



## CRITICAL ASSESSMENT OF MARITIME INDUSTRY IN NIGERIA: CHALLENGES AND PROSPECTS OF POLICY ISSUES.

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### ABSTRACT

*This Paper reviewed the structural nature, situational contents, abrasive occasional inconsistencies, current challenges and prospects of the Nigerian Maritime industry policy issues. This, over the years, had skewed the development and efficiency of this critical cash-cow industry that firmly holds the beacon of hope and survival of a developing economy like Nigeria. This is because, amongst all the modes of transport, Maritime industry got the worst hit in terms of poor quality funding, policy inconsistencies and lack of support from government. This is clear in the non –availability of a functional shipping policy in place to really checkmate the fraudulent sharp practices and vices that usually erupts within the confines of the system. This has in no measure, promoted the pervasive nature of foreign domination of the industry in the carriage of our local generated cargo against the interest of the indigenous stakeholders. Lack of political will to enforce the implementation of some of the initiated government policy in this industry is a strong factor for concern and consideration. This is because, the industry is one that promotes mediocrity and lack of technical and professional expertise, as that is a very key factor for not having a functional shipping policy.*

*Keywords: Nigerian Maritime industry, Policy issues, lack of shipping policy, policy inconsistencies, challenges and prospects.*

### INTRODUCTION

The pivotal role of maritime transport in the socio-economic, transformational changes and political development of nations all over the world is very crucial and well recognized as the most cardinal factor for growth and development. As regards the creation of wealth and its attendant transformational and reform structural narratives which seems to anchor on revenue generation to obviously support developing nations' economic systems of most African countries, Nigeria inclusive. This is because, fundamental operational functioning derivatives within the confines of the African States, therefore, is of paramount importance to the organization and creative man-power management of modern governments. This seems to reflect in the most recent studies of industrial growth and productivity which continues to pay careful attention to the immense contributions and importance of this critical cash-cow industry and vital sub-sector of the global economic system. The social needs for maritime-transport has to do with how it helps in solving human problems, especially with regard to operational-industry modalities, recreational transformational-- Linkages and business-transactional exchanges, as well as the movement of goods and services across African Continental borders within the operational confines of the law that has to do with fraudulent sharp practices, industry-- negative vices syndrome narratives and operational abuses that are second to none as the case may be, of which Nigeria cannot be insulated from it (Ndikom, 2015). This is because; the industry lacks the fundamental intellectual and knowledge-based skills of needed workforce that can obviously matching the ever increasing demanding tasks of the industry at Large. This very true because, the industry was left in the hands of un-skilled managers who does not seemed to



understand the rudimentary functionality of the port system and the desired needs for this critical industry to have an enduring shipping policy in place (Ndikom, 2004).

Obviously, the economic development of most developing nations of Africa, Nigeria inclusive, should reflect in the development, organization, coordination and management of this sea-borne trade, which is critical and cardinal to the development of international trade with other nations of the world. This is because, maritime-transport services duly serve as the propelling anchor and evolving force for the survival and its attendant life wire of any developing and developed economies, hence, the formulation of execution of policies that disrupt the efficient running of this vital sub-economic system globally, will definitely affect the efficiency and well-being of the enlarged society as well as the people (Ndikom, 2010).

I made bold to state clearly at this juncture that, the Nigerian example as we speak presently, is a different scenario, as most of her policies enunciated over the years, have been very abrasive to the growth and development of this all-important sub-sector of our economy. Shipping as a primary logistic service is critical to Nigeria's international trade and economic development. Shipping as a mode of transport continues to represent the cheapest and most efficient means of moving very large volumes of import and export goods. Apart from the facility as a means of trade and economic development, shipping services may also be relied upon as a means of creating significant value added services in an economy, such as job creation (Ndikom, 2016).

Nigeria is a major international trading nation in Africa, exporting large quantities of hydrocarbons to earn substantial revenue which accrue from crude oil export and are used mainly to fund huge trade in imports. Due to its geographical location, and spatial-logistical- characteristics, alongside its topographical landscape, Nigeria as one of the developing African nation, has a smooth functioning economy but which is dependent to a great extent on the availability of cheap and efficient shipping services. Shipping is required for the evacuation of the nation's exports and for inward carriage of the imports. In the context of Nigerian economic growth and development as one of the developing African countries of note, shipping's production function could well be developed in the service of the nation's international trading requirements. Obviously shipping has a direct bearing and reflective impact on the development process of a country as it improves the foreign exchange situation, creates employment, and fosters technological transfer and economic integration, while also helping to strengthen national security. Apart from these direct effects, shipping investment substantially contributes to the diversification of the economy of the investing country, as it provides a whole range of support for the cottage industries and allied services. These general considerations on the role and importance of shipping in trade and in the development process are valid for all countries of the world and Africa especially developing countries such as Nigeria whose port problems are very unique, in spite of its efforts to become the central business hub of west and central African sub regions (Ndikom 2006).

