

Highlights of Key Developments in Nigeria's Maritime Industry in 2021

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May 2022

INTRODUCTION

Despite disruptions caused by the Covid-19 pandemic, resulting to changes in global trade patterns and a supply chain crisis, Nigeria's maritime industry made some gains in the year 2021. Compared to the year 2020 which saw a downtime in global trade, the year 2021 marked a rebound in commercial shipping activities around the globe with Nigeria receiving its fair share of value. According to the Maritime Transport Review 2021 – a flagship report published annually by the United Nations Conference on Trade and Development (UNCTAD) – Nigeria ranked highest among the top 35 flags of registration in terms of increase in its share of the world merchant fleet value which moved from 0.50 to 0.78 per cent¹. Nevertheless, the year 2021 was not without challenges. Besides the pandemic, the industry was severely constrained by rising exchange rate coupled with Dollar scarcity, incessant increase

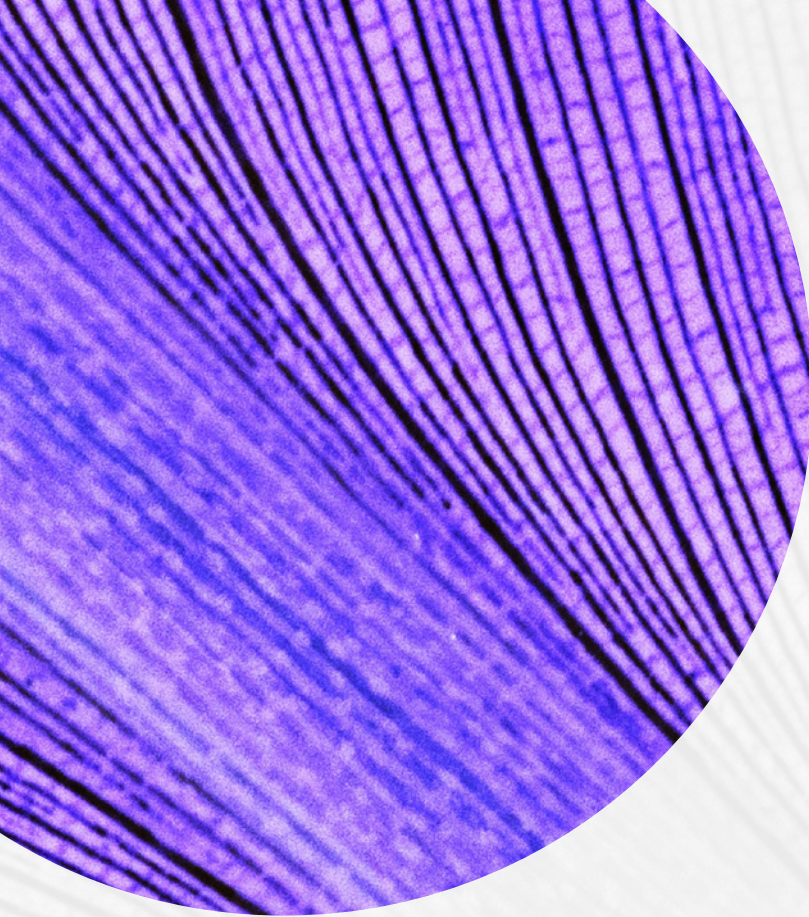
in Customs duty and policy inconsistency on the part of government. This paper highlights key developments that took center stage in the industry in the year under review.

COMMENCEMENT OF THE AFRICAN CONTINENTAL FREE TRADE AGREEMENT

The year 2021 witnessed the commencement of implementation of the African Continental Free Trade Agreement (AfCFTA) which has been described as a significant milestone for Africa's political and economic aspiration of uniting about 1.2 billion people across 54 States with a combined GDP of \$3.4 trillion in a single continental market regime. The first consignment of goods traded under the AfCFTA regime from a Ghanaian cosmetics company to Guinea on January 4 2021² was carried by a ship, signaling a new era of economic growth, development and cooperation amongst African countries.

