Cabotage Operations between Theory and Practice in Nigeria

by

Adepoju Ibrahim Babatunde
PHD student in City University, Cambodia
Email: tundes001@yahoo.com

Abstract

This paper compacts with the notion of cabotage operations between theory and practice in Nigeria, Issues, and challenges why Cabotage operation, in theory, does not reflect the same theoretical models and benefits in Nigeria. The main focus of this paper is to analyze the history, concept, benefits, operational merit, and demerit to the Nation and her people. The paper presenter researched for the paper with reliance on textbooks, internet websites, and operational case study since there is a dearth of material in the subject area explaining Cabotage practice as maritime practitioners still describe cabotage operations in Nigeria as a compromise between strict and relaxed law. Also, the researcher interviewed some stakeholders and indigenous maritime practitioners in Nigeria regarding the existence of a dichotomy between theory and practice attainable in Nigeria and its likely causes. At the end of the paper, the presenter proposed a number of recommendations for operations of Cabotage in Nigeria. Significant among is government improvement of infrastructure and Implementations of the people-friendly policy and also Government should intensify support on Investable funds and/or give collateral in support of loan due to Capital intensive nature of the shipping business.

Keywords: Nigeria, West Africa, Business, Transport, shipping, Cabotage, Economic dependence, Trade liberalization

Introduction:

In less developed countries,[1] economic policies and strategies are shaped by two principal objectives, namely; the doctrine of economic independence or economic nationalism and the demand for economic development. The colonial administration in Nigeria adopted a "lasses faire" policy towards the operation of multinational enterprises in the country.

The effort to implement the UN Code led to major international intervention in West Africa's maritime (shipping) industry. These were of two dimensions; Sub-regional cooperation measures and the role of an international organization, namely the UNDP, the IMO, and so on.

According to Leubusher (1983), the origin of modern shipping in West Africa dated back to 1920; the delegate of the national congress of British West African[2] conference in Accra, Ghana, then Gold Coast deliberated on matters concerning Shipping, Education Judiciary and commercial reforms in West Africa. Among the issues that were critically reviewed were the shipping aspect; specifically, the role of Elder Dempster Shipping Line and the West Africa Lines conference resolutions 5 & 6 as follows:

[1] LDC
[2] NCBWA

i. That in view of the difficulties, therefore, experienced in the matter of space on British bottoms[3] by legitimate African traders and shippers, the conference welcomes in the shipping line with particular reference to the Black Star Line.
ii. That the conference desire to draw the particular attention of the board of directors of Messrs Elder Dempster Line of steamers to indignities that West African passengers suffer on their vessels; that representation is made in the proper quarter to correct the evil (Leubuscher, 1963, p. 42).
iii. The NCBWA planned to set up British West African Cooperative Association with objectives among which is promoting shipping facilities, banking, product trade centers, and other activities that would inspire and sustain economic actives in West Africa (Hopkins, 1966, p. 135).

In 1957, Nigeria rekindled the need and called for shipping Line among the West African. The then minister of transport, Mr. Raymond A Njoku, the Federal Government of Nigeria made a proposal to three West African countries to set-up a joint shipping firm, Nigerian minister of Transport, debates of the House of Representatives 10th September 1957 (Leubuscher, 1963, p. 66). In 1959 Nigeria founded the Nigerian National Shipping Line (NNSL); it had an initial equity structure of 51%, 33%, and 16% belonging to the Government of Nigeria, Elder Dempster, and the Palm Line respectively; the latter two were British companies. However, the Nigerian government later took over the 100% equity of the firm.

The expatriates dominated the Nigerian economy by the time and the biggest among them was the United African Company Limited[4] and Liver Brothers, a subsidiary of Unilever Company in the United Kingdom having headquarters in Britain.

The concept of nationalism and indigenization was introduced and of which assumed an important status among the socio-economic objectives of the government (CBN) economic and financial review 1980. The Nigeria Enterprises promotion decrees of 1972 restricted certain scale of industries for Nigerian business organizations; moreover, the government acquired about 55% of some major industries where Nigerians lack funds or expertise to compete e.g. Petroleum, automobile assembly plants, large scale manufacturing firms and so on. The Nigeria Enterprises promotion decrees of 1977 extended the restriction to more and higher scale industries than the previous one.

Many other indigenous Shipping Lines were formed; the Nigerian Green Line, African Ocean Line, Niger brass, Brawal, the Nigerian south American Line, and so on. Before the Cabotage act the Federal Government of Nigeria through the Ministry of Transport and her agencies: the Nigerian Ports Authority[5] and National Maritime Authority[6] latter renamed Nigerian Maritime Administration and Safety Agency[7] had introduced many policies to give the edge to indigenous Lines. In 1985 the NPA started to impose facility charges on containers to enable the port to procure new equipment.

In 1988 the Federal government through NIMASA introduced the 3% freight Tax payable in foreign currency by foreign Lines participating in her weekly cargo allocations (Laidlaw, 1989, p. 24; Anyadike, 1988, p. 20). Also in 1988, the NIMASA granted national carrier status to many

[3] vessels
[4] UAC
[5] NPA
[6] NIMASA
[7] NIMASA

indigenous shipping Lines: the NNSL, the Nigerian Green Line, African Ocean Line, Nigerbrass, Brawal, and the Nigerian South American Lines. However, through 1992 foreign shippers were resounding above 80% of the cargo. The Merchant Shipping Act and other pre Cabotage policies were aimed to achieve greater indigenous participation in the national maritime[8] business. Conversely, there was only a pathetic presence of Nigerians in Cabotage business within the Nigerian coast waters.

Cabotage Regime in Nigeria:

The French word "Caboter" meaning "to sail along the coast". For the Spanish "Cabotage" is a nautical term, denoting strictly, navigation from cape to cape alongside the coast without going out into the open sea. In international law, Cabotage is "identified with coastal trade so that it means navigating and traveling along the coast between the ports thereof" (Black's Law Dictionary, p. 202). Cabotage is an area of the maritime industry, which most nations reserve for their citizens because of its economic and defense implications. This definition is enshrined in the Jones Act of the United States of America, the EU and Cabotage acts of various nations.

It is quite unlikely that discussions on maritime restructuring and reform will be incomplete without mentioning the Cabotage Acts which was enacted in Nigeria in 2003 and effected in 2004. The main import or objective of the Act is to empower Nigerians, especially the entrepreneurs and professionals who are engaged in maritime activities.

Since most of these activities hinge on shipping services and related matters, it is implied that for Nigerians to participate in these coastal trades Nigeria must own ships which if possible must be Nigerian built, owned, registered, and crewed. All over the years eligible Nigerians had been short-changed or excluded from participation for lack of active Cabotage Law. With the active connivance of Nigerian collaborators, foreigners have been taking advantage of these trades, to the exclusion of otherwise eligible Nigerians.

The viability of any industry is determined by the level of need, demand, and the market for the services it provides; the demand and availability of the market create opportunities. The Cabotage under the auspices of the maritime industry can boast of these and even much more. There is a huge market for prospective investors in the maritime industry, which if fully exploited, has the ability to surpass current earnings in the oil industry.

History of Cabotage initiative in Nigeria:

The National Assembly on 30 April 2003 approved the Coastal and Inland Shipping[9] Act into law. It was specified that the provisions of the Cabotage Act would be implemented fully on 1st May 2004. The much-awaited guidelines for the implementation of the requirements of the Cabotage Act were eventually released by the honorable Minister of Transport on the 7th of June 2004. The objective of the Cabotage Act is predominantly to encourage the development of indigenous capacity in the Nigerian Maritime Industry.

The Act consequently looks to hold Domestic Coastal Trade[10] inside Nigerian Coastal and Inland Waters to vessels manufactured and registered in Nigeria, entirely possessed and manned by Nigerian natives. Nonetheless, foreign possessed vessels and organizations are permitted to

[8] shipping
[9] Cabotage
[10] Cabotage or Cabotage trade

take an interest in Cabotage trade inside Nigerian waters subject to acquiring a waiver as well as a permit from the Federal Ministry of Transport.

