

Ghana To End JV With Malaysian Firm, Take Back Tema Shipyard
Bernama
September 6, 2011

ACCRA, Sept 6 (BERNAMA-NNN-GNA) -- The Ghanaian government has declared its intention to terminate its agreement with a Malaysian company and take back full ownership the Tema Shipyard and Dry-Dock Corporation (TSDC) because the Malaysian strategic investor failed to achieve the vision and goals enshrined in the joint venture agreement.

The government entered into a joint venture agreement with Penang Shipbuilding and Construction Sdn Berhad from Malaysia in 1996 and divested 60 per cent of its interest in the corporation to the Malaysian firm as a measure to improve the standard of operations in the shipyard.

Under the agreement, Penang Shipbuilding was to rehabilitate the shipyard, located at the port of Tema, near here, and also procure such funding as was reasonably required by the company to meet costs in connection with the rehabilitation and completion of the refurbishment of the shipyard.

Transport Minister Alhaji Collins Dauda told a press conference here on Monday to highlight the state of affairs at TSDC, said unfortunately, after 13 years, that vision had not been achieved and the goals of the joint venture agreement had not been met.

He said in divesting its 60 per cent share at that time, the government intended to acquire a strategic partner to help transform the shipyard into a modern, well-equipped facility to meet the nation's strategic objectives.

"It was against this background, that the Government of Ghana settled on the divestiture option and executed an agreement with Penang Shipbuilding and Construction Sdn Berhad as its partner," he said.

Following expressions of concern from various quarters on the state of the shipyard, a Committee of Enquiry headed by lawyer Chris Ackumey was set up in 2009 to investigate its operations and make recommendations which would lead to an improvement in performance, the minister explained.

The committee affirmed among others things the shipyard's strategic importance and recommended that the government initiated action to regain control of the shipyard and the government had since initiated a process which would conclude arrangements for the ownership of the shipyard to return to the Republic of Ghana.

The minister said after much deliberation, during which the government took into consideration Ghana's good relationship with Malaysia, the spirit of South-South co-operation and the intervention of the Prime Minister of Malaysia, the government decided to take a majority stake in the shipyard to determine its future direction.

"The government subsequently set up a Negotiating Committee to explore an amicable resolution of the issues, including increasing the Ghana government's equity stake to at least 60 per cent of the Company," he added.

"After numerous and lengthy sessions, the negotiations reached a deadlock, principally over matters related to shareholding structure and management control. To move the process forward and to fully clarify the Government of Ghana's position, the President sent a delegation to meet the Malaysian Prime Minister on Aug 18 this year, to convey to him the Government of Ghana's response to the Minister's earlier letter and the deadlocked state of the negotiations," he said.

Alhaji Dauda said as a result of those exchanges, it had been recognised by both sides that it was in their mutual interests for the future ownership and management of the yard to revert to the Republic of Ghana and they had agreed to negotiate an outline framework for a structured and well organised transfer of the entire 60 per cent of the shares held by Penang Shipbuilding not later than Dec 31, 2011.

---BERNAMA

Copyright © 2011 BERNAMA

Source: <http://www.bernama.com/bernama/v5/newsworld.php?id=611743>