries to benefit from the liberalization of trade in services and on increasing their participation therein. It urged the international community to support the efforts of developing countries to strengthen their productive and export capacity in all services sectors including shipping. The Conference stressed the need for international cooperation to assist developing countries in improving their international competitiveness and in expanding the contribution of services to their sustainable development. In implementing these decisions, the Trade and Development Board of UNCTAD met in Geneva during the second half of April and decided to revise its work in shipping and adapt it to the new realities. Consequently, it was decided to concentrate,

among others, on reviewing shipping policies, assessing the impact of progressive liberalization on the development of competitive shipping services, reviewing technological developments affecting maritime transport, and studying the conditions of facilitating intra- and inter-regional cooperation. This adaptation of its work programs should enable UNCTAD to provide adequate responses to the concerns of developing countries in the changing market environment experienced in maritime transport.

For many developing countries, the decision to liberalize—and possibly to privatize—is difficult to implement. The speed at which liberalization will take place and the timing of the required specific actions also pose particular problems. In general, for those countries which have exercised a strong governmental involvement in shipping for several decades, liberalization may be difficult to introduce. Many countries, in particular, developing ones, may also be concerned that certain forms of liberalization may be too disruptive and could lead to the disappearance of the national shipping industry. As many of these countries attach great importance to maintaining a national fleet for both economic and non-economic reasons, liberalization of trade in shipping service may require a gradual, carefully phased approach.

A continuous stream of technological advances has also affected—and continues to affect—the world economy and existing organizational and social structures. Apart from the development of new and improved products, that technological advances made possible, these lead in many cases to profound changes in the organization of economic activity. In particular, the growing division of labor leads to increasing numbers of separate economic activities (production of components) to produce a given end product. Successive reductions in transport and communications costs have also opened new markets. Thus, on average, more than half of the output of industrial countries is now produced and sold abroad, while the same proportion of raw materials or intermediate products is imported, or possibly purchased from foreign affiliates. Consequently, many markets have become increasingly transnational and interdependent.

There is likely to be a continuing growth of transnational corporations involved in regional or global production and marketing strategies through the ownership and management of geographically dispersed but interdependent assets. The continuation of these developments of globalization of production and markets will no doubt pose enormous challenges for the next decade which will heavily influence production and transportation patterns and requirements. Given these developments, it may become increasingly difficult for national governments—particularly of developing countries—to remain in control of, and manage satisfactorily, their economic and social development policies.

1.2 **Liner Shipping and Plurimodal Transport**

The concept of globalization is not only affecting maritime transport in different ways, but has also been decisively shaped by developments in maritime transport. Globalization, in the widest sense, has dramatically changed the demand for transport and related services and has forced all transportation enterprises to adapt the services rendered to the requirements of the trading community. At the same time, important technological developments in maritime transport set the stage for the expansion of world trade based on an international division of labor. An example of such development can be seen in the rapid growth of trade in dry bulk commodities in the 1960s and 1970s, combined with similarly important changes in trade and production patterns. Reductions in bulk shipping costs based on the exploitation of economies of scale in transport have helped to open up geographically distant markets and thus to reduce, if not eliminate, the location linkages between production and processing of raw materials.

What may have started with a simple process of delinking the exploration of raw materials and their downstream processing, has turned into a global development in the production and marketing of manufactured products. Today, a product sold under an American brand name in the United States may have been designed in Europe and assembled in the Far East from components produced all over the world. The aim of such globalization strategies is to systematically take advantage of labor costs and productivity differentials in other parts of the world, and this is made possible because of developments in transport technology and organization that are reflected in the concepts of physical distribution and logistics, which aim at optimizing transport flows and distribution processes and reducing inventories. To be able to provide such services, transport operators must work in close partnership with the customer, i.e., the shipper, and must maintain control over the various components of the global distribution system.

1.2.1 *Technological Changes in Liner Shipping*

Over the last 20 years, world shipping has undergone significant technological and organizational changes. Unlike previous developments, the implications of these were not confined to the shipping industry, but have equally affected other transport modes and transhipment points, i.e., ports and inland terminals. Furthermore, developments in shipping technology have been observed in all shipping markets, even though at varying degrees. In the case of liquid and dry bulk traffics, this evolution has primarily been one of realizing economies of scale through larger-sized and specialized transport units, while the changes in the liner shipping market go beyond this, equally involving changes in transport concepts toward those of plurimodalism and transport logistics.

Since the introduction of containerization on a large scale, vessel sizes have increased dramatically reflecting the desire of operators to reduce costs through economies of scale. Particularly the second half of the 1980s saw unprecedented increases in vessel size. Thus, in 1985, only around 10 percent of the world containership capacity was provided by vessels of 2,500 TEU or more. In 1990 this share was already up to 40 percent of the existing fleet and even 60 percent of the tonnage on order. In terms of number of ships, there were 221 units of an average capacity of 3,000 TEU in service in November 1990 and 61 units of an average capacity of 3,300 TEU on order.

Employment of these large containerships has been practically exclusively in the major East-West trade routes. Consequently, the direct impact on trades of developing countries has been limited to those of the Far East and South-East Asia. Developments on the North-South trade routes have, up to now, not been quite as spectacular, but nevertheless important. Thus, trades, which up to the early 1980s were still characterized by conventional break bulk services are today largely containerized, based on commercial and operational necessities of developed countries' carriers. Thus, for instance, in trades between Europe and West as well as East Africa, European owners have largely switched to container operations (while, however, maintaining residual break bulk services). Today, SDV (SCAC DELMAS VIELJEUX) is employing vessels of about 1,650 TEU in the West African trade and BEACON ships of 1,350 TEU in the East African trade, while shipowners of the concerned subregion continue to provide break bulk or hybrid services (to the extent that they still operate tonnage at all). In the Europe-South America trade, the EUROSAL consortium is operating vessels of 2,220 TEU with the participation of South American carriers. One of the ships in the EUROSAL service is chartered in by Transportes Navieras Ecuatorianos, who in turn charter out slots to CNP of Peru and EMPREMAR of Chile. This operation containing elements of both North-South and South-South cooperation could provide valuable insight into possible strategies for developing countries' carriers to reduce the existing technology gap.

Another revolutionary process that has characterized container shipping and plurimodal transport can be observed in the fields of information technology and satellite communication. Sophisticated computer-based management and operating information systems, as well as electronic data interchange (EDI) provide for efficient cost control, optimum use of equipment and a new quality in customer relations. Some of the new support services include satellite transfer of documents, downloading of manifests directly onto customs'

computers; dial-in checking of status of shippers' goods; computer tracking of containers and chassis, again without human intervention; direct shipper-carrier-consignee computer linkage carefully tuned to guarantee just-in-time deliveries.

Shipboard automation and advances in the development of navigational equipment and aids have been important tools to further capital-labor substitution and to meet ever-increasing labor cost and shortage. Today, typical crew sizes of a modern third or fourth generation containership ranges from 15 to 18 men.

The relative reduction of crew cost, for industrial countries' operators, has a direct bearing on the economic rationale of developing countries' engagement in shipping. During the days of labor intensive break bulk operations, developing countries could claim a comparative advantage in shipping based on a sufficiently qualified and low-cost labor force. This advantage has eroded over time and shed considerable doubts on the continued general validity of this argument.

1.2.2 *Diversification of Liner Shipping into Plurimodal Transport Services*

The fundamental objective of plurimodal transport based on containerization is to facilitate the movement of goods under continuous supervision and responsibility of a single operator—thus relieving shippers of the need to approach modal carriers directly or through intermediaries—and to increase overall transport efficiency by aiming at optimum modal split within the transport process. Thus, unlike traditional transport, it primarily takes account of the needs of the cargo rather than the transport mode by ensuring an integrated transport process between the consignor and consignee. This latter aspect may be considered as the most important and overriding single element of the concept. Other effects, such as those on the carriers, transport modes or points of transfer, be they of commercial, organizational or physical nature can ultimately be deduced from this overriding principle.

Multimodal transport may also be looked upon as a response to changing transport requirements. Transport no longer constitutes an isolated process of moving goods from one point to another but has become an integral part of total production and marketing processes in the context of marketing-logistic concepts. Thus, traditional ways of optimizing transport subsystems in an isolated manner at the expense of other subsystems—even if unintended—were abandoned and replaced by an integrated approach to problem solving aimed at total systems optimization. Such logistics concepts have proven to be an indispensable means of reducing transport, storage, packing, and related costs as well as of improving the quality of delivered goods with an apparent impact on the performance and competitiveness of the companies concerned.

The development of such marketing-logistics concepts was initiated by cargo interests. In contrast, the transport industry tended to maintain the relatively conservative approach of restructuring its services to pure modal movements (or to handling operations) and started only in the early 1970s to offer on a larger scale total distribution services geared to the needs of the cargo. Thus it has been a rather recent development that not only modal carriers, but also cargo handling, warehousing, etc. companies as well as freight forwarders diversified into total distribution services and became plurimodal transport operators (PTO). This diversification, however, was not only a response to changing market requirements but equally reflected the necessity to optimize the employment patterns of new capital-intensive transport equipment acquired by shipping companies.

The strategies adopted by the shipping companies were, however, by no means uniform. The general point of departure was the realization that door-to-door container transport had become a commodity product, with resulting pressure on freight rates forcing liner companies to cut costs to an absolute minimum. Strategic responses to this challenge ranged from the maintenance of a door-to-door approach aiming at attaining large transport volumes on a low price basis, on the one side, to an outright direct involvement in land transport operations aiming at providing a quality logistics product, on the other extreme.

1.2.3

Conferences' Structure

For more than one hundred years, liner conferences had provided the organizational framework within which liner shipping developed as a largely self-regulated industry. Despite apparent shortcomings, they were generally recognized as being beneficial for the trade, both from the point of view of the suppliers and the users of liner shipping. The inherent effects on competition were either tacitly or expressly accepted with the notable exception of the United States, where open conferences developed. Regulatory action taken at the national, regional, and international levels did not necessarily question the existence of conferences, but was rather geared at avoiding abuses that the system might lend itself to.

If the conference system is in dire straits today, it is thus not because of regulatory action enforcing competition legislation, but rather because of the inability of the system to renew itself and to adapt to changing transport requirements. It is interesting to note that both shippers and shipowners are voicing increasing criticism, even if not always for the same reasons. Yet, there appears to be a certain level of agreement that conferences or other cooperative structures will have to be more market-oriented, particularly with regard to pricing of services. Complex and complicated tariffs, that nobody adheres by, are generally criticized and should eventually be a thing of the past. Similarly, the principle of equal treatment of shippers is called into question, particularly as it has not been effectively applied anyway.

2. PARTICIPATION BY DEVELOPING COUNTRIES IN WORLD SHIPPING

2.1 Quantitative Assessment

The question of merchant fleet development for developing countries has been one of the major policy issues addressed over the last two decades. This question, however, has not been looked at in isolation but as part of a more embracing policy approach that would equally consider trade related issues of maritime transport, in particular the protection of shippers' interest. Consequently, when attempting to evaluate the degree of success of fleet development policies, the latter objective has to be borne in mind as a restrictive condition.

Fleet statistics reveal that both the objectives of the Second Development Decade (i.e., 10 percent of the world tonnage) and of the Third Development Decade (i.e., 20 percent of world tonnage) could be reached. In fact, in 1980 developing countries owned exactly 10 percent of the world fleet and in 1990 raised their participation to 21.2 percent. Accepting the validity of the original objectives, *prima facie* evidence would thus suggest a satisfactory, if not optimum, level of implementation of internationally agreed policies.

While the targets of the two United Nations Development Decades were met for developing countries as a group, there are, nonetheless, considerable structural deficiencies. Such shortcomings can be observed both with regard to the fleet structure as well as the regional distribution of tonnage. Problems of fleet structure are particularly apparent in the general cargo sector. The share of developing countries in conventional general cargo tonnage increased from 17.6 percent in 1980 to 26.2 percent of the world tonnage in 1990. This represents not only a relative increase based on the fact that world general cargo tonnage has declined from 116 million dwt to 102 million dwt over the same period of time, but also an absolute increase from 20.7 million dwt to 26.9 million dwt. It is particularly interesting to note that industrial market-economy countries reduced their engagement in general cargo tonnage from 50 million dwt to 23 million dwt between 1980 and 1990.

Given the relatively low productivity of general cargo tonnage as compared to container tonnage and the particularly disadvantageous age structure of the developing countries' general cargo fleet, there appears to be considerable *prima facie* evidence that developing countries have to a large extent invested in obsolete tonnage and have equally failed to undertake the necessary reinvestment to replace economically redundant

vessels. Bearing in mind the technological and organizational changes in liner shipping, it is evident that the lack of adaptation to new structures has considerable repercussions on present and future competitiveness of the fleets of most developing countries.

The potential lack of competitiveness on deep-sea routes is also underlined by the relatively low participation in container tonnage, which is reflected both in a below average share in world container tonnage as well as in the share of container tonnage in developing countries' total liner tonnage. Thus, in 1990, only 13 percent of total developing countries' liner tonnage was container tonnage, while in industrial countries this share was 34 percent. Additionally, the age structure of general cargo ships was more advantageous than that of developing countries.

The slow pace, or even lack of development, is again reflected in regional distribution of container tonnage. Thus, in 1990, all developing countries of Africa taken together owned container tonnage with a carrying capacity of 1,810 TEU, which is considerably less than the carrying capacity of a single third generation containership. The TEU capacity of container vessels owned by developing countries in Latin America, while being somewhat more impressive than that owned in Africa, is equally negligible at 23,000 TEU or 1.5 percent of world capacity. On the other hand, six developing countries of Asia rank among the 20 most important maritime countries of the world, and ten among the 35 most important ones. Similarly, with regard to their involvement in modern liner shipping, their ratio of container tonnage to total liner tonnage, while not as advantageous as that of industrial countries (33.7 percent) was considerably more favorable at 20 percent than that of developing countries as a group (13 percent).

2.2 Qualitative Assessment

The above analysis, taken together with the structural changes affecting shipping at the global level, raises a number of questions concerning the degree of attainment and, even more important, of the continued validity of shipping policy objectives with regard to participation by developing countries formulated in the 1970s and 1980s. Quite apart from the apparent regional imbalances, it is questionable whether developing countries actually provided a corresponding share of the transport services, as the tonnage target cannot be understood as an ultimate target limited to the physical ownership of tonnage itself. If this were the case, it would be a measure of irrelevance, as the tonnage owned must, of course, be gainfully employable and employed. Even though no pertinent data are available, the tonnage structure of developing countries' fleets, as well as the experience of a number of individual countries and their shipping companies, suggest that this modified target was not reached, neither in the second nor in the third decade.

In liner shipping, the concept of ownership itself is a relatively outdated one reflecting the realities of conventional general cargo transport. What is required today, rather than ownership of the vessel, is commercial control over the service offered. This is particularly relevant for developing countries as the financial requirements for the acquisition of large, sophisticated vessels employed in the deep sea trades cause such tonnage to be beyond the reach of most developing countries and their shipping companies.

For developing countries to maintain or, in most cases, to gain a significant position as producers of maritime transport services, where ownership and flag are no longer central elements, it is crucial, that competitive and exportable services be produced that can be offered in an increasingly international market. In order to arrive at such a situation it is essential that also another policy principle be critically examined, i.e., the linkage between trade generation and participation in shipping. While this linkage could possibly be acceptable as a measure of evaluating the level of participation of developing countries as a group in shipping, the attempt undertaken by individual countries to implement it at the national level has proven problematic. It has resulted in a bilateralization of maritime transport, particularly in African and Latin American countries. As a consequence thereof, market segments available to carriers of the developing countries concerned are

limited to their national trades. It is obvious that competition can hardly be on equal terms if the national carrier is confined to such a narrow cargo base.

When looking at the development of individual national fleets, it appears that the issue of bilateralization, as particularly reflected in stringent cargo reservation measures, is one of the keys to determining the relative success or failure of national shipping policies in general and the ability of developing countries' national carriers to provide competitive services in particular. There is only a limited number of developing countries with sufficiently wide cargo base to ensure commercially-sound shipping services while at the same time fulfilling the demand of shippers for the provision of adequate shipping services. It is such countries that used their home trades as cargo base but have at the same time followed a consistent policy of promotion of the export of shipping services and of development of support services that can be found today among the leading maritime nations. Additionally, there are those countries that have already at a relatively early stage diversified into service-oriented economies that included the provision of shipping and related services. While for the latter countries, the existence of fairly liberal shipping markets was a necessity and a motor for growth, the former category has rather taken a split approach of limiting access to home markets while benefitting from existing export possibilities. It is, however, clear that such unilateral action is increasingly critically viewed by trading partners and may ultimately be unacceptable.

