

Impact of Shipping on Nigerian Economy: Implications for Sustainable Development

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Abstract

It is imperative to explore avenues that exert impact on the citizenry of Nigeria Vis-à-vis an improvement material per capita income, hence, improved material income and standard of living. Shipping as a capital and/or Inland water trade has tremendous impact on the nation's economy of which the study is aimed at exploring through cargo reservation, transportation and haulage of wet and dry cargo within and outside the Nigerian waterways. The study will invariably invoke, recreate and set in motion the impact and economic opportunities of the Nigerian shipping sector for possible investment by public or private sector, or a combination. The investment climate in Nigerian Shipping Industry is guided by the current National economic development policy which is aimed at promoting strong private sector driven industry with government as the enabler. Nigeria loses a lot of revenue due largely to lack of cargo carrying capacity of Nigerian fleet. Example, the liquefied natural gas (LNG), liquefied petroleum gas (LPG), iron ore, and other bulk cargo is mostly carried by foreign ships. Nigeria cannot afford to toy with the maritime sector due to the linkages between shipping activities and economic development as it is a primary logistic provider. There are opportunities for investment in dry bulk, tankers, liner/container, coastal cruise services, and offshore services if properly harnessed. With Nigeria as a flag state, proper funding and good management will attract foreign ships for registration. Nigerian oil and gas is useless and valueless without shipping. Oil and gas are like Siamese twins. Shipping facilitates movement of oil and gas from point of production to point of need locally and internationally.

Keywords: Shipping, Nigerian economy, Educational system

Introduction

The maritime industry includes all enterprises engaged in the business of designing, constructing, manufacturing, acquiring, operating, supplying, repairing and/or maintaining vessels, or component parts thereof: of managing and/or operating shipping lines, stevedoring and customs brokerage services, shipyards, dry docks, marine railways, marine repair shops, shipping and freight forwarding services and similar enterprises. This paper is primarily concerned with managing and operating shipping lines. Shipping in maritime can be a physical process of transporting commodities and merchandise goods and cargo, by land, air, and sea. It also can describe the movement of cargo by ship from point A to point B, or from port A to port B, or from one country to another.

The maritime industry occupies a very prominent position in the economy of nations all over the world. The industry in its strict sense embraces all the maritime related business activities which take place within the country's maritime environment. These include offshore economic activities such as fishing, salvage, towage, underwater resources and on-shore economic activities such as port activities, maritime transport (shipping), ship construction, repairs and maintenance activities. Of all these activities, shipping stands out as the greatest boost to a nation's economic growth and development. This is so because all other maritime activities revolve around shipping.

Due to close linkage between shipping activities and economic development, most nations cannot afford to treat it with levity, hence a conscious intervention needed to ensure that the national interest is protected. (Obed, 2006:44). Shipping as a primary logistics provider is critical in the process of Nigeria's international trade and economic development. As a mode of transport, shipping provides the cheapest and most efficient means of moving large volumes of import and export round the world thereby creating jobs and adding value to the economy. (Ma, 2010:13).

The seminal role played by shipping notwithstanding, Nigeria's national shipping industry is in crises. This is caused by investment difficulties, management inefficiency and organizational problems among others. The formulation of national shipping policy and the establishment of the defunct Nigerian Maritime Authority (NMA) to implement shipping policies have not been able to fully arrest this deterioration in the productivity of the national carriers in the cargo sharing formula. The Nigerian shipping companies pass this to foreign carriers due to lack of vessels of their own. When a similar trend of decline of the UK fleet was observed in the 80's, the British government raised an alarm not only on the absolute decline but also the speed of the decline. This has not been the situation in Nigeria, a third world nation.

The situation in Nigeria today is not encouraging because no national carrier has a seaworthy ocean going vessel. The Nigerian shipping industry faces a threat of gradual extinction as the industry tends towards the pre - 1959 period when the shipping business in Nigeria was dominated and monopolized by foreign carriers (NMA, 2006:12).