The growth of any economy depends heavily on the effective operation and functionality of its shipping industry because shipping activities function as a fulcrum upon which the global economy revolves. Shipping as a business, is a factor of economic growth and development as cottage industries cannot develop substantially in the absence of the demand for and supply of shipping services- these seemed to reflect from the perspectives of national development, revenue generation and productivity and efficiency, which ignite other port's ancillary services to bring about overall national development. World shipping of goods by sea in recent years reflects a similar pattern of change to that displayed on the modern roadway system all over the globe. This is because, Maritime –transport system is coordinated and guided by a singled moderated



conventions, rules and regulations that are global in nature, contents and contexts, It is pertinent to note here that, efficiently operated seaports are of fundamental importance to maritime nations, whether in ensuring the continuing prosperity of highly industrialised countries or the steady development of the third world (Ndikom 2008). The existence of oversupply conditions in world shipping is mostly considered to be the result of broad subsidization in shipping and in ship building industries by developed market economies. This continuous oversupply conditions in shipping have increased the role of shippers' councils, especially with regard to international liners. A large number of strong outside presence of conference liners have made shippers' position much stronger in their consultations with sea carriers.

The nature, characteristics, prospects and challenges of maritime logistics service and administration in relation to efficiency, productivity and operational performance of the overall sector of the economy is of great concern that needs holistic and progressive government intervention, if we intend actually to get it right as a nation's state. This is because, the performance, productivity and clear-cut administrative agility, ability, management and competence of this all-important sector in Nigeria within the confines of international regulations and conventions, have been left in the whims and caprices of unprofessional managers, who know little or nothing about the challenges within the maritime sector. It is regrettable to state here that, within an African setting, it is believed and it is very obvious and evident to know that, amongst all the sub-sector of the enlarged operational economy, maritime-transport seem to be the only industry that promotes mediocrity and unprofessional excellence in the way and manner the industry operations are run and managed as the case may be.

Obviously, since independence, the management and control of the overall transport industry in Nigeria (that is, maritime, air, rail and road sub-sectors) have been left in the hands of managers who seem not to understand the rudimentary challenges of the industry. It is very regrettable to state here that, the maritime-transport sub-sector is hard hit by the multiple problems of inadequate funding and policy inconsistencies, which have heavily impacted negatively on its growth, operational modalities and performance.

Moreover, the impact of globalization and liberalization of world economy on the nation's economic activities has led to unprecedented structural changes, with privatization, commercialization, liberalization, diversification and segmentation taking centre stage among other market forces. Incidentally, the multiplier effects of these include an elasticity of demand that daily poses challenges to various industries and shipping companies which we need to adapt to its heart and changes, if we must survive as a developing African States. The nature of Nigeria's economy from this entire economy scenario and its peculiar position and role in the world and also as the giant of Africa in words, do obviously not permit undue stagnancy. Its economy must adopt some dynamic and flexible up-to-date strategies in accordance with international pace and standards. It is evident to state that over these years, globalization has demystified erstwhile complex trade practices in the global business environment and, through different technologies, shrunk distances between people and nation, so much that no particular modern state of Africa can afford to operate, an isolated economy.

### **Maritime- Ports Operating Environment**

It has been observed that there exist numerous factors that really encumber maritime-ports operating environment in most African countries, Nigeria inclusive as a case in point. To this end, it is very glaring that the maritime sub-sector of the enlarged sector of the African nation's states suffers, like all other sectors, from the effects of limited resources, of which Nigeria is had hit in this regard when compared with other



African States (Ndikom, 2013). There are also various restrictions that make Nigerian port's environment as a case in point here, different from those in other parts of Africa and the world, where ports operate at established minimum levels of safety, security, operational performance and standards. Hence, Nigerian ports are distinct when compared with others around the world and also from an African extraction, as they are best with high charges and tariffs. Moreover, they are built very close to high-density cities and bus-stops, thereby making human traffic and port operational performance very difficult. This is because, government policies as regard port operations and management in Nigerian setting, do not help matters, as most of them are rather too harsh, hostile to business, especially with regard to service delivery. The unfriendly business environment of our maritime-port's system, with its harsh policies, has led to the heavy diversion of Nigerian bound cargo to most ports of neighboring Cotonou, Togo, and Ghana. Furthermore, the fundamental problems that have contributed to the harsh operating environment of our ports are:

- (a) Inadequate berthing space;
- (b) Poor dredging problems;
- (c) Draft restriction/levels;
- (d) Sea piracy problems;
- (e) Reduced channel widths due to silting and unwholesome obstacles;
- (f) Absence of daylight hours (shifts);
- (g) Dock labour problems;
- (h) Advance prioritizing of vessel call;
- (i) Vessel delay problems;
- (j) Inadequate functioning plants and equipment;
- (k) Inadequate maintenance of existing facilities;
- (l) Inadequate finance and funding of ports operations especially in the area of port infrastructure;
- (m) Decline in the quality of services leading to severe congestions;
- (n) Proliferation of government agencies in port activities;
- (o) Operational and procedural delays and inefficiency;
- (p) Government policy inconsistency;
- (q) Obsolete plants and equipment.

