

Evaluation of the Cabotage Act Implementation in the Nigerian Maritime Industry

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Abstract— The maritime industry of any country is recognized as the orbit around which the economic development of that country revolves. Due to this fact, most maritime nations are quick to draft policies that assure protection from exploitation and dominance by foreigners. This study evaluates the implementation of Cabotage Act in the Nigerian Maritime Industry. Thus, the object of the study is to estimate the percentage share of the coastal and inland traffic carried by Nigerian flagged vessels; evaluate the percentage of labour engage in coastal and inland shipping that are Nigerians; and assess the percentage share of vessels involved in coastal and inland shipping that are made in Nigeria. The study relied on secondary data that were sourced from NIMASA. The data obtained were statistically analysed and presented using descriptive method of analysis. The findings revealed that there has not been much improvement in the fortunes of indigenous shippers in the country. The study is of the view that if Cabotage law is properly implemented, Nigeria will be able to maintain jobs and skills in an industry that is vital to its future.

Keywords— *Economic, Development, Exploitation, Cabotage, Implementation, Dominance, Maritime*

I. INTRODUCTION

The term “Cabotage” is a Spanish word which refers to the maritime trade along country coastlines. The Cabotage law came into force in April, 2004 (Cabotage Act, 2003) aimed at preserving the coastal and in-land shipping for Nigeria nationals. Cabotage in Nigeria is governed by the coastal and inland shipping Act (Cabotage) 2003. The etymology of the word Cabotage is the Spanish word “cabo” or “cab” which means maritime circulation at short coastal distances. In essence, the system of maintaining domestic shipping industry is being regulated by the Cabotage Law. This involves the merchant fleet, and the protection of the environment and bio-diversity [1].

Cabotage is referred to as a coaster trade, it is the navigation and movement of ships in waters by a country to its own domestic traffic. The vessel so moved on coaster waters must be built, owned, registered and manned by the nationals of that country (Nigeria). In other words, the primary goal of the Nigerian Cabotage Act is to reserve the commercial transportation of goods, products and services within Nigeria’s coastal and inland waterways to vessels flying Nigerian flag, owned and operated by persons with Nigerian citizenship.

In fact, the Cabotage Act was adopted to empower the indigenous shipping companies to increase their involvement in the exportation and transport of crude oil and importation of refined petroleum products for

economic development – increasing the “local content” in our domestic trade. The obvious dishonest outlook, structure fraud like tendencies and characteristics of maritime industry and the capital flight experienced prevalent therein over the years, occasioned by government policies inconsistencies and elongated foreign domination to the carriage of our local generated cargo necessitated the desire for the local operators to seek the establishment of a Nigeria concept of Cabotage. The Nigerian Cabotage Act for instance was fashioned after the Jones Act of United States of America which is also known as the Merchant Maritime Act of 1920, which has, since the enactment, developed an enviable fleet of vessels and generated considerable employment for its citizens.

The domination of foreigners in Nigerian maritime industry has been well consolidated by deliberate strategies with monopolistic policies of sharing of routes in the 1880s. The maritime powers steadily sought to control the shipping markets to their advantage, culminating in the Hague Conference of 1923/4 which gave birth to The Hague Rules and subsequently Hague Visby Rules. Developing countries have to conform to the policy of the traditional maritime nations and in the process remained underdeveloped in their maritime sector [2].

In 1974, United Nations Convention on Trade Agreement Development (UNCTAD) Code of Conduct for liner conferences known as UNCTAD 40:40:20 was adopted by Nigeria. The code which was for cargo sharing was a