World maritime industry.

The process of navigating or engaging in commerce through various types of navigable waters introduces the related concept of shipping. (Garner, 2009:314) defines shipping as relating to ships, as shipping interests, shipping affairs, shipping business, shipping concerns. Rolins (1980) viewed shipping vessel, as receiving on board a ship for transportation, to have transported by a carrier, to take or draw into a boat, to engage, to serve on a ship. (webster, 2008:587). Shipping involves the art of transporting goods, often termed cargo, from one point to another on any stretch of water. Shipping could therefore be on land also. Shipping business can be said to be one of the oldest businesses in the world. Historically, it constitutes a major source of political power and territorial influence for "he who rules the sea, rules the world" (Mukherjee, 2010:19), a fact underscored by the various conquests of the Egyptians, Turkish, Roman, and Spanish, Greek, Portuguese and British empires.

The story of the shipping industry since the Second World War has been one of ingenuity, professionalism, fabulous profits and some miscalculations. (Ma, 2011:14). Adam Smith, the father of modern economics, viewed shipping as one of the principal stepping stones to economic development. In chapter three of the "Wealth of Nations", he argued that the central force in a capitalist society is the division of labour and the extent to which it can be practiced depends largely and crucially upon the size of the market. He saw shipping as a source of cheap transport which can open up wider markets to specialization, offering prices way below every other means of transportation (Mshelia, 2002:12).

Historical evidence indicates that, maritime pioneers, explorers, navigators, merchants and sea masters were non-Africans. They discovered sea routes, developed navigational aids and exploited mercantile trade and territories to their advantage. The world maritime industry is operated largely by private business individuals and organized groups. The role of national governments in the industry is limited to creating territorial water limits, developing regulations, enforcement of law and creation of basic infra- and superstructure in some cases. Today maritime industry is

characterized by high and increasing technological innovations in the form of large capacity vessels, high speed inbuilt cargo handling equipment, multicargo compartments, transshipment transfer, highly trained and skilled personnel, trade groups, regional trade zones, cartel links, mergers, harsh competitions and aggressive marketing (Prasad,2011:7) The state of maritime industry in Nigeria deserves attention.

The Nigerian Shipping Industry- An Overview

Shipping in Nigeria basically started during the second half of the last century via efforts of the foreign shipping lines. Woreman line started as a trading house in Hamburg and developed into a visible shipping company in 1894. Their first ship "Theresa Henrietter" left Hamburg for West Africa on 24th march, 1849. Elder Dempster commenced services in Nigeria in 1892 with their first ship "Fore runner". This was followed by another British line "Palm line" which came into being after the Second World War. In 1960, Nigerian shipping line joined the trade as a junior. This period marked the formation of the Nigerian National Shipping Line (NNSL) in 1958. This marked the beginning of our national carrier's participation in sea borne trade from humble beginnings of three second hand vessels, it grew to 12 owned vessels in 1970. By 1977, NNSL contracted to build 12 new vessels which were successfully delivered, making a total of 24 vessels (Iniodu and Ukpong, 2004:39). Today, the ships have all been grounded and some put to scrap due to poor management of the national fleet. However, there has been a renewed interest in the venture due to lack of alternatives to maritime transport.

Factors that Influence the development of Nigerian Shipping Industry

There are three major factors that influence the development of shipping industry in Nigeria; they are lack of capital, poor incentives for investors, poor integrated transport system.

Lack of Capital

Shipping is a highly capital intensive venture whether vessel acquisition is based on ordering or second vessel. Nigeria, with a very low capital formation, makes it difficult if not impossible to mobilize the needed capital for investment in shipping. More so, investment in shipping does not yield quick returns especially as Nigerian investors do not have access to foreign guaranteed loans due to lack of suitable collateral. This makes it difficult for indigenous shipping companies to acquire ships through loan finance from the ship yards.