Another issue of principle that has to be borne in mind when evaluating the bleak state of some of the shipping companies of developing countries relates to the ownership of the companies. While this is generally a function of economic policies pursued, in most developing countries shipping is considered a strategic industry and ownership of the companies lies with the state. Even though public ownership does not need to present a problem as such, experience in a number of countries has revealed consequent shortcomings at the managerial level as well as in the attitude of the single shareholder in respect of the financial performance of the company. In order to overcome these problems a program of commercialization should be set in motion, which should be accompanied by at least a partial privatization of national shipping companies. While commercialization best describes the changes necessary, the participation of the private sector and its consequent involvement in the financing and management of the companies would provide for a controlling mechanism for the effective implementation of a more commercial approach to shipping.

A number of the developing countries already have formulated and implemented new shipping policies, thus responding to tendencies toward a larger degree of liberalization prevailing at the multilateral level. While there appears to be a general recognition of the need for change of national policies, the pace of adaptation varies considerably from country to country. Long-established, encrusted institutional structures existing in a number of countries exercise a retarding effect on the speed of formulation and implementation of revised national shipping policies.

3. RELATIONSHIP BETWEEN USERS AND PROVIDERS OF SHIPPING SERVICES

Shippers' councils were established to deal with conferences and their cartelistic structures and powers. The last two decades, however, have seen an unprecedented erosion of conference power. Non-conference competition, the introduction of containerization and plurimodal transport as well as the formulation and implementation of important national legislation, such as the United States Shipping Act of 1984, have had a lasting impact on the conference system and consequently on shipowner-shipper relationship. While it may be premature for developing countries to write off conferences servicing their trade, it appears to be clear that the conference system will never be the same as it used to be during the era of port to port break bulk shipping prevailing up to the early 1970s. It is equally clear that shippers' councils have to react to these developments if they don't want to run the risk of becoming redundant.

The traditional role of shippers' councils of negotiating freight rates with conferences has for a long time been considered as synonymous with the idea of protecting shippers' interests. However, the eroding importance of the conference system and the continuing pressure of non-conference competition have resulted in a large-scale breakdown of conference rate structures. More and more, shippers are negotiating rates directly with lines, including conference lines. When this occurs, the conference tariff becomes no more than a base for negotiations, it ceases to be a fixed price list. This change affects mainly container operations at present, but these are increasingly the dominant operational pattern and developing country trades will experience, as developed country trades have already experienced, the speedy relegation of break bulk shipping to all but residual trades. These are developments which will create difficulties for most developing country shippers, who may feel uncertain of their ability to deal directly with lines without the protection of the conference rate schedule to which all owners and shippers adhere.

Additionally, the increasing application of the plurimodal concept to transport is affecting the role and function of shippers' councils. To an increasing extent, a single door-to-door is quoted to the consignor, so that the shipper has nothing to do with the individual transport operators of the different modes used. The transport organizer, i.e., the plurimodal transport operator may not even be a shipping line, let alone a conference carrier.

These points already make it sufficiently clear that the tasks of a modern and effective shippers' council in a developing country have to go beyond those traditionally performed. Consultations and negotiations with conferences remain important issues, but any council restricting its services to such question may lose its raison d'être sooner or later. Shippers in developing countries, particularly small- and medium-sized ones have only, to a lesser extent than their counterparts in developed countries, benefitted from the technological changes and consequent increase in competition in liner shipping. The traditional conference system had provided them with a relative security with transport costs being a fixed element in their total costs calculations. In today's situation these cost elements have become more variable and thus a decisive element in determining the competitiveness in overseas markets.

In such a situation, the comparative disadvantage of a small- or medium-sized shipper is clear. As he cannot afford to maintain underutilized shipping departments he is, consequently, often not in a position to either organize the transport of his trade or even to judge the soundness of transport proposals made to him. His negotiating position vis-à-vis the carriers or freight forwarders is correspondingly weak. It is here where direct assistance by the council is essential to make sure that the best transport alternatives in terms of price and quality are being made available to the shipper.

Furthermore, in view of the rapid development of plurimodal transport, shippers' councils have to extend their activities to include modes of transport other than sea transport as well as transfer operations and auxiliary services. Shipping itself, due to technological advance and increasing competition is presently offering high quality services at relatively low prices. However, while ocean freight rates have, even in real terms, often declined over the last years, connecting port costs and inland transport rates have not necessarily followed suit. The result of this development is that the portion of sea transport cost in door-to-door rates is declining. Given this development, it is obvious that efforts by shippers' councils to reduce overall transport cost will have to be increasingly geared to costs that are not directly linked to ocean transport services.

Given the present situation of foreign trade of developing countries, shippers' councils in these countries should fulfill the following functions:

- assure negotiations with ocean carriers on all matters of concern to shippers;
- provide information to shippers on costs and conditions of transport;

- provide direct assistance to shippers, particularly to small- and medium-sized ones, regarding the shipment of particular consignments;
- represent the interests of the trading community vis-à-vis governments in their formulation and implementation of shipping and transport policy measures;
- undertake research on a continuing basis into questions of importance for the protection of the interest of transport users, the effective application of relevant transport policy and the economic conditions of using different transport routes and modes.

The functions of shippers' councils, as defined here, clearly indicate that the councils are primarily professional organizations and not political ones. Equally, their role and functions are not static, but have to react dynamically to changes in shipping, transport, and trading patterns.

In many African countries, shippers' councils were created in the 1970s and 1980s as public institutions, taking up not only negotiating functions with liner conferences, but also being entrusted with implementing shipping policy decisions of the governments. At the time of creating the councils there appeared to be a certain logic in this approach. First, in most of the countries concerned the shippers community was basically comprised of public enterprises, thus creating a public interest in the creation and work of the council. Second, governments felt that the two elements of their shipping policy, i.e, development of a merchant marine and protection of shippers' interests were so closely interrelated that it could be pursued at the same time by a single agency.

There are, however, apparent shortcomings to this approach. The need for protection of shippers' interests arises irrespective of the ownership patterns of the exporting and importing industries, but is rather based on the contractual relationship between users and suppliers of transport services. While in the case of publicly-owned exporting and importing industries the state may take up a leading role in the creation of a shippers' council; it should do so in its quality of owner of the industry concerned rather than acting as public administration. In entrusting the council with typically administrative functions, it deprives the shippers of an important institution that should clearly see its role in defending the specific interests of the shippers. The defense of shippers' interests would equally include the representation of the shippers' community vis-à-vis the government and the administration, a task that cannot be accomplished if the council itself is part of that same administration.

In a number of countries—and closely linked to the just mentioned public service approach to shippers' councils—these councils have consequently been entrusted with functions that would normally be alien to their proper functioning. The most criticized example of this is the implementation of the provisions on participation in trade of the Code of Conduct. Based on often rigid national cargo sharing or cargo reservation provisions, these councils manage a priori sharing schemes between conferences or lines. Mounting criticism by shippers, as well as external pressures have clearly revealed the dilemma that a number of councils find themselves in. The original approach to shipping policies as a seamless whole adopted by these countries where both protection of shippers' interest and merchant fleet development were seen as elements of ensuring a control over maritime transport operations to the benefit of the national economy has not worked. Shippers' councils and consequently shippers and consumers were thus pushed into the role of supporting not only ailing national shipping lines, but also foreign lines, in particular conference lines.

The dilemma of the shippers' councils in the countries concerned, however, does not stop there. Even if the councils unconditionally accept the necessary separation of the protection of shippers' interests and promotion of the national fleet (or regulation of liner shipping activities), the implementation is still problematic as can be seen from the difficulties a number of African councils face in their approach to restructuring. On the one hand, the governments themselves often lack the necessary administrative infrastructure to assure the

implementation of policies rather than entrusting it to the shippers' councils. The councils, on the other hand, have not been reluctant to take over these functions as they have contributed, to a large extent, to their operating budget and have fostered their growth in a number of countries.

The important question today is whether these councils will in future be able to effectively defend the interests of their shipper members, given the increasing complexities of shipping and related activities, as well as the level of competition national export goods and commodities are facing in foreign markets. In order for the answer to be affirmative, restructuring of the councils appears indispensable. Irrespective of the financial and employment consequences, they should concentrate their work on the solution of practical transport problems facing shippers and to discard all functions that are not directly related to this primary objective. In other words, they have to be professional institutions rather than policy instruments. However, the question cannot be whether the shippers' councils will continue to exist, but in what form they will exist. Yet, to ensure their continued existence the impetus for the necessary restructuring will have to come from the councils themselves. Governments may be overburdened to undertake this task, which, however, does not relieve them of the responsibility to create the framework for the councils to successfully transform themselves. Equally, the shippers' councils may want to seek external assistance in this necessary restructuring.

4. NEW SHIPPING POLICY DEVELOPMENTS

In recent years, fundamental changes have taken place in national shipping policies. Starting in the mid-1980s, a number of Asian countries in reconsidering the necessary balance of interest between foreign trade and national shipping decided to loosen or even relinquish cargo reservation policies previously pursued. Since then, in most of the Asian and Latin American developing countries, new policies have been adopted—or are under consideration—generally toward liberalization of shipping, privatization or commercialization of state-owned enterprises, encouragement of private sector involvement, and greater competition among shipping enterprises, national and foreign. These changing policy orientations need to be seen within a broader context of liberalization of the economies concerned. Shippers and shippers' councils have generally militated for such changes in the interest of exercising greater freedom of choice as regards the utilization of shipping enterprises and vessels as well as lower freight or charter rates.

One of the areas requiring consideration by governments, particularly of African countries, will relate to the implementation of the Code of Conduct in the light of obligations possibly entered into in the context of the GATT and the generally prevailing tendency toward liberalization.

In the aftermath of and taking into account the guidelines and resolution adopted by the Review Conference, it is desirable that some consideration be given to the strategies that should be adopted with regard to the Code implementation in the years to come. The Code itself was formulated in the early 1970s and reflects the structure of the liner shipping industry, the policies and aspirations of developing countries with regard to national merchant fleet development and the problems encountered by developing countries both in terms of shipper protection and national fleet promotion vis-à-vis of the conference dominated liner trades that prevailed at that time.

The Review Conference took note of the fundamental transformation that has taken place in liner shipping in terms of both technology and structural arrangements since the Code was adopted. The guidelines adopted by the Review Conference have sought to take these developments into account in the Code implementation to a certain degree. But the technological and structural changes that have taken place and are continuing to take place are certainly of a character and magnitude that would make it quite impractical to seek to accommodate all of them effectively within the framework of the Code. For example, the size of vessel which is economically viable in containerized trades in the context of transhipment renders it quite impractical for many developing countries to seek to own and operate vessels viably based on an exclusive or even

preponderant dependence on national cargoes. Secondly, the transhipment patterns of liner cargoes makes it virtually impracticable in many cases to administer any form of cargo sharing in the same manner as in the conventional port to port liner services. These developments are compounded by the extent of the growth of non-conference lines. Equally significant is the increasing trend toward super-conferences and trade-wide stabilization agreements which are tending to eclipse the traditional conferences with regard to both tariff formation and trade sharing. Therefore, any attempt at the rationalization of liner shipping trades must necessarily address itself to the common concerns of both conference and non-conference operators.

With regard to shipper-shipowner relations, the principles and the machinery set out in the Code would appear to be by themselves insufficient in the context of considerations such as the reduced share of cargo carried by liner conferences, the simplification of tariffs into FAK (Freight All Kind) and commodity box rates, the development of service contracts, the proliferation of NVOCC (armaments without ships), and the relative decline in the importance of freight rates vis-à-vis the total service package offered by shipping lines and plurimodal transport operators.

Having regard to the continuing technological and structural changes in liner shipping and the evolving policies of economic liberalization, privatization, and commercialization, particularly in developing countries and in countries in transition to market economies, the implementation of the Code in the years to come should be conceived broadly in a perspective that accommodates the following parameters:

- Fleet development should be looked upon not so much in narrow national terms, but in a broader perspective that involves subregional cooperation, cooperation between trading partners and shipping consortiums, joint ventures, and regional shipping lines.
- For smaller countries the main theme should be the encouragement of NVOCC and container slot chartering.
- Trade sharing should be envisaged not at a narrow national level, but at a broader subregional or even regional level.
- Trade sharing arrangements should not be cargo-share oriented, but relatively flexible and related to sailing schedules and box capacities.
- Trade sharing should be based on commercial cooperation.
- Open trades in liner shipping should be encouraged in the interest of both shippers and shipping lines of all countries.
- Participation in cross trades and feeder services should be seen as important elements of fleet development for developing countries.
- Strengthening of shippers' organizations should be encouraged, and they should extend their interventions beyond the traditional concept of freight rate negotiations.

The basic objectives of liberalized policies are thus defined as an improvement in the quality of shipping services provided, and a reduction in freight costs to the benefit of national trade, and consequently increasing competition, would actually bring about these results. Only a few cases of countries are known where the actual effects of policies of liberalization have been systematically assessed. One of these cases in Sri Lanka, where the policy of liberalization of shipping was given effect through ministerial directives of 4 and 9 December 1989. A first assessment of the new policy was undertaken in October 1991 by a Committee appointed by the Sri Lanka Export Development Board. With regard to the critical issues of quality of shipping services and freight rates reference is made to a "dramatic increase in shipping opportunities which have been

available to Sri Lanka's exporters", while it is stated that "results in respect of freight rates have not been spectacular" and appeared to vary considerably from trade to trade.

The aspect of increasing competition, and thereby of raising the efficiency, is intrinsically linked to liberalization processes. Consequently, the implementation of policies liberalization should—and does—go along with the commercialization and privatization of state-owned national shipping industries. It is only when shipping can be freed from public service function with its inherent tendency to cover up inefficiencies, that it can become a service industry in its own right, operating on the basis of commercial criteria. This, however, does not exclude that any country may be free—and will probably do so—to take into consideration non-commercial or non-economic objectives in formulating fleet development policies. The approach of commercialization is not incompatible with the pursuit of these objectives. It does, however, allow governments to better evaluate the real costs of maintaining a fleet, or portion of a fleet, for non-economic reasons and thus add to the rationality of its decisions.

The commercialization and in particular the privatization of national fleets require a number of preparatory and supporting measures. These concepts are not an end in themselves, but have to be seen as instruments aiming at the provision of more efficient shipping services. Consequently, they have to be accompanied by a regulatory policy framework aiming at creating or maintaining a certain level of competition between operators. In other words, where state-owned national carriers may have enjoyed a monopolistic position with regard to the provision of certain services, it cannot be the objectives to simply change the ownership of a company that continues to enjoy the same privileges, i.e., to transfer a public into a private monopoly.

The presently prevailing move toward liberalization and privatization or commercialization has in a number of countries resulted in dramatic changes in national shipping policies. The types of policy pursued in some developing countries as well as consequent relevant data on the development of merchant marines and shipping services reveals an increasingly wide divergence of shipping policies pursued by different developing countries. This, however, may be a passing phenomenon. Internal and external pressure brought to bear on the governments will eventually lead to a larger degree of acceptance of a more liberal stance on shipping policy issues. What is important, though, for this to actually happen is increased external assistance to countries in the implementation of policies, including in the necessary restructuring of existing maritime institutions. Particularly with regard to national shipping lines it is to be borne in mind that previously uncompetitive entities will not become competitive simply by changing the policy framework. What is rather required is commercial initiative and active assistance and cooperation that may enable the companies to successfully conclude the transition from public service industries to commercial entities.

The change in policy direction toward liberalization and removal of market access restrictions cannot be a purpose in itself. It has to be seen as a tool provided for the beneficial development of commercially viable shipping services and shipping companies. A larger scale elimination of protective policy elements, while unavoidable, will have to be handled with caution to avoid a situation where existing shipping companies disappear before they are even given the possibility to prove their commercial justification. The problems faced by a major part of the shipping industry of developing countries cannot be resolved overnight. The attainment of a truly liberalized market environment will thus have to be subjected to a phased approach including a transition period that will give developing countries sufficient time to undertake the necessary structural adjustments in their shipping engagement. It is important that the notion of transition not be understood as involving a time frame only, but above all as a concept of cooperation with the active participation of industrial countries, geared to achieve the necessary restructuring as quickly and smoothly as possible.

SUBREGIONAL MARITIME COOPERATION POLICY

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Many factors account for the numerous limitations of the national maritime policies implemented in West and Central Africa: The weak negotiating capacity of the subregion's shippers; the narrow national markets of the individual countries; the relative inadequacy of their financial base; the choice of import-substitution policies; and the ravages of the international economic crisis.

In this situation, countries of the subregion seem to be condemned, in the formulation of their maritime policies, to opt for subregional development and solidarity as they face the economic recession. Many of the subregion countries have understood this imperative and have accordingly tried to elaborate a common subregional maritime policy.

1. BACKGROUND

In 1973, escalating oil prices exacerbated the effects of a pervasive inflation. In 1974, the United States and Japan were first to be hit. Their economies suffered then a severe recession. In 1975, Europe was also affected and, as a result, West and Central Africa, whose trade occurs essentially with this part of the world, suffered from shrinking market opportunities and from significant drops in its exports. It was at that time that the liner conferences serving the area decided a sharp and unilateral freight rates increase of 25 percent to 30 percent which greatly affected the subregion's external trade.