¹ The United Nations, UNCTAD Review of Maritime Transport 2021, November 2021

² Brian Gicheru, Kinyua, Timothy Walker and Denys Reva, AfCFTA Prosperity Requires More African Seafarers, Ships and Ports (maritime-executive.com), July 21, 2021



Nigeria ratified the agreement in November 2020. If properly harnessed, the kickoff of the AfCFTA holds significant prospects for the maritime industry in Nigeria, given that sea transport offers the most affordable and fastest means of moving large quantities of goods across long distances. Although many African countries are landlocked, the maritime gateways remain the major channels for cross-border trade. To position itself to obtain its fair share of benefits from the new regime, Nigeria must take decisive action to improve its maritime infrastructure including port facilities to facilitate trade and significantly reduce the duration of cargo dwell time in the nation's ports. Incentives should also be provided to boost indigenous ship acquisition capacity otherwise, foreign owned vessels will continue to dominate and enjoy the benefits of the intra-African trade regime established by AfCFTA.

INTRODUCTION OF ELECTRONIC CALL-UP SYSTEM

The inefficiency in the management and operation of ports in Nigeria has been a source of concern to players in the maritime industry owing to the poor turnaround time in cargo processing, and clearance and the perennial congestion of the nation's major port corridors by vehicular traffic. As part of efforts to find a permanent solution to the problem of truck congestion around Apapa and its environs, the Nigerian Ports Authority announced the commencement of the Electronic Truck Call-up System, popularly called "ETO", which is designed to schedule entry and exit of all trucks to and from the Ports.

The "ETO" is an innovative technology application which became effective from 27th February 2021. With its deployment, all trucks doing business at the ports are required to park at approved truck parks until they are called up into the port through the "ETO" application. As of August 2021, it was reported that a total of about 80,000 trucks had registered on the "ETO" platform,³ however only 16,000 trucks met the minimum safety standards. Although several lapses have been identified in the implementation of the "ETO" system, the platform has been instrumental in the reduction of traffic gridlock in the Apapa axis by 80 percent.⁴

ACQUISITION OF OCULAR VISION SIMULATORS BY THE NIGERIAN MARITIME ACADEMY FOR THE TRAINING OF CADETS

Nigeria's maritime education recorded giant strides in capacity development with the acquisition of 20 pieces of Ocular Vision simulators for training of cadets by the Nigerian Maritime Academy (MAN) in April 2021. According to the Rector of the Academy, the newly acquired equipment is the latest in the world of engine room simulators and is at present only owned by the Institution in the whole of Africa. The academy also

3 Tola Adenubi, ETO: Only 16,000 trucks out of 80,000 registered met standard NPA (tribuneonlineng.com), Nigerian Tribune, 10th October 2021

4 Olaseni Alakija, General Manager Corporate and Strategic Communications, Nigerian Ports Authority, Electronic Call-Up System Has Reduced Apapa Traffic Gridlock By 80% - Mohammed Bello-Koko - Nigerian Ports Authority, Accessed on 19th April 2022

acquired a Helicopter Underwater Escape training equipment and nine software of various simulators including High Voltage and Dynamic Positioning Simulators. This development underscored the World Maritime Theme for 2021 – Seafarers at the Core of Shipping’s Future – and promises to boost the training capability of the Academy to provide manpower needs for the maritime industry both locally and internationally.

LAUNCH OF THE INTEGRATED NATIONAL SECURITY AND WATERWAYS PROTECTION INFRASTRUCTURE

President Muhammadu Buhari, GCFR, officially launched the Integrated National Security and Waterways Protection Infrastructure (also known as the “Deep Blue Project”) in June 2021. The Deep Blue Project is the first integrated maritime security strategy in West and Central Africa with the aim of tackling the incidence of piracy, robbery, and other crimes at sea. It was initiated by the Federal Ministry of Transport in collaboration with the Federal Ministry of Defence. The project is implemented by the Nigerian Maritime Administration and Safety Agency (NIMASA) and comprises three platforms to tackle security on land, sea and air.

The land assets include the Command, Control Communication, Computer and Intelligence Center (C4i) for intelligence gathering and data collection; 16 armoured vehicles for coastal patrol; and 600 specially trained troops for interdiction, known as the Maritime Unit. The sea assets include two special Mission Vessels and F17 fast Interceptor Boats. The air assets comprise two Special Mission Aircraft for surveillance of the country’s Exclusive Economic Zone (EEZ); three Special Mission Helicopters for search and rescue operations; and four Unmanned Aerial Vehicles.⁵ Since the launch

of the Deep Blue Project, Nigeria has continued to receive accolades from international bodies, including the International Maritime Organization (IMO), for taking the lead in the fight against piracy in the Gulf of Guinea which has been described as the hotspot for piracy in the world accounting for nearly half (43%) of all reported piracy incidents in the first quarter of 2021, according to figures from the International Maritime Bureau (IMB).⁶ Latest reports from the IMB have, however, shown that incidence of piracy in the first nine months of 2021 in the Gulf of Guinea were the lowest reported in 17 years,⁷ thanks in part to the Deep Blue Project!

