

**STATE AND MERCHANT FLEET DEVELOPMENT: A HISTORICAL
ANALYSIS OF GHANA'S BLACK STAR LINE AND THE NIGERIAN
NATIONAL SHIPPING LINE, 1957 - 1998**

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CERTIFICATION

This is to certify that the Thesis

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By

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DEDICATION

This work is dedicated to the Glory of Almighty God, our Lord Jesus Christ and the Holy Spirit Who saw me through all the tricky and difficult aspects of life and academia during the period of my study. To the Only Wise God be all the praise for this effort. Amen.

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LIST OF ABBREVIATIONS

AWAFC	America - West Africa Freight Conference.
BSL	Black Star Line.
CEWAL	Continental Europe - West Africa Lines Conference.
COWAC	Continent - West Africa Conference.
DMN	Developing Maritime Nation.
ECOWAS	Economic Community of West African States.
ED	Elder Dempster Line.
FEWAC	Far East - West Africa Conference .
MEWAC	Mediterranean Europe - West Africa Conference.
MOWCA	Maritime Organization of West and Central African States.
NNSL	Nigerian National Shipping Line.
OTAL	Overseas Tankers (OT) Africa Lines.
RMS	Rhein Mass und See (Shipping Line).
Ro-Ro	Roll on Roll Off.
SOE	State-Owned Enterprises.
TMN	Traditional Maritime Nation.
UAC	United African Company.
UKWAL	United Kingdom - West Africa Lines Conference.
UNCTAD	United Nations Conference on Trade and Development.
WALCON	West Africa Lines Conference.

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ABSTRACT

As part of decolonisation activities, nationalist leaders in Nigeria and Ghana rallied to form state-owned shipping lines in the late 1950s. The Black Star Line (BSL) was established in 1957 and the Nigerian National Shipping Line (NNSL), in 1959. Their aims were to mitigate incessant freight rate hikes, arrest capital flight, earn foreign exchange, train their citizens in sea faring and boost their national prestige abroad. However, the capital-intensive ventures were hinged on the goodwill of foreign technical partners such as Elder Dempster Line, Palm Line and Zim Israel Navigation Company of Haifa, who agreed to train the West Africans in shipping technology and ship management during the gestation period of the joint ventures. At the end of the joint venture agreements in the early to mid-1960s, BSL and NNSL passed into the hands of indigenous managers and although they acquired fleets of ocean-going vessels, the carriers fell into hard times. This study explores the problems of state intervention in the market place with a focus on the failure of the two state-owned enterprises in Ghana and Nigeria to compete profitably in a free market environment. In the late 1980s and early 1990s, for example, many ships of both shipping lines were repeatedly arrested in European ports for various commercial debts and for drug trafficking. During the first and second quarters of 1986 alone, six NNSL ships were seized in Liverpool, London and Rouen following a court case brought by Africa-East Asia (AFEA) Line to press for a \$10.2m demurrage payment. This led to the sack of four NNSL directors even though the Nigerian government eventually loaned the company N70 million to clear the accumulated debts. By 1993, NNSL's fresh pile of overseas debt led to further ship arrests and another round of federal government's cash injection of \$56m. Five BSL ships were also arrested in European ports between 1981 and 1983 due to commercial debts; they were subsequently sold to pay off the debts. The BSL and NNSL became liquidated in 1998 and 1995, respectively, forcing the two countries to revert to net-importers of shipping services contrary to their initial economic nationalism and at a heavy capital flight. In Nigeria's case, the reliance on foreign shipping services cost her approximately \$5bn annually since the mid-1990s. Two theoretical frameworks, dependency theory and "politics of the belly", were applied to explain the pattern of operation, challenges and eventual collapse of the NNSL and BSL. Using a mix of primary and secondary sources of evidence, the study adopts the comparative historical methodology which is exploratory and analytical. Sources for the study were consulted in Lagos, Calabar, Tema, Accra, London and Liverpool, from which the pattern of operation and problems that led to the collapse of the two carriers have been established. In addition, oral interviews of major actors in the shipping lines' activities aided the comparative textual analysis of their operations. It was found that lack of technical knowhow, administrative mismanagement, improper and corrupt interferences by government bureaucrats as well as fraudulent work ethic compounded the effects of international competition and technological challenges to push the carriers into receivership. The study also used the examples of the BSL and NNSL to assess the result of government's direct involvement in running business enterprises with the compelling recommendation that for West Africa, the best chance to participate in future sea trade is through a regional joint venture coastal shipping line managed by the private sector.