It should be pointed out that these liner conferences (COWAC, MEWAC, UKWAL, FEWAC, and AWAFC)¹³ are dominated by foreign armaments (especially SDV¹⁴ and CMB).

In May 1975, on the initiative of Mr. Felix Houphouet-Boigny, President of the Republic of Côte d'Ivoire, the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) was established in Abidjan to enable countries of the subregion to "elaborate a common language to communicate with foreign armaments and speak with a single voice"¹⁵. During this first conference, the decision was made to institutionalize MINCONMAR and a charter called the *Abidjan Charter* was drafted. This Charter proposed the framework for the subregion's short-, medium- and long-term maritime policy.

The countries of the subregion have, for that matter, strengthened their conviction that—even though the policies of cooperation and of economic integration implemented so far in Africa have not really succeeded—better results could be obtained through a few actions aimed at promoting more limited and better focussed forms of cooperation in defined sectors. This would bring the members closer to one another and would enhance the cooperation with the other countries concerned. This is the case, for example, with the Port

¹³ COWAC: Continent-West Africa Conference serving the Atlantic, the English Channel, the North Sea, and the West African Coast.

MEWAC: Mediterranean Europe-West Africa Conference linking the Mediterranean area to the West African Coast.

UKWAL: United Kingdom-West Africa Lines Conference serving the United Kingdom and the West African Coast.

FEWAC: Far East-West Africa Conference serving the Far East and the West African Coast.

AWAFC: America-West Africa Conference serving the American East Coast and the West African Coast.

¹⁴ The SDV Group (SCAC-DELMAS-VIELJEUX) comprises, in addition to the SCAC, the JSA (Joint Service Africa) and DELMAS Groups.

¹⁵ F. Houphouet-Boigny: *First Ministerial Conference of West and Central African States on Maritime Transport*, IDREM Publication, 1975, p. 8.

Management Association of West and Central Africa established in the subregion, in 1972, on the initiative of the Economic Commission for Africa (ECA) of the United Nations.

It is thus a combination of these two factors which led to the formulation and implementation of national maritime policies in West and Central Africa and convinced sub-region's maritime authorities of the need for an integrated evolution of maritime transport.

2. OBJECTIVES

The objectives of the maritime cooperation between the countries of the subregion include:

- the regular development of the maritime transport sector and of the related activities, and a guarantee of increased and more effective participation of the countries in the subregion;
- the coordination of maritime development efforts undertaken at the level of each country within the subregion;
- the strengthening of the solidarity between coastal, landlocked, semi-landlocked and insular countries in the area of maritime transport and related fields;
- the facilitation of taking common positions on the main maritime issues discussed in the international organizations; and
- the promotion the reinforcement of harmonized national maritime policies in order to adopt, if need be, a common maritime policy.

Implementation and development of such a cooperation in maritime transport, in West and Central Africa, cover operational activities, maritime training and operation research.

3. BASIC CHARACTERISTICS OF SUBREGIONAL MARITIME POLICY

3.1 UNCTAD's Code of Conduct for Liner Conferences

The subregion's maritime cooperation is essentially based on the Code of Conduct for Liner Conferences of unctad. The main provisions of this Code, that are of greatest interest to the maritime policy of the subregion's countries, focus mainly on the concept of national shipping lines and their de facto membership in the conferences, that is:

- controlled cargo sharing according to the so-called 40/40/20 formula;
- mechanisms to establish freight rates; and
- consultation procedures.

3.2 Main Resolutions of MINCONMAR

This section will discuss only the main resolutions of MINCONMAR, since the *Abidjan Charter* deals exclusively with the scope of cooperation the areas of maritime transport, ports, ancillary activities, training and research, and shipyards.

These resolutions are essentially adopted, session after session, with different numbers. They may, however, be reviewed and amended to take into account the subregion's concerns. In fact, new resolutions are drafted whenever necessary. The resolutions deal with a wide range of subject matters, such as:

- the adhesion and ratification of the Code of Conduct by MINCONMAR member states, as well as of the measures to safeguard this important international treaty;
- the establishment of entities such as the National Shippers' Councils and the Subregional Freight Rate Negotiating Committee;
- the conclusion of cooperation agreements between national maritime companies of MINCONMAR member states, as well as between MINCONMAR and non-member countries;
- the evolution of the liner conferences in the subregion and of the activities of the national shipping lines within these liner conferences;
- the definition of ranges and the admission of national shipping companies of the MINCONMAR member states as members of the liner conferences;
- the retaliatory measures against liner conferences operating in the subregion that do not respect the interests of MINCONMAR member states;
- the principle of sharing the cargo generated by the foreign trade of MINCONMAR members states;
- the financing of ships by national shipping companies of countries within the subregion;
- the harmonization of national maritime legislation of MINCONMAR member states;
- the improvement of research and training capabilities in the subregion;
- the support of actions in favor of landlocked and semi-landlocked countries; and
- the establishment and operation of MINCONMAR and of its specialized agencies.

4. MAIN INSTRUMENTS FOR IMPLEMENTATION OF A REGIONAL MARITIME COOPERATION POLICY

4.1 General

MINCONMAR and its specialized agencies are the only organizations dealing essentially with maritime transport in West and Central Africa. Indeed, the other subregional agencies for economic cooperation: the West African Economic Community (CEAO), the Economic Community of West African States (ECOWAS), the Customs Union of Central African States (UDEAC), and the Economic Community of Central African States (CEEAC), have very general and multisectoral objectives.

This subregional maritime cooperation organization groups 20 coastal countries five landlocked countries, anglophone, francophone and lusophone, ranging from Mauritania to Angola. Its fundamental objective is to develop cooperation between its member states in all aspects of maritime transport, both in transit and landlocked countries, taking into account the related interests of all the parties involved in sea transport, such as shipping companies, shippers (exporters and importers), ports, maritime transport ancillary services and shipyards.

MINCONMAR's headquarters is located in Abidjan (Cote d'Ivoire) and is, so far, the only subregional institution in the maritime transport sector. It covers a wide geographical area (the West and Central African subregion) and deals with all aspects of the maritime issues. In order to achieve its mandate, MINCONMAR disposes of several specialized agencies.

4.2 The basic organization of MINCONMAR

General Assembly

The General Assembly is composed of the ministers responsible for maritime transport in the member countries. Sometimes referred to as the Ministerial Conference, this General Assembly is the supreme instrument of MINCONMAR. It convenes, in principle, once a year in an ordinary session. Since its establishment in 1975, however, it has met only seven times in ordinary session and four times in extraordinary session, on the initiative of its chairman.

The General Assembly is responsible, among others, for:

- formulating and adopting its Rules of Procedure;
- defining MINCONMAR's general policy;
- approving the minutes of its deliberations and adopting resolutions, whenever necessary;
- reviewing and approving the activity program submitted by the Permanent Secretariat and the specialized agencies;
- establishing the amount of the member states' annual contributions;
- reviewing and approving the budgets of the basic and specialized entities.

Three operating difficulties are encountered by the General Assembly.

- The difficulties faced by the member states to host the annual Ministerial Conferences and the various concomitant committee meetings. Member states consider the costs of organizing such conferences and meetings are very high, especially when most countries are suffering economic crises. At the Yaounde, Cameroon, meeting in September 1990, it has been decided that the General Assembly would meet every other year in ordinary session.
- The problems stemming from the non-application, so far, of the financial rules adopted by the General Assembly.
- The issues created by the non-application of the Rules of Procedure.

General Secretariat

The General Secretariat—headed by a Secretary-General appointed by the General Assembly for a renewable 4-year term—is in charge of:

- implementing the policies formulated by the General Assembly, i.e., ensuring that the resolutions adopted by the General Assembly are effectively executed;
- coordinating the activities of the specialized MINCONMAR agencies;
- preparing the annual reports;
- representing MINCONMAR at subregional, regional and international level meetings and conferences;
- convening and preparing MINCONMAR meetings;
- executing administrative and financial management of MINCONMAR; and
- fulfilling any other duties assigned by the General Assembly.

The Secretary-General is a de facto member of the boards of all the specialized agencies of MINCONMAR. Currently, the General Secretariat of MINCONMAR is staffed by some 20 agents, of whom two are professionals (in fact, one of the two is financially supported by the Government of Cote d'Ivoire). This situation, far from being ideal, is the result of the difficulties faced by the General Secretariat in the financing of its operations and activities.

The 7th Ordinary General Assembly decided to reorganize the General Secretariat into a lighter structure. To ensure a smooth running of its operations, advantage must be taken of the current progress and development in computerization (personal computers) and telecommunication (telephone, telex, facsimile). Such a secretariat could function in an optimum manner if it has an annual budget for at least six man-months to meet its requirements for consultants to undertake two to three studies of an international level or to prepare reports on highly specialized subjects.

Funding

MINCONMAR's resources are essentially the member states' contributions and are complemented by:

- some subsidies, grants and legacies;

- the interest and other income from the organization's assets;
- occasional loans taken out by the organization in order to execute its mission; and
- income from various origin.

This form of funding the General Secretariat seems to be, for the while, the major source of the difficulties encountered by MINCONMAR in the pursuit of its objectives. Indeed, the funding of MINCONMAR essentially through the regular budgets of its member countries—which very often have a single line budget item for their diplomatic representation and their participation in intergovernmental and international organizations—means that those countries are forced to link many decisions to the availability of budgetary allocations and, as a result, are tempted to give the priority to funding their diplomatic representations abroad.

As a result, member states delay paying their contributions and even, in some cases, they do not pay at all. The very high percentage of payments in arrears creates the risk that a small number of states, that are current in their contributions, might dominate the organization. To illustrate this point, it should be remarked that the current arrears amount to a deficit of FCFA 1.65 billion in the General Secretariat finances.

Instead of this usual funding mechanism of MINCONMAR, and of other similar cooperation organizations, for that matter, several suggestions have been made:

- The first consists of levying, to the benefit of MINCONMAR, a small percentage ad valorem on the foreign trade of member states. Since this system has been utilized for funding the shippers' councils in each member state, it might seem illusory to recommend it.
- The second suggestion proposes a modification of the structure and level of the port fees charged to ships. Indeed, the taxation system currently in effect in West African ports consists mainly of duties on goods, in spite of the poor quality and quantity of the national merchant fleet of African developing countries. As a result, countries of the subregion suffer revenue losses and their shippers are penalized. It should, thus, be acceptable to all parties involved to rearrange the structure of port fees on the basis, for example, of the actual ships' sizes and to slightly enhance the charge rates. This approach might, however, penalize countries with ports, especially those with the most busy ports.
- The third proposal is for national members of each MINCONMAR's specialized agency (shippers' councils, armaments and ports), except the two academies, however, to also contribute to the operating expenses of the General Secretariat. An alternative to this scheme would be to request these national members to pay their countries' dues directly to the Permanent Secretariat. Nevertheless, the precarious financial situation of some of these specialized agencies is such that the effectiveness of this system is doubtful.

None of these suggestions—which have the advantage of proposing a mechanism of contribution that is not based on the member states' budgets—could be adopted at the Yaounde, Cameroon, meeting, and each country was left free to develop the most suitable formula according to its own situation.

It is now hoped that a consultation would be held to specifically discuss the financing issue of the General Secretariat and its specialized agencies.

Work program

The annual work program of the MINCONMAR General Secretariat should include—in addition to the activities already being carried out on the harmonization of member states' positions—at least one general study on the situation of maritime transport in West and Central Africa. Such a study should be updated and published every other year. The General Secretariat should also, for that matter, collaborate with the specialized agencies to examine some critical problems, such as:

- the funding of MINCONMAR and of its specialized entities;
- the restructuring of the maritime companies of West and Central Africa, and the renewal of the subregion's fleet;
- the direct and effective assistance to shippers in MINCONMAR member states;
- organizing and streamlining ancillary maritime transport activities.

4.3 MINCONMAR's specialized agencies

Union of African Shippers' Councils

Institutionalized in February 1977, during the third meeting of the Ministerial Conference in Accra, Ghana, the Union of African Shippers' Councils (UASC) groups the shippers' councils of 19 landlocked and coastal countries that are members of MINCONMAR.¹⁶ The Angola Shippers' Council, which was recently established is not yet a member.

The objectives of the UASC, headquartered in Douala, Cameroon, are as follows:

- Strengthening of the consultations and negotiations mechanisms with liner conferences. There is a general agreement that the UASC is discharging this duty in a satisfying manner.
- Reducing the impact of transport costs on the economies of West and Central African countries (for imports and exports). So far, it would seem that UASC has intervened only partially in this task, because UASC and its members are only dealing with freight rates.
- Adopting measures to streamline maritime traffic and optimize maritime services in member states.
- Pooling export and import cargoes in order to reduce their transport costs. This objective has been completely ignored.
- Establishing common cargo sharing agencies and representations in foreign ports and countries. Proposals have been made to this effect, but they seem to have little chance of being adopted at this time.
- Harmonizing and continuously improving the cargo sharing mechanism between the national shipping companies of the subregion, the national shipping lines of the partner countries of

¹⁶ All MINCONMAR member states, with the exception of Cape Verde, the Gambia, Guinea Bissau, Equatorial Guinea, Liberia, Sao Tome and Principe, and Sierra Leone.

- the member states, and the shipping companies of third countries. This is a task which currently mobilizes much of the UASC's efforts and means.
- Implementing cooperation policies aiming at protecting the Union's members interests in maritime freight transportation, and simplifying administrative and customs formalities in the Union's member states. This role has hardly been fulfilled.
- Organizing meetings to enable national shipper's councils or similar organizations to exchange their views on problems of common interest. UASC is performing this task efficiently.

· Cooperating with transport enterprises, ports, foreign shippers' councils, international organizations, governments, and institutions interested in transport costs, cargo sharing, cargo pooling, and simplification of administrative and customs procedures. It seems that UASC is not doing much in this area.

The UASC is managed by a Board of Directors. Its Secretariat is headed by a Secretary-General elected for a 4-year renewable term of office. Standing Committees tackle various problems, and the most important of these committees is the Freight Rate Negotiating Committee.

For its daily operation, the UASC has adopted at its Second Ordinary Meeting the organization chart of the General Secretariat as follows:

- A directorate of Traffic and Costs
- A directorate of Cooperation and General Business
- Two division in each directorate
- Two units in each division

To perform its mission, UASC should have a light structure. In addition to the Secretary-General, it should have a maximum of three to four professionals (including a legal counsel, an economist and a statistician). Accounting and translation functions would be subcontracted. Nevertheless, an annual budget of some six man-months should be allocated for the execution of the studies entrusted to the General Secretariat by the members.

The resources of the Union of African Shippers' Councils (UASC) are essentially its members' contributions. In September 1986, during its Cotonou meeting, the Union's Board has decided that contributions of its members to the UASC budget would be assessed as follows: 40 percent of the budget would be equally shared between all members, and the remaining 60 percent would be shared according to the individual operating budgets of each member. It has not, however, been possible to implement this measure because it was based on the assumption that each member would communicate the amount of its operating budget to the secretariat and that the figures would have the same meaning for each member.

Pending the result of the ongoing attempts to propose another mechanism to establish the levels of contributions, UASC is operating under the previous system of fixed contributions initially adopted. In spite of this, the secretariat financial situation is currently precarious, as arrears currently owed UASC by its members amount to more than FCFA 250 million.

It is thus important that UASC adjusts the contributions' level of its members—especially the contributions of members with a non-convertible national currency—to account for the actual capacity of these

countries to pay. The existence of a light structural organization in the General Secretariat would help to make this possible.

UASC's actions should tend to orient the shippers' councils of West and Central Africa toward an effective assistance to shippers and a promotion of the facilitation and simplification of administrative and customs formalities and procedures.

The Association of National Shipping Lines

The basic objective of the Association of National Shipping Lines (ANSL) is to harmonize and to coordinate trade activities and policies of its members, through:

- the coordination of cooperation between member armaments in the areas of cargo and traffic rights transfers, chartering of ships and spaces, exchange of staff, and maritime personnel training; and
- the harmonization of armaments' policies in the fields of schedules, common agents' services, reciprocal representations, and joint handling facilities.

These functions are deemed, by the African shipping companies, to be at least partially carried out by the liner conferences to which they belong. Thus, the ANSL focusses its attention on maintaining close relations with the liner conferences' secretariats and with several other international maritime organizations. ANSL convenes regularly its members to symposiums organized to exchange information on current issues.

ANSL consists essentially of a Board of Directors, an Operations Committee and a permanent Secretariat.

- The Board is the supreme authority of the association. It meets at least once a year on the convocation of its chairman. However, the General Secretariat may convene an extraordinary meeting at the request of the Chairman of the Board, or of at least half its members.