Poor Incentives for Investors

Modern shipping is highly sophisticated and capital intensive. To this extent, shipping has very high commercial risk. That is why the traditional maritime countries accord shipping very favorable and attractive investment incentives (Fmot 1995:90). In Nigeria, shipping is not accorded similar concessionary fiscal and monetary incentives like countries in developed maritime nations. For example the tax rate applicable to shipping in Nigeria is the same as other businesses. Shipping is not accorded any concessions and it is neither classified as a "pioneer" industry nor does it fall within "agro" industries that enjoy tax free holidays. Under these harsh conditions, investors would prefer less risky businesses. In Greece for instance, (apart from other concessionary measures,) ship owners do not pay tax on income from operation of ocean going vessels of 500 gross tonnage and

above in addition to other concessionary measures. There are also no taxes on dividends (Field studies, Thernamaries shipping company, Athens, Greece).

Poor Integrated Transport System

Integrated transport is the transportation of goods under a single contract, but performed with at least two or three different means of transport. The carrier is liable for the entire carriage, though performed by several modes of transport (rail, sea, air, and road). The carrier does not need to possess all the means of transport (Muller, 2011). It is also known as combined transport. Integrated transport is an organ through which logistics supply chain management can function effectively. The legal infrastructure needs to be developed for intermodal transport to be meaningful. There are series of international legislation that affects intermodal transport, but full Implementation has always been a problem in Nigeria.

The physical infrastructure need be developed. Development of railway system, air port and sea port structures/facilities, construction and repair of road network and their interconnectivity will to a large extent improve intermodal transport in Nigeria. The state of infrastructure in the Nigerian transport sector calls for serious attention both from the government and the private sector. The transport sector is a viable area for investment and the Federal government should consider developing a new national transport policy to create a world class transportation system which will in turn improve shipping practice in Nigeria.

Changes in World Shipping and Impact on Nigerian Maritime Industry

There are some important developments and changes in shipping which impact on the Nigerian shipping industry, these developments and changes in shipping venture are as follows,

1. Technological innovations.

In the last three decades, there have been accelerated technological innovations in shipping in the area of design and cargo utilization (Ma, 2011:9). This is to make for efficient and cheap transportation of goods in the world trade. Innovations have been recorded in bigger size of vessels, cellular container vessels, the roll on/ roll off (RORO) and IT which increase the cost of ships to the disadvantage of less developed economies.

2. Institutional changes in shipping.

Latest changes in legislation, code modification, labour conventions in the last two decades make it rather too difficult for compliance for less developed countries and developed countries alike

3. Impact of liberalization.

Certain global policies make it difficult for implementation at the national level. One such is the liberalization by the United Nations Committee on Trade and Development (UNCTAD). Developing economies are ill equipped to embark on it. Some of the policies contain ambiguities at the implementation stage and impact seriously on the national regimes.

4. Inadequate shipping management skills and experience.

As has already been mentioned, the shipping business has become very complex. New shipping arrangements and organizational structure are formed to respond to the emerging trends in shipping. The multimodal transport and short sea transport has placed more responsibility on the shoulders of operators having been given the duty to transport goods through all modes, from origin to destination, and the liability for damage or loss done to goods in the course of carriage (Donor, 2011:11).

Economic Opportunities in the Nigerian Shipping Industry

The investment climate in the Nigerian shipping industry is guided by the current national economic development policy which has the objective of promoting a strong private driven industry with the government as the enabler. Some of the key and specific investment opportunities in the Nigerian maritime sector are;

1. Dry Bulk Shipping

The trade is strong in Nigeria. Domestic demand for grains, fertilizers, sugar, cement salt etc. is supported by importation. This is expected to continue for a considerable period, particularly in the grain market where some agronomic factors do not lend themselves to domestic production.