Under the Cabotage Act, "Nigerian Waters" is characterized to incorporate inland waters, territorial waters, or waters of the Exclusive Economic Zone[11] (National Inland Waterways Authority Decree, 1997).

"Cabotage" is a nautical term from the Spanish, indicating carefully, route from cape to cape along the coast without going out beyond all detectable inhibitions ocean (Black's Law Dictionary, p. 202). It is also a term carried from the French word "Caboter" meaning "to sail along the coast". In international law, Cabotage is "identified with coastal trade so that it means navigating and traveling along the coast between the ports thereof" (Black's Law Dictionary, p. 202)

Type of Cabotage Registration in Nigeria:

The rules issued by the Minister of Transport accommodate five classes of enlistment according to Gbenga Biobaku & Co (2004). These are:

i. Registration of Wholly Owned Nigerian Vessels to meet all requirements for enlistment in this class, the vessel's 64 offers must be completely and advantageously claimed by Nigerian residents or by an organization enrolled in Nigeria with 100% of its entire share capital and valuably possessed by Nigerian natives. Every one of the shares in the vessel or in the organization that possesses the vessel must be held free from any trust or commitment for any individual who isn't a native of Nigeria.
ii. Registration of Joint-Venture Owned Vessels As the name infers, this class applies to the enlistment of vessels possessed under a Joint-Venture plan between Nigerian residents and non-Nigerians. It is necessitated that the value shareholding of the Nigerian partner (s) in the vessel and additionally the shipping company must be at any rate 60% held free from any trust or commitment for non-Nigerians.
iii. Registration of Bareboat Chartered Vessels to meet all requirements for enrollment in this class, the bareboat chartered vessel is required to be under the full control and the board of Nigerian natives or a Company with 100% of its offer capital entirely and gainfully claimed by Nigerian residents, free from any trust or commitment for non-Nigerians
iv. Registration of Foreign-Owned Vessels To be qualified for enlistment in the Cabotage Register, foreign-owned vessels are required to acquire a waiver and a license for support in coastal trade[12] from the Minister of Transport.
v. Temporary Registration of Cabotage Vessels the Cabotage Act in Section 27 gives that foreign-owned vessels currently occupied by cabotage trade, might be conceded an impermanent Registration in the Cabotage Register for the duration of the contract for which the vessels are utilized. Conversely, as stipulated in the guidelines, where the period left to keep running on the contract surpasses one year from 1st of May 2004, the foreign vessel may be conceded temporary registration for one year and not for the duration of the contract for which the vessel is utilized.

[11] in that order, together or any mix thereof
[12] cabotage

From that point, the vessel is required to acquire a license from the Minister of Transport and get registered as a foreign-owned vessel. This gives off an impression of being conflicting with the Act which gives that temporary registration will be conceded for the duration of the contract.

Waiver, License and Exemptions:

he Cabotage Act, allows the Minister of Transport to give waivers for issues in the prohibited list. Foreign-owned vessels are required to get a permit from the Minister of Transport so as to fit the bill for registration in the Cabotage Register. In certain recommended conditions, vessels, both foreign and Nigerian might be allowed a waiver by the Minister of Transport in regard to the prohibitions contained in the Cabotage Act. Waiver: The Minister of Transport is engaged to allow the accompanying waivers. This is noted by Gbenga Biobaku & Co (2004):

i. Waiver on the requirement for the vessel to be entirely possessed by Nigerian citizens; on being fulfilled that there is no wholly owned Nigerian vessel that is appropriate or accessible to play out the activity(ies) indicated in the application.
ii. Waiver on the requirement for the vessel to be fully manned by Nigerian citizens; on being fulfilled that there is no certified and accessible Nigerian officer and crew for the position(s) indicated in the application.
iii. Waiver on the requirement for the vessel to be fully in operation in Nigeria; on being fulfilled that there is no Nigerian ship-building company that has the ability to develop the particular vessel or that there is no accessible Nigerian built vessel of the specific kind determined. Foreign-built vessels that were totally rebuilt in Nigeria are eligible for participation in cabotage administrations without a waiver.[13] Second, to Joint Venture Owned Vessels; and
iv. Third, to any vessel registered in Nigeria and claimed by a shipping company registered in Nigeria.[14] The validity of waivers conceded by the Minister is one year, subject to yearly renewal. Applicants in addition to other things are required to show proof of improved degree of compliance with the prerequisites of the Cabotage Act on manning, ownership and ship-building requirements

License:

Foreign-owned vessels are required to acquire a license from the Federal Ministry of Transport before enlistment in the Cabotage Register. The duly completed application form[15] is required to be submitted to the Ministry of Transport with the applicant's corporate documents, certificate of waiver, and vessel documents as determined in the rules (Gbenga Biobaku & Co, 2004). The permit is legitimate for one year subject to yearly renewal. On renewal, applicants are in addition to other things required to show proof of the improved degree of compliance with the provisions of the Cabotage Act on manning, ownership, and shipbuilding requirements.

[13] Area 7(1) Cabotage Act.
[14] foreign owned vessels
[15] FMOT Cabotage Trade Form 3

Vessels[16] occupied with the accompanying exercises are exempted from the provisions of the Act according to Gbenga Biobaku & Co (2004). These exercises are:

i. Commercial Salvage Operations;
ii. Activities identified with Marine Pollution Emergency;
iii. Ocean Research Activity;
iv. Marine Scientific Research; and
v. Humanitarian Salvage Operations.

Vessel Operators that plan to take part in the above exercises, aside from humanitarian salvage operations are anyway required to apply for exemption from the Minister of Transport.

Theoretical framework:

In pursuant of the development and success of the Nigeria Maritime industry within her coast and subsequently active participation of Nigeria vessels in the international trade, Nigeria enacted the coastal and inland shipping (Cabotage) act 2003; this was further revised in 2007. Although the act was planned to restrict foreign participation in the nation's domestic coastal trade, it no doubt has many prospects for foreign concerns. The objective of the act is major to reserve the commercial transportations of cargo and services within the Nigerian coastal and inland waters to vessels owned by Nigerians and flying the Nigerian flag.

The Coastal and inland shipping ACT also called the Cabotage ACT was authorized in 2003 so as to confine the utilization of Foreign Vessels in domestic coastal trade to advance the improvement of Indigenous tonnage and to set up a Cabotage vessel financing fund and for related matters. The Cabotage Demonstration (2003) is stratified into nine sections and managing various parts of the Act to be specific are as follows;

i. Part 1 Short Title and Interpretation,
ii. Part II Restriction of Vessels in Domestic Coastal Trade
iii. Part III Waivers
iv. Part IV License to Foreign Vessel
v. Part V Registration, Part VI Enforcement
vi. Part VII Offences
vii. Part VIII Cabotage Vessels Financing Fund
viii. Part IX Miscellaneous.

In view of the diverse economic problems combating Nigerian's maritime sector, as a result of her policy initiative towards finding solutions to her numerous economic problems. Using the Cabotage Act to stimulate economic growth and development through local content optimization by developing and utilizing entrepreneurship, human capital development and material resourcefulness might have a positive impact.

Nigeria is a country with a population of more than 180 million people; is among the three largest economies in sub-Sahara Africa. Gross Domestic Product[17] of the economy is about 375.8 billion USD (2017) according to the World Bank. Though the Nigerian economy is mono-cultural, heavily dependent on oil, though oil contributes about 10 percent of GDP (Annual Statistical

[16] both foreign and Nigerian owned
[17] GDP forthwith

Bulletin 2019), however, constitutes about 87.7% of foreign trade[18] receipts (African checks, 2018) and about 70 percent of government revenue. Conversantly Agriculture contributes 40% of the GDP and employs about 70% of the working population in Nigeria (CIA, 2012).