The Operations Committee is composed of the heads of the exploitation departments of the Association's member shipping lines. It meets at least twice a year and whenever necessary. Its role is to coordinate and harmonize the commercial and operational activities of shipping lines, but its performance is not very convincing.

The General Secretariat is headed by a Secretary-General appointed by the Board for a 4-year term of office, renewable only once.

The ANSL has a very light structure. Apart from the Secretary-General, it has only one professional staff. It is, however, to be remarked that, lacking human resource and financial means, this structure is not functional. It would be desirable to have, in addition to the Secretary-General, a legal expert and an economist, and that the secretariat benefits of an appropriate operating budget.

As is the case of the UASC, the bulk of ANSL's financial resources are the contributions from its members. It is also facing serious financial difficulties. On a budget of some FCFA 100 million approved for 1989, only FCFA 50 million have been cashed in. Arrears of contributions due as of 31 December 1991 amounted to FCFA 88.5 million. It is thus desirable that ANSL redefines its objectives and encourages its current members to meet their financial obligations and to increase their support of the General Secretariat of the Association.

It is urgent for ANSL to lay the foundation for the indispensable cooperation between African shipping lines and to effectively materialize this cooperation by the following activities.

- Seek urgent solutions to the weakness of naval tools of the subregion and to the necessary renewal, under satisfactory conditions, of the existing fleet. In this respect, a particular attention should paid to the policies of ships' financing, procuring and operating.
- Elaborate concrete proposals diversifying the activities of the subregion's national shipping lines.
- Program the ships' schedules and turnaround times, and even set up joint services.
- Establish common agencies, reciprocal representations, and common handling facilities.

Port Management Association of West and Central Africa

This Association has the following objectives:

- Formulation and implementation of the subregion's port policies, a task which seems to be successfully carried out by the PMAWCA.
- Coordination of ports' investment and equipment policies: very little has been achieved in this area.
- Harmonization of the subregion's port dredging programs, an activity deemed relatively easy to undertake, but which has not been started yet.
- Preparation of studies on optimization of port management and operation, a task which is currently well performed by the Association.
- Organization of training seminars and workshops: PMAWCA seem to be very successful in this area.

Established in 1972 and integrated into MINCONMAR in 1977 by the third Ministerial Conference held in Accra, Ghana, PMAWCA is by far the best performing specialized agency, which has, so far, not suffered from serious financial difficulties.

Regional Maritime Training Institutions

In addition to the permanent bodies and specialized agencies of MINCONMAR, the Regional Maritime Training Academy, in Accra/Nungua, Ghana, and the Regional Academy of Maritime Sciences and Techniques, in Abidjan, Cote d'Ivoire must be mentioned. These academies, respectively established to cater for the needs of anglophone and francophone countries of the subregion, are plagued by real regional problems. Indeed, though the regionalization of the Academy in Accra/Nungua has been completed, this institute continues to financially depend, to a large extent, on Ghana, the host country. In the case of the Abidjan Academy, the texts governing its regionalization have been finalized, and its provisional budget amounts to a little over FCFA one billion.

Cote d'Ivoire having accepted to take in charge 50 percent of the fixed costs, the remaining FCFA 350 million would have to be borne by the 15 francophone countries concerned. The variable costs would be allocated on the basis of the number of students from each country.

It is to be remarked, however, that the regionalization process is lagging and is becoming a subject of concern.

4.4 Conclusion

To this day, MINCONMAR has achieved with a relative success the following goals:

- harmonization and coordination of the national maritime policies of its member states, especially in view of adopting a common position vis-a-vis of third countries and on international issues;
- achievement of a slight improvement in the maritime situation of the countries of the subregion and in the promotion of harmonious and sustainable development of their maritime interests through advice and counseling in:
 - the creation and sustained operation of national merchant fleet,
 - the establishment of shippers' councils to protect the shippers' interest and to promote the subregion's merchant fleets;
- development of national maritime ports, which are more efficient and better managed, through the actions of the PMAWCA;
- establishment and development of subregional maritime training and research institutions, though their activities in this area are still in the initial phase;
- Establishing preferential treatment and transit facilities for cargoes of landlocked member states.

In carrying out these activities, MINCONMAR has succeeded, in 15 years, to create and consolidate a certain level of cooperation between its member states. It is now to the member states to collaborate with subregional organizations such as CEEAC and ECOWAS to foster the regional integration of shipping lines, shippers' councils and maritime transport logistics.

Such a cooperation, which is still in its initial phase, undertaken in each country, in West and Central Africa, and even in Africa as a whole, will help to promote the subregion's exports and to reduce the cost of imported goods.

5. POSSIBLE FIELDS OF SUB-REGIONAL MARITIME COOPERATION

5.1 General

The two main instruments for the implementation of national maritime policies in West and Central Africa are the national shipping lines and the national shippers' councils. Both instruments need to be restructured and perfected in order to better serve the subregion's external trade and also, more importantly, to serve as a solid foundation for a pragmatic, flexible and efficient subregional maritime cooperation for the benefit of all the countries involved.

To this end, the national shipping lines of the subregion should make every effort to adapt and compete through:

- a reduction in number of both seagoing and land personnel;
- a diminution of the daily management costs;
- the sale of ill-adapted or outdated ships and the purchase of more performing units that will be less expensive to maintain;
- the adoption of a centralized system of management by objectives;
- the reduction of payment deadlines given to shippers or their representatives;
- a diminution of the transmission time of port accounts by port agents;
- a reduction of the portfolios of doubtful debts, especially in these times of economic crises and bankruptcies;
- an adaptation, whenever necessary, of armament statutes and management mode to maintain operational flexibility;
- the search for appropriate association and cooperation forms both at the subregional level and with armaments of industrial countries;
- an effort to take control of plurimodal transport operations and of the entire logistics chain (including in Europe);
- a diversification, upstream and downstream, of maritime transport activities;
- the elaboration of a high quality participation portfolio in order to cash good dividends while limiting the risks of major losses.

As far as shippers' councils are concerned, they are undoubtedly, in the maritime sector, the most widespread institutions and the closest to central administrations in the West and Central African subregion. There are currently 19 shippers' councils in the 25 states of the subregion. Since their inception, the shippers' councils have been charged by governments with regulation and policy functions, beyond their very controversial role of promoting the national fleets through cargo sharing (according to the so-called 40/40/20 formula). They have been entrusted with monitoring this cargo sharing mechanism. These delegated functions soon turned out to be the main functions of all the shippers' councils in the subregion with the result that in some international consultant's reports, it is clearly stated that the shippers' councils were established in West and Central Africa essentially to apply the 40/40/20 formula.

This rather ambiguous situation led UNCTAD to propose, already in 1977 but effective in 1991, a refocusing of the activities of shippers' councils in West and Central Africa on shippers' interests through:

- centralization and pooling of cargoes;
- negotiation of freight and other rates with shipowners and liner conferences;

- negotiation with land carriers, as well as with port officials and transport auxiliaries, of conditions and costs of their services to shippers;
- direct assistance to shippers, especially in quotations and contracts relative to through traffic or door-to-door transport;
- mediation between shippers, forwarding agents and administrative authorities of transit countries (customs, finances, ports and shippers' councils, among others);
- facilitation and simplification of customs and administrative formalities and procedures;
- realization and coordination of studies, dissemination of information and organization of training programs for the benefit of shippers; and
- participation in investments that improve transport chains' efficiency, such as warehouses, dry ports, etc.

These recommendations would promote the adoption of innovative and dynamic national maritime policies and foster a more flexible and more effective subregional cooperation.

It seems indeed easier for a shippers' council to monitor the implementation of maritime traffic regulations—most often with sanction power—than to directly assist shippers in drafting or evaluating a transport contract. Furthermore, many shippers' councils, even in the absence of national shipping lines, manage and control national traffic rights—which is, as a matter of fact, an outright sale of traffic rights—distracting them from their main mission.

The monitoring of the cargo sharing system can be entrusted to maritime authorities or to an existing organization other than a shippers' council. Nonetheless, countries wishing to continue to leave this task with shippers' councils should at least indicate quite clearly that it is a public service concession governed by a written document defining the rights and obligations of the parties involved. In any case, this activity could disappear in the longer term, or at least be minimized, as a greater attention would be paid to the defense of the shippers' interests.

Scope of Subregional Maritime Cooperation

Considering the possible scope of subregional maritime cooperation, and the chances of success of such a cooperation, it is important to make a few comments:

- In the 1980s, the process of cooperation and of economic integration in the African countries was significantly slowed as a result of the negative impact on their economies of the international economic environment, of the gradual but continuous marginalization of developing countries, and of the specific limitations of the African economies. Indeed, the economic marasma in which most African countries are trapped has led many of them to adopt short-term defensive measures that impair cooperation and jeopardize economic integration. Besides, most of the structural adjustment programs implemented in African countries, under the aegis of the IMF and the World Bank, do not usually pay enough attention to the cooperation and economic integration policies.
- If cooperation and economic integration policies have had, so far, little success in Africa, it should, however, be pointed out that a few actions aimed at promoting a better focused cooperation in well defined sectors have achieved better results and have, in some cases,

brought the concerned countries closer to one another. An example of such cooperation is given by the Port Management Association of West and Central Africa established in 1972.

The success of subregional, continental, and even international maritime cooperation could depend to a large extent on the following factors:

- the capacity of the leaders of African countries to overcome the ill-defined issue of national sovereignty and to transcend it in the short-, medium- and long-term;
- the capacity of African countries and existing maritime cooperation organizations to formulate and implement clearly defined maritime cooperation programs according to the type of activity and based on sound technical, economic and financial studies;
- the capacity of African maritime cooperation organizations to mobilize financial resources within and outside Africa and to improve access to regional African funds (ADB, BOAD, CEAQ, ECOWAS, etc), European resources (EC), and others, and to manage these resources in a responsible manner; in this regard, efforts should be made to convince these organizations to favorably consider funding maritime transport and ancillary activities as a priority in order to assist fledgling African economies;
- the solutions proposed by African maritime cooperation organizations to promote and reinforce the role of business and of public, parapublic and private enterprises in enhancing cooperation and economic integration; and
- the flexibility and pragmatism that will be built into the cooperation and economic integration policies, not only to bring immediate solutions to the multiple development problems facing African countries, but also to establish closer links between national economic development plans and integration programs; a particular attention should, indeed, be paid to the management mode of the created structures and to the way the benefits would be redistributed or reinvested.

5.2 Possible Forms of Subregional Actions

Subregional maritime transport cooperation could involve the following actions:

Centralized Management and Pooling of Maritime Freight

It would be necessary to centralize the management and organize the pooling of freight, through local freight bureaus in each country, in order to enable small and medium size shippers to benefit from maritime services that are cheaper better adapted to their needs.

Then, ties of cooperation could be established between the national freight management agencies in the subregion to facilitate the pooling at the subregional level and ease the transfer of know-how between countries. In order to do so, the UASC should give a priority to the effective establishment and smooth running of these freight bureaus, which could be organized at the level of the national shippers' councils. This pooling activity could not only increase the negotiating capacity of small shippers, but also enhance the quality of maritime services.

However, it should be noted that centralized management and pooling of freight at the subregional level requires the shipper to be in a position to control the freight. In other words, the FOB and FAS modes, which leave to the buyer the choice of conditions and means of the shipment, should be abandoned. This objective would be easy to achieve if the shippers' councils become more experienced and are more willing to directly assist the shippers.

Creation of Cargo Pools and Joint Maritime Services

The cargo generated by the external trade of the subregion's countries should be, whenever possible, pooled at the subregional level to ensure optimum use of available sea transport services. This would not only significantly reduce the number of ports of call and the costs of maritime transport, but would also enhance the quality of service. In order to achieve this goal, MINCONMAR member states should encourage armaments to implement, for their own benefit, the principle of cargo sharing of the Code of Conduct for liner conferences to the regular lines' traffic. A particular attention should also be paid to bulk cargo. Shipping lines of the subregion could also conclude pooling and joint services agreements. Thus, MINCONMAR member countries could, for example, encourage the creation of one or two consortiums on the basis of:

- technical agreements (exchanges of hold spaces or container spaces, of equipment, of technical means, etc);
- operational agreements (dialogue on ships schedules, routes, common routes, cargo pooling, etc.); and
- commercial agreements (formulation and implementation of joint commercial policies).

In order to facilitate the creation of cargo pools and joint maritime services, the countries of the subregion should prepare, for their shipping companies, guidelines and a framework for subregional traffic distribution. They should also restructure—this is a necessary condition of their operational success—their shipping companies and improve the number and quality of their fleets.

Establishment of a Rationalized Network of Maritime Agencies

This establishment of a rationalized network of maritime agencies requires an independent policy for appointing maritime and handling agents in industrial countries. The national shipping lines of West and Central African countries should create a rationalized network of maritime agencies in order to better coordinate ships' consignment and handling operations. They should also establish joint agencies within the subregion according to their mutual affinities.

The establishment of such a network would reinforce the image of the subregion's shipping companies, increase their negotiating capacity, and achieve significant economies on the fixed operating costs of the agencies. It is to be remarked that, so far, the subregion's national shipping companies have generally entrusted their interests in this area to the networks of their European competitors, with the result that after several years of operation they hardly have a portfolio of North-South customers.

Implementation of an Harmonized System of Traffic Organization and of a Rationalized Cargo Sharing and Monitoring Network

MINCONMAR member states could guarantee their shipping lines a wider access to the cargo generated by their economies through an effective implementation of the harmonized system of traffic and cargo sharing, and the monitoring of the quality of maritime services. This is one of the rare areas of subregional cooperation in which MINCONMAR and UASC have really been involved. The success of this action is very much depending

on a happy resolution of the current conflict between EC and MINCONMAR on the organization of traffic and cargo sharing.

Cooperation Between Subregion's Shipping Lines

Cooperation among armaments is an easy objective to achieve, but it depends largely on the will of the states and of the shipping lines of the subregion. This form of cooperation should be encouraged between countries lacking adequately trained manpower and those having an abundant pool of qualified manpower in relation to their needs. A subregional employment exchange should be established to facilitate recruitment of maritime staff in the MINCONMAR member states. This cooperation could be promoted thanks to the existence of subregional training institutions, and through the formulation and execution of harmonized maritime and port training programs, through agreements on wages, on service and aboard living conditions, and on social protection of seamen.

Cooperation in Ship Repair

Cooperation in the area of ship repair could be organized immediately, if only the necessary political will would exist. Such cooperation should facilitate and optimize repair works in the main shipyards of the subregion. The creation of new and efficient facilities could be considered later, when and if the need arises.

Establishment of Joint Plurimodal Transport Enterprises

The creation of such enterprises would enable MINCONMAR member states to increase their financing capabilities for a modern fleet, while improving their maritime services through the provision of modern transport systems. In order to achieve this goal, countries should be invited, as is the case with any form of joint ventures, to define an appropriate legal and regulatory framework aiming at promoting such ventures and at guaranteeing their stability. This form of cooperation should be considered as a medium- or long-term objective.

Training of Plurimodal Transport Operators

In the short-term, MINCONMAR should, in close collaboration with the competent organizations, assist in the training of plurimodal transport operators and contribute to the establishment, or strengthening, of national committees dealing with the facilitation of administrative and customs procedures.

Establishment of Joint Maritime Enterprises

MINCONMAR member countries should encourage the establishment of joint maritime enterprises at the subregional level thanks to a legal and regulatory framework that will ensure the stability of such enterprises. MINCONMAR, in close consultation with the competent organizations, should develop an appropriate system for the financing and the sharing of profits and other benefits from such joint ventures. This latter point is all the more important as it has generally been, in the past, an impediment to the execution of several regional or subregional projects.

Establishment of Transnational Enterprises

In the light of Air Afrique's experience, in the air transport sector, it would seem premature to envisage such a venture in the maritime transport sector. Moreover, it would likely be difficult to establish it successfully.

Joint Financing

This activity could be assigned to the MINCONMAR General Secretariat in collaboration with ANSL. This objective might be achieved either through the creation of a regional development fund for maritime transport or through a more rational use by the companies themselves of the available possibilities at the level of the subregional and regional development banks, as well as at banks and financial institutions of industrial countries. Innovative financing mechanisms should be considered because of the relatively weak financial base of the subregion's states which are, in general, the principal shareholders of maritime companies and enterprises.

Choice of Main or Transhipment Ports

In order to facilitate the procurement of modern port equipment, to ensure the rationalization of maritime services and to realize economies of scale, the PMAWCA, in cooperation with the ANSL should encourage member states to determine, at the subregional level, a limited number of main or transhipment ports. This problem, technically very easy to solve, is likely to raise the issue of national sovereignty.

Coordination and Programming of Port Dredging

MINCONMAR member states should coordinate the dredging of their ports. This would facilitate the negotiation of dredging contracts and result in economies of scale, through reduction of equipment transport and immobilization costs. The countries could also create a subregional pool of dredging equipment, which would be managed by port authorities under the PMAWCA. A first stage in the creation of such a pool should be the exchange of information on the available dredging tools in each African port. This exchange has already begun between the PMAWCA members. It is desirable that this be pursued and amplified.