2. Tanker Shipping

Nigeria being a major oil and gas producing and trading nation, investors in the tanker trade are assured of the full employment of their vessel on a sustainable basis, especially on the affreightment of national cargos. These investments will create robust trade for gas carrier operators. Also, industrial chemicals constitute a major import component of Nigeria's freight trade. Generally, investment in Very Large Crude Carriers(VLCC), largest ship to transit suez canal(SUEZMAX), Liquefied natural gas/liquefied petroleum gas LNG/LPG, ultra large crude carriers (ULCC) etc. tankers remains commercially viable for Nigerian crude trade(Elem,2006:38).

3. Liner/Container Shipping

Nigeria as the oldest trading posts south of Sahara attracts high import trade from major trading nations of the world. The shipping traffic to Nigerian ports carries mainly high valued finished and semi finished containerized goods. It is not only sustainable, but also expanding considerably as a direct outcome of the economic reforms. Similarly, export trade in agriculture, industrial raw materials and semi finished goods are experiencing significant growth as a result of a well structured fiscal regime on export trade.

4. Coastal Passenger/Cruise Services

Passenger service is marginally utilized despite its potentials as a viable alternative to the road mode, especially for coastal taxi of the Niger delta region. Intra sub regional trade and the mobility of citizens in the west African sub region is growing rapidly and is expected to peak with the full implementation of some regional and sub regional economic integration (Elem, 2008:6).

5. Offshore and Coastal Services

Nigeria has huge hydrocarbon resources and is a major player in the world oil and gas. Although economic activities in that area falls within the confines of cabotage trade, which is restricted by law to Nigerians, the cabotage law also provides for partnerships between Nigerians and foreign players where possible to meet the demand.

6. Ship Finance and Maritime Insurance

Vessel financing is still evolving in the Nigerian financial market, largely on account of its peculiar nature. Most operators rely on equity financing, which is hardly sufficient. The operators need well structured and developed ship finance services capable of providing composite funding options to meet the growing demand for financial solutions in the sector.

7. Port Development

The major reforms which are taking place in Nigerian maritime and shipping sector is the deregulation and liberalization of port services to private sector participation. In development, this has subsequently led to the concessioning of the major port terminals in the country to private operators. The country still needs modern and efficiently run port terminals to meet the growing demands of efficient port services. Development in deep sea ports to accommodate the ever increasing draft of modern ships deployed in international haul is another priority investment area.

Nigeria presently has no deep sea port, and the growth envisaged in the economy in the medium to long term would require such a port facility to accommodate the size of ship and volume of traffic.

8. Ship Yards

Investment in the provision of ship yard services is intended to meet the rapidly growing demand for local dry docking facilities in response to the dictates of the cabotage law. Shipyards are necessary to meet the demands of the offshore and coastal shipping services. Investment in this area will lead to expansion in shipping technology. The combined shipyard capacity in the country today is not only limited, but grossly inadequate.

9. Ship Breaking and Recycling

There are no ship breaking and recycling activities in the whole of the African continent despite the high number of scrapped ships and the relics that adorn the inland waterways of African countries. This constitutes navigational hazards as well as threats to safer shipping and cleaner waters. This development makes it compelling those vessels for scrapping anywhere in Africa are towed all the way to Asia. This constitutes a serious economic dislocation from any perspective it is considered. In Nigeria, ship wrecks and scraps are high in numbers and constitute reasonable base feed stock for a scrapping and recycling industry.

10. Reefer Trade

Reefer trade is high and growing in Nigeria. In addition to a high volume of trade in frozen fish and associated sea food, trade in dairy products, fruits, vegetables, and refrigerated foods is significant throughout the year.

11. Pollution Control

As a major oil producer, it is imperative that Nigeria ensures that appropriate surveys are conducted and that areas are mapped out for spill and pollution control. There is also need for reception facilities at ports and terminals to receive oily waters and bilge waters from ships (Prasad, 2010:14). Private investment in the area of technical surveys, provision of reception facilities and general delineation of the nation's water ways for pollution control and rapid response systems are avenues for possible investment.

12. Search and Rescue

The federal government of Nigeria has articulated a new policy of search and rescue which requires provision of facilities and training to meet the needs. This is aimed at containing distress at sea. This is another area in which the public private partnership is most desired.