ECOWAS private shipping initiative – Ecomarine line:

In December 2001, at the 25th section of the Authority of Heads of States and Government of the Economic Countries of West Africa States (ECOWAS) in Dakar, authorized the West African private sector initiative in setting up a sub-regional coastal shipping company called ECOMARINE, to carry and deliver cargo to and from countries of the West African sub-region, though targeted at economic integration of the region, is also a project which will damage, if not make impossible, the realization of a Nigerian Cabotage regime and the attendant usage of it as a tool for cargo support and indigenous vessels expansion and the acquisition program. On the other hand, if the Nigerian Cabotage regime is in place, it will make it impossible for the ECOMARINE project to operate from port to port in Nigeria without making a stop in a foreign country although it would not be stopped from delivering cargo at, and carrying cargo from, a port in Nigeria and to and from outside the Nigerian waters nor limits the operation of the Cabotage regime. However, the Ecomarine shipping Line that should be granted Cabotage status received credence only on newspapers as the states of ECOWAS refused to grant national carrier status or Cabotage privilege to Ecomarine vessels.

Cabotage regime in other economies:

i. **Greece:** In summary, Greece has a restricted Cabotage guideline wherein Greek passengers and cargo Cabotage are reserved for Greek vessels This is pursuant to Articles 165 and 166 Code of Public Maritime Law[19] 187/73, although the legislation is now partly adapted to Regulation 3577/92 of EU on liberalized Cabotage for the EU. Other EU vessels are presently permitted in non-strategic mainland trades with vessels over 650 GT and waivers can be conceded on condition of reciprocity. With respect to the crew, it must be a 100% EU nationals. In excess of 50% of the portions[20] of the vessel must be owned by Greek nationals or by Greek entities, more than half of whose capital is held by Greek nationals.

   In its judgment of 27th November 1997, Case C-62/96, the Court of Justice of the EU criticized Greece for its failure to fulfill its obligations on account of its Article 5 of CPML, which provided for such measures.

ii. **Some EU countries:** Denmark and Finland require that for an activity to be viewed as a solitary cabotage activity, it must exclude both multiple loading points and multiple unloading points.. In Sweden and Holland, notwithstanding, there are no restrictions with regard to the number of loading and unloading points for one cabotage activity. At long last, Belgium, Germany and Poland have applied a third interpretation of the Cabotage Regulation, by permitting both multiple loading and unloading points for a single cabotage operation, yet just if the relevant cabotage activity depends on one contract of carriage. Considering the Cabotage Regulation's goal of setting up basic principles appropriate for international

[18] exchange
[19] CPML forthwith
[20] half

carriage of goods by road within the territory of the EU, the present circumstance seems tragic and not as expected by the legislators (Njord law firm, 2019).

i. **Philippines:** The Cabotage laws[21] allow for clearance of foreign vessels after procurement of special permits to and from coastwise ports under certain conditions to take cargo and passengers at any port to foreign ports. A Memorandum of Agreement was drafted by a Technical Working Group made up of representatives of some stakeholders to clarify the functions of some organs in the implementations of the said section 1009.

ii. **The USA:** Up till today, and notwithstanding globalization, liberalization and anti-trust[22] initiatives and promotion of, and by, the US and the US-backed World Trade Organization, there is immense support in the US from its policy/lawmakers and key figures for the protection and retention of its strict Cabotage laws without any reforms or relaxation whatsoever.

The strictness of the US Cabotage regime cannot, however, be said to be absolute in view of some exceptions and relaxation now being granted its application in certain cases by some US legislations. For instance, in 1997, a Federal Law was promulgated to allow a person to operate a foreign-built cruise in the US coastwise trade only if the person had entered into a binding agreement for the delivery of two US-built cruise ships, thereby making it possible for temporary employment in US domestic waters of a foreign-built vessel whilst new US-built cruises are being built.[23]

In summary, the laws are deliberate US protectionist policies put in place in order to safeguard its domestic maritime industry from foreign participation, control or domination at the expense of its nationals and its domestic shipping industry.

iii. **Australia:** Cabotage depends on the Navigation Act of 1972 Customs requirements and Immigration Laws, and 90% of its coastal trade is by Australia-crewed ships, and all vessels working along its coasts are authorized or allowed under specific conditions. In 1996, the Government of John Howard set up the Shipping Reform Committee to recommend options for the wind back and removal of its Cabotage laws. After the report, the Government in addition to other things, liberalized the license/permit framework empowering more noteworthy cooperation by foreign vessels in coastal waters and built up company employment instead of the commitment framework for dock laborers.

There is a general impression that Australian Cabotage laws permit just Australian- flagged and crewed ships on its domestic shipping and that where there is no Australian ship accessible, foreign vessels are allowed single voyage grants. The Maritime Union of Australia, as a rule, contended that shippers are manipulating the system by unnecessarily waiting until an Australian-manned vessel sail out and then shipper hurry to the Government for a license to get a foreign-flagged ship with third world low-paid crew and substandard ships to partake in its coastal shipping, thus turn down work, Australian ships and seafarers.

[21] Section 1009 of the Tariff and Customs Code of the Philippines
[22] i.e. anti-competitive
[23] Miscellaneous Provision: 46 App. U.S.C.289A, 2000; 46 App. U.S.C. 289b (2000).

iv. **Malaysia:** Malaysia is another nation whose relaxed Cabotage laws grant foreign-registered vessels to be temporarily licensed by the Domestic Shipping Licensing Board.[24] Built-up under segment 65B of the Malaysian Merchant Shipping Ordinance, 1952, the Malaysian laws regulating domestic shipping are the Merchant Shipping Ordinance and its 1977 and 1984 amendments. However, in 1994, certain amendments were made to the Ordinance, which subsequently was included in the Merchant Shipping Act[25] 1994 to carry on coastwise trading where the Malaysian Shipowners Association[26] confirms in writing that there are no available Malaysia vessels to carry the cargo concerned. Available data show that this is most pronounced in the domestic carriage of chemical and oil.[27] The DSLB regulates and controls the licensing of ships engaged in domestic shipping and issues three types of licenses, namely, unconditional licenses, conditional licenses and temporary licenses under stipulated conditions to be met and based on applications by the parties concerned. The first two licenses are issued to only Malaysian-owned companies; whilst temporary licenses are issued to foreign vessels to meet shortfalls in local tonnage.

The Malaysian Cabotage policy was liberalized between Penang and Port Klang and between Johor/Kuantan and Port Klang to allow foreign operators to carry cargo in trans-shipments as part of the international leg of their container transportation. This was strategically aimed at Port Klang's competition with Singapore and meeting the national aim of making Port Klang a loading center. However, there are complaints by the Malaysian Ship-owner's Association[28] concerning circumvention and manipulation of the Cabotage system by Malaysian shippers, who falsely mislead the DSLB and cut a "fronts" for foreigners (Malaysian Maritime Yearbook, 2000/2001, p. 23).

Services that qualify as cabotage trade in Nigeria:

Gbenga Biobaku & Co (2004) noted the below six points:

i. The carriage of goods and passengers beginning from one coastal inland point[29] to another point situated within Nigeria.
ii. The carriage of goods and passengers by sea in connection to the exploration, exploitation, or transportation of the mineral or non-living natural resources in or under Nigerian waters.
iii. The carriage of goods and passengers on water or underwater[30] installations.
iv. The carriage of goods and passengers initiating from a point in Nigeria destined for Nigeria but transiting through another country then back to Nigeria for discharge.

---

[24] DSLB
[25] Amendment
[26] MASA
[27] Appendix 7 chart 3
[28] MASA
[29] this could be terminal, jetties, ports, wharves, docks and so forth
[30] sub-sea

v. The engaging by vessel in any other marine transportation activity of a commercial nature in Nigerian waters. These include towage, pilotage, dredging, salvage, bunkering,
vi. The building of Cabotage vessels in Nigeria etc.

The Nigerian inland waterways are grossly underdeveloped, though they represent viable investment opportunities. The Nigerian public sector cargo represents over 70 percent of the total cargo output at the Nigerian ports. It has also been discovered that Cabotage has attracted new businesses to the maritime sector.