INTRODUCTION OF NEW CERTIFICATE OF SHIP REGISTRATION AND AUTOMATION OF SHIP REGISTRATION VERIFICATION

In a bid to ensure that Nigeria’s Ship Registry remains up-to-date and complies with international standards, the NIMASA announced the introduction of new certificate of ship registration with enhanced security features that will stand the test of time.⁸ The new certificate, which was introduced on 1st July, 2021 is embedded with Quick Response (QR) code to enable Shipowners, stakeholders and regulatory officers verify the validity of the certificates. Further to this development, the agency announced the automation of ship registration verification in September 2021. The newly introduced features will help promote the safety and security of ships as well as the ease of doing business in Nigeria’s maritime industry.

5 Godwin Oritse, NIMASA receives last batch of assets under deep blue project - (vanguardngr.com), Vanguard, May 17 2021

6 International Chamber of Commerce, Gulf of Guinea remains world’s piracy hotspot in 2021, according to IMB’s latest figures - ICC - International Chamber of Commerce (iccwbo.org), 14/04/2021

7 International Chamber of Commerce, Piracy and armed robbery incidents at lowest level in decades, but IMB cautions against complacency - ICC - International Chamber of Commerce (iccwbo.org), 14/10/2021

8 Eromosele Abiodun, NIMASA Automates Ship Registration Verification, Begins Enforcement of Marine Environment Protection Regulations | THISDAYLIVE, Thisday, September 10, 2021

ENFORCEMENT OF MARINE PROTECTION REGULATIONS

NIMASA also commenced enforcement of full compliance by Nigerian and foreign flagged vessels operating within the country's maritime domain with statutory and documentation requirements relating to protection of the marine environment. By this development, *"all shipowners and operators are now required by law to update their vessels' documentations, which include all permits or exemptions, levies, record books and plan approvals"*. This is also a pre-condition for further processing of any vessel or company requests with the Agency. The new move is pursuant to the Agency's statutory mandate to implement all provisions applicable to marine environment protection and documentation as enshrined in the International Convention for the Prevention of Pollution from Ships (MARPOL), 1973; the Merchant Shipping Act, 2007; and the NIMASA Act 2007. NIMASA added that it would impose sanctions on operators who fail to comply with the relevant requirements.⁹

DEPLOYMENT OF ELECTRONIC SCANNERS FOR CARGO EXAMINATION

In September 2021 the Nigerian Customs service took delivery of new mobile scanning machines at Onne and Tin-Can Ports.¹⁰ The development is expected to mark a positive shift in cargo clearance by eliminating delays and enhancing timely delivery of cargo to owners. Before the arrival of the scanners, examination of cargo was fully carried out by physical examination. The integration of scanning into the cargo clearance procedure is in line with global best practice for trade facilitation.

ANNOUNCEMENT OF FISCAL INCENTIVES FOR ACQUISITION OF SHIPS BY NIGERIANS

The Director-General of the NIMASA, Dr Bashir Jamoh announced in October 2021 that the Federal Government of Nigeria had approved the waiver of import duty on the acquisition of vessels by Shipowners. This is part of the fiscal incentive by the Federal Ministry of Transport for the maritime sector to boost investment and stimulate growth in the industry. The disclosure was made at the maiden edition of the Nigerian International Maritime Summit (NIMS) held in Lagos.

Notwithstanding the announcement, there has been calls to give a legislative backing to the zero-import duty initiative for commercial vessels to ensure compliance by the Nigerian Customs Service (NCS). This is informed by a similar situation in the aviation sector where the Federal Government had announced a waiver of import duty on the acquisition of commercial aircrafts in 2016.¹¹ The directive was flouted by the NCS which continued to demand and collect import duty on aircrafts imported into Nigeria until the waiver was enacted as section 39 of the Finance Act 2020. It is expected that the initiative will greatly boost indigenous ship acquisition.