13. Cabotage Trade

The cabotage regime came into force on May 1st, 2004. The regime was introduced to strengthen the participation of Nigerians in the economic opportunities created by shipping and maritime activities. Investment in this area accommodates foreign and domestic trade through joint ventures. A broad list of the investment corridors with the domestic shipping market includes:

- | | |
|--|--------------------------------|
| 1. Dry docking | 9. Tug Boats/Anchor handling |
| 2. Ship repairs | 10. Diving support vessels |
| 3. Coastal shipping services | 11. Cables/pipe laying vessels |
| 4. Trawlers | 12. Barges/House Boats |
| 5. Terminal/Jetty infrastructure | 13. Dredgers |
| 6. Offshore construction and fabrication | 14. Passengers/ferry services |
| 7. Supply boats to offshore oil fields | 15. Tourism services |
| 8. Crew boats | |

(Elem, 2008:24).

Impact of Shipping on the Nigerian Economy

The impact of shipping can be positive or negative, but the positive impact far outweighs the negative impact. On the positive side, shipping provides a host of economic benefits like job provision, aiding export promotion, helping in diversifying the economy, expanding market opportunities for foreign trade by providing competitive services, increasing foreign exchange earnings, opening doors to foreign competition. Trade and the ability to compete in overseas markets are dependent on an efficient, secure and reliable maritime structure. United Nations Committee on Trade and Development (UNCTAD, 2008:1).

Usoro (2005) insisted that shipping should be regarded as the first global industry accounting for about 90% of World Sea borne trade. In spite of the enormous positive impact created, negative impacts also suffice. The environmental issues are still giving the world enough headache. The major environmental impacts are reflected in air quality, dredging, endangered and threatened life species, oil pollution and solid waste explained as follows:

Air Quality

Vessels emit harmful pollutants to the air such as hydrocarbons, nitrogen oxides, (Nox,Sox). Other sources of air pollution from shipping include the release of oxylene, toluene, xylene and other toxins from fuel vapour during loading and unloading of marine tank vessels (Prasad, 2010:14). According to the United States Environmental Protection Agency (EPA), impacts of these pollutants may include adverse health effects such as respiratory and cardiovascular diseases, lung damage, learning impairment and even death. Depletion of the ozone layer, damage to agricultural resources and increase in acid rain are other negative consequences (Donovan, 2006:10)

Dredging:

To maintain safe navigation depths, many harbor channels must be periodically dredged. The sediments contain contaminants which when released pose serious threats to the ecosystem, particularly through bio accumulation in the food chain (Bellefontaine, 2010:16).

Oil Pollution:

Oil released into the ecosystem is a major environmental problem associated with the shipping industry. Large spills occur during transportation through tanker accidents and spills during loading and off loading. Waste water from tank washing, discharge from bilges and engine maintenance are common causes of smaller spills. These are hazardous to human beings and the environment through bioaccumulation of toxins through the food chain. In addition, oil pollution degrades coastal habitats, smothering tidal pools and killing marsh grass (Bellefontaine, 2010:19).

Solid Waste:

All ships produce solid wastes during voyages. Most of these wastes can be legally disposed at sea, as long as they are released at a distance from the shore. Plastics must be properly incinerated on land. Solid waste from shipping enters the environment when cargo is lost at sea or accidentally released during loading and unloading.