### **Maritime Sector Strategies**

The maritime sector is of strategic importance to the trades of a nation. The degree of this importance would of course, depend largely on the nature and structure of the nation's international trade and the extent to which other transport modes are able to meet their needs in this regard. But because trade among nations is disproportionately depended on shipping and its attendant related activities, the healthy growth of any nation's maritime business is of great concern to economic policy makers. Due to the close linkages between maritime activities and economic development, it is evident that, most nations of the world consciously intervene in the sector to ensure that their interests are maximally served. Very few nations would willingly concede full independence on foreign shipping interests (which is very risky venture) for the supply of this essential and all-important service (Ihenacho, 2005). Most countries of the world (African nations inclusive) seem to aid their maritime industry, the aim being ultimately to establish some measure of indigenous control over the terms of supply of shipping, and of ensuring that the industry, which is crucial to its international trade relations, operates to deliver the utmost benefits to the country (Ihenacho, 2005). This is valid both for developing and developed economies. Most often, it is the realization of the linkage between economic development and a nation's maritime activities that prompt its



functional growth. Consequently, failure to harness these linkages has serious repercussions on economic development (Ihenacho, 2005).

The Nigerian maritime sector is almost entirely dominated by foreign shippers. These agencies supervise operations at oil terminals and the true picture of what goes on there is usually not entirely clear. The country should do well, therefore, to encourage greater indigenous participation in this area. With the country's increasing economic tempo, which necessitates greater import-export trade on visible goods, the nation found itself making substantial payments on freight rates. During much of the 1980s, Nigeria's annual bills for freight and other shipping-related charges were estimated to be about \$1.5 billion, with the beneficiaries being predominantly foreign shipping firms (Ndikom, 2013).

In April 1987, the Government promulgated the National Shipping Policy Decree 10, which outlined very ambitious and encompassing objectives for the shipping industry. This, in fact, went several steps further than the provisions of the Convention. The decree stipulated that National Maritime Authority (NMA) then, but now NIMASA, should ordinarily be a sectoral focal point institution of no mean stature. This is largely affirmed by the high profile responsibilities which the Decree 10 assigned it. In the pecking order of government structure, the Authority is surprisingly consigned to a lowly run. It is evident to note that, the Chairman of such a high profile regulatory Agency reports to the Director of Maritime Services in the transport ministry. This singular provision appears to detract somewhat from its supposed status as the most significant institution in the sector.

However, the national shipping policy clearly indicated that it intends that NMA plays a pivotal role in the country's maritime sector. This fact is seen in the two critical functions which the decree vest in the organization, namely, cargo-sharing among shippers with the national carrier status, and that of acting as the policy arm of government on maritime. While these would seem to confer on the NMA the most powerful role in maritime affairs, the structural realities tell a different story. And nowhere is this fact more glaringly depicted than in the placement of the chief executive of NMA under a Director in the Ministry. Obviously, and structurally, this sort of arrangement is bad and this should never be.

### **Role of Government Policies in the Maritime Industry**

As earlier pointed out, the maritime industry plays a key role in the economic transformation and development of a country. In order to ensure that the industry remains functional and responsive to Nigeria's needs, the government has a role to play in each of the following policy areas (Badejo, 1997):

- Regulation, control and licensing
- Monitoring and implementation of set goals
- Provision and maintenance of infrastructure
- Standardization and harmonization of port operations
- Provision of an enabling environment for all maritime actors and stakeholders
- Provision of fund, collateral and finance in such a manner that maritime goals and objectives for the country can be realised.
- Initiation, implementation and coordination of maritime policies within the context of a national transport policy and the socioeconomic thrust of the government
- Acting as intermediary for maritime operators on international issues
- Protecting indigenous maritime operators in such a way that incremental growth and development of the sector can be achieved.



For these reasons, government requires the inputs of experienced professionals in the industry to assist in its drive towards sustainable maritime industry for the country. It is regrettable to state that for over a decade now, some of government's appointments made within the Federal Ministry of Transport, as portfolio ministers who take the driver's seat, have never seen any core professional or technocrat in the saddle. That explains the age long problem and this would have serious effects on future growth, development and sustainability of the industry in general.

### **Implications of Government Policies**

There are certain implications of government policies in charting the course of maritime in Nigeria; these include:

- sanitizing the maritime industry
- Harmonization and coordination of maritime activities and operations
- adequate monitoring and implementation efforts
- Encouraging peaceful coexistence and sustainable growth
- Synchronization and integration of all stakeholders such that maritime goals and objectives are better pursued
- Promotion of positive international image
- Increasing capacity utilization and building responsive infrastructure and equipment
- Improved capacity building and operational efficiency
- Organization and management of industrial labour relations/associations
- Operational standardization.