Notwithstanding the objectives and functions of NIMASA, in 2007, the National Assembly approved a law sanctifying the establishment of the Nigerian Maritime Administration and Safety Agency[31] known as the NIMASA Act 2007 authorizing it to implement and enforce the Cabotage Act 2003 (Usoro, 2010). For over 16 years when the Coastal and Inland Shipping[32] Act 2003, was endorsed and passed into law, the aims of the Act which were precisely fashioned to inspire indigenous shipping and capacity building were defeated as foreign vessels still play a part in Nigeria's domestic coastal trade unabated.

National carrier status; attracting cargo support for indigenous carriers:

Since, by virtue of Cabotage laws, foreigners and their vessels are supposed to be barred from coastal shipping in Nigeria or at least be limited to only the areas where Nigerians do not have the needed special vessels to operate, it means that cargo, especially petroleum oil,[33] the carriage of which is being dominated or controlled by foreigners and foreign vessels, will be reserved and available for lifting by Nigerian-built or Nigerian-owned vessels only. This will keep them going in business for as long as there is sufficient cargo to be carried. Acquisition of vessels to carry the cargo would be undertaken by Nigerian investors, thereby promoting indigenous participation in waterborne cargo business and increasing the national fleet.

This is the major connection between the use of Cabotage as a tool for the enhancement of cargo services[34] and indigenous maritime capacity enhancement as part of indigenous vessel expansion and acquisition program, leading to expansions of national tonnage. The starting point in Cabotage services as a means of cargo support is, therefore, to reserve the lucrative carriage of crude oil and refined petroleum products and gas, the volume of which is very high, an addition to other cargoes from port to port in Nigeria to only Nigerian-owned or Nigerian-built vessels. It is also noteworthy that the cargo which will be propped up for carriage by indigenous ship-owners and shipping companies through the application of the Cabotage principle, will be in addition to the cargo means for carriage by indigenous ship-owners and companies on international sea routes. Cabotage is thus, a means of cargo reservation for indigenous shipping companies under a cargo support program.

Expansion of Cabotage Policy to Cover the Exclusive Economic Zone:

[31] NIMASA
[32] Cabotage
[33] both crude and refined
[34] as part of the cargo support program

Another way of using Cabotage for enhancing cargo support is by extending the area within which the Cabotage law would be applicable from the limits of the Nigerian territorial waters which is 12 nautical miles from the baselines[35] to a point or place on the high seas within the Exclusive Economic Zone which is, 200 nautical miles from the baselines (The Exclusive Economic Zone Act, 1978) and the continental shelf. This will bring about the reservation of all economic activities including fishing and cruising within the exclusive economic zone to Nigerians. In order to fight the presence of numerous foreign fishing fleets along the Pacific coast of Japanese off-shore grounds, the Japanese Government extended its territorial waters from three to twelve nautical miles and in 1977 set up a 200-mile fishery zone around its coast which is reserved for its nationals except for the Koreans and Chinese (Takabayashi, 2004).

The problem of technical know-how or the special vessels needed by Nigerians to provide the shipping services required in such activities in the area would be overcome by the granting of temporary licenses to foreign ship-owners or to Nigerians to charter the right foreign vessels, to provide the shipping service required. Thus, the carriage of off-shore installations, platforms passengers and the needed transportation in off-shore oil and gas operations up-to-the continental self and within 200 nautical miles from the baselines and perhaps carriage of all seabed mineral resources on the continental shelf, will be reserved for indigenous vessels and thus enhance the indigenous maritime capacity.

Significance of Cargo Support In Cabotage Act:

Being a "shipper" nation interested in developing its coastal and inland waterways trade and its maritime industry,[36] and in having enough vessels to carry the cargo in its domestic routes, Nigeria needs to embark on proper and well-implemented Cabotage services that can be used to provide and increase the cargo support given to indigenous ship-owners and operators. Nigeria would also need to attract new investors into the acquisition of coastal ships, thereby increasing the national tonnage. Lending and financial institutions should be interested in financing the national tonnage. Lending and financial institutions should be interested in financing the acquisition of vessels to be procured by indigenous ship operators, which ultimately will lead to the expansion of the national fleet.

Cargo is attracted by the presence of efficient, timely, and cost-saving services such as repackaging, assembling, manufacturing, and financial and port services. The availability of cargo and passengers to sustain their business makes domestic shipping companies attractive for credit facilities that could be used for fleet and business expansion. These could also attract more investors into the domestic shipping business. Insurance companies will need to ensure cargo, vessels and seafarers; banks will be needed to finance the building and acquisition of coastal vessels, while the Nigerian shipyards and dry-docks will have greater patronage in building and repair of ships. The construction industry would also benefit from the construction, expansion, and repairs of ports and dredging of the inland waterways, just as those in information technology systems will have to supply and maintain the marine radio communication and radar systems for safe coastal navigation. Freight forwarders, shipping agencies, shipping consultants, and those supplying services needed in the coastal and inland shipping business will benefit from a regulated Cabotage legal regime in Nigeria. This multiplier effect of maritime Cabotage will induce

[35] The Nigerian Territorial Waters Amendment Decree of 1998
[36] for the benefit of its nationals

professionalism, exposure to technicalities of shipping, improved indigenous maritime competency, and increased economic activities in the maritime industry.

Employment Opportunities:

Moreover, more Nigerians will become employed in the long run in jobs that are directly related to the domestic shipping industry in order to provide the material required in the dockyards and shipyards and supply the needs of the shipbuilding and maintenance industry. The Third World low-paid foreign crew will also be prevented from depriving Nigerian seafarers of job opportunities in domestic shipping.

There will be the employment of Nigerian seafarers, shop operators, chandeliers, and ship managers since the ships to be used in domestic shipping would be Nigerian-built or Nigerian-owned, crewed and operated. Recently, in the US, about 124,000 persons are on job directly related to its Cabotage, including 20,000 workers in the shipyards and 14,000 repairing and maintaining the fleet. The building and maintenance of more modern coastal vessels for transportation of cargo and passengers will induce the need to employ more Nigerian seafarers/seamen, masters, engineers, managers, etc. to cope with the high demand of ships' masters and crew and also the employment of more Nigerian workers to cope with shipbuilding and repairs and ship maintenance which could meet high international standards.

As a result of cargo support leading to indigenous expansion and acquisition of tonnage, which will increase indigenous participation in Nigerian coastal shipping business, there will be less-dependence on foreign vessels and Nigeria will be on its way to becoming, at least, a medium maritime nation able to compete in international sea-borne trade with other maritime nations.

Enhanced Training and Education:

Cabotage is also capable of enhancing indigenous maritime capacity by kindling the flame of education and training the seafarers' exposure and experience in shipping and training will be enhanced whilst the workers in shipyards will be exposed to modern shipbuilding and ship repairs technology. This will enhance the training and accumulated experience of Nigerian seafarers and bridge the gap between the old experienced Nigerian seafarers who are fast dying out and the young inexperienced ones who are roaming the streets without employment and experience. The situation will also be facilitated by the "White Listing" of Nigeria by the IMO under the STCW 1978/95. The International Transportation Workers Federation[37] supports Cabotage laws as a means of a nation to secure long-term, sustainable and fair distribution of employment to seafarers and as a valid method of eliminating unfair competition in what is essential, a domestic transport service along the same line as road, rail or air transport. Consequently, in its report, the ITF states inter alia[38] that:

> "In many countries where the national fleet has virtually disappeared, the introduction of Cabotage arrangement represents the main, and sometimes the only, serious possibility remaining for local seafarers to secure employment"

[37] ITF
[38] ITF Maritime Department: Policies: "From Oslo to Delhi Document, 1998 Chapter Five, Cabotage and Regional Standards

In the main labor supply countries, the bulk of seagoing personnel are employed on board foreign flag vessels and to these countries, the need for Cabotage might, at first sight, not be obvious, although even here it can have significant advantages: Cabotage offers national training potentials which can avoid seafarers having to depend on the training policies of foreign owners and/or manning agents; Cabotage also provides jobs for seafarers who, for countless reasons[39] need to work closer to home; and cabotage retains an employment base not dependent on the whim of employers in the international shipping industry who may decide to change crew nationality with little notice.

