

Corruption and Ports Management: Case of Beirut Port Blast

Salem Y. Lakhali¹, Camelia Lakhali²

¹*Faculty of Business Administration, Université de Moncton,
Pavillon Jean-Cadieux (MJC) 41, avenue Antonine-Maillet, E1A 3E9, New Brunswick, Canada.*
²*Ecole de droit, Université de Moncton, E1A 3E9, New Brunswick, Canada*

¹Salem.lakhali@umoncton.ca

²Clakhali95@gmail.com

Abstract--- Corruption in ports where many players are working in an environment of a conflicting interest is a perennial problem. This paper argues that internal controls by the ports authorities will be affected by corruption which puts at risk the facilities and the persons. The issues are illustrated with the Lebanon port case where a gigantesque blast took place in July 2020. It is argued that the corruption affected severely the adequate management of the facilities of the port and limits the possibilities of preventing the accident. This paper verifies some hypotheses using publications that addressed the issue before and after the ballast. Our search included peer-reviewed literature, witness journalist reports, politician interviews, reports published by international organizations, and some media articles. Our finding is that the corruption has infiltrated the port of Lebanon and the blast is a logical result of the lack of the control at many levels. What is more, it is appear that the corruption is not to be limited to the port, but it also affects some level of government or type of authorities. Finally, anti-corruption, transparency and accountability mechanisms is difficult to instore in a country where the arms are diluted on the hands of many factions and ravaged by many years of war. This research has succeeded to link the catastrophic accident of the Beirut port ballast to the corruption in the management of the port and its warehouses and the corruption in the country in general. Also, we have used a particular methodology based on the media and journalistic data from the internet.

Keywords--- *Port management, corruption, transparency, Lebanon, port Lebanon blast, supply chain management, maritime transport*

1. Introduction

Tuesday, August, 4th 2020, a terrible tragedy befell Lebanon when an explosion hit the port area of its capital city, **Beirut**. The blast has killed at least 154 people, injured close to 5,000 people and left 300,000 people homeless. The impact of the explosion was mitigated only because the hangar faces the sea. Otherwise, all of Beirut would have been destroyed according to some officials cited by Aljazeera TV Channels.

The blast was caused by several thousand tons of ammonium nitrate – a dual-use fertilizer and explosive that

is [reportedly banned in Lebanon](#) but had been stored in a warehouse at the Beirut port since 2013.

In this paper, we try to answer a legitimate question related to the port's management: why were explosive material stored without proper safety measures for over six years in a densely populated city?

It is not easy to answer this question because there are many dimensions that lead to this catastrophic situation: diluted responsibilities, lack of coordination, bureaucracy, corruption etc. In this paper, we focus mainly on the corruption dimension, lack of responsibility and negligence.

In the following sections successively, the methodology will be explained, the position and the importance of the Lebanese port in the supply chain of the Lebanese economy will be presented. The impacts of the Beirut explosion will be summarized. The corruption dimension in the Beirut port explosion will be investigated and three (3) hypotheses will be verified. The concluding remarks will be summarized in the last section.

2. Importance of Beirut port in the Lebanese economy and the maritime network transportation

Since 1887, the port has become an organized loading and customs clearance center, with the announcement by the Ottoman authorities that the port would be granted a concession to an Ottoman company. This concession was subsequently reinforced when the same company obtained the exclusive right from Customs to store and load all goods in transit.

In the present, Lebanon has five official ports, the main one being Beirut, next to Tire, Sidon, Tripoli and Jounieh, alongside specialized ports such as Jieh and Chekka, reserved for the unloading of particular types of goods, like fuel. The Beirut port has a strategic position in the eastern Mediterranean Sea (Figure 1). The Mediterranean Sea is the Lebanon opening to the West. In the North and the East, there is Syria. In the South, it is Israel, with whom the

border is closed. It is one of the busiest in the region, together with Rafic Hariri International Airport in Beirut, it is one of the two main gateways to Lebanon. Rebuilt and renovated in the early 90s, at the end of the Lebanese civil war, it is made up of 4 basins and 16 docks, over a total area of 120 hectares.

The location of the Port of Beirut is highly strategic, as it connects the commercial markets of Asia, Africa and Europe, which means the reduction of the duration of the commercial shipping trips, in comparison with other routes. The port has a direct link with 56 other ports in the three continents, while it receives and exports goods in collaboration with 300 ports around the world.

This port, whose activity has only increased over the years - it has even been saturated since 2009 - was the pride of Lebanon. Symbol of modernization, located on the Marseille-Singapore axis, it is an important gateway to the world.