Formulation and Implementation of Harmonized Port Tariff System

A harmonized port tariff system is currently being formulated in the subregion, under the PMAWCA. It is recommended that this study be completed and it is hoped that a common tariff will be soon generalized.

Establishment of Subregional Container Repair Facilities

This task could be assigned to one or two shipyards in the subregion, selected for their efficiency and competitiveness. It would lead to a significant reduction of container repair costs and to important savings of foreign exchange. Such activity could be organized in close cooperation with experienced partners from industrial countries. This subregional enterprise could also consider medium- and long-term leases. Commercially, this kind of activity appears to be easy to launch.

Maritime Training and Transfer of Know-How

In order to improve the efficiency and reduce the cost of training maritime and port personnel, MINCONMAR has adopted a subregional approach to maritime training with the establishment of the Accra/Nungua and Abidjan Academies. But these institutions' activities are constrained by the high cost of training and by national sovereignty issues. Training should be reinforced and completed by pooling the subregion's existing possibilities of on the job training and by personnel and trainees exchanges. Initiatives in this area have already been started on a bilateral basis, and deserve to be amplified.

Harmonization of National Maritime Legislation

MINCONMAR should, in close collaboration with the competent organizations, promote an increased cooperation between its member countries in the area of maritime legislation. In each of the countries, national

maritime legislation should be reviewed and, if necessary, redrafted in order to make it a better promotional tool of the national maritime and port activities. Moreover, MINCONMAR should intervene beyond the resolutions adopted by its Ministerial Conference and propose, with the assistance of the relevant experts, a core maritime legislation, similar to that of the EC or the OECD, so as to better organize their maritime relations with the subregion's countries and their foreign partners.

MINCONMAR countries should also work closely to review and, if necessary, harmonize their national maritime and port legislation in order to align them with the international agreements and conventions covering the maritime transport sector and related activities.

MINCONMAR could also recommend its members to enter into cooperation agreements in the area of maritime trade. Such agreements should be based on the principles of equal rights, reciprocity and mutual benefits.

Harmonization of Maritime and Port Policies

As they are currently confronted with many difficulties, the subregion's states should consult more often with each other to adopt common positions on all issues related to international maritime policies. This would enable them to seek common solutions, that meet their maritime interests and concerns, to each problem and to harmonize their views on the application of the international maritime conventions and agreements to which they are a party, and more particularly the Code of Conduct for maritime conferences.

Specific Agreements Between Landlocked and Transit Countries

Cooperation between landlocked and transit countries should be better encouraged by MINCONMAR. In this area, its general secretariat could define a cooperation framework including:

- some opportunities to be granted to landlocked countries by the transit countries for the utilization of port infrastructure;
- some opportunities to be granted to landlocked countries by transit countries in the area of transit and customs procedures; and
- the coordination of procurement policies relative to road, rail, river, air, and sea transport means.

Such a framework should be accompanied by:

- cooperation agreements on transport and transit between landlocked and transit countries;
- enforcement of existing subregional and international transport conventions, especially those covering transit operation.

6. CONCLUSIONS AND RECOMMENDATIONS

Since 1975, when the countries of the subregion—penalized by skyrocketing increases in freight rates—established the Ministerial Conference of West and Central African States on Maritime Transport in an attempt to free themselves from the limitations of their national maritime policies, MINCONMAR has become a platform for discussion and harmonization of subregional maritime policies. Thanks to MINCONMAR initiatives, the maritime authorities of the member countries are now well aware of the impact of maritime transport on their national economic development strategies.

Nevertheless, this awareness is still exclusively political and should be translated into the daily reality of each country, especially in the area of the cooperation between maritime and port operators of the subregion.

Today, the lack of a legal framework that would promote and reinforce the role of businesses and of public and private enterprises in the cooperation and integration processes in the areas of maritime transport, port operation, and ancillary activities, is being deeply felt. In this regard, it could be considered at the subregional level—without waiting for the complete harmonization of national maritime legislation and regulations, which is a long and exacting task—to adopt immediately a minimum of laws and regulations governing:

- the transit conditions of maritime freight and the facilitation of administrative and customs procedures;
- the establishment of maritime enterprises of a MINCONMAR member state in another country of the subregion and the specific benefits granted in the case;
- the free movement of qualified seamen and other maritime personnel;
- the framework and conditions of establishment of joint enterprises in the subregion;
- the fair competition between maritime enterprises in the subregion and the fair competition between these enterprises and those established outside the subregion;
- the policy and conditions of the liberalization of maritime transport services and related activities in the MINCONMAR member countries;
- the procedure for dispute settlement, which should go beyond the simple agreement currently in force for the amicable settlement of all disputes;
- the conditions and framework for the exploitation of coastal shipping and other transport systems between the subregion's ports; and
- the conditions of implementation of joint financing.

In all these areas, it would be really useful that each country of the subregion adopts a maritime investment code.

In addition, It would be necessary to urgently formulate a real subregional maritime policy that would go far beyond the current maritime policies—which are essentially oriented toward access to cargo and to consultations with economic and commercial partners from the subregion in the areas of freight rates and quality of services. Indeed, as far as regular lines are concerned, it must be recognized today that the argument of UNCTAD, in the early 1970s, according to which developing countries benefit from a comparative advantage in labor costs is no longer true. Proof of this is the reduction in the number of crew members per ship (from 18 to 13, and soon 11), the reduction in the number of crews per ship (1.2 to 1.3 today, against two to three teams per ship a few years ago), the practice of convenience flags and the recent creation of other flag types (called economic flags), and the very high cost of construction or procurement of new ships.

Considering the huge capital needs of the maritime transport industry and the precarious financial situation of the subregion's countries, the existence of a maritime investment code and of a credit policy to support this sector could contribute significantly to the success of the above-mentioned national maritime policies. But, the current absence of valid maritime policy in the subregion forbids the assessment of the viability and efficiency of maritime and port enterprises.

In support of the actions to be undertaken by subregional maritime cooperation organizations for the benefit of the economic operators, it would be desirable to translate concretely into national economic development plans and into subregional cooperation and economic integration programs the political importance of the maritime and port sector. This realization of a wish of the national maritime authorities of the subregion could only occur with the agreement of the concerned international and intergovernmental organizations (UNCTAD, IMO, the World Bank, and the EC) and of the industrial countries which provide grants, subsidies and loans to the countries of the West and Central African subregion. It is likely such an objective would only be fully achieved through the establishment of a regional development fund for maritime activities and through a rational exploitation of the possibilities currently offered the subregional or regional development banks (ADB, etc).

The countries of the West and Central African subregion have so far succeeded, thanks, in part, to the MINCONMAR initiatives, to achieve and consolidate their union. They now must intensify their efforts to materialize—with the help of the other subregional organizations for cooperation and economic integration, such as the CEAO, ECOWAS, the CEEAC, and UDEAC—a regional integration in three areas: armaments, ports and transport logistics.

Only through such actions, would it be possible for West and Central African countries to really participate in the flows of the international trade.

COMPETITIVENESS IN MARITIME TRANSPORT IN WEST AND CENTRAL AFRICA

PROPOSED STUDY

**by Ms. Gouvernal and Mr. Rizet
INRETS**

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1. BACKGROUND

Transport is somewhat different from the other branches of the economy. It has, indeed, a dual function. It is, of course, an industrial branch which can be analyzed as such and which has its own competitiveness requirements that can be evaluated in terms of performance, but it is also a factor in production and distribution control. It is to ensure this latter function and, more specifically, to control supply costs, to attain a better competitiveness for their export products and to protect their national independence that West and Central Africa countries have formulated and implemented a maritime policy. This policy generally aims at giving African countries access to the transport of their intercontinental trade. For some countries, this means acquiring and maintaining a national fleet and, for others, this means selling their traffic rights, through the cargo reservation system. This policy is based on an interpretation of the Code of Conduct for Liner Conferences and on bilateral agreements that were in force prior to the effectiveness of the Code of Conduct.

The member states of the Ministerial Conference of West and Central African States on Maritime Transport (MINCONMAR) are confronted with a dilemma. On the one hand, the state, as a shipper, negotiates the lowest possible freight rates and, on the other hand, the same state, as a shipowner, has to survive while offering attractive freight rates. In order to be able to establish a maritime policy diagnosis, it is necessary to have economic indicators and reliable evaluation tools available. Indeed, conflicting comments are often heard relating to the cost of the African fleet and its freight rates. These comments, however, are generally not substantiated by reliable data.

2. OBJECTIVE OF THE STUDY

The objective is to design the tools that would enable African countries to define their maritime policy on the basis of actual economic knowledge. The current policy of maritime presence at any cost can have direct consequences on African economies (maritime activity, hard currency inflows, etc.) and indirect consequences promoting or penalizing imported or exported products (cost and quality of transport service).

It is thus necessary to be in a position, on the one hand, to know the cost of this policy from the point of view of the countries and their broad macro-economic balances and, on the other hand, to evaluate the impact of the policy both on the competitiveness of exports and the cost of imports, since controlling the cost of imported inputs is essential for the competitiveness of local production.

The study should first define the tools (data and indicators) and the data collection procedure, which will enable African countries to evaluate and, if necessary, reorient their maritime policy. Will the quest for a better competitiveness of their exports and for the control of their import costs lead West and Central Africa to maintain the current maritime policy? to ease this policy? or, on the contrary, should the subregion consider a more radical policy reform with more liberalization? A comparative analysis of the past and current situation should allow to discuss possible and realistic choices. It would also be necessary to specify the extent to which maritime policy could possibly differ between countries of the sub-region, taking into account their constraints and potential. The analyses suggested in this paper should be carried out on a country by country basis and cover the whole subregion.

3. SCOPE OF THE STUDY

3.1. Macro-Economic Analysis

It is extremely difficult to quantify the cost of a maritime policy. It is, however, possible to reach an approximate estimation by watching some indicators. To this end, it is necessary to know first the contribution of the maritime transport sector to the countries' economy and to their broad macro-economic balances.

- What are the amounts of transport costs related to external trade?
- What transport activities are carried out by national enterprises?
- What are the foreign currency flows generated by maritime transport?
- What impact does maritime transport have, through taxes and subsidies, on the states' fiscal revenues and budget?

Finally, in the longer term, an attempt could be made to define the instruments that would allow to appreciate the multiplying effects of maritime, port and related services' activities.

3.2. Macro-Economic Indicators

The balance of payment does not provide answers to these questions. It considers only imported freight, according to the rule established by international monetary authorities, which assumes that international transport costs are essentially borne by importing countries. Thus, the balances of payments do not account for export freight costs. Therefore, estimates of the incidence of freight rates for Africa made on the basis of balances of payments do not reflect at all the actual export freight costs. This is especially disturbing for countries which maintain tight control on export freight rates and ship CIF their main export products, such as coffee and cocoa, for which it is suspected there are cross-subsidization between North-South and South-North liner traffic. Furthermore, it is absolutely impossible to single out liner traffic freight from other freight.

Accordingly, it would be necessary, in the initial phase of the study, to define the necessary indicators by making a distinction between the different traffic types (liner traffic, tramping and time charter).

The National Maritime Transport Expenditure (NMTE) is an indicator that should be established on the basis of transport flows and on an estimate of unit prices for the various cargo categories. Since these price estimates pose a serious problem for the Africa sector, due to the existence of rebates, the method for obtaining these estimates should be refined.

It should be also necessary to distinguish between the shares of the different modes or the main links in the transport chain.

- The volume activities of the national transport enterprises related to maritime trade requires a survey of these enterprises involving a good cooperation of their professionals. In the initial phase, this indicator would be a reflection of the turnover and, in a second phase, it would reflect the value added and the level of employment.
- Savings of foreign exchange on freight carried by national shipping fine should be compared

with the costs of investments in ships and bunkers, and of taxes paid by those ships abroad, as well as any losses of revenues in taxes levied on foreign ships in African ports. This de facto situation should be compared with that of countries that do not have a national fleet.

- The impact on the state budget should also be considered. Indeed, international trade is a major revenue source for the national treasury (imports and exports), but the effect of subsidies to transport services (shipping lines, ports and shippers' councils) on national finances should also be considered and quantified.

3.3 Competitiveness of African Economies and Analysis of the International Transport Market

Another possible indicator of the quality of a maritime policy would be the stability of freight rates and the quality of transport services, which ensure the competitiveness. Indeed, product competitiveness is not linked solely to maritime freight rates, but rather to the entire transport chain cost. Thus, before analyzing freight rates, which are only one part of the global price of the chain, it would be necessary to determine the weight of the maritime factor in the international transport chains serving West and Central Africa. Thereafter, comparisons would be possible with other international chains to determine the advantages or disadvantages of the subregion. In fact, it is important to answer two major questions: Is the international transport of African trade expensive? If so, what are the reasons for this high cost?

3.3.1 Maritime Sector Weight in the International Transport Chain Serving West and Central Africa

It is difficult to avoid the transport chair concept to establish the competitiveness of imports and exports. In fact, door-to-door transport is a factor in the cost of a product delivered on its market, but the share of the maritime freight in this cost is not necessarily the most important. The analysis should therefore cover the entire transport chain in order, on the one hand, to appreciate the impact of maritime freight on the global cost of transport (in other words, is it the maritime freight rate? the cost of ancillary services? or the cost of land transport? which affects the price most) and, on the other hand, to evaluate the impact of this global cost on the price of products delivered in West and Central Africa or on the international market (imports and exports).

A few imports in West and Central Africa are particularly important, such as fertilizer-necessary for a better agricultural productivity-and chemicals. An analysis of rice imports, which compete with local production, would make it possible to determine to what extent transport costs have a major impact on market penetration (high transport costs should favor African rice production). The case of rice is rather specific. Shipped from Asia, and probably not transported under the 40/40/20 ride, rice illustrates the cost of another maritime policy. Finally, since 100 percent of West and Central Africa's imports (this figure has to be checked) are manufactured goods and miscellaneous other items, the container transport chain should also be investigated.

As far as exports are concerned, it would be interesting to examine the transport of products which contribute to the inflows of foreign currencies in West and Central Africa, such as coffee, cocoa, logs and timber. Since pineapple exports pose some specific problems, the pineapple chain could also be studied. It would serve no useful purpose, however, to undertake the same study for the umpteenth time (see para. 3.4). Indeed, much has already been published on this subject. What should be done is a review of existing studies and an analysis of their strong and weak points in order to propose a common **method that could be adopted by all and would produce comparable results.**

These chains would be the objects of qualitative and quantitative surveys of shippers, in Africa and in Europe, to understand the way their marketing and transport systems are organized and to determine the different elements of transport costs. These surveys should highlight possible difficulties encountered by shippers, for example, in the area of service quality, such as delays, processes, damages, etc., attempt to identify

their causes and examine the feasibility of possible solutions (containerization might be more expensive but could provide a higher frequency of smaller shipments, as is the case for pineapples). Monitoring of the chain, through regular interviews of the various interveners, would allow to better understand the realities of transport.

However, the objective of this part of the study should not be overlooked, namely the incidence of transport costs on the competitiveness of exports, and on the cost of imported inputs for Africa's production. Determining the share of transport in the cost of a product is not enough; there are other aspects to be considered, such as the nature of the market, the degree of specialization, the number of competitors, the pricing mechanisms, etc?. Transport costs will have all the more impact as market prices are set independently of the countries' participation in the market. This type of market, where the supplier has no control on its selling prices, is clearly illustrated by the coffee and cocoa markets. These surveys could be based on the study of African ports currently underway at the *Caisse française de développement*.

3.3.2 Comparative Analyses of Transport Chains

The analysis of the transport chain in West and Central Africa should be complemented by a comparison with other international chains. These chains should be in competition with other countries' export chains in order to underscore possible disparities in costs and prices and to better understand their comparative advantages or disadvantages. Certain Asian or Latin American countries might meet this criterion. In the case of imports, the choice might fall on other countries, with which it might be felt that comparisons could be propitious to help to understand possible dysfunctions of the African transport chain. Efforts should be made to adopt a unique method to compare the countries and ensure comparable criteria are taken into account, or at least to distinguish between the two. It is, therefore, recommended that the analyses be piloted by the same team, that would take into consideration criteria such as the economic importance of shippers, the site and frequency of shipments, the CIF or FOB sale contract, and the classification of ports and vessel types (prices may vary significantly from one loading port to another).

Such analyses are not sufficient, however, because they do not reflect the specific African realities. Since Africa is made up of marginal regions for seaborne trade, it cannot benefit from economies of scale generated by new technologies without sufficient volumes of trade (as is the case, for example, of some Asian countries located along major East-West trade routes). Thus, an attempt should be made to determine what could be attributable to a maritime policy based on cargo reservation and what could be attributable to the specific African context? Which is the place of West and Central Africa on the world maritime scene? What is at stake in the subregion? The answers to these questions would provide Africans with the means to realistically identify the measures that would improve their intercontinental trade.