Balance of Payments:

Since the Cabotage law would restrict coastal shipping to Nigerian-built and Nigerian-owned ships, through the building and maintaining a substantial part, if not all, vessels engaged in coastal shipping in Nigerian shipyards and dry-dockyards, the foreign exchange which otherwise would have been used to purchase and repair ships abroad by Nigerians will now be conserved. The freight and insurance which would have been paid to foreigners would now be earned and paid to Nigerians, thus improving the balance of payments situation of the country. Consequently, capital flight would be reduced if not stopped and foreign exchange would be conserved and earned within the country. These are some of the main rationales behind the development of national tonnage through Cabotage of Malaysia. This has led, in the past 35 years, to the growth of the national fleet from about 400,000 GRT to about 6.60 million GRT in 1999, the most dramatic period of growth being after 1980 as a result of the implementation of the Cabotage policy (Malaysian Maritime Yearbook. 2000/2001, p. 23).

The nation has a vast area of coastal of water, generating a high volume of public cargos; moreover, is greatly import-dependent on many of her finished products; Cabotage will encourage indigenous shipping lines to develop competency towards collaborating or competing with foreigner deep-sea Lines in the movement of cargos of international trade. This will contribute greatly to foreign exchange earnings to the economy.

Safeguarding National Interests:

Increased national tonnage protects the Nigerian national interests namely; economy, strategy, and defense. Many maritime countries give various subsidies to their shipping companies and ship owners in order to facilitate their ability to compete with other maritime nations in waterborne trade. For instance, in the US, the Operating-Differential Subsidy[40] where the subsidy is founded on the difference between the fair and reasonable cost of insurance, maintenance and repairs not compensated by insurance, wages of officers and crews, and the estimated costs of the same items if the vessels were operated under foreign registry, is granted to US ship operators to place their ships' operating costs at parity with foreign competitors. There is also the US Federal Ship Financing Guarantee Program[41] under the Merchant Marine Act of 1936 where US-flagged vessel operators are assisted in procuring private long-term financing at favorable interest rates to build ships in US shipyards for domestic and foreign trade and the repayment or non-payment of which is guaranteed and insured by the US government.

[39] age, family, etc.
[40] ODS
[41] FSFGP

Military cargos were restricted to ships of the USA registry. In 1936 a new system of subsidies was made effective with the passage of the merchant marine act of 1936. The intent of the Act is to encourage the construction of modern competitive ships and to operate them with the necessary financial assistant in direct competition with lower-cost foreign flag shipping lines. Apart from the reservation of national cargo transportation in international trade for only US ships through the Cargo Preference Act of 1940, there is the US Capital Construction Fund[42] Program under the Merchant Marine Act of 1970 for assisting operators in amassing capital to build, acquire and reconstruct ships through deferment of Federal income taxes on certain deposits e.g. from vessel operations, proceeds from the sale or loss of ships and ships' depreciation. The US shipping industry also has the experience and managerial skill in ship operation borne out of many years of existence of its maritime industry.

When such highly subsidized foreign merchant fleet trade in the Nigerian coastal and inland waters along with Nigerian coastal ships, whose owners are not supported by such subsidies, the Nigerian coastal ships will be placed in an unfair position to compete. However, what a Cabotage law will achieve when promulgated and implemented in Nigeria is that it will protect Nigerian coastal ship-owners, operators and coastal trade from foreign participation, competition and domination, since the Cabotage will be restricted to the only ship that is Nigerian-built and/or owned and crewed. That way, it will enhance continued domestic economic growth and development and keep domestic shipping jobs in Nigerian hands. It is therefore in the national interest. Good enough, the National Shipping Policy Act allows the NIMASA to make recommendations to the Federal Government in respect of ownership structure of vessels and other facilities for offshore support services.[43]

In the area of strategy, defense, or security, banning foreign vessels from coastal and inland water trade will mean the exclusion from the coasts, those foreign ships that may be used for or involved in espionage against the nations' internal security and defense, from doing so. The USA Navy[44] engages private indigenous vessels for movements of cargos meant for military operations. The contribution of the American merchant marine to final victory in the 2nd world war was summed up by General[45] Dwight Eisenhower; when final success is ours there is no organization that will share its credit more deservedly than the American merchant marine. We were caught flat-footed in both wars[46] because we relied too much upon foreign owned-shipping. I consider the merchant marine to be the fourth arm of defense and vital to the stability and expansion of our foreign trade

The development and growth of high domestic fleets, to meet the extra business available due to the exclusion of foreign participation, will make available a ready and able fleet for the use of the Nigerian Armed Forces, especially the Navy, in times of conflicts or national emergency. Nigeria which has been playing a major role in peacekeeping/maintenance and peace enforcement in Sierra Leone and other West African countries through ECOMOG under the auspices of ECOWAS can then have the waterborne transportation needs of the Armed Forces, especially the Navy met for quick deployment of military personnel, equipment, and supplies in times of emergency or crisis in the West African sub-region.

---

[42] CCF
[43] section 15 Cap 279
[44] Armed Forces
[45] later president
[46] 1st and 2nd world war

Due to an available reasonable pool of vessels and seafarers which the Armed Forces can rely on and make use of, the Nigerian Army may no longer have to rely on foreign vessels or countries to achieve their aims especially; it has given vital support in times of national emergencies, by proving sea-lift capacities to supplement that available from the navy. When, in times of national emergencies or crises, foreign ships will not be willing to come to Nigerian coasts. Moreover, reliance on foreign ships or countries during such times may also jeopardize Nigeria's national security. A good example was the overstay in shipment into Nigeria some heavy electrical equipment of Power Holding Company of Nigeria[47] formerly NEPA meant for improved power generation.

Challenges of Cabotage in Nigeria:

i. 90% of the vessels trading on Nigerian waters are owned, manned and operated by foreign shipping lines
ii. The monopoly of importation of petroleum product BY NNPC with total patronage of foreign vessels killed the participation of local ship-owners in the transportation of petroleum products
iii. Lack of capacity of local ship-owners and lack of functional service boats coupled with frequent default in the breach of contracts.
iv. The enforcement arm of the government[48] had failed to increase participation of indigenous operators in the coastal trade despite its collaboration with the Nigerian Content Development and Monitoring Board
v. Partial cancellation of waivers for foreign seafarers intending to work in vessels operating in Nigerian waters.
vi. The partial embargo on the importation of cabotage vessels.
vii. Local operators are hampered by finance to acquire and maintain service boats and shipyard and also, difficulty in accessing $124 m fund set up to aid in buying new vessels and maintaining existing ones from the Cabotage Vessel Financing Fund.
viii. Deficiency of skilled workers in the industry owing to the failure of the maritime institutions in Nigeria unable to offer Certificate of Competence to seafarers and this imposed supplementary training in foreign schools to permit them to obtain the COC and be employed aboard ocean-going vessels.
ix. The regulator[49] had challenges in the application of the Act. Which is evident in the interfaces with stakeholders[50] and as a result led to the revised Guidelines on Implementation of Coastal and Inland Shipping Cabotage Act, 2003.