According to data available on the electronic site of the company "Port of Beirut: <http://www.portdebeyrouth.com/index.php/en/> ", it is considered as the main point of loading and maritime customs clearance in Lebanon. It is through this port that passes nearly 70% of the movement of trade to and from Lebanon.

During the years 2005-2018, the volume of goods passed through the port increased by 4.6% (annual average), from 4.48 million tons in 2005 to 8 million tons in 2018.

In 2018, the port received some 7.05 million tons of goods, or 72% of the country's total maritime imports, in return for one million tons of exports, which represent 78% of the entire export volume. Furthermore, in 2018, the number of merchant ships carrying out cargo loading, or customs clearance operations reached 1,872 ships. However, the record dates back to 2009 with 2,400 merchant ships.

The past year was not the best financially for the Port of Beirut, due to the negative economic developments that rocked the country, and which generated a drop in local demand and consumption, and hence a noticeable reduction in trade and exchange of goods.

From the data provided by the port, it appears that the total revenue for the year of 2019 did not exceed USD 200 million, compared to 313 million USD in 2018, while the revenue in 2005 did not exceed 200 million USD.



Figure 1: The situation of Beirut port in Lebanon

The Port of Beirut was also seen as a successful public-private partnership. Container terminal operations were outsourced to a private consortium, the Beirut Container Terminal Consortium (BCTC), but this arrangement was to be re-tendered. The process involved the BCTC, the logistics company CMA CGM and MSC, the Emirati GulfTainer, and the Hong Kong-based China Merchants Port. The process had already been put on hold due to the state of emergency established by the government to deal with the COVID-19 crisis. The future of this concession is now on hold.

3. Impacts of the Beirut port explosion

The area of the port where the two explosions took place is completely destroyed, as shown in Image 1 filmed the day after the tragedy. The containers were blown up by the explosion, and fumes of smoke rose from the port that was Lebanon's pride. Only mobile cranes, orphans, remained standing. The result of the explosion where some supposed 2,750 tons of ammonium nitrate exploded, is catastrophic on the human level. According to a provisional report, it would have left more than 100 dead and 5,000 injured. It is also an economic disaster, which brings to the ground a Lebanon already ravaged by the coronavirus crisis and the American sanctions, by affecting the nerve center of the country.



Image 1: Beirut Port one day after the explosion

Food security compromised

The destruction of the port, which manages 60% of imports, is a cataclysm. Indeed, the Lebanese economy relies heavily on imports, which approached the amount of \$ 20 billion in 2018. The same year, Lebanon only exported \$ 3 billion in goods.

The country's food security could be at stake as the country's largest port has suddenly evaporated, and no other port will be able to absorb all the imports it used to receive. Lebanon produced almost nothing of what it eats or drinks: around 80% of food is imported. For example, wheat constitutes 80% of agricultural imports and it passes mainly through this now ravaged port. Imports now compromised as, the port's gigantic grain silos, capable of holding 120,000 tons of grain [1], were blown away by the explosion. The silos were not full at that time of year, but they are crucial since they allow Lebanon to build up a strategic grain reserve. The United Nations Agency for Agriculture and Food, FAO [2], has fears that there will be a problem of availability of flour for the country.

4. Hypotheses to be verified in this research

H1: *The general spread of corruption in Lebanon lead to the blast of the Beirut port.*

H2: *The lack of responsibility was an important of factor that lead to the blast of Beirut port.*

H3: *The negligence in the Lebanon port was the straw that broke the camel's back.*

5. Methodology

For this research, Internet-based research method is used. Many researchers [3-10] advocate the use of information from the Internet for social sciences. This paper attempts to incorporate data and information collected from the Internet into the mainstream of scholarly empirical research. Such information represents a large and increasing part of everyday events. These data could be readily available and, most of the time, free. Internet data can successfully be applied to a very wide range of human resource issues. An online text analysis is used. This analysis is an extension of document analysis, which is a collection of various online research used to derive insights from content and available online. By using this online research technique, we can explain and verify the hypotheses. Categories such as web pages, press reports, videos, speeches, documents, etc.

6. Corruption in Lebanon & academic research

The Lebanon civil war was an occasion for corruption to be installed in many public services. Corruption is paired with State-Building in Postwar [11-16]. During the civil war and after Lebanon's drug trade became connected to broader circuits of illicit production, trade, and consumption [17-21]. For Leenders, the Drug trade was a primary source of revenue for arms, consumer and luxury goods, as well as salaries during the Lebanese Civil War. Leenders [22] stated, after assessing the risks of corruption in the institutional and regulatory measures and policy tools that have thus far been developed down the petroleum sector's value chain and including revenue management and expenditure that, the risks of corruption in Lebanon's nascent governance structures is high.