This is to say in essence that, sustainable maritime transport in Nigerian is achievable in these early years of the 21st century; and that the application of the principle of POSDCORB (acronym for planning, organising, staffing, directing, coordinating, reporting and budgeting), which is fundamental to the successful implementation and monitoring of any reform effort, will indeed lead the nation to sustainable economic development — but only if government changes its attitude, for once, towards appointment; if it would appoint core professionals and/or technocrats to take the driver's seat, even in some of our key Agencies, which is not what we are seeing now as a Nation that needs reforms and structural transformation in this all important industry.

There is need, therefore, for the government to play its fundamental role in charting the course of Nigerian maritime. But in doing this, the government must be consistent, committed and decisive; it must also establish a framework through which its roles in the industry are pursued. Hence, the government should endeavour to pursue a vigorous national maritime transport policy. The existing shipping policy cannot achieve the desired goals of the maritime sector for the 21st century. There is also the need for government to take full inventory of various activities, needs and infrastructural situations in the industry. This can be done through a comprehensive maritime survey, the outcome of which should influence any policy measure for correcting the imbalances and lapses within the industry. This is to say that government's approach to maritime policies and issues should be devoid of ad-hoc, fire brigade or kill-and-go methods (Ndikom, 2006).

Due to the complexity of the industry, government must be guided by functional measures based on scientific procedures, for formulating and implementing effective corrective measures. Professionals and others well grounded in the principles, practice and ethics of maritime operations should be engaged on matters relating to the sector. Government's approach in which non-professionals are engaged to manage such a complex industry will only drag the nation backwards and cause more operational and implementation problems. The government should not rely solely on QBE (qualified by



experience), as this does not help matters; issues pertaining to the industry should be far more than such a parade of qualification. Furthermore the unnecessary proliferation of government agencies and labour unions in the industry should be discouraged (Folarin 2000).

The sector needs a comprehensive reform policy, which would also take into account the provision of effective, efficient and up-to-date management information systems and technologies necessary for making the sector competitive, effective, reflective, purposeful and buoyant in the 21st century. Government must, therefore, mandate and compel stakeholders to make available operational results and performances for each year. Such information will help in the formulation and implementation of a comprehensive policy (Ihenacho, 2000).

### **Impacts of Government Reform Agenda on Maritime**

The development and management of a port, in terms of operations and infrastructural provision, have been a major challenge to successive governments and managers of Nigerian ports (Ihenacho, 2005). A port reform agenda often aims at addressing operational challenges to productivity and performance. The objectives of the current port reform are to deregulate, decentralize and privatize the sector to allow for efficiency and effectiveness. The reform effort of government is well designed to address all the immediate challenges of our maritime transport sector — but this largely depends on whether it would be fully implemented (Ndikom, 2006).

Consequently, there have been noticeable changes in Nigerian ports, which have resulted in an increased efficiency, productivity and overall performance. Most of the ports have been concessioned and terminal operators (concessionaires) have since taken over the terminals and operations. These operators have been able to restructure and reshape the nature and face of the ports, in terms of provision of basic infrastructure, engagement of personnel, and so on. Hence, the system has been working well since they took over operations, leading to efficient cargo throughput, reduced ship turnaround time and less congestion. Interestingly, even though the tariff structure of these concessionaires is higher than what NPA charged before the reform, there is higher patronage and several aspects of service delivery and documentation procedures have improved tremendously. The perennial problem of port congestion at Apapa and Tincan Island ports has gradually given way to improved berthing system and reduced ship turnaround time (Ndikom, 2006).

Currently, there are massive investments in the upgrading and modernization of concessioned terminals by their new operators. Indeed, additional capacities, such as the RoRo Oceanic Terminal at Tincan Island Port, have been completed and commissioned. The RoRo project was embarked upon by the owners and operators (the Grimade Group) immediately after winning the concession. Similarly, the merger of former NMA and the Joint Maritime Labour and Industrial Council (JOMALIC) to form the Nigerian Maritime Administration and Safety Agency (NIMASA) was in line with the reform agenda, that is, to strengthen the regulatory environment in the sector, in conformity with the global trend. Evidently, there are improvements in the areas of providing modern superstructures and infrastructure by the new terminal operators. These operators also ensure that they employ adequate and capable professionals. This development has led to improved operational performance, and compliance with statutory requirements is made possible by the efforts of the newly energized regulatory authority, NIMASA (Ndikom, 2006).

### **Overall Impact of Emerging International Trade on Maritime**



Emerging international trends in maritime have posed great challenges for shipping operations and administration in Nigeria. Moreover, as in many other industries, the maritime trade has continued to be impacted on by developments in world politico-economic sphere. International shipping is particularly sensitive to events in the external environment. If activities in the external environment are dislocated or boosted, the demand for transport is impaired or heightened. Generally, the demand for tonnage transport in the shipping sector depends on world economic outlook, the trend in industrial production and the global market. Over the past two decades, world economy has consistently exacted undue influence on the management and operations of most regional economies. Moreover, world economy has become increasingly dependent on trade, with each major regional trade grouping rapidly accelerating the level of goods transferred between economies in the region and between major trade blocks.