Expected impact on Cabotage operation in Nigeria:

i. Recruitment, training, and mentorship through the waiver-system promised to the Cabotage vessel.
ii. NIMASA's policy sees to encouraging Nigerians to go into joint ventures and joint ownership of vessels on a 60-40 basis has started yielding fruits, as more than 20 new vessels are flying the Nigerian flag under this arrangement as against one last

[47] PHCN
[48] NIMASA
[49] NIMASA
[50] clarification and streamline the Act's enforcement and monitoring processes)

year. Bareboat charter of vessels has witnessed an increase, while foreign-owned vessels on Nigeria's Cabotage register has witnessed a decline, from about 68 to 55 (Babalola, 2019*).*

iii. NIMASA is planning to develop local capacity under the cabotage regime include the downward review of freight rates, which has fostered a harmonious relationship between the agency and the operators and led to increased patronage.

iv. NIMASA has also advocated a change in terms of Trade for the contract of affreightment of Nigerian crude oil, from Free on Board[51] to Cost Insurance and Freight[52] so as to favors indigenous operators Since Nigeria virtually has no control over the distribution of its crude oil Under FOB trade terms,

v. NIMASA also promised to provide funding for indigenous operators under the cabotage regime. Moreover, the Cabotage Vessel Financing Fund[53] which is provided for in the Cabotage Act 2003, NIMASA has engaged the Central Bank of Nigeria[54] to negotiate a special single-digit interest facility for indigenous ship-owners to enable them to acquire needed assets (Babalola, 2019).

vi. The special foreign exchange intervention package is also in progress to help operators acquire vessels and vessel parts (Vicent, 2019)

vii. NIMASA is also discussing with the Nigeria Customs Service and the Federal Ministry of Finance to create a special tariff regime for the importation of maritime assets (Babalola, 2019*).*

Analysis:

Prior to 2003, when the Cabotage act was not yet in existence, the Maritime sub-sector was largely dominated by foreign operators, whereas, Nigerian stakeholders played a second fiddle. In other words, the huge revenue that naturally would've boosted the nation's economy was lost to foreign players in the industry, a situation that led to a massive clamor for the increase indigenous participation, and eventually brought about the coastal and inland shipping Act 2003 effective 2001. This is to stabilize indigenous shipping firms, instead of getting involved in the turbulent politics of ocean-borne trade right from the start there are needs for grooming and nurturing local competence.

Table 1 Impact and average responses[55]

Impacts	Average responses
Economic development	79.75
Employment	80
Influence on indigenous shipping	91.75
Influence of balance of payment	83.75

[51] FOB
[52] CIF
[53] CVFF
[54] CBN
[55] Source: Author's Field Survey

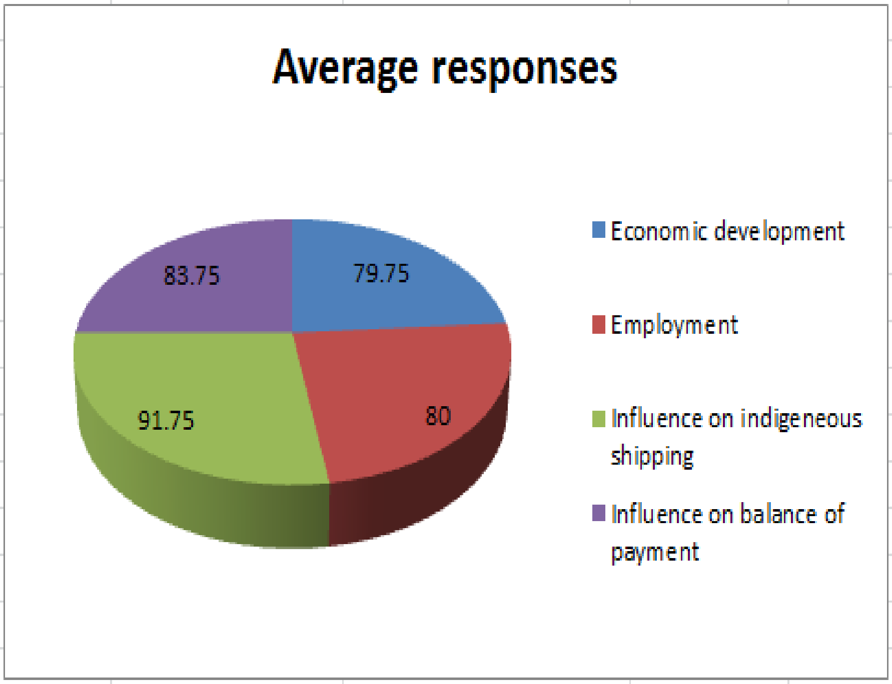

Figure 1 Pie Chart[56]

Table 2 Chi Square Test

	Value	df	Asymptotic significance (2- sided)	Exact sig. (2-sided)	Exact sig. (1-sided)
Pearson Chi-Square	2.000[a]	1	.157		
Continuity correction	.000	1	1.000		
Likelihood ratio	2.773	1	.096		
Fisher's exact test				1.000	.500
N of valid cases	2				

a. 4 cells (100%) have expected count less than 5. The minimum expected count is 0.50
b. Computed only for 2x2 table.

The chi-square statistic appears in the Value column of the Chi-Square Tests table immediately to the right of "Pearson Chi-Square". In this example, the value of the chi-square statistic is 2.000 the *p*-value appears in the same row in the "Asymptotic Significance (2-sided)" column (0.15). The result is insignificant since this P-value greater than the designated standard alpha level (normally .05).

So, the null hypothesis[57] is accepted that asserts the 4 variables dependent on one another. To put it simply, the result is in*significant* – the data suggested that the 4 variables tested Economic development, Employment, Influence on indigenous shipping, and Influence on the balance of payment all have impacts on cabotage operation in Nigeria and also Nigeria operation is a reflection of Global standard practice of Cabotage. However, there are still so many areas of improvements that are summarized in conclusion and recommendations.

[56] Source: Author's Field Survey
[57] H_0 Cabotage operations in Nigeria reflect theoretical behavior and best Global practice and H_1 i.e. Cabotage operations in Nigeria do not reflect theoretical behavior and best Global practice, is rejected.

Table 3 Impacts on Economic Development

			Economic development		Total
			79.75	Economic Development	
Impacts	Average responses	Count	1	0	1
		Expected count	.5	.5	1.0
	Impacts	Count	0	1	1
		Expected count	.5	.5	1.0
Total		Count	1	1	2
		Expected count	1.0	1.0	2.0

Most people interviewed accepted the fact that shipping is the biggest and among the safest transport mode; thus, have the advantages of the economics of scale which will translate to cheap products if the nation employs this mode for the importation of raw materials, equipment, and finished goods within the country. The huge amount of agricultural produce can be more efficiently distributed by the effective usage of vessels by indigenous shipping companies.

This will encourage the setting up of coastal ports; the building of inland ports will have a huge multiplier effect on the economy. This will also eliminate the high rate of damages done to the nation super high ways resulting from over usage of the roads; worse still the trucking of load weights much excess than the standard desirable for the roads. The shipping of Nigeria generated cargos[58] only by foreign Lines impact much on the nation's foreign exchange.

Table 4 Impacts on Employments

			Employment		Total
			80	Employment	
Impacts	Average responses	Count	1	0	1
		Expected count	.5	.5	1.0
	Impacts	Count	0	1	1
		Expected count	.5	.5	1.0
Total		Count	1	1	2
		Expected count	1.0	1.0	2.0

From the above Table 4, it was revealed that about 80% accepted that the Cabotage Act has great significance on employment in Nigeria while 20% of the total respondents did not agree with this position. Maritime businesses can absolve more labor than the oil and gas sector of the economy. The workforce on boards and terminals and other associated jobs will increase significantly.

Table 5 Impacts on Influence on Indigenous Shipping

			Indigenous shipping		Total
			91.75	Indigenous shipping	
Impacts	Average responses	Count	1	0	1
		Expected count	.5	.5	1.0
	Impacts	Count	0	1	1
		Expected count	.5	.5	1.0
Total		Count	1	1	2
		Expected count	1.0	1.0	2.0

[58] Imports and Exports

From the above Table 5, it was revealed that about 91.75% accepted that Cabotage Act has a great significance on Nigeria's Indigenous Shipping Development; while 7.25% of the total respondents did not agree with this position. The Skills, manpower development, shipping technology, and management expertise of indigenous ship owners and operators will improve having been on the job regularly for a sufficient period. The revenue derived will be reinvested in the industry for more growth and development of the domestic shipping sector. This will groom required confidence and capability for indigenous Lines to compete favorably with their foreign counterparts in international deep-sea shipping.