developing nation's initiative in which the two trading states had the right to reserve for their national shipping lines, the right to carry up to 40% each of intended linear cargo while the remaining 20% was left for third party countries to carry. It is however important to note that the UNCTAD Code was not used in the country until it was domesticated in 1987 when the National Shipping Policy Act was passed into law. The Act established the Nigerian Maritime Authority (NMA) with the aim of correcting any imbalance in the Nigerian shipping trade for the purpose of implementation of the provisions of the UNCTAD Code of conduct in respect of the carriage of goods to and from Nigerian seaports. The world is often referred to as 'a global village' A phrase coined by a Canadian professor Marshall McLuhan in 1962. Countries are interdependent on each other in the area of trade and commerce. More than 80 percent of global trade measured in volume is carried by sea to ports worldwide. Shipping maritime transport is an economic enabler and fosters trade competitiveness even in landlocked countries that do not have the advantage of coastal states. Seaborne trade reached over 9 billion tons in 2013 a record high due to the opening up of markets in China and increased trade with Asian countries.

The captivation of this lucrative shipping market opportunity is expected to occur as a result of the compulsion of the restrictiveness provisions of Cabotage Law. The market reservation provision of the law is intended to achieve the reservation of a significance part of the Nigerian coastal shipping business opportunity, particularly those existing in respect of the local carriage of goods, the coastal transport of men and materials, the supply of offshore vessels of differing operational and market role description, the supply of all manner of shipping services between all Nigerian coastal and offshore locations for Nigerian operators only. In pursuance of the success of Nigeria on maritime reforms, Nigeria made a bold attempt to change the face of maritime business within its coasts when it enacted the Coastal and Inland Shipping (Cabotage) Act in 2003. Though designed to restrict foreign participation in Nigeria's domestic coastal trade, nevertheless a lot of opportunities exist for foreign involvement.

As maritime transportation has increased many countries have seen the need to safeguard their economies by enforcing strict Cabotage regime to build local or indigenous capacity in shipping and derive revenues from inland and coastal shipping transportation. Cabotage policies are intended to protect the domestic shipping industry from foreign competition, preserve domestically owned shipping infrastructure for national security purposes, and ensure safety in congested territorial waters. Lack of knowledge about the maritime sector could be blamed for the very poor response it has generated from investing public [3].

The study focuses on the performance of Cabotage Law on the maritime Industry. It will also consider the operation of

Cabotage Act along the Lagos coastal line which is the busiest coastal line in the country where the act has been fully practiced. Also, this research work evaluated what has happened since the time of enactment of the Act in 2003 to 2018 and expose the possible market routes, It also examines the opportunities that will accrue to the indigenous shipping agencies in relation to crew and performance by their foreign counterparts. The study is limited to the functions expected of NIMASA, as a federal Government regulatory Agency aimed at seeing Nigeria competes favourably with its foreign counterparts.

The aim of this study is to evaluate the implementation of the cabotage act within the maritime industry and proffer solution for improving the coastal and inland shipping and trade in Nigeria. The objectives of the study are to: estimate the total share of the coastal and inland traffic carried by Nigerian flagged vessels; evaluate the total number of labour engaged in coastal and inland shipping that are indigenous; and identify the number of vessels involved in coastal and inland shipping that are made indigenously.

II. RELATED WORK

Nigerian Cabotage Policy

According to reference [4], there are three main regulatory regimes to which how maritime cabotage law may be practiced in different jurisdictions, it is important to note that there is no such thing as the best maritime cabotage approach. However, a case could be made for why one approach might be the best fit for a country. This depends on the characteristics and capacity of the host cabotage country as espoused by the 'theory of developmental sovereignty' the author further highlights these three approaches as the protectionist approach which attempts to reserve all activities in a country's territorial waters and how those activities are performed to their domestic resources.

The significant role played by shipping in the economic development of any nation is not in doubt. As a result, maritime transportation has been adjudged an absolute mercenary of world trade. The Nigerian Cabotage Policy is in two folds: Protectionist and Liberalization Policy.

Protectionist policy

The Protectionist policy is characterized by policies that fully protect the maritime cabotage industry and which do not allow foreign shipowners operate. When they do, very strict conditions apply for very short periods [5].