Imam and Jacobs [23] and Ajaz & Ahmad [24] studied in Lebanon and the Middle East the interaction between the tax authority and individuals and found that taxes on international trade, seem to be more affected by corruption than most other types of taxation. For Imam & Jacobs, if governments need to raise more tax revenues in a way that minimizes distortions and maximizes social welfare, they should implement reforms that either reduce corruption or raise revenues from tax categories that are less susceptible to corruption.

Hunter, Mardini et al. [25] studied the corruption in the health care sector in Arab countries including Lebanon and they conclude that Arab states suffer from high levels of corruption and it is necessary to develop an approach to tackle corruption and enhance transparency and accountability in healthcare as part of its broader efforts to support the Sustainable Development Goals.

Sutherland [26] tried to identify the nature of the problem of corruption in the telecommunications sector and to identify possible actions to limit it. He has found that policies advocated for telecommunications greatly increased the risks of corruption without corresponding measures to ensure integrity, transparency and the investigation and prosecution of those paying and, especially, those accepting bribes. Additionally, there is not even a plausible estimate of the overall scale of bribery in the sector, by repressing bribery in telecommunications, it will increase competition in markets, reduce prices and remove the social grievance of "crony capitalism".

In conclusion, of this short literature review it is clear that the corruption is well established in Lebanon but, did it lead to the port blast?

7. Corruption, lack of responsibility and negligence and Beirut port blast

In this section, we investigate the validity of the three hypotheses pertaining that, the corruption, the lack of responsibility and the negligence are the most important dimensions that may be led to the Beirut port blast.

7.1 Corruption dimension

Year after year, Lebanon has received [low scores](#) [27, 28] on **Corruption Perceptions Index** which measures public sector corruption.

Global Corruption Barometer – Middle East and North Africa 2019 is a result of a fieldwork surveyed more than 6,600 citizens in the Middle East and North Africa that took place from August – October 2019 in Jordan, Lebanon and Palestine and from March-August 2018 in Tunisia, Morocco and Sudan. This study showed that Lebanon has now the highest overall bribery rate in the region, at 41 per cent. Most people in Lebanon – 87 per cent – also think their government is doing a bad job at fighting corruption. Researchers, in this case, asked these questions: in the past 12 months have you tried to get an identity document like a birth certificate, driver's license, passport or voter's card, or a permit, from government? How often did you have to pay a bribe, give a gift, or do a favor for a government official in order to get the document you needed? The answer is 37% yes compared to an average of 16% of the region including Jordan, Morocco, Palestine, Sudan and Tunisia.

When posed this question: thinking about the most recent time that you paid a bribe, gave a gift, or did a favor in order to get a public service, what was your main reason for doing this?

The answer was: I was asked to pay at 18% compared to 21% for the region. I was not asked to pay but, I knew that an informal payment was expected at 39%, compared to 31% for the region. I offered to pay, to get things done quicker or better at 31%, compared to 29% for the region. I was not asked to pay but I wanted to express my gratitude at 11%, compared to 13% for the region. According to these results, it is clear that corruption in Lebanon is a means to getting service done.

There is also evidence of the perception of corruption in the streets. Since October 2019, Lebanon has seen a series of massive protests against corruption and ineffective governance. In the wake of this tragedy, they are out on the streets again demanding full transparency and full accountability.

As a result of the Beirut Port blast, Lebanese Prime Minister Hassan Diab announced the resignation of his government [29]. He justified his decision as response to the Lebanese's demands that those responsible for the Beirut Port disaster be held accountable, and their desire for real change to the rule of law, justice and transparency. Diab called for a change in the political class, which he said was the cause of the true tragedy of the Lebanese people.

Lebanese Prime Minister Hassan Diab said that the system of corruption is rooted in all aspects of Lebanon and is greater than the state. He warned of other calamities that may befall Lebanon if protection continues of the class that trades in people's blood.

People are convinced that this blast was a result of the corruption and confrontations took place in Martyrs Square in the center of the Lebanese capital between security forces and protesters demanding accountability for those responsible for the Beirut Port explosion. Protesters raised slogans denouncing what they called rampant corruption in state institutions, calling for the formation of a neutral government and early parliamentary elections.