Table 6 Impacts on Influence on Balance of Payment

			Balance of payment		Total
			83.75	Balance	
Impacts	Average responses	Count	1	0	1
		Expected count	.5	.5	1.0
	Impacts	Count	0	1	1
		Expected count	.5	.5	1.0
Total		Count	1	1	2
		Expected count	1.0	1.0	2.0

From the above Table 6, it was revealed that about 83.75% accepted that the Cabotage Act has a great significance on balance of payment; while 15.25% of the total respondents did not agree with this position. It helps to balance international trade through revenue earning from freight.

Since petroleum products and LNG are transported mostly by foreign vessels, involving Cabotage vessels will increase the revenue of Nigerian firms but reducing allocation to foreign companies, thus, improve Nigeria's international balance of payment. With the introduction of the Cabotage Act and participation of Nigeria shipping Lines will be saving about 60% of the huge amount of foreign exchange that the federal government of Nigeria spends in procuring the services of foreign vessels for the exports of LNG, petroleum products and other public cargo. These invisible trades contribute a lot in the nation’s balance of payment equilibrium.

Summary:

From the research conducted, it has become quite clear that the maritime issue is tied to National Defense and Economy. For smaller states without regional, strategic, and political interest, the concept of freeport, full laissez-faire economy and liberal shipping policy and practice may lead to economic growth. However, our study revealed this to be the exception of Singapore and some few countries of less political influence, the bulk of other states have continued to reflect their domestic economic development agenda on their shipping policies. The strategy has been general, to support and build a more competitive local shipping industry.

The more successful a nation’s shipping industry, the more liberal her position towards true liberalization of the shipping and trade. However, there is clear evidence that forms of national support could attract resentment or acceptance, depending on how it affects overall trade and industry practice. Besides, the perception of the strength of a country can also define the international tolerance level. An example is the legislation and practice of cargo preference by the USA, in spite of the EU position. Apart from this, the size of the market and the over-all maritime potential of a country can also inform others’ position on her shipping policy.

Findings:

Nigeria's trade is dominated by foreign shipping companies. The trade is mainly import-oriented, except for crude oil, which accounts for almost 90% of the export trade. The transportation of crude oil is largely carried out by foreign tankers as the terms of trade is on FOB basis. The non-participation of indigenous shipping companies in the transportation of crude oil and LNG amounting to an aggregate of about USD 31.5 billion in 11 years means a huge loss to the Nigerian economy. The vessel capacity of indigenous shipping companies is too low with an average age distribution of 30 years. This places the Nigerian Shipping companies at a disadvantaged position in cost and efficiency resulting in low competitiveness with their international counterparts. Cabotage stakeholders are clamoring for amendment of the Cabotage Act to broaden the participation of indigenous maritime companies in the industry. Stakeholders also are not comfortable with contacts for shipments of LNG and petroleum products conditioned to favors international shipping Lines against Cabotage companies, even after the concession of the Nigerian Unity Line.[59]

There are enormous opportunities for indigenous participation in coastal and domestic trades which involve mainly the lifting of petroleum products from Nigerian oil terminals to West African countries and between Nigerian ports; there are also good opportunities for indigenous participation in offshore oil and gas vessels supply services. Unlike most shipping nations the international deep-sea vessels crisscross the Nigerian ports, thus, exterminating feeder service roles of Cabotage vessels in repositioning imported cargos. The death of indigenous shipping Lines has deprived the nation of the economics of cheap prices obtainable from the distribution of locally manufactured goods through marine transportation.

It is observed that the aims, objectives, and purpose of the Cabotage Act is known to the stakeholders in the maritime sector. The stakeholders are fully aware of the benefits of the Cabotage laws. It has been uncovered that more of the stakeholders' companies may not participate in the Cabotage business because of lack of capital, personnel, infrastructure, incentives, high-interest rates, and the ease with which to borrow funds.

From the investigations so far carried out, it has been discovered that the stakeholders have the view that the real role of the NIMASA in the Cabotage regime should be regulatory. The NIMASA's absolute lack of control over Public Cargo resulted in the non-use of waiver powers conferred on the Ministry of Transport and the institution. Instead of granting National Carrier Status to Indigenous shipping Lines, Cargo Allocation has rather been suspended; arming politicians and public officers to consider shipments only after satisfying their vested interest. When encouraged, the stakeholders would engage competent and resourceful professionals capable of taking advantage of the opportunities the Cabotage regime has created in the maritime sector to improve their lots, hence the nation's economy.

Recommendations:

Government agencies breaking laws and defeating policy goals should not be tolerated. There is a great need to amend the Cabotage Act in order to accommodate more participation by indigenous shipping companies. The upper ceiling on the age of vessels eligible for Cabotage trade should be expunged as age is not a major determinant of the sea-worthiness of vessels. The contact

[59] formerly Nigerian National Shipping Line

for shipment of Petroleum and LNG products should be reviewed since such seemed to have been modeled by foreign consultants to exclude the infant shipping companies of Nigeria.

The Cabotage law should be applicable beyond Nigerian territorial waters of 12 nautical miles from the baselines[60] to a point or place on the high seas within the Exclusive Economic Zone that is, 200 nautical miles from the baselines[61] and the continental shelf.

NIMASA Commercial Improvement Units should also be established to determine the issue of availability of Nigerian ships and the capability of indigenous operators whenever such issues occur from public cargo generators, other agencies, or shipping companies. The Ministry of Transport is requested to delegate certain functions stated in the NSPA to the NIMASA. All efforts must, therefore, be concentrated on the possible release of all local potentials, while implementing the policy. There is a need for dredging of the inland waterways to facilitate greater and adequate navigation by bigger capacity Cabotage vessels. It is essential to establish Transport and Maritime Bank for Cabotage companies to leverage on.

In addition to the stated above, followings are also recommended;

i. The federal government of Nigeria needs to check how to mobilize long-term investment fund and manpower development and also Government should intensify support on Investable funds and/or give collateral in support of loan due to Capital intensive nature of shipping business.
ii. The government needs to check always the level of compliance with the Cabotage act and also set up a KPI mechanism to measure progress.
iii. The government needs to investigate the activities of the Cabotage act regime with the pre-Cabotage era to verify if the latter had fulfilled adequately the role of the Cabotage act period.
iv. The government needs to check if the Cabotage Act regime contributes significantly to Nigeria development as earlier envisaged.
v. The government should improve infrastructure and Implementations of the people-friendly policy.
vi. Frequent reform of the act to solve and resolve operational challenges to the benefit of her citizenry.

Conclusions:

The Nigerian experience revealed much confusion; however, the study noted that defective and distasteful as Cabotage regime might appear to others, the NIMASA and other maritime stakeholders still have the statutory duty to assist the maritime development of Nigeria. To do this, it was seen that public sector cargo size in Nigeria could provide a stronger and justifiable ground for the commencement of a credible program. A more efficient cargo support program then should focus on the control and involvement of Nigerian shipping Lines in the carriage of cargoes. In the event that no national flag could take up the cargoes, a waiver will be issued allowing foreign vessels to lift on certain conditions. It is submitted that public institutions generating such public cargoes do have a contractual right to decide the terms of trade and the contracts they wish to choose. Besides, the linkage between national flag and defense and security needs can easily come handy as precedence represented in the consideration of a nation's interest, politics and survival.

[60] The Nigerian Territorial Waters Amendment Decree of 1998
[61] The Exclusive Economic Zone Act, 1978

Indeed, every phase of economic activity is involved: banking, construction, Repairs. Insurance, Brokerage, Stevedoring, ship supply, vessel management, manpower development, and other services very numerous to mention. The relevance and importance of Cabotage act to the development of indigenous shipping activities and the Nigerian economy cannot be overemphasized.

References

Adebayo, D. (2005).The role and implication of Governmental policies in charting the course of the maritime industry. A paper presented at the stakeholder's summit in Lagos University.