LAUNCH OF NIGERIA'S DEEP DECARBONIZATION PATHWAY PROGRAMME (DDPP)

The attention of the global maritime industry is shifting to zero-emission shipping with emphasis on substitution of fossil fuel with cleaner, sustainable energy sources. In December 2021, the Federal Government of Nigeria launched the Deep Decarbonization Project (DDP) aimed at reducing carbon emissions by 50 per cent by the year 2050. The DDP is a national research and capacity building project for the implementation of a Deep Decarbonization Pathway Programme (DDPP) in

9 International Chamber of Commerce (Ibid)

10 Adaku Onyenucheya, Customs receives delivery of cargo scanner at Onne Port to enhance inspection, trade | The Guardian Nigeria News - Nigeria and World News — Nigeria — The Guardian Nigeria News - Nigeria and World News, The Guardian, 18 September 2021

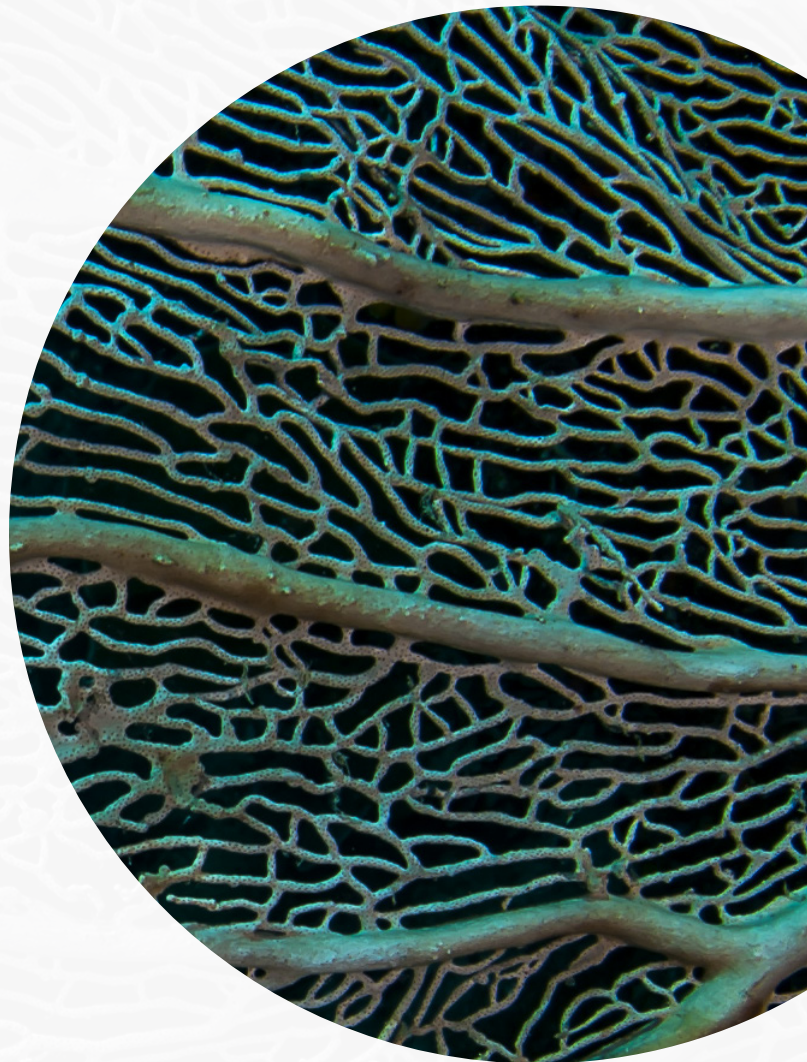
11 Chike Olisah FG grants approval for zero import duty on vessel acquisition by ship owners - Nairametrics, Nairametrics, October 5, 2021

Nigeria. It is a project of collaboration between the Federal Ministry of Environment and the Agence Française de Développement (AFD), with the International Relation and Sustainable Development Institute (IDDR) as the coordinator.

Although Nigeria has not made a specific commitment on its expected levels of carbon reduction in the shipping industry, there is good reason to believe that the maritime industry stands to benefit immensely from the Deep Decarbonization Project in terms of policy framework and advocacy for the eventual transition to cleaner fuel sources in the foreseeable future. It is encouraging to note that the Federal Government of Nigeria has already announced plans to phase out fossil fuel in the automobile industry, paving way for the adoption of Compressed Natural Gas (CNG), also called Autogas, as an alternative source of fuel.

CONCLUSION

In retrospect, the year 2021 was an eventful one for the maritime industry in Nigeria, although much more could have been achieved. It is hoped that the year 2022 will be more impactful in terms of infrastructural upgrade, increased fiscal and monetary incentives, manpower development, a clear-cut policy thrust and a dogged determination by regulatory authorities in terms of implementation.



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