More than two months after the blast, Marwan Charbel the former minister of interior and municipalities between 2011 and 2013 stated in a TV program of Beirut Voice International [30]

<https://www.youtube.com/watch?v=Zu9VKD9-6wM> when he was asked: who is responsible of Beirut port blast? The question was a multiple-choice answer: Hizb Allah, Israel, intentional negligence, unintentional negligence. He answered, warehouse 12 where the blast took place, many products were stored. Furthermore, there was ammonium nitrate, a high explosive product, and many other valuable products seized by the port customs. Furthermore, this warehouse was not locked, and its entrances were not

monitored. This situation gave rise to opportunities for valuable products to be stolen. The former minister affirmed that: those who stole from the warehouse were those responsible for the blast. There is a party benefiting from the warehouse 12 situation. They broke down the door and the wall to make the product stored accessible and for many years products have been stolen. Those who are supervising the port will be a “donkey” if they do not profit from the situation. Days before the blast, the attorney general asked to secure warehouse 12 and arrived to discover the lack of the products stored. A fire will cover the crime. It seems that the fire was planned to happen when the warehouse door will be welded but the blast was not in the plan. Two workers were designated to weld the door and were asked to do this at the end of the day around 5 pm and they had been filmed to show the origin of the fire is the welding. For the former minister, the intentional negligence was the cause of the blast.

After this analysis, it is clear that, for the Lebanese people, its Government and Transparency International [27] what lead to the Port blast, was corruption, which verifies Hypothesis 01.

7.2 Lack of responsibility

Documents reviewed by Ghantous [31], a Reuters journalist, showed that Lebanese security officials warned the prime minister and president of the state one month before the blast that the presence of 2,750 tons of ammonium nitrate in a warehouse in the port of Beirut posed a security risk that could destroy the capital if these materials exploded.

After more than two weeks of warning, the massive explosion took place. A report from the General Directorate of State Security on the events that led to the explosion included a reference to a letter sent by private mail to President Michel Aoun and Prime Minister Hassan Diab on July 20. A senior security official said that the aforementioned letter summarizes the findings of a judicial investigation that began last January and concluded that the chemicals must be secured immediately: "There was a risk that these materials would be used in a terrorist attack if they were stolen," the security official told Reuters. Referring to the letter, the official said, "At the end of the investigation, Attorney General Oweidat prepared a final report that was sent to the authorities." The authority has been warned that this might destroy Beirut if it exploded.

This verifies Hypothesis 02.

7.3 Negligence

Another source corroborates the above statement and raises another issue related to an inefficient management of

the port. The TV channel's Al-Jazeera office in Beirut said that Lebanese circles are circulating information that the State Security Agency has informed all officials, including President Michel Aoun and the Prime Minister Hassan Diab, about the danger of this substance being present in Ward No. 12 on the port where the blast started. He added that Diab was supposed to make an inspection visit to the place, and in parallel, the State Security Agency brought blacksmiths to install iron doors in the ward, and during their work, the fire broke out. "Maintenance has started and (the port authorities) sent a team of Syrian workers (but) there was no one to supervise them when they entered to fix the gaps," a security official told Reuters. The official added that sparks blew from the welding work during the repair, and a fire started and began to spread. According to the Aljazeera report corroborated by Reuters: a senior security official said, "Due to the storage of fireworks in the same ward, an hour later, a large fire started with the fireworks, and this extended to the substance that exploded when the temperature exceeded 210 degrees." The official held the port authorities responsible for not supervising the repair team, and storing the explosives, along with a large quantity of high explosive materials. Reuters reported that it was unable to ascertain the fate of the workers who were performing repair work in the ward. It is highly probable that they were killed in the explosion.

This negligence was the straw that broke the camel's back and lead to the Beirut port blast. This verifies Hypothesis 03.

8. Conclusion

In this paper, we tried to analyze the situation of the Beirut port blast. The port is the most important in Lebanon. The corruption, the lack of responsibility and negligence are dimensions in Beirut that lead to the catastrophic port blast.

We have attempted to verify three hypotheses: first, the general spread of corruption in Lebanon lead to the blast of Beirut port. Second, the lack of responsibility was an important of factor that led to the blast of Beirut port. Third, the negligence of the Lebanon port was the straw that broke the camel's back.

After analysing the testimonies of many players involved in Lebanon situation and reports written by many national and international journalists, the three hypotheses have been verified.

This research may be updated when more documents become available, and the people involved in the Lebanese port disaster will be brought to justice and provide their accounts of the event.

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