The growth in world trade is now more marked in relation to growth in global gross national product than it was in the past. This is mainly due to China's increasing integration into the global economy, which also has shaped developments in other regions. Developments in China are now considered to be one of the most important stimuli of growth for the tanker, chemical, bulk and container trade (Ndikom, 2006). The external environment in which a port found itself is increasingly becoming more competitive, as the forces of globalization and rapid advances in transport technologies and recent developments in the shipping industry have impacted on the operations of ports and made their bargaining position relative to those of shipping lines.

Seaports no longer enjoy a monopoly over their hinterland counterparts as cargoes originating from or destined for these places do not necessarily have to be shipped through them. The factors of globalization, advances in transport technologies and recent developments in the shipping industry have not only driven ports to reorganize and restructure their operations and infrastructure through changes in cargo handling methods, port facilities, labour, management and technology, but have also intensified inter-port competition. The concept of globalization, as brought about by market liberalization policies, pursued by most countries, and the strategies adopted by many transactional corporations (which allocate the various stages or aspects of the production process across countries based on their respective comparative advantages) have reinforced competition in the international trading environment. This has an increasing pressure on ports, which constitute an important link in the international trading logistics chain, to improve their operational efficiency (Ndikom, 2006).

### **Impact of Government Policies on Port Reform**

Policy inconsistencies of the Nigerian government have hampered the efficiency and effectiveness of the nation's port system. The problem of policy inconsistencies is an age long problem to an African economy that is very forward looking in all aspects that can never be compared to any other economy globally, as there have always been frequent undue interruptions and interventions by government in maritime issues (Ndikom, 2006). Till date, Nigeria lacks a viable shipping policy and this has contributed to the problem of foreign domination in the shipping sector, inefficient operations, infrastructural decay, anti-port development policies and several management problems. The government has consistently paid lip service to maritime issues, and this has compounded and worsened the situation and has led to the issuance of ambiguous and inconsistent policies (Ndikom, 2004).

The maritime industry is one that must operate with clear-cut conventions, rules and regulations in conformity with international standards. But the Nigerian government seem not to support this norm. Port operators have, on several occasions, been rendered confused and frustrated, with regard to coping with the problems arising from





such policies. The changing of destination inspection policy regime to pre-shipment inspection in 1978 generated a lot of operational problems and misinterpretations, which hindered productivity at the ports. Importers and exporters were the worst hit and this resulted in fraudulent practices, such as concealment, wrong classification, under-declaration, importation of contraband, under-valuation, overvaluation, under-invoicing and over-invoicing, leading to capital flight and loss of revenue to government (Ndikom, 2004). It also led to the diversion of cargoes to ports of neighbouring countries, thereby rendering most of our ports inactive in terms of operational performance.

More so, government policy inconsistencies on port operations in 2001 led to serious port congestion, low productivity and port inefficiency. Policy inconsistency can cause panic, confusion and misinterpretations in the industry. Many negative policies enunciated by government had rippling effects on port administration, management, infrastructure development and overall performance. Of course, these hampered growth and development in the industry (Ihenacho, 2005).

### **Challenges of Maritime in Nigeria.**

*1. Government Policy Summersault:* Over the years, the maritime industry has been badly hit by several government policy summersaults or policy inconsistencies, which by nature are very abrasive and reflecting some level of negative impacts both in the productivity and operational efficiency of the sub-system of the entire economy. For instance, on September 22, 2001, the Government announced a policy reform and changes that would have ordinarily boosted our economy by asking all importers to bring in used vehicles of no age limits into Nigerian ports as at the time. As we are in a globalized world with a shrinking geographical distance at our beck and call, through the astonishing revolutions of transport and communication technologies that have reduced our world into a global bedroom, and where costs of transferring ideas and vital information such as that are now distance free. The importers and other stakeholders alike were able to flood the ports with used vehicles (tokunbo) and other essential non-banned items. Surprisingly, the Government within a space of two weeks of this particular pronouncement revised its policy and placed an outright ban from 1st October, 2001 on the importation of second-hand vehicles or more than 5 years old into the country and other used items such as fridges and air conditioners (Business Times 2001). This particular policy problem of Government with no due consideration to the nation's economic revenue, affected negatively the operational efficiency of our port's system and total short-down of the economic life-wire of the nation, which led to massive port congestion of 2001 and also other neighboring countries Ports of Cotonou, Togo and Ghana took advantage of such abrasive policy by encouraging importation of second-hand vehicles with no age limits to pass through their ports. At the end, this act led to loss of revenue to Government, Cargo diversion and increased smuggling of some banned goods through our porous borders, as your guess is good as mine in this regard (Ndikom, 2004).

*2. Managerial Incompetence:* Since independence, when we as a nation's state, took over the realms of power and authority over our maritime issues, it is evident and clear to state here that, the management and control of our second revenue earner (the maritime ports industry) as a nation's state, has been left in the hands of managers who seem not to understand the rudimentary challenges of this all-important industry that is critical and cardinal to our national existence. It is regrettable to note that, the operational performance, productivity and overall administration of this vital sub-sector, has also been left to the whims and caprices of unprofessional managers, who know



nothing about the challenges of the industry. It is said to state here that, this is the only industry that promotes mediocrity and unprofessional excellence as to the way and manner issues of this industry has been directed over the years.