The Protectionist policy in the Cabotage Act is provided for in Sections 15-21, which provided for rules, terms, regulations, duration, guidelines and for every other thing regarding license to foreign vessels, The Nigerian Investment Promotion Commission Act 1995, which allows a non-Nigerian to invest and participate in the operation of any enterprise in Nigeria is not at variance with the Cabotage Act.

The Cabotage trade when operated by non-Nigerian, are with some restrictions which are clearly stated in both the Act and the policy documents contained in the Guidelines. For instance, in the Cabotage Act 2003 Section 23(2) provides for registration and stipulates that a vessel shall not be registered for use in the domestic trade unless the controlling interest in the company is owned by Nigerian citizens. The establishment of the Cabotage Vessels Financing Fund in Section 42(2) of the Act is for the purpose of promoting the development of indigenous ship acquisition capacity by providing financial assistance to Nigerian operators in the domestic Coastal Shipping. The policy is not only practiced, it is the 'modus operandi' of all the one Hundred and Sixty-Nine (169) and Three (3) Associate Maritime Countries all over the world (International Maritime Organization).

According to reference [6], "in a protectionist cabotage policy, three levels of legal restrictions exist on vessels aspiring to participate in coastal trade. Such vessels must be built, owned, and crewed exclusively by citizens of the particular countries concerned". As an example, the United States adopts a very strict cabotage practice. A typical instance of this type of policy is the USA cabotage laws.

Reference [7] discovers that in Australia where Cabotage is based on the Navigation Act of 1972, Customs Requirements and Immigration Laws, 90% of its coastal trade is by Australian crewed ships and all foreign vessels operating along its coast are licensed or permitted under certain conditions and further observed that the Australian Cabotage Laws allow only Australian flagged and crewed ships on its domestic shipping and where there are no Australian ships available, foreign vessels are granted single voyage permit. The Maritime Union of Australia usually argued that shippers are manipulating the system by waiting until an Australian- manned vessel sails out and then rush to contract a foreign- flagged ship with third world low- paid crew and substandard ships to participate in its coastal shipping thereby putting off work, Australian ships and Seafarers.

Liberalization policy

The Liberal application of the Cabotage Law is stated in sections 15-21 of the Act, which clarifies the grant of license to foreign vessels, terms and conditions and vessels not owned, manned and built by Nigerians. Unfortunately, we cannot in a twinkle of an eye stop the transportation when we do not have the wherewithal to do it. Usoro (2003) opines that the EU has liberalized the cabotage services within the union to other member states. She noticed that the beneficiaries of this freedom should be community ship-owners operating vessels registered in and flying the flag of a member state. In essence, coastal trades in EU countries are restricted to EU citizens. She further pointed out that the United Kingdom does not have a national Cabotage law but the stringent domestic regulations and requirements effectively bars participation from non-EU member States owned vessels. Norway for example operates a Norwegian Seafarers if a certain number of nationals are employed

However, because of the degree of control a country has over its territorial waters, it must bear the burden of ensuring that its maritime cabotage policy is regulated in a way that bolsters the economic development of the country. In Nigeria, the Minister of Transport has the power to grant a waiver where applicable. Nigeria does not possess the capacity to fully implement a strict cabotage law most especially in areas of ship-owning, building and manning, but the potentials exist. The cabotage regime in Nigeria is much more complex as there exists elements of both strict and liberal cabotage policy.

Seafarers' training programme and development

Availability of sufficient seafarers both officers and crew is very vital issue to be given full attention by the Government Agency conferred with the responsibility of implementation of the cabotage Act if it should achieve its objectives. For now, lack of qualified young officers and crew vis-à-vis the phasing out of most of the NNSL trained seafarers due to old age and/or dwindling interest in seafaring is a serious threat to the success of the Act objectives. Therefore, NIMASA must borrow a leaf from NNSL strategies if it is determined to serve the industry it is created to foster. History tells us that the founding fathers of our nation realized this early in the life of independent Nigeria. Their vision was to replace foreigners and indigenize the manning of the national carriers. Reference [8] noted that if training of seafarers is not resumed now, Nigeria would in no distant future, start overseas recruitment of pilots and other harbour operatives as well as other categories of marine related officers and crew for the shipping industry.