3.3.3 Freight Rates in West and Central Africa

After highlighting the impact of the maritime factor on the competitiveness of products, the next step would address the freight rate issue. The maritime sector is very sensible to economic fluctuations, which have a direct effect on freight rates. An analysis should thus cover a period long enough to take into account as well periods of economic growth as periods of sluggish growth. Such an evaluation can only be based on the part, and can only rely on assumptions. It could also be attempted to estimate the cost of lacking a national fleet. It can be wondered, indeed, if African fleets, the goal of which was to break the *de facto* monopoly of the armaments of the former colonial countries, have really had a role in bringing freight rates down. Or, should the conclusion be that freight rate decreases are attributable to the forces of a globally depreciated international market? Or, is this the result of interventions of shippers' councils? And could have the shippers' councils succeeded without the existence of national fleets? In fact, several studies on maritime transport in Africa are far from being unanimous on the effects of freight rates in West and Central Africa. Some studies give credit to shippers' councils for the defense of national fleets' interests and criticize them for negotiating favorable freight rates to benefit the shippers. It is indeed visible that, for so-called "sensible" products, freight rates are

really low and do not allow shipowners to recover their actual costs. In this case, higher rates on North-South trade routes might reflect cross-subsidizations between the two traffic directions or between different products.'

A retrospective study on spot rates over the last 30 or 40 years for the vessel types that could have been involved in carrying West and Central African products by tramping (coffee, cocoa, pineapples and logs) would make it possible to determine if there has been, indeed, a sharp increase in these tariffs during periods of economic boom, so that producer countries do not benefit any more from the favorable economic climate. It would also be necessary to identify high and low points of these rates and estimate in the long run the advantages and disadvantages of long-term contracts, that are specifically designed to smooth out these peaks.

However, certain goods, such as general cargo, which are traded in quantities too small to have access to tramping, require the services of regular lines to benefit from a sufficient service quality. It should be asked what would have been the rates for these services in the framework of conferences if the African national shipping companies had not entered the competition. In fact, it does not seem that the authorized entry of outsiders in many African countries had much effect on lowering rates. It would therefore be advisable to compare the rates actually paid for African imports and exports in the MINCONMAR member states that have different policies toward the outsiders. To what extent are freight rates determined by the equilibrium of the world market? It would appear also important to make a distinction between the two directions of traffic (North-South and South-North) considering the initial observations on this issue.

The South-North freight rates seem to be much better controlled by African countries through the joint efforts of all the subregion's countries in the Union of African Shippers' Councils (UASS). The UASS negotiates with the conferences the freight rates to be applied to certain strategic exports on the West and Central African routes. The Union is therefore an important countervailing force against what could be considered a monopolistic or oligopolistic situation of the major shipowners. Some shippers' councils, like Côte d'Ivoire's *Office ivoirien des chargeurs* negotiate even lower rates for their country. A quick initial comparison with freight rates on other destinations could lead to a discussion based on facts within the limits of such an exercise 6 (See Table 1).

Table 1: **Coffee and coma freight rates on different routes as of November 1990**
 (in \$ per ton)

Geographical Zone	Net Freight Rate	
	Coffee	Cocoa
MEWAC	97.10	86.70
OIC	82.80	71.10
CAISSTAB (less 12 percent)	72.90	62.60
COWAS SOUTH	99.40	87.20
OIC	89.50	77.00
CAISSTAB (less 12 percent)	78.80	67.80
COWAC NORTH	148.60	138.00
OIC	108.60	101.60
CAISSTAB (less 12 percent)	95.60	89.40
AWAPC	188.00	185.00
FEWAC	142.50	135.50
East Africa-Europe	114.66	
Brazil-Atlantic Europe	168.50	155.90
Brazil-Mediterranean Europe	159.65	
Atlantic Colombia-Le Havre	136.00	
Pacific Colombia-Le Havre	145.00	
Atlantic Colombia-Trieste	143.81	
Pacific Colombia-Trieste	141.56	
Venezuela	165.48	
Ecuador, Peru, Bolivia	169.50	
Paraguay	177.00	
Argentina	133.00	

Source: MEWAC

The coffee freight rate on the MEWAC conference amount to \$97.10/ton whereas it is \$136.00 from Colombia to Le Havre, France, and \$169.50 for Peru. In fact, freight rates on conferences serving Africa have been frozen since 1986. Shipowners operating within this region recognize that these rates are very low and are rarely the object of rebates (even Maersk has allegedly said that he would not offer much lower rates, should he be involved in the traffic). In contrast, the problem is different for wood products, because freight rates are directly negotiated between shipowners and importers.

The conferences' freight rates are also frozen, since 1986, for the North-South trade. Yet this problem is somewhat different. This freight being more expensive, its traffic gives way to important rebates (allegedly around 30 to 40 percent). It would be instructive to determine the exact level of this competition and the prices actually paid, according to the site of the shipper, to his bargaining power, and to the site and frequency of shipment. Since these rebates reflect the trade policy of each armament in the context of theoretical agreements (each shipping line are supposed to adhere to the conference rates), this would likely be very difficult to ascertain.

These rebates could only be known through the cooperation of the shipping companies. Does Africa benefits in a cost reduction of imported inputs? Or is it to the exporter's sole advantage? If this is the case, the problem is no longer simply one of the freight rate, but one of controlling foreign trade.

While cross-subsidization might occur between import and export traffics, it would be interesting, within the frame of a regional policy, to determine their scope and their correlation with the cross-subsidization practices related to landlocked countries, and possibly other countries.

3.4 Establishment of a Bibliographical Data Bank

It would also be very useful to establish a bibliography of the existing studies published on this subject. Some are confidential, others are insufficiently disseminated and difficult to obtain, and many are even unknown. The result of this discretion is that there are numbers of studies that can not be used, and very often go back to the starting point because of lack of memory. It would thus be very helpful to ensure a follow-up of the work carried out on the subject. In order to establish a bibliography data bank, an expert should be appointed to manage a library to which all institutions working on the subject would agree to systematically send copies of their research papers and publications. Abstracts would be prepared for each document. Efforts should be made to present at the Round Table, in June 1992, preliminary results of a first synthesis of the data bank. This would allow participants to take stock of the current knowledge in the area of transport competitiveness, in order to better orient the future work.

This proposal presents a wide range of actions and studies that would provide a deeper understanding of the maritime sector and the international transport trade. It is obvious that this program would be a daunting task and would be implemented in several stages. Priorities would have to be established. The first of these priorities would be of course to define the instruments without which any evaluation would be impossible or meaningless. A good method for collecting data on transport chains is essential. This first phase should enable African countries to reason on a more reliable basis to assess the role of their maritime trade and decide on the soundness of a given policy. Such tools should be established with coherence in each country of the subregion, in order to be able to aggregate data at the subregional level and allow an evaluation of the maritime policy and its cost in West and central African countries. It would also be important to distinguish between countries in terms of their maritime experience., traffic and economic situation so that possible areas of regional cooperation can be explored. Even if the various countries within the subregion join forces and speak with a common voice, their differences cannot be ignored, for these studies would enlighten each country on their various maritime policy options.

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MINCONMAR'S MARITIME POLICY

CHALLENGES AND PROSPECTS

by Mr. Pufong
MINCONMAR

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PREAMBLE

The current meeting is being held one year after the revision of the Code of Conduct for liner conferences, toward the end of the protracted GATT negotiations and immediately after the recent EC decision on maritime transport. The latter has necessitated a redefinition of maritime relationships between the European Community and the West and Central African subregion. At the same time, it is compelling most states into liberalization, deregulation and privatization of the sector.

Furthermore, beyond the global economic recession seriously affecting all sectors of national economies, other factors which are related to the particular context of this forum are to be emphasized. The changes observed in the last twenty years in the world shipping industry, which seem to have attained their full expression, are some of them.

At both the technical and technological levels, the magnitude of these changes compared with their feeble impact on shipping economies in West and Central Africa raise doubts about the adequacy of the objectives of the maritime policies pursued by MINCONMAR since its inception and especially the conditions for the adaptation of the subregion to the world shipping development.

In the ensuing analysis, the foundations and major thrusts of maritime policies conceived and implemented in West and Central Africa since 1975 will be reviewed. The most significant achievements will be highlighted and a set of orientations and projects that appear indispensable will be outlined in view of the challenges and prospects presented by this new trend in world maritime transport.

1. FOUNDATIONS OF MARITIME POLICY IN WEST AND CENTRAL AFRICAN SUBREGION

1.1 **Dependence of African Economies on International Maritime Transport**

It is a well-known fact that over 90 percent of Africa's international trade is a North-South maritime trade. This is accounted for by historical reasons, but also, and mainly, for reasons of geography, of delays in regional economic integration, and of the structure of national economies—factors which make it necessary to sell in far off places what are still essentially primary commodities and to buy from afar most capital and consumer goods.

The consequences are:

- ever-increasing freight rates;
- increasing investment and production costs;
- relatively unprofitable export industrial and commercial strategies because of high costs of inputs; and
- cumulative adverse effects on balance of payments, etc.

These unfavorable factors have led countries of the subregion to consider maritime transport as an unavoidable element of their economic and social development. From this perspective, the promotion of the sector at national and regional levels was seen as a way of ensuring:

- security of supplies;

- reduction of economic dependence;
- balance between interests of shippers and of shipowners;
- economic integration through development of coastal shipping;
- creation and diversification of employment;
- access to new markets; and
- improvement of balance of payments.

It is, thus, clear that maritime transport is perceived, and rightly so, as an industry which cannot be adequately evaluated solely on the basis of immediate profitability but as a sector with diverse economic and social benefits. Furthermore, the effects of the lack of participation in this sector and of the total lack of control over costs of services are a great disadvantage. Such considerations, it must be admitted, exceed the mere subregional boundaries in so far as they concern all developing countries. It is, in fact, hardly surprising that countries of the subregion have found a favorable international framework for the expression of their aspirations as well as solid basis for the definition of the political development of their maritime transport industry.

1.2 Favorable International Framework for Formulation of Subregional Maritime Policy

The spirit of Bandung, which fostered the emergence of a solidarity of interests among Third World countries, certainly prevailed in all international fora and all the major sectors of the political and economic activities of nations as far as the 1960s, and international maritime transport was no exception to this.

Thus, the inclusion of the issue of maritime transport in the proceedings of the first UNCTAD meeting, held in Geneva in 1964, and the link established between shipping, international economy and development served as the catalyst for the decisive development of the sector as attested by the following facts:

- In 1965, UNCTAD's Committee on Shipping was formed with the mission to study economic and legal aspects of maritime transport.
- In 1967, the developing countries met in Algiers to adopt the charter known as the Charter of Algiers in preparation for the second UNCTAD meeting scheduled to be held New Delhi. This Charter reiterated a number of positions such as:
 - the protest by developing countries against monopolistic and discriminatory practices as well as excessively high freight rates charged by conference lines;
 - the access by developing countries shipping lines to liner conferences;
 - the need for cooperation among developing countries to defend their common interests; and
 - the principle of protection of national flags through freight reservation.

- In 1972, on the occasion of its third session, in Santiago of Chili, UNCTAD affirmed the principle of increased and substantial participation of developing countries in the shipping of their external trade.

The consensus between the leading maritime nations and developing countries focussed attention on the need to establish a Code of Conduct for liner conferences.

Following difficult negotiations, such a code was adopted on April 6, 1974. This international legal instrument which became effective on October 6, 1983 and has been, to date, ratified by 19 of the 25 States that compose MINCONMAR, offers, through its objectives and principles, high prospects likely to foster the setting up of commercial fleets and provide the basis for a coherent maritime policy.

Its objectives are, in this regard, particularly significant:

- guaranteeing national lines traffic rights which would enable them to carry a significant share of the external trade of their countries;
- ensuring a balance between interests of shippers and of shipowners; and
- facilitating the harmonious development of liner traffic.

The provisions of the Code deemed to be the most relevant concern essentially:

- the concept of national shipping line and of membership, by right, to conferences serving the subregion;
- the monitoring of cargo allocation and sharing (according to the so-called 40/40/20 formula);
- the freight rates and the mechanisms for their determination; and
- the mechanism for consultation between shippers and shipowners.

The Code of Conduct is the basis of the maritime policy applied in West and Central African States that endeavored to translate these principles and objectives into concrete action.

2. SUBREGIONAL MARITIME POLICY

2.1 **Objectives of the Subregional Policy**

The determined will of West and Central African countries to take charge of their maritime destiny was essentially based on the hope raised by the Code for a "New Maritime Order" which would be more just and equitable. However, the maritime policy of the subregion, in its formulation, advocated diversification as a way of covering all activities related to maritime transport.

Thus, the objectives of maritime policy spelled out by the charter of West and Central African Maritime Transport known as the "Abidjan Charter" and reiterated in substance by the Convention on the institutionalization of MINCONMAR are as follows:

- coordination of the maritime policies of countries of the subregion;
- creation of shippers' councils and grouping of these councils in an organization of cooperation;
- establishment of FAL Committees aimed at the simplification of administrative formalities for international maritime trade;
- creation of an organization for the pooling of freight in order to promote shipping lines in the region;
- creation and development of merchant fleets;
- coordination of national shipping lines in order to optimize the use of shipping capacities; this would involve a joint organization of lines and agencies for the pooling of operations;
- study on the propriety of the creation of regional shipping lines;
- setting up of the equipment that is indispensable for ensuring the smooth flow of trade;
- organization of the use of port facilities through the establishment of appropriate management structures and the rational and economic use of labor;
- maritime training through the establishment of regional centers; and
- granting of preferential treatment and of adequate transit facilities to landlocked countries for the importation and exportation of their products.

2.2 Instruments of Implementation

The creation of MINCONMAR, in 1977, with the signing of the Convention on the institutionalization of this organization as a permanent framework for consultation, was an act of high political impact translating the unprecedented commitment of countries of West and Central Africa to definitely take charge of their maritime destiny. Composed by half of the OAU membership, it remains unique in the world by its objectives and number of members. In addition to the General Assembly and the General Secretariat which form the basic organs, it comprises three specialized agencies with specific functions:

- Union of African Shippers' Councils (UASC);
- Association of National Shipping Lines (ANSL); and
- Ports Management Association of West and Central African States (PMAWCA).

2.2.1 UASC

The objectives of the UASC, set by MINCONMAR, aim at regulating national and subregional maritime traffic with a view to reducing costs for shippers and national economies. On this basis, from 1975 to date, the activities of UASC extended to the following areas:

- the strengthening of mechanisms of consultation and negotiation with liner conferences;

- the reduction of the transport cost impact on the economies of the countries of West and Central Africa;
- the rational organization of traffic and the optimization of maritime transport services of member states;
- the promotion of any cooperation policy aimed at protecting the interests of members with regards to problems relating to shipment of goods;
- the establishment and maintenance of relations with transport companies or associations, ports, foreign shippers' councils, international organizations, governments and institutions in order to review issues related to the interest of the subregion in matters of transport costs, cargo sharing, pooling of goods and simplification of administrative and customs procedures;
- the organization of meetings which should enable national shippers' councils or similar bodies to exchange views on common problems encountered in the performance of their duties;
- the pooling of exports and imports to reduce their costs;
- the creation of common agencies for cargo sharing and representation in ports of foreign countries; and
- the simplification of administrative formalities related to international maritime trade.

2.2.2 ANSL

ANSL aims at supporting the economies of the subregion in the field of maritime transport, notably through an increased participation of African fleets in all traffics.

In this regard, MINCONMAR has taken many resolutions aimed at:

- urging member lines to integrate maritime conferences;
- protecting member lines against unfair competition and dumping;
- reserving 40 percent of national traffic rights generated by external trade to the national lines;
- ensuring their members' development through cargo sharing as well as CIF sales and FOB purchases; and
- promoting pooling and integration for any type of transport.

2.2.3 PMAWCA

Created at the initiative of the ECA well before the Ministerial Conference, of which it is now a body, the PMAWCA has affirmed itself over the years as a valuable instrument of port cooperation and development in the subregion. Its objectives, it must be recalled, are the following:

- to seek improvement, coordination and harmonization of African port operations, equipment and services of members of the Association with a view to increasing their efficiency in relation to ships and other forms of transportation in Africa;

- to ensure, with the participation of other port and harbor authorities, similar institutions and governments, the coordination and development of the activities of the Association's members;
- to establish and maintain relationships with transport companies and institutions, international organizations and governments for the study of matters of interest to the Association's members; and
- to provide a forum for the members of the Association to exchange views on common problems.

In addition to these three specialized agencies, mention needs to be made of the two Regional Maritime Academies of Accra and Abidjan that play a treble role of training and educating, upgrading, and research, which provide the necessary support to this specialized and developing industry.