*3. Unfriendly Operational Environment:* Over these years, the industry has been very unfriendly in outlook to its investors, users and stakeholders due largely to some of the unfriendly policies enunciated by successive government of the day, which have been very hostile and abrasive in nature and also affecting and impacting negatively on the growth, operational modalities and development of the industry. The issue of high port tariffs has over the years, scared importers' and exporters alike leading to exhibiting some level of unprofessional attitudes and manipulation of the system reflecting on fraudulent and sharp practices such as under-declaration of goods, under-invoicing, concealments and over-invoicing leading to capital flight, which has some form of negative implications to our economy.

*4. Manpower Problems/Unprofessionalism:* Over the years, the maritime-transport sub-sector has suffered from multiple problems of inadequate funding, lack of government support and policy inconsistencies, as this is one industry by its nature and outlook, is capital and labour intensive. Some of the issues that have bedevilled the industry over the years, stems out from lack of man-power and lack of professionals within the system which have impacted negatively on its growth, operational modalities and performance. Note that, the industry is Labour and capital intensive one. Over the last two decades, the number of staff employed directly and indirectly is less ten (10,000) thousand workforce which is a far cry to what is required.

*5. Lack of Holistic Institutional Framework:* The industry operates within the confines of an international rules and regulations that respect the tenets of a holistic institutional framework. Most nations in Africa are developing and do not have the needed capital to develop and establish an enduring holistic institutional framework that will help them achieve optimal benefits from the maritime ports industry.

*6. Lack of Funding and Government Support:* Over the years, the maritime industry has been stiffened by insufficient funding leading to gross inefficiency and lack of effectiveness in the management of the shipping and maritime industry services at the end. The lack of funding has indeed affected investments in Maritime infrastructure and equipment, which are critical to efficient delivery of services within the confines of shipping-maritime operations. This lack of funding structure has negatively affected efficiency and productivity of the industry at the end. The maritime industry, including the shipping and freight forwarding business, needs heavy funding process to boom (Abang, 2010).

Most African Governments do not deem it fit to fund and support various programmes of maritime. The maritime industry in African, Nigerian inclusive, as has over the years, witnessed lack of operational funding and government support which have impacted negatively on the growth and development of this critical and vital industry that is seen as most revenue earner of most African countries. It is interesting to note here that, very few nations would willingly concede the supply of this essential service to foreign shipping interests. That explains why most countries of the world actively aid their maritime industry, with the aim of establishing a measure of indigenous control over the terms of shipping services. It is in the light of this that Nigerian government's continued neglect of indigenous shipping operators is considered highly unprogressive. It is noteworthy that government keeps claiming that, it procured 19 ships for the Nigerian



National Shipping Line (NNSL) in 1979, which is now a moribund government company, even though no serious-minded operator in the industry has not seen any of such ships (Ihenacho, 2004). Government's misadventure in shipping business should not blind it to the benefits of shipping to a nation's economy. It is apparent that, Nigerian Government has consistently misunderstood or chosen to ignore its responsibility in the shipping sector. To a large extent, this has led to progressive nose-diving trend in port infrastructural development. As a matter of fact, government's continued reference to the loss of 19 ships to the now moribund Nigerian National Shipping Line (NNSL) or the National Unity Line (NUL) – should not be an excuse for its negligence and support of the sector. It is also wrong for government officials to victimize shipping operators who accuse it of neglecting indigenous shippers. Hence, there is need to establish an understanding between government and private operators in terms of support and funding their activities so that the industry can move forward.

*7. Lack of operational shipping policy:* The lack of an operational shipping policy framework has brought some form of crisis situation in terms of holding some level of trust and confidence in the operations of the industry. This is a recipe for underdevelopment and inefficiency of the national economy. This lack of an operational shipping policy framework has also ignited an attitude of nonchalance among operators, stake-holders, ship-owners, ship agents, and freight forwarders, also hell has let lose within the confines of the operational system, as there is no policy reprimand for offenders and this has affected negative impacts in the operational modalities of the system. There is need therefore for an institutionalized maritime policy framework, to serve as an operation roadmap for the industry and also put a stop to the pervading sharp practices at the end.

*8. Mediocrity/Lack of succession plan:* The maritime industry over the years, has suffered mediocrity some worth crises form; as it is one of the few new emerging industries in Nigeria which clearly and intentionally promotes high level mediocrity instead of excellence with due regard to employment of knowledgeable personnel's, professionals and technocrats who are to really handle issues of critical importance within the confines of this critical industry operating environment.. Thus most of its work force has not the requisite knowledge and educational proficiency to function effectively in the industry. To a large extent, this has suffered the operational efficiency and development of the industry. Moreover, the absence of a succession plan is a serious threat to efficiency of shipping operations and transactions amongst various stakeholders: perhaps, this is also due to the one man business structure of this all important industry in this part of the globe, as there is no clear structures on ground to critically equip them with some fundamental technical skills to march with the demands of the daunting tasks at hand, which obviously is very unfortunate as the case may be at the end. The absence of a succession plan often results in the owner of an organization planning to hand over the business to family members in the case of illness or death (Ndikom 2009).