Table 1: Seamen Trained by NNSL by 1992

(a)	Master Mariners	64
(b)	Chief Officers	68
(c)	Second Officers	61
(d)	Third Officers	59
(e)	4th Officers	48
(f)	Radio/Marine Communication	68
(g)	Catering Officers	60
(h)	Chief Engineers	70
(i)	2nd Engineers	70
(j)	3rd Engineers	63
(k)	4th Engineers	70
(l)	Junior Engineers	77
(m)	Marine Electricians	69
(n)	Officer Cadets	450

Source: Nigerdock Dock Manager (2008)

The suspension of the training programme by NNSL about two decades ago and the subsequent liquidation of the company have negatively impacted on the manpower developmental needs of the local maritime industry with particular reference to seafarers. Many were halfway through into their professional training while many of those fully trained are now aging simultaneously and out of touch with seafaring duties. No succession plans have been put in place for producing new generation of seafarers. The greatest problem is the non-availability of

deep-sea trading ships as platform for practical training. Without “sea Time” training, no meaningful seafaring training is possible. With the virtual total disappearance of Nigerian Registered Ships, the products of the Maritime Academy of Nigeria, Oron have been unable to continue their training as the all-important on-board sea training cannot be undertaken.

Ship building and ship repair industry

During the researcher’s visit to the Nigerdock which is the biggest ship building and repair yard in Nigeria it was discovered that the dockyard used to build service boats and supply crafts of various categories as well as carry out ship repairs. However, with the upsurge of demands for repair jobs which is the positive effect of the cabotage regime in Nigeria. The Dock Management has decided to concentrate on ships and craft repairs because of its comparative advantages in terms of net profit. The researcher noted that it takes two to two and half years to complete the construction of a ship and ships built in Nigeria will not be competitive in the international freight market due to high cost of materials and logistics. The researcher noted that by February 2008 the dockyard had been fully booked up to December for ship repair jobs.

Also, other shipyards like Intercontinental dockyard, Naval Dockyard are also very busy. The implication of this development is that ships that used to be docked outside Nigeria for repairs are now being docked in the local dock for repairs with the result that Nigerian economy is being favoured in terms of increased employment opportunities for Nigerian citizens; increased revenue income, conservation of our foreign exchange reserve and transfer of ship repair technology. In the circumstance, it is advisable for the Government to build or through the encouragement of private initiative build another dock to be dedicated for ship building alone while the existing dock continues with repairs.

Cabotage regime

According to Reference [9] - Cabotage usually refers to the exclusive reservation by a State of the commercial operations between ports in that country for their own national flag vessels. Cabotage Act has become the last bastion for the defence and even creation of jobs for national seafarers in many countries. Cabotage principles can also be applied within a given region or sub-region, rather than an individual country, in order to favour local or regional employment. In countries where the national fleet has virtually disappeared, the introduction of cabotage arrangements represents the main and, sometimes, the only serious possibility remaining to prop up indigenous enterprise and secure employment for local seafarers.

In Nigeria the idea of a cabotage law was not appreciated until recently when, entrepreneurs have seen limitless opportunities in its introduction. Cabotage here is taken to mean the transport of goods and/or passengers between ports in a given country or of a given group of countries within a specific economic grouping. In the latter case, it is

also referred to as short sea shipping. It includes ferry services and inland water transportation. Port services such as tugs, dredgers, maintenance and repair craft, piloting, launches, bunkering and supply vessels fall under cabotage jurisdiction. In the United States of America with its ubiquitous Jones Act, cabotage includes the construction of vessels. For Nigerians, however, the virtual failure of the Shipping Policy Decree 10 of 1987 (a.k.a. National Shipping Policy Act), especially in the area of crude oil affreightment had made a look inwards compelling. They saw in the supply of equipment for off shore oil operations, provision of logistics and transportation of refined petroleum products from refineries in Port Harcourt and Warri to reception facilities in Lagos as window of opportunity to earn even more than crude oil lifting would have fetched.