Growing the Nigerian Economy through Shipping

The simple measure of any economy is the gross domestic product (GDP) which is defined as the value of goods and services produced in a given year, of which shipping is one (Ojinaka, 2005:50). The operation of a sector such as shipping / maritime has some impact on the economy. Each sectors financial need is covered in the national budget and the contribution of all sectors in a given year makes up the national budget. The maritime sector, if properly harnessed should have an overwhelming positive impact on the GDP and should influence the growth and development of the of the economy through market expansion, opportunities for foreign trade, competition, foreign exchange earnings, and serving strategic national interest (UNCTAD, 2008:15)

Importance of Shipping to the Nigerian Economy

The Nigerian economy is driven by oil and gas exploration, production and sales. Other major contributors are international cargo trade, customs duties, direct taxes and others. In the Nigerian maritime sector, shipping is an indispensable component of the important drivers of the economy (Ugwu, 2006:40).The Nigerian economy is import- oriented but also the biggest oil exporter in Africa. High percentage of Nigeria's international cargo trade is facilitated by sea carriage.

Nigeria trades about 180 million tons of sea borne cargo per annum. Annual freight paid is about \$6.8 billion (#1,088bn). More than 80% of this is earned by foreign firms.

Oil and Gas Production and Exploration

Oil remains the mainstay of the Nigerian economy, contributing about 55% to the GDP, 95% of export earnings and about 70% of governmental revenue.

Since a preponderant proportion of Nigeria's oil is produced in shallow or deep waters, accessing and maintaining a presence in these areas is facilitated by marine craft such as supply boats, tug boats and barges. These craft are leased on a continuous basis by the oil and gas industry. The total value of freight paid on oil exports amounts to more than \$84 million annually, none of which come to Nigeria, as Nigerians do not own any VLCC carrying Nigerian crude oil. The nearest claims of Nigerians are only as commission agents.

Crude Oil Terminals and Grades Produced

There are eight oil terminals in Nigeria from where ten grades of crude oil and condensate are exported. The terminals are in two categories, on-shore and off shore / floating storage vessels. The on-shore terminals are Bonny, Brass, Qua Ibo, Forcados and Escravos. The off-shore/floating terminals are FSO Domy, MV Oloibiri and Antan. The oil terminals, the operators and the various crude oil grades are presented in table 1.

Table 1: Nigeria's crude oil terminals and grades produced

Terminals	Crude grades	Location	Terminal operators
1.Bonny	Bonny light and Bonny medium	Eastern zone	Shell
2.Qua Ibo	Qua Ibo light Oso condensate	Eastern zone	Mobil
3.Brass	Brass blend	Eastern zone	Nigerian Agip
4.Antan	Antan blend	Eastern zone	Addax petroleum

5.Domy	Odudu blend	Eastern zone	Elf petroleum
6. Forcados	Forcados blend	Western zone	Shell
7.Escravos	Escravos light	Western zone	Chevron
8.Oloibiri	Pennington light	Western zone	Texaco

Source: Nigerian National Petroleum Corporation. 2008 annual bulletin.

Classes of Vessels used in Petroleum Export Lifting

There are two main categories of tankers, clean and dirty. The clean tankers are smaller and are used mainly for product trading, while dirty tankers are used in trading crude oil and are larger. There are also smaller dirty tankers used in product trading like LPFO and HPFO.

Crude oil tankers are classified according to their summer Deadweight (SDW). The classes of vessels used in crude oil lifting range from general purpose vessels to ultra large crude oil carriers. The various classes are as follows:

<u>VESSELS</u>	<u>SIZE (metric tons)</u>
General purpose (GP)	16,500-24,999
Medium range (MR)	25,000-44999
Long Range 1(LR1)	45,000-79,999
Long Range 2(LR2)	80,000-159,000
Very Large Crude Carrier (VLCC)	160,000-319,000
Ultra Large Crude Carrier(ULCC)	320,000-549,999

Source: Guis Obaseki (1999:5)

Flag states and shipping companies prefer large ships (12teu, 14teu and lately 18teu) TEU (twenty equal unit) for shipment due to economy of scale

The Future of Nigerian Shipping

It is unfortunate that many developing countries of the world, particularly in the West African sub region, have not been very successful, active and prominent in the theater of world shipping. There is need for a deliberate attempt to seek for the future of world shipping and the integration of Nigeria in the serious global shipping initiative. It is glaring that the economy is externally dominated. About 85% of the nation's external trade, import and export, passes through the nation's seaport. Since 1990's, not less than 2,500 vessels are recorded in the Nigerian seaports annually (Badejo, 2001:40).