*9. High tariff syndrome and stake holders' antics:* The problem of exorbitant tariffs and rates affect the efficiency of and operational performance of the shipping industry. This is because over the years, this has led to fraudulent and sharp practices by importers, exporters and freight forwarders. It has also led to the diversion of Nigerian bound cargo to ports of neighbouring countries in the central and West African sub region. In spite of the various port reforms of government over the last two decades, tariffs and rates in Nigeria still remain very high and in affordable; it is still the highest in the West and



Central African sub region. This greatly affects the operational efficiency of the profession and the industry. Also it has denied Nigerian ports, their rightful status of being the hub of West and central African sub-region in terms of freight movements, distribution and transshipments.

*10. Goalpost policy shift of Government:* The frequent shift in policy direction of government in issues regarding shipping as a critical industry, (such as pre-shipment and destination inspection regimes), over the years, is a serious problem militating against the growth and development of the industry. The speed and frequency at which these major policies are twisted, changed and/or reversed, often times without clear pronouncements, have led to confusion among freight forwarders, clearing and forwarding agents and other stake holders. These frequent changes in policies have greatly hampered growth within the industry. The government should know the dangers inherent in such changes and goal post policy shifting and therefore takes steps to establish sustainable policies in the industry (Ndikom, 2010).

*11. Operational vices and sharp practices:* The lack of an enduring maritime policy framework has over the years, ignited some operational vices and sharp practices in the industry, which culminated in under-declaration, under invoicing, concealment, falsification of documents, importation of contrabands and so on. This ultimately leads to capital flight and economic sabotage. These have affected negatively the operational performance of the entire maritime industry (Gwandu, 2000).

*12. Lack of operational knowledge and Education:* It is regrettable to note here that, most operations and stakeholders in the shipping/maritime industry lack the basic operational knowledge and education to function effectively, efficiently and optimally, hence according mediocrity, unprofessionalism and non-excellence the pride of place in a community where almost 70% of the operators and stakeholders are acute illiterates. This has over the years, affected the operational performance, output and value-added services within the confines of the shipping-maritime industry environment. There is need to obviously professionalize the industry through the entrenchment of high educational standards and values like other sectors of the economy. Thanks to the recent efforts of the Council for the Regulation of freight forwarders in Nigeria (CRFFN). There is need for other government institutions to emulate them in trying to stamp out inefficiency from our system through improved training and education of members from the sector (Assad, 1988).

*13. Antics of importers and Exporters:* Due to the high prevalence of high tariff in the industry, importers and exporters have devised a means to manipulate the system through various fraudulent and sharp practices.( Ikokpogri,2009). They practice such graft as under-declaration, under-invoicing, concealment, document forgery, importation of contraband, leading to capital flight. Most times, such concealment of imports and other forms of manipulation are carried out with the full knowledge of dubious freight forwarders and clearing and forwarding agents. Together they rob government and other stakeholders of their revenue accruing to government. Also, this leads to cargo diversions, which also undermine the growth and development of the shipping-maritime industry services (Agarwal, 2008).

*14. Non –stream lined Operational structure:* It is obviously regrettable to state here that, most of the activities and operational functions are seriously unstructured and unstreamlined operations that are inimical and unfriendly to investors in the industry, which



are never too comfortable with such un-receipted expenses from the ports ( Aniebonam,2008).

### **Prospects of Maritime Industry in Nigeria**

#### *Government Establishment of Maritime University Institutional Programmes:*

Government recent effort in funding establishments of four departments of maritime technological programmes in Universities in Nigeria is a welcome development and something of commendation. Some of the Universities that benefited from this recent government intervention (through the grace of Nigerian Maritime administration and Safety Agency-NIMASA), in maritime programmes are University of Lagos, University of Nigeria, Nsuka , Niger Delta University Bayelsa and Babangida University of Technology. This type of intervention by government will definitely enhance the development of maritime studies and also improve man power development in this critical and all important industry.( Ihenacho,2010). It will also raise the operational performance and efficiency of the industry and the economy at large. Obviously, the recent and current efforts of governments through the instrumentality of office of both the Senate and house of Representatives in passing at both chambers the bill for an Act to establish and subsequently passed into Law and confirmed the former Maritime Academy Oron as as a Federal University on Maritime technology Oron and that of Maritime University of Technology Okerekeko in Delta State is a very right steps in ensuring a sustainable developments of quality and credible Manpower that will help in moving the industry forward and elicit clear developments strides as marching the yening of the industry demands at the end of the day ( Ndikom, 2015).