Nigeria cabotage

Nigeria adopted Liberalized Cabotage Regime similar to the Malaysia Cabotage Regime considering the fact that adoption of the Strict Cabotage Regime like USA would be counterproductive to the Nigerian economy in view of the fact that Nigeria lacked adequate infrastructure for effective implementation of a strict cabotage regime which would demand that all vessels to be licensed to take part in cabotage must be built in Nigeria. For instance, the low capacity and capability of Nigerian shipyards to build and their low activity in the building of coastal vessels that will satisfy the domestic market demands in terms of the types, sizes, timing and cost.

It is expected that the liberal cabotage policy will give room for Nigerian shipyards to develop with time if given the required encouragement and incentives. The relaxed cabotage would also allow the use of foreign facilities and resources where such cannot be found within the indigenous profile by grant of waivers and/or licensing. (Source – The Cabotage Act 2003 of Nigeria). In sum, the type of maritime cabotage law promulgated by each country is predicated on the national, strategic and commercial interests of the country and the economic need for the Government to guide and to protect an “infant” domestic shipping industry from foreign competition so as to give it enough room, capacity and control to become as sufficiently commercially viable as to be able to withstand foreign competition.

Nigerian Maritime Administrative and Safety Agency (NIMASA)

The Nigerian Maritime Administration and Safety Agency (NIMASA) is an agency of the Federal Ministry of Transport created from the merger of National Maritime Authority (NMA) and Joint Maritime Labour Industrial Council (JMLIC) (both former parastatals of the Federal Ministry of Transport) on August 1, 2006 to monitor, implement and enforce Cabotage Act 2003, otherwise known as Nigerian Coastal and Inland Shipping Act 2003. By 2007, the National Assembly passed a law formalizing the establishment of the Nigerian Maritime Administration and Safety Agency (NIMASA) known as NIMASA Act

2007 empowering it to implement and enforce the Cabotage Act 2003 [10].

In the course of enforcing the Cabotage Act 2003, the NIMASA under the supervision of the Federal Ministry of Transport synergized with the following federal agencies such as Nigerian Inland Waterways Authority (NIWA), the Nigeria Ports Authority (NPA), and the security agencies like Nigerian customs, police and navy. Also, in order for effective enforcement of the Cabotage Act 2003, the NIMASA is divided into the following departments or units like the Register of Ships, Cabotage Enforcement Unit, Collecting Agency for Cabotage Vessel Fund and Seafarers Training and Certification Development [11].

The Nigerian Maritime Administration and Safety Agency, NIMASA Act 2007, Merchant Shipping Act 2007 and Cabotage Act 2003 empower NIMASA to monitor, implement and enforce the Cabotage Act 2003 by conferring the following functions on the agency: (a) restrict the use of foreign vessels in domestic coastal trade; (b) promote development of indigenous tonnage; (c) establish Cabotage Vessel Financing Fund; (d) reserve the bulk of coastal trade for vessels built, owned, registered in Nigeria and manned by qualified Nigerian seafarers; (e) stimulate and expose Nigeria's indigenous shipping firms to shipping business in the coast as a stepping stone to deep sea or international shipping; (f) encourage acquisition of shipping technology by creating and diversifying employment opportunities in the industry; (g) improve environmental safety; (h) protect the nation's security interests (i) enhancing domestic waterborne transportation; (j) increase the national fleet or tonnage; (k) develop ship building and repair capability; (l) create opportunities for employment; and (n) conserve foreign exchange; (m) protect national economy and security [10].

In other words, the mandate of the Nigerian Maritime Administration and Safety Agency (NIMASA) is derived from the following: (a) Nigerian Maritime Administration and Safety Agency Act 2007; (b) Merchant Shipping Act 2007; and (c) Coastal and Inland Shipping (Cabotage) Act 2003. The