Agarwal, R. & Ergun, O. (2008). Ship scheduling and network design for cargo routing in liner shipping. Transportation Science, 42, 71-82.

Anagoge, E. (2006). *Sunday*. Vanguard published on 16th of July 2006.

Augustine, N. (2006). The Impact of Cabotage Act on Entrepreneurial Opportunities and Nigeria's Economic Growth "PHD thesis from St. Clements University

Babalola, Y. (2019). *NIMASA begins enforcement of Cabotage Act*. Published on the leadership, 31st March 2019.

Badejo, B. A. (2009): The role and implication of governmental policies in charting the course of the maritime industry. A paper presented at the national seminar on eradication of corruption and sharp practices in our seaports, NPA, Lagos.

Baird, A. J. (2006). Optimizing the container transshipment hub location in northern Europe, Transport Geography, 14, 195-214.

Bendall, H. B. & Stent, A. F. (2001). Scheduling model for a high-speed containership service: A hub and spoke short- sea application, Maritime Economics, 3, 262-277.

Business and Maritime West Africa. (2011). Vol 5, No 20; 2011. Bi-monthly maritime news magazine publication by Kotzmatz Media Konsults Limited, based in Apapa, Lagos, Nigeria.

Chadwin, P. & Tally. M. (1990). Ocean Container Transportation: An operation perspective. Chrzanowski, H. (1985). An introduction to shipping economics. The competitive advantage of countries and the activities of transnational corporations. Transnational Corporations, 1, 135–168.

Chigozie, C. (2015). The absence of a commercial regulator at the Nigerian ports has created a market monopoly at the ports instead of the competitiveness envisaged among the service providers. A seminar organized by CILT Stakeholder meeting in Lagos

Chris, I. (2019). Issues In Cabotage Law In Nigeria; *Daily times*. Retrieved July 18, 2019 from http://news.biafranigeriaworld.com/archive/2003/oct/28/0110.html

Christiansen, M. Fagerholt, K. Nygreen, B. & Ronen, D. (2007). Maritime transportation. In Barnhart, C. & Laporte, G. (eds), Transportation, North-Holland.

CILT. (2017). This fully revised 6th edition of The Handbook of Logistics and Distribution Management, 6th Edition Cilt (Uk)

Cullinane, K. P. B. (2002). The productivity and efficiency of ports and terminals: Methods and applications. The handbook of maritime economics and business, London: Lloyds of London Press.

Cullinane, K. P. B. & Khanna, M. (2000). Economies of scale in large containerships: Optimal size and geographical implications, Journal of Transport Geography, 8, 181–195.

De Neufville, R. & Tsunokawa, H. (1981). Productivity and Returns to scale of containers port. Maritime policy and management, 121-129

De Weille, J. & Ray, A. (1974). The Optimum Port Capacity, Journal of Transport Economics and Policy, 8, 244-259.

Ecomaritime Digest. (2006). Ecomaritime Digest, Volume 5, Issue 19. Front Cover: Ecomaritime Communications

Estache, A., Gonzales, M. & Trujillo, L. (2001). Efficiency gains from port reforms and the potential for yardstick competition: Lessons from Mexico. World development, 30(4), 545-560.

Gbenga Biobaku & Co. (2004). Cabotage Regime in Nigeria The Implementation Guidelines. newsletter published; Retrieved September 20, 2019 from http://www.gbc-law.com/assets/publications/cabotage-regime.pdf

Ihenacho, E. (2004). Prospects of Cabotage In Nigeria. Seminar Paper presented at a Maritime stakeholders forum.

Kendall, C., James, J. B. (2001) The Business of Shipping Seventh Edition, Cornell maritime Press Inc. USA

Maduka, J. O. (2004). Port Safety and Environmental Management – Published by Concept Publications, Lagos.

Malaysian Maritime Yearbook. (2000). Growth and Development of Malaysian Merchant Fleet. published 2000/2001 , page 23. Retrieved September 20, 2019 from https://r.search.yahoo.com/_ylt=Awr4zV8dYz9ftlIADjBXNyoA;_ylu=Y29sbwNncTEEcG9zAzEEdnRpZAMEc2VjA3Ny/RV=2/RE=1598018462/RO=10/RU=https%3a%2f%2fwww.shmgroup.com%2fblog%2fshipping-in-malaysia-past-present-future%2f/RK=2/RS=4ZI2vhmndQqYHzIei2FIWpO_9t4-

Maritime Nigeria. (2008). Vol. 3 Issue 3. Retrieved September 20, 2019 from https://r.search.yahoo.com/_ylt=Awr9Ik_pYj9flPgADYpXNyoA;_ylu=X3oDMTByb2lvbXVuBGNvbG8DZ3ExBHBvcwMxBHZ0aWQDBHNlYwNzcg--

/RV=2/RE=1598018409/RO=10/RU=https%3a%2f%2fwww.researchgate.net%2fpublication%2f331963138_CRITICAL_ASSESSMENT_OF_MARITIME_INDUSTRY_IN_NIGERIA_CHALLENGES_AND_PROSPECTS_OF_POLICY_ISSUES_1/RK=2/RS=IbWyU4csnZVDLZgePPkh4wR4kmQ-

Ndikom. (2006). The Kernel Concept of Shipping operations, Policies and Strategies: The Industry Overview. Published by Bunmico Publishers, Lagos.

Nigerian Maritime Resources Development: Challenges and Issues. (2003). Volume 1. Retrieved September 20, 2019 from https://r.search.yahoo.com/_ylt=AwrS_ApeYj9fHHQAuQdXNyoA;_ylu=X3oDMTByMXM3OWtoBGNvbG8DZ3ExBHBvcwM4BHZ0aWQDBHNlYwNzcg--/RV=2/RE=1598018271/RO=10/RU=https%3a%2f%2fopenknowledge.worldbank.org%2fhandle%2f10986%2f5985/RK=2/RS=ZL3GNIYs13xtuQ2r0SME.h1yugo-

NJORD Law firm. (2018). *CJEU: Danish cabotage rules not in violation of EU law*. Retrieved September 20, 2019 from https://www.njordlaw.com/eu-domstolen-danske-cabotageregler-ikke-strid-med-eu-retten/

NNPC. (2005). Sub-Committee on Enhancing Local Content in Marine and M & Shipping Services. A Committee report to The Federal Government Published by NCS Maritime Digest, Lagos.

NNSL. (1989). Facts About NNSL You Should Know; Apapa - Lagos.

Okon. A. (2019). *Coastal trade: Nigerian operators fall behind amid challenges*. Retrieved July 18, 2019 from https://punchng.com/coastal-trade-nigerian-operators-fall-behind-amid-challenges/

Omuojine, E. O. (2006). *Nigerian Cabotage: It's Policy, Problems And Prospects*. Retrieved September 20, 2019 from https://www.scribd.com/doc/24383693/Nigerian-Cabotage-It-s-Policy-Problems-Prospects

Takabayashi, H. (2004). Formulation of Japan's Ocean Policy. Kyushu's University 1994, p. 4

Usoro, M. E. (2006). Legal Issues In Ship Acquisition and Ship Building. Retrieved September 20, 2019 from https://r.search.yahoo.com/_ylt=Awr9DsujYj9ffIMAe71XNyoA;_ylu=X3oDMTByb2lvbXVuBGNvbG8DZ3ExBHBvcwMxBHZ0aWQDBHNlYwNzcg--/RV=2/RE=1598018339/RO=10/RU=http%3a%2f%2fwww.nimasaelibrary.com%2fPDFs%2f133219464345129.pdf/RK=2/RS=kwvIa9U82CNXoqRjYA1Xqq3l78E-

Vicent, O. (2019). Cabotage Act: NIMASA's bold new steps to protect indigenous operators "Published on Vanguard newspaper on 27th of March 2019. Retrieved September 20, 2019 from https://www.vanguardngr.com/2019/03/cabotage-act-nimasas-bold-new-steps-to-protect-indigenous-operators/