2.3 Contribution to Regional Integration

It is worth noting, upon analysis, the extent to which the objectives of the maritime policy of MINCONMAR and its special bodies follow the objectives and principles of cooperation in transportation and communication, laid down at the commercial level, in the framework of regional economic integration. In this connection, mention may be made of:

- The OAU Charter, which, in paragraph 2 of Article 2, provides for the coordination and harmonization of policies in general and, transport and communication policies of member states in particular.
- The African Declaration of Cooperation, Development and Economic Independence of 1973, which, among other things, provides for:
 - facilitation of rapid transportation of persons and goods;
 - opening up of landlocked countries;
 - establishment of shippers' councils and consortiums of African shipping lines for a more effective use of resources and trade operations; and
 - formulation and setting up of a negotiating mechanism for freight rates in order to stimulate exports from African countries, etc.
- The Lagos Plan of Action on the Economic Development of Africa, adopted in 1980.
- The Priority Program for the Economic Recovery of Africa, which reiterate the overriding need to develop maritime transportation in Africa, stresses the need to coordinate national policies implemented in this sector and make provision for maritime cargo sharing.

This interconnection of objectives and principles is indicative of the interest and role played by transportation in general and maritime transport in particular in the global development strategy of the continent. In this regard, the achievements of the subregion need to be highlighted.

3. DEFINITE ACHIEVEMENTS AND SUBSTANTIAL CHANGES

3.1 Achievements

The implementation of the provisions of the Code of Conduct for liner conferences relating to cargo sharing even before its entry into force and in agreement with the major commercial partners in the subregion, not excluding national shipping lines of concerned countries, nor those of third countries, nor non-conference lines, enabled shipping lines in the subregion to significantly improve their participation in the trade and carry 20 to 25 percent of the maritime trade.

It further made it possible to effectively seek, in the trade carried by conference lines, greater adequacy between supply and demand of shipping services. The purpose of this was to reduce the adverse effects of world shipping overcapacity on the economies of the subregion which are already heavily dependent on their external trade.

It is also worth noting the institutionalization of consultations on freight rates between conference lines serving the external trade of the subregion and shippers regrouped in the Regional Freight Rates Negotiating Committee, the operational body of the Union of African Shippers' Councils. These consultations helped to improve the quality of maritime services available in the subregion and to offer, both for exports and imports, freight rates that are more just and more compatible with the structures and level of national maritime economies. Thus, following difficult negotiations, UASC succeeded in significantly reducing the annual level of freight rate increases and managed the "tour de force" of stabilizing these rates, with no increase since 1986, although the average inflation rate is not negligible. This performance enabled the subregion to save about FCFA 724 billion in foreign exchange from 1975 to 1989. Additionally, the conference lines have agreed to apply preferential tariffs on the basic commodities of the subregion, most of which generate over 50 percent of the export earnings of member states.

A special mention should also be made of the deep transformation of seaports, in terms of equipment and infrastructure, in their attempt to adapt to new unitized loads and to containerization. Developments observed in port systems of the subregion include also improvements of management and operation of port facilities with an increasing search for efficiency and productivity.

Finally, maritime training, which is the fundamental support activity for the synergy of all shipping activities, is carried out in accordance with the highest international standards and in close collaboration with IMO, on the one hand, and UNCTAD, notably through the TRAINMAR program, on the other hand. Training, be it initial or promotional, of sea going or shore based officers or agents is carried out, as might be recalled, by the two regional maritime academies, that of Abidjan for francophone countries and that of Accra for the anglophone.

These achievements—of which some of the most significant have just been mentioned—which are, fortunately, directed toward a lasting endogenous development of the countries of the subregion, give room for hope. This needs to be stressed, especially in view of the fact that these achievements were arrived at in an unfavorable environment which adversely affected them in many ways. But the economic and structural crisis being experienced in the world maritime shipping for many years now brought about new challenges which need to be carefully identified in order to lay the basis for fresh redeployment of efforts.

3.2 Significance and Impact of the New Challenges

The challenges facing the countries of the subregion today are essentially structural, technical and technological, rather than political. The new developments observed in world shipping in the last 20 years have implications which go far beyond the shipping activities as such and which notably affect other modes of

transportation. Be it for the acquisition of new large and specialized transport units, such as third generation containerships, or of modern management and operating techniques and tools, that are the indispensable factors of efficiency and performance, these developments are somewhat bypassing African states.

This situation is due to the persistent international economic recession, the continued deterioration of commodity prices, the debt burden and the drastic effects of structural adjustment programs. These factors have hampered investments badly needed notably for the procurement of new ships, modernization of equipment and managerial methods, infrastructure and surface equipment.

Furthermore, the present low level of commitment of the subregion to the integration of pre- and post-shipping services, in particular international plurimodal transport, and the challenging of the liner conference system are some of the vital areas that need to be addressed in the definition of new strategies of maritime policy in the subregion.

It is however important to point out that the West and Central African subregion has already reacted, albeit timidly, to international developments. Thus, regarding the introduction of containerization on the majority of lines serving the subregion, the ministerial conference has reasserted on numerous occasions the political will expressed by its member states not to be left out of the sector. The strong national and international sensitization exercise undertaken has led to the adoption of administrative, commercial and training structures, and to the development of adequate know-how and of well trained personnel.

As regards merchant fleets in the subregion, the need for a more regional, international and integrated approach has been recognized. However, and in spite of efforts being made at various levels, it is obvious that national economies can hardly bear the cost of refurbishing fleets, modernizing ports and developing land transport system.

Apart from the foregoing, it is clear that the factors that influence the very organization of maritime trade, and access to cargo, by African shipping lines have had an even more negative impact.

EC/MINCONMAR CONFLICT

In recommending to its member states to ratify the code, the EC made a set of reservations, called "Brussels Package" (Regulation No 954/79 of May 15, 1979), that actually was against the principle of universality of the Code, as outlined in its preamble. Furthermore, with the adoption, in 1986, of the four regulations on maritime transport, the EC demonstrated its determination to fight any protectionist measure. These rules were reiterated at the national level by the EC member countries. Today, the EC has not only suspended negotiations on the organization of maritime traffic between Europe and West and Central Africa, but has, through DG IV, sued African freight bureaus based in Europe in the frameworks of the armament committees.

LOMÉ IV CONVENTION

The historical background of negotiations on provisions relating to maritime transport of this convention brings out the highly divergent views between the EC and the ACP Group of countries, in particular the West and Central African countries, in so far as the said provisions are a mere new assertion of the principles set forth in the Community regulations of 1979 and 1986.

On the whole, and with regard to the two above-mentioned aspects, what is the true relation between the subregion and the EC? On the one hand, regulations aimed at sustaining a policy of uncontrolled access to traffic have been enacted. On the other hand, and paradoxically, various forms of aid are granted to shipbuilding industries and shipping lines to enhance rapid technological innovations. As a result, developing

countries have been deprived of any possibility of effectively competing. World demand for transport has been maintained at an abnormally high level and this has fueled a "race for subsidies", thus contradicting the rules and foundations of the concept of "free access on an equitable basis."

REVIEW CONFERENCE ON THE CODE OF CONDUCT

It will be recalled that this Conference adopted a resolution that not only recognized the continued validity of the Code, but set forth six interesting guidelines regarding notably the broadening of the role of governments in the application of the Convention, the encouragement of negotiations of shippers organization at both ends of the traffic, and the extension of the scope of application of the Convention to plurimodal transport, transhipment and slot/space chartering.

Fundamental issues, however, such as the extension of the scope of application of the Convention to liner trade as a whole and to cargo sharing have not been resolved. Therefore, in its general declarations, at the opening and closing sessions, the Group of 77 had confirmed its position on these points and insisted on:

- the maintenance of bilateral agreements between partners;
- the concept of traffic rights belonging to states;
- the distribution of cargo by shippers' councils; and
- the significant participation of national lines in the foreign trade of commercial partners.

THE GATT NEGOTIATIONS

Negotiations on the liberalization of services are intended to free maritime transport and related services of any obstacles that could hamper free participation in the trade. In this respect, any regulation, tariff, or other obstacle would have to disappear.

The present analysis takes a critical view of the commitment to maritime ventures of the subregion's states, operating as they are in an environment where the conjunction of so many adverse factors affects an emerging industry, and calls for an in-depth assessment of this commitment. In connection with this, it is worthwhile to outline prospects and projects.

4. PROSPECTS AND PROJECTS

It appears clearly that nothing in this analysis questions the validity of the maritime development objectives pursued by the Ministerial Conference since its inception. On the contrary, MINCONMAR has succeeded, in an unfavorable environment, to bring about notable progress in many areas of maritime activity. Given the political will of member countries, what is now left to explore, is the feasibility of effective development activities. These activities, as dictated by the international environment, necessarily require the strengthening of the cooperation between the MINCONMAR countries and with foreign partners, and the support of the international technical and financial institutions. The following options and actions are proposed:

4.1 Knowledge and Control of Trends in the Sector

Knowledge and control of the sector evolution must be continuously developed by setting up simple systems to monitor technical, political, economic, commercial and statistical trends. In this regard, the following actions should be given the necessary support:

- creation of a regional maritime data bank;
- establishment, within MINCONMAR, of a regional body for strategic reflection;
- monitoring of the subregion's supply of regular lines and tramping services (tonnage, price, etc.);
- facilitation and simplification of administrative and customs procedures; and
- pursuance and intensification of training and upgrading effort.

4.2 Forms of Cooperation

Associative cooperation forms based on the acquisition and improvement of know-how in the process of integration into international shipping maritime transport must be developed. Each party must, in return for the financial support it stands to gain in its association with regional bodies, contribute through its trade inputs (market shares), resources and expertise to the development of the structuring role of transportation as far as regional integration is concerned.

4.3 Concept of Traffic Rights

A flexible and qualitative management of traffic rights is the only inexpensive means of ensuring adequate market shares to render African services viable. The only real problem resides in the effective pooling of these market shares.

4.4 Participation in shipping activities

A new approach, which should go beyond the traditional context of trade with Europe, would take advantage of ship or space, now universally recognized (chartering formulas), and adopt the association of operating partners with unequal financial capacities, thereby ensuring that all parties take part in the trade. The only issues that would need to be resolved in this context are essentially organizational in nature. It could be envisaged, for that matter, to establish flexible structures, such as the GIE, to which a legal framework of evolution and development would be given.

It needs to be mentioned, however, that participation in integrated shipping requires a critical size and a significant share of the market in order to create the desired impact. National external trades in the subregion are too fragmented and, therefore, need to be regrouped to serve as a basis of intervention for operators in the subregion. But, some markets are complementary whereas others compete with each other. This is even more true of services which must concentrate on major bases and areas with splitting points which already result in a reduction in the number of ports of call.

In all cases, (shipping lines, ports, etc.) concessions must be made. It is certainly preferable to jointly evaluate these unavoidable concessions rather than allow an excessive intraregional or external competition impose them.

4.5 Framework for Inter- and Intra-Regional Relations

Relations with third country partners must be based on the principle of negotiations between equal forces:

- bidding, tender specifications;

- ensuring that rights are respected and obligations fulfilled by all parties;
- frequency, regularity, capacity, scope and quality of services; and
- observance, breakdown and transparency of prices.

These obligations are justified by the fact that maritime services of the region are, to some extent, similar to public interest services: shipping of primary products at controlled prices, reliable and regular means of supplies, etc.

Relations must not, therefore, be limited solely to the maritime aspect of the liner sector. They must cover the input and output levels of the maritime leg as well as the transportation of homogeneous cargo.

Clauses on pooling of transport means, on space chartering and consolidation of market shares must safeguard the regional and/or national nature of operators in the subregion: common or distinctive bills of lading, liability system, marketing networks, etc.

4.6 Broadening Regional Solidarity

In specific regional areas, two aspects need to be stressed:

- inter-regional coastal shipping, including split traffic and feeders services which naturally depend on regional expertise; and
- ports and land services will continue to harmonize their procedures for a greater simplification and facilitation of transport.

Cooperation will therefore seek to promote the pooling of working and managing methods, transfer of organizational expertise on computers' utilization, etc.

4.7 Shippers' Councils

The preceding analysis makes it necessary to confirm and develop certain functions presently fulfilled by shippers' councils or equivalent bodies. They play or, actually, should play the role of transport advisers in their capacity mixed agencies overseeing the interests of external trade operators and of shippers. They need to be more effective in the following areas:

- *Information*: data exchange, standardization of database, better knowledge and monitoring of the sector;
- *Assistance to Shippers*: global services of tariff management, transport conditions and procedures, quantitative and qualitative adaptation of demand to supply of services, custom-tailored services, notably for export products, counselling and training.
- *Relations with Shipping Lines*: maritime transport operators have a vital need of their market share, but they cannot serve it directly by themselves or have it served by the Administrations. The criticisms this has raised so far are well-known. If the choice of joint bodies such as shippers' councils is definitively challenged for this function, then it is the entire regional maritime policy which is in doubt. Such bodies adapted to the new environment are the only ones likely to make the insertion or integration of regional shipping companies possible.

Councils should, indeed, pay more attention to some specific issues and develop their actions in areas such as:

- arbitration between shippers and shipping lines;
- negotiations and advice;
- respect of partners' rights and obligations; and
- assistance to shippers.

These are the roles played by the FMC in the U.S.A. and, increasingly, by the EC Commission in Europe. At the level of the MINCONMAR subregion, the UASC, through its member councils, is in the best position to fulfill them.

5. CONCLUSION

MINCONMAR's member countries currently have real difficulties to finance their land infrastructure, notably their intra-regional links. For the while, the maritime sector provides the major link. Since they are unable to operate on a too narrow market, African armaments must combine the shipping generated by their external trade with that of the world trade. Furthermore, these trades do not represent enough volume to ensure the competitiveness of too many small operators, with the result that the latter are forced not only to regroup themselves, but also to collaborate with third countries' partners. Such connections already exist, but they do not seem to be adequately balanced, nor do they always offer real prospects for the insertion of national enterprises in the international transport flows.

The lack of adequate means to create or renew national or subregional fleets is not an unsurmountable obstacle. It can, indeed be overcome through cooperation. It is thus essential to find ways and means of

reinforcing subregional cooperation. In this perspective, regional agencies should be given the opportunity, through support programs and appropriate projects, to:

- update their common strategies;
- acquire the necessary tools for analyzing the transport conditions of their regional and international trade;
- control their relations with their third countries' partners; and
- ensure the global promotion of their transport services and, through them, an development of their external and regional trade.

This is, therefore, the place and the time to strongly appeal to the represented multilateral agencies and to the representatives of shipping operators and of third countries for their financial and administrative support to these ambitious, but realistic, objectives envisaged under short- and medium-term study programs.

EC SHIPPING POLICY AND TRADE WITH WEST AFRICA

by Mr. Petropoulos
Commission of the European Communities

All shipping policies depend not only on the acceptance of the rules by the operators but also on the respect of these rules by the other partners in the trade. In such circumstances the principles which guide shipping policy must be consistent with internationally acceptable principles and practices. These considerations are at the heart of the Community policy on maritime transport. Consequently Community shipping has developed in response to developments in world shipping and the position of Community shipping in the world market.

The Community as the world's largest trading entity has a particular interest in reliable and efficient shipping services for its foreign trade. Ninety percent of that trade is carried by sea. The shipping industry is also a substantial economic sector in its own right. Although it has seen a significant decline in its own share of total world shipping over the last decade, it still carries a large part of its own seaborne trade. The industry also has a major interest in cross-trading between third countries.

These considerations lead the Community naturally towards a shipping policy which fits happily within its general commercial policy, namely, to encourage open and competitive trade. Open and competitive trade does not, however, mean that we should confuse *laissez-faire* with *laissez-aller*.

Like many other shipping industries, the Community industry has faced over a prolonged period a depressed world market. It has faced the attempts from an increasing number of countries to use protectionist measures to develop their fleets and it has faced cut-price competition from lines that do not have to respect the disciplines of the market place. Added to this, is the fact that the Community is a relatively high cost environment.

All this makes the Community industry very vulnerable to competitive pressures. Consequently there has been a substantial decline over the last decade in the merchant fleet registered in the Community, from about one third of the world tonnage to about 14 percent.

In response to these challenges the Community has defined its shipping policy. For the benefit both of its foreign trading to and from all continents and the deployment of its fleet on all seas, the Community strives for the application of commercial principles free of distortions of competition.

At the same time the Community has to see to it that the operating conditions for the European shipping industry are such that the competitiveness of ships registered in the EC and manned, as far as possible, with seafarers from the member states, is safeguarded, while at the same time ensuring that working conditions for seafarers are optimal and that high safety and pollution prevention standards are applied.

The Community's contribution to a harmonious development of the shipping industry worldwide started in 1979 with the adoption of the "Brussels Package" concerning the UN Convention on a Code of

Conduct for liner conferences, which enabled the member states to ratify the Convention with a number of reservations.