An examination of the existing shipping structure in Nigeria reveals the need for implementation of drastic measures that will help to re direct shipping fortunes in the future. The following factors are major issues that could re-shape the country's shipping future;

- (1) The need to reform the shipping policy to be responsive and dynamic to the future of shipping in the 21st century,
- (2) The need for intermodal transport coordination and integration within the context of the total transport concept (TTC) and supply chain management (SCM),
- (3) Port specialization leading to the adoption of the load centre strategy or the husband spoke approach to shipping,
- (4) Merger formation and cooperation of shipping companies versus competition,

- (5) Specialized vessels to be introduced, particularly tanker vessels and others,
- (6) Use of Incoterm and IT facilities should be improved upon,
- (7) Improvement in the training of manpower in the maritime training institutions. For example, the maritime academy of Nigeria Oron should be upgraded to a degree awarding status with improved and modern simulators and equipments for the training of seafarers in keeping with standard training certification and watch keeping (STCW 78/95) and a consistent supply of labour to the Nigeria and other flag states.

Conclusion

Shipping is of great importance to the Nigerian economy. One of the major challenges facing Nigeria at present is that it has no meaningful participation in the Shipping Industry on which Nigeria depends, both for Exports and Imports. Practically all Nigerian Exports are shipped "Free on Board" (FOB), while its Imports are shipped 'Cost Insurance and Freight' (CIF). The Oil rigs in Nigerian waters and the vessel which service them are owned and controlled by foreigners. Even the vessels involved in Coastal trade and Inland Waterways covered by the Cabotage Act are mostly controlled by foreign Ship owners.

Statistics show that Nigeria pays over \$2 billion in freight each year to foreign ship owners either to export oil or to import finished goods. Presently Nigeria derives no benefit from the freights incurred. A substantial amount of foreign exchange is being lost to foreign shipping operators and owners. From available records the value of vessels engaged in the three areas of Nigeria's shipping business namely: Offshore rigs and support vessels, coastal Cabotage trade and import and export trade, amount to well over \$20 billion. The consensus is that if Nigeria can gain a foothold in its Shipping Industry, the potential would be enormous. If shipping activities are properly harnessed, given the few suggestions made in this paper, shipping will be ranked next to oil in foreign exchange earnings if not overtake it. Oil is a wasting asset, but shipping is eternally relevant. Shipping is indispensable in economic growth and development of Nigeria with its attendant positive multiplier.

Port facilities should be upgraded and modernized for quick discharge of consignments as a ship owner is more interested in timely turnaround of his ship for next engagement and avoid lay time and lay days.

Recommendations

Sequel to the write-up on Nigeria shipping industry, the following recommendation are to be proffered

- (1) The maritime sector is capital intensive. A maritime bank should be established to provide the needed finance with government guarantee,
- (2) A combined monetary and fiscal incentive scheme should be formulated,
- (3) A deliberate policy should be put in place to encourage indigenous participation,
- (4) The Cabotage regime should be faithfully implemented to make for more involvement of local operators within the flag state,
- (5) Maritime policy makers should understudy developed economies with a view to duplicating some features and toe their own path of growth,
- (6) Increased investment in shipping infrastructure and maintenance by indigenous operators to continually meet an acceptable international standards,

- (7) Investors should be encouraged to go into shipping with incentives like tax free holidays, government guaranteed loans and protection against foreign dominance.
- (8) Government should and must do all it can to curtail foreign dominance and the repatriation of profit for a more sustainable economy.
- (9) Government should encourage production of exportable goods for maximum deployment of ships as most ships coming into Nigerian waters sail back on ballast.
- (10) Unnecessary delays, sharp practices and scam should be drastically reduced at the ports for shipment to move freely thereby making just in time (JIT) supply chain management to be effective in Nigeria.

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