#### *Cabotage Implementation Policy:*

It is common knowledge that the primary objective of Cabotage is to reserve the commercial transport of goods and services within the Nigerian coastal and inland waters to vessels flying the Nigerian flag and owned by Nigerian citizens in conformity with the tenets of the law. Hence, the take-off of the Cabotage law in May 2004 was greeted with mixed feelings by operators and the international shipping community. The aim of this establishment is mainly to create employment and improvement of revenue generation within the confines of the industry (Amadi, 1991). The proper implementation of the Act would therefore amount to a definite revolution in the nation's maritime industry. The aim of this law was to stop continuous foreign domination in the carriage of our local generated cargo. It is unfortunate therefore that, fourteen years after and even up till now, the problem of foreign domination still persist. Hence, the law is rational on paper but not in practice and the condition of the indigenous ship-owners seems worse than it was before overhauling its operational and service modalities as provided by this protective and restrictive policy with regard to local ship-owners in the industry, which is rather very unfortunate and regrettable. There is serious need for a fundamental overhaul of the nature and structure of this critical policy to get it in workable conditions as in most advanced economies of the world.( Ndikom,2015). The current efforts of the National Assembly to transform and restructure the workability of the Cabotage bill at this case in point is worth commendation as a good efforts in the right direction. For the purposes of advice, there is good need for the authorities of both chambers to seek technical ideas from industry knowledgeable based Professionals and Technocrats who can assist them into a workable functionality (Adebayo, 2005). This is because, the process and needed efforts in getting the Cabotage Act right in place, is a fundamental first step in reforming and transforming our home grown economic postulations in its sound and efficient footing, which is obviously better for us all as a developing economy.



The need to encourage investments in local vessel ownership is a critical ingredients for a functional Cabotage operations.( Ndikom, 2015).

*Concessionning of port terminals:*

Over the years, the nature of the ports has witnessed some form of fraudulent and sharp practices reflecting some form of various vices that are inimical to the growth and development of the industry at large. The government decisions to reform the port was in the best interest of our economy as the productivity and efficiency of the industry is purely anchored there-upon. Port reforms are policy initiatives by government to improve on certain inadequacies and inefficiencies in shipping and port operations. (Chadwin, 1990). The current port reform policy involves the separation of private and public functions in the rendering of port services by the creation of a new institutional frameworks for ports, thereby changing the operations and management of the various ports-such as a change from the concept of service port or tool port to that of Landlord port, with an appropriate dockworkers labour scheme to guarantee greater participation of the private sector in port operations. The reforms have been able to re-awaken the consciousness of port users and also to make ports more creative, user and investor friendly one. It has also helped to achieve Commercialization, Privatization and concessionning of ports in line with the economically profitable modern trends ( Badejo2009). It is also believed that in spite of the concessionning of ports; the ports tariffs have been very high even much higher than the days of Nigerian Ports Authority. The prospects of this current reform are that, the delivery of ports services in regard to cargo delivery has tremendously improved with an overall increase in government revenue at the end.( Folarin, 2009).

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**Conclusion**

Since the port industry is vital to the economy of a nation, there should be some form of national control to prevent needless competition, duplication of efforts and measure which may harm the overall development of the maritime industry. The heart of any reform effort should be the reconciliation of public interest with economic efficiency and financial soundness. (Ndikom, 2011). Public interest therefore, necessitates that, privatization and reform strategies be built on solid legal foundations that adequately balance the interest of public and those of private firms. Issues of management, control and welfare of Maritime labour should be looked into by all concerned regulatory agencies in this post-port reform era as effective port operations depend on the effectiveness of dockworkers and seafarers. (Ihenacho,2010). Any form of neglect of this critical component would mean doom for the entire reform process. Also, the apparent lack of an operational shipping policy in Nigeria, has led to foreign domination in shipping policy in Nigeria, especially regarding the carriage of locally generated cargoes, despite repeated calls by indigenous shippers that government should address the issue in line with the provision of cabotage law. The cabotage Act became effective in Nigeria in May 2004, but it failed to resolve the problem of foreign domination in the nation's maritime trade, which somewhat proves that the Act is a toothless dog. (Filani, 2009). Thus, in spite of the sustained sensitization campaigns that greeted the introduction of the cabotage law, both by government and the shipping community, the law has only been operational on paper, while the condition of indigenous ship-owners remains deplorable. This means that there is need to give a face-lift to the entire maritime environment through consolidated restructuring processes by Nigeria Maritime Administration and safety agency (NIMASA), so that the country can fully exploit the gains of cabotage ( Chigozie, 2015). There is also a need to establish a state bailout fund for indigenous ship-owners to ensure their survival in the maritime sector. A state



bailout fund for this critical industry is necessary for the survival of local ship-owners within the cabotage trade. There is need for government to implement its policy of cargo support for indigenous shipping lines, which ensures that imports are on free on board basis. This still advocates the need for an enduring shipping policy, to create an enabling business environment for the shipping industry (Ndikom 2011). Nigeria deserves a pragmatic shipping policy that supports and empowers indigenous shippers in the face of competition and heightened international standards. A proactive policy at this stage is very crucial for ports' internal dynamics, operational efficiency, and productivity, output and dock labour reform, towards a national economic recovery (Ndikom 2008).

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