The Code, as adopted in Geneva in 1974, is basically incompatible with certain provisions of the Treaty of Rome, in particular the principle of non-discrimination on grounds of nationality, which underlies the right of establishment and the freedom to provide services. The Code, by regulating the relation between shipowners, members of a conference, on the one side, and the relation between conferences and shippers, on the other side, raised difficult issues under the competition rules of the Community.

Through the Brussels Package the Community found the means to avoid the incompatibilities with the Treaty and to preserve competition on a commercial basis whereas offering national lines of developing countries particular opportunities to participate in liner conferences and the trade carried by them.

As free and fair competition is one of the basic objectives of its shipping policy, the Community adopted, in 1986, a number of legal instruments to implement this objective, whereas applying basic provisions of the Treaty of Rome relating to the freedom to provide services and the competition rules.

The regulation applying the freedom to provide services to maritime transport between member states and third countries progressively removes, over a period ending on December 31, 1992, existing restrictions for community shipowners—either by unilateral measures or through bilateral cargo sharing agreements. It prohibits also cargo sharing arrangements in future agreements with third countries, unless under specified exceptional circumstances in the liner sector.

For existing bilateral agreements and in accordance with the provisions of the regulation, member states which have agreements containing cargo sharing arrangements have to phase out or appropriately modify such arrangements.

The regulation laying down rules on competition for the application of the Articles 85 and 86 of the Treaty of Rome to international maritime transport services from or to Community ports aims to ensure that competition is not unduly distorted through restrictive practices, whereas avoiding excessive regulation of the market.

The group exemption for conference agreements from the general prohibition of restrictive agreements under the Treaty is granted subject to a number of conditions and obligations and on the assumption that conferences operate in open trades. In circumstances where competition in a given trade is precluded by preventing the operation of non-conference lines as a result of, *inter alia*, action by a third state, a fundamental requirement is no longer met and the group exemption shall be withdrawn.

Regulation No. 4057/86 addresses the problem of unfair pricing practices in liner shipping. It provides for the imposition of a regressive duty on foreign shipowners enjoying non-commercial advantages granted by a third state and persistently charging freight rates which are too low to be sustainable by companies operating on a commercial basis.

The last of this package of regulations concerns coordinated action to safeguard free access to cargoes for Community shipowners. It provides for consultations and eventually measures to be taken to counter restrictions imposed by third countries.

In implementing its shipping policy the Community has consistently acted to ensure free and non-discriminatory access to cargoes and to secure fair competition on a commercial basis in its trades, with due respect for the interests of shippers. In respect of restrictive measures by third countries or unfair practices by foreign shipowners, the regulations serve to discourage such practices or, when these do occur, to achieve

effective solutions through negotiation. In cases where this is not achieved, the regulations provide the basis for defensive action to counter such measures and practices.

The pursuance of its policy objectives has meant an increasing involvement of the Community in international shipping issues. An extensive and increasing number of cooperation agreements has provided the framework for cooperation with several countries.

As regards West and Central Africa the framework within which this cooperation is decided is the framework of the LOMÉ IV Convention.

For those unfamiliar with the LOMÉ Convention, it is worth repeating that it is a contractual arrangement, freely negotiated by its members, which links 69 African, Caribbean and Pacific (ACP) countries with the 12 member states of the Community and the Commission of the European Communities. Articles 126–131, Article 134 and Annexes XVI–XIX of the Convention deal explicitly with shipping, including liner conferences, the Code of Conduct and the eligibility of shipping services to benefit from development aid.

Already during the LOMÉ III Convention the consultative procedures were invoked to discuss with West and Central African states certain practices regarding cargo allocation and restriction of access of outsiders to the trade. These consultations gave rise to a report which was presented to the joint ACP-EEC Council of Ministers at Mauritius, in May 1988. The report contained the principles of cooperation between the countries represented in MINCONMAR and the Community with a recommendation to both parties to continue discussions on the modalities for applying these principles.

Shortly thereafter the negotiations for the LOMÉ IV Convention began. As a result of these negotiations the original articles governing the principles and objectives of cooperation and which provided the grounds for the joint report remained unchanged but two observations were added explaining the different approaches of the Community and the ACP to the development of shipping services. These are contained in Annexes XVI and XVII.

The above framework is an important element in understanding the Community's shipping policy toward West and Central Africa. It is a coherent policy which combines the Community's policies, in the fields of shipping and competition, together with the objectives and principles subscribed to by the parties to the LOMÉ Convention—including all the West and Central African states.

The most recent example of the application of our policy affects principally the European end of the trade.

On April 1, 1992 the Commission adopted a Decision on the French-West African shipowners committees' case. The Commission found that their arrangements were contrary to the EC competition rules. In particular, they permitted the foreclosure of certain EC national markets to competition from other EC member states' shipping lines, which is contrary to the very objective of the Community to build up a single, unified market. The Commission also found that the practices of the committees led to higher transport costs for goods moving between France and West Africa, to the detriment of EC and West African shippers.

For these reasons, the Commission prohibited French-West African shipowners committees and imposed fines on their members, some of which undertook a number of steps which might serve to open up the market to competition.

While adopting its decision, the Commission took into account the undertakings unilaterally offered by a number of French shipowners.

As to the commitments of the French shipowners, they must be taken for what they are: certain steps which the group in question has taken, or is taking, and no conclusion may be drawn from them regarding the Commission's attitude towards cargo reservation measures of African states.

Clearly the Community will continue to take action against companies which do not respect competition law. However this action should not be viewed in isolation. It is necessary to ensure that an efficient and reliable trade can continue to operate in conformity not only with competition law, but also with shipping and development policies as contained in the LOMÉ Convention.

Evidently the time has come to re-launch the dialogue with West and Central African states to take account of these events and of the other challenges facing us all in the present difficult period. It is important, however, to understand that such a dialogue cannot take place fruitfully if it tries to deal exclusively with the problems of the existing arrangements. We must look at the whole question of transport and put it in its overall economic context if we are to advance.

All the current indicators of economic activity suggest that the world economy is not going to grow rapidly in the immediate future. It will take some time for even the most buoyant industrialized economies to overcome the effects of the recession and provide the growth stimulus for the global economy. Equally the principal indicators, particularly the World Bank forecasts, suggest that developing country economies grow in proportion to the growth in industrial countries. What is alarming is that the most recent report on Global Economic Prospects of the World Bank suggests that this relationship which seems to exist for most developing countries does not hold for the countries of Sub-Saharan Africa.

There are obviously a number of reasons for this difference but one is certainly the growing isolation of many African countries from the influence of the market place on which they are trading. Whatever one might think about the role of the market in taking economic decisions—and the Community recognizes the market as the predominant influence in economic decisionmaking—the signals from the market are essential elements in forming economic policy. Without them there is no objective information on efficient use of resources, nor on how to order priorities in the use of resources.

It is for this reason that so many countries are trying to restore transparency to economic transactions, to liberalize their economies by introducing competition and by decentralizing commercial decisions. Against this background and the background of structural adjustment policies designed to bring deficit economies back into sustainable equilibrium, it is necessary to examine how best to apply similar objectives to the transport sector.

We should all support the aspirations of African states for greater participation in international shipping services. It is sensible to try to ensure that African companies are able to compete for a significant part of that trade. What is not reasonable is to assume that it is profitable to do so by closing the trade and restricting the market. The Commission is persuaded that pursuing such a policy will run counter to the more pressing economic priorities already adopted by ACP states. We are also persuaded that our partners themselves are convinced of the correctness of this approach.

It would be too dramatic to suppose that either we or our African partners have at hand a ready solution to the problems of bringing the West and Central African shipping trade with the Community to a perfectly balanced state where every participant could attain his own ambitions. However, the provisions of the LOMÉ Convention do provide a range of opportunities which permit us to start toward a solution. We must assume, for example, that the priorities set out in Article 129 of the Convention reflect the areas where our partners

believe that we can help them. Nevertheless we must also look at other recent developments to see if there are further opportunities.

There are two areas to which attention must be given. The first is the growing importance of service industries—of which transport is the most obvious one—in the general health of the economy. A survey carried out by the services of the Commission several years ago on the importance of services in the principal trading economies of the ACP, including countries of West and Central Africa like Cote d'Ivoire and Nigeria showed that all those having a surplus on visible trade had a significant net deficit on trade in services. The one exception was Kenya which had a surplus from its tourist industry.

In some cases the deficit in the external account was almost equivalent to the transfer of funds overseas for unspecified services. This item reflects among other things the costs of foreign experts, a classic indicator of the import of services. We in the Commission are concerned that this situation should be tackled with urgency. The contracting parties of the LOMÉ Convention also gave importance to this aspect which is why they included a provision (Article 185.2) which states that "The ACP states and the Community recognize that the long-term aim in this area is a progressive liberalization of trade in services with due respect for national policy objectives and taking account of the level of development of ACP states".

Article 185 also provides for further negotiations to amend or complete the text of the LOMÉ Convention to take account of the current negotiations to establish a General Agreement on Trade in Services, as a corollary to the Uruguay Round negotiations in the GATT.

Liberalization and development of trade in services were seen by the LOMÉ signatories as being two parts of a single objective, namely the objective of supporting ACP efforts to increase their domestic capacity to provide services in view of improving the working of their economies, relieving balance of payments constraints and stimulating the process of regional integration.

As regards this last aspect, which is the second important new element, it must be recognized that there is a growing interest in the movements toward regional integration. The Commission was charged, in the framework of the Global Coalition for Africa (GCA), to prepare the work on regional integration and a preliminary presentation was made in Kampala, Uganda, only last month. The presidency of the new working group on regional integration within the GCA will be assured by President Diouf of Senegal.

One of the main tasks of this group will clearly be to examine the opportunities for intra-regional trade but it will also have to examine the obstacles to that trade, including transport constraints and the other associated problems such as Customs administration and non-tariff barriers. There is surely a place for the shipping industry to contribute to the problem solving in this area.

What we would like to examine now with our African partners is how, using all the instruments at our disposal, we can meet the ambitions of both parties. The objectives of our shipping policy of an open and competitive trade, the respect of our competition laws and the establishment of competitive services in the ACP as subscribed to by the contracting parties to the LOMÉ Convention show a consistency of approach of both ACP governments, and the Community and its member states.

It is also in this context that we require a dialogue with our own shipping industry. They clearly have the capacity to assist us all in arriving at a solution which not only respects the regulatory framework but also the real commercial constraints.

If there is no immediate solution to offer, there is equally no reason for pretending that the problems are insoluble. We all recognize that solutions will take time to formulate and be put into practice. This

presentation from the Commission of the European Communities is designed to set the framework within which further dialogue can take place to find a mutually satisfactory outcome. What no one can afford to do any longer is to pretend that past practices are untouchable or unchangeable. The cost to us all is too high. Since it is always the poor that suffer from high costs, it is the ACP that will suffer most. The Commission wants to ensure that the ACP do not have to continue with this extra burden.

Article 126

1. The Contracting Parties acknowledge the importance of shipping services as one of the forces behind economic development and promotion of trade between them.
2. The objective of cooperation in this field shall be to ensure harmonious development of efficient and reliable shipping services on economically satisfactory terms by facilitating the active participation of all parties according to the principle of unrestricted access to the trade on a commercial basis.

Article 127

1. The Contracting Parties underline the importance of the United Nations Convention on a Code of Conduct for Liner Conferences and the ratification instruments thereof, which safeguard the terms of competition in maritime matters and afford, inter alia, the shipping lines of developing countries extended opportunities to participants in the conference system.
2. Consequently, the Contracting Parties are agreed, when ratifying the Code, on taking prompt measures for its implementation at national level, in conformity with its scope and provisions. The Community shall assist ACP States to apply the relevant provisions of the Code.
3. In conformity with Resolution 2 on non-Conference lines, annexed to the Code, the Contracting Parties shall not prevent non-Conference lines from operating in competition with a Conference line as long as they comply with the principle of fair competition on a commercial basis.

Article 128

Attention shall be given in the context of cooperation to encouraging the efficient shipment of cargo at economically and commercially meaningful rates and to the aspirations of ACP States for greater participation in such international shipping services. In this respect, the Community acknowledges the aspirations of ACP States for greater participation in bulk cargo shipping. The Contracting Parties agree that competitive access to the trade shall not be impaired.

Article 129

In the framework of financial and technical assistance for shipping, special attention shall be given to:

- effective development of efficient and reliable shipping services in the ACP States, notably the gearing of port infrastructure to meet traffic requirements and the maintenance of port equipment;

- maintenance or acquisition of handling equipment and watercraft and their modernization in line with technical progress;
- development of inter-regional shipping with a view to encouraging intra-ACP cooperation and improvements in the functioning of ACP shipping;
- technology transfer including multimodal transport and containerization for the promotion of joint ventures;
- setting up of appropriate legislative and administrative infrastructure, and the improvement of port management, notably through vocational training; and
- development of inter-island shipping services and connecting infrastructure, and increased cooperation with economic operators.

Article 130

The Contracting Parties undertake to promote shipping safety, security of crews and the prevention of pollution.

Article 131

In order to ensure the effective implementation of Articles 126 to 130, consultation may take place, at the request of either Contracting Party, where necessary under the conditions provided for in the rules of procedure referred to in Article 11.

Article 134

Cooperation activities in the transport and communications fields shall be carried out in accordance with the provisions and procedures laid down in Title III, Part Three, of this Convention.

Annex XVI

Joint declaration on Article 127: United Nations Convention on a Code of Conduct for Liner Conferences

In view of the importance of the United Nations Convention on a Code of Conduct for Liners Conferences and the desirability of its rapid implementation, the Contracting Parties invite the Members States of the Community and the ACP States who have an interest in shipping and who have not yet adhered to or ratified the Code to do so as soon as possible after signature of the Convention. In this respect, the Contracting Parties recognize that, when the Member States of the Community ratify the Code of Conduct or accede to it, they will do so in accordance with Regulation (EEC) No. 954/79 concerning the ratification by Member States of, or their accession to, the United Nations Convention on a Code of Conduct for Liners Conferences.

Annex XVII

A. Declaration by the Community and the Member States on Articles 126, 127, 128, 130 and 131

The Community and its Member States interpret the expression "Contracting Parties" as meaning, on the one hand, the Community and the Member States, or the Community, or the Member States, and, on the other, the ACP States. The meaning to be attributed to this expression in each case is to be deduced from the relevant provisions of the Convention and from the corresponding provisions of the Treaty establishing the European Economic Community.

B. Declaration by the ACP States on the declaration by the Community and its Member States on Articles 126, 127, 128, 130 and 131

The above declaration by the Community shall not prejudice the provisions of Article 1 of the Convention concerning the definition of Contracting Parties.

Annex XVIII

ACP declaration on Articles 126.2, 127 and 128 relating to shipping

The ACP States wish to reiterate the great importance they attach to shipping services as one of the major forces behind their economic development and the promotion of effective trade between them and the Member States of the Community.

Conscious of the need to ensure that ACP shipping industries are able to participate on an equitable basis in markets which are dominated by powerful international shipping companies, the ACP States reaffirm their view that the provisions of Articles 126.2, 127 and 128 of the Convention do not imply that such international companies can operate either in or outside Liner Conferences, without constraint.

The spirit of the Convention requires that the principle of fair competition is not interpreted solely in favor of such companies, but also takes into account the right of ACP States to greater and fairer participation in all freight generated by their external trade and the need to facilitate the development of their industries.

While the provisions of Articles 86.2, 87 and 88 or the third ACP-EEC Convention are maintained in the Convention, the ACP States wish to reaffirm their determination to do everything possible within their power, in the context of the Convention, to ensure that any adverse effects on their maritime interests will in future be minimized, while ensuring at the same time that their participation in the bulk cargo shipping is greatly enhanced.

The ACP States also reiterate their view that regional shipping industries designed to consolidate regional cooperation and regional autonomy in sea transport shall develop their activities without undue economic pressure from third country shipping interests.

Annex XIX

Community declaration on Articles 126.2, 127 and 128 relating to shipping

The Community and its Member States acknowledge the importance of shipping services in the context of ACP economic development and the need to continue and develop cooperation in this field.

The objective of cooperation set out in the Convention is *inter alia* to ensure the development of efficient and reliable shipping services by facilitating the active participation of all parties while acknowledging the aspirations of ACP States for greater participation in international shipping services.

The rules of unrestricted access to the trade on a commercial basis as set out in Articles 126.2, 127 and 128 exclude restrictive and anti-competitive practices affecting all shipping companies. The Community and its Member States reaffirm that these rules aim at improving the competitiveness of shipping companies and, thereby, the situation of exporters and importers. Furthermore, the Community and its Member States remind that competitive access to bulk transport cannot be impaired.

In this context, The Community and its Member States reaffirm their desire to fully cooperate with ACP States with a view to improving the functioning of shipping companies, notably within the framework of regional development and thanks to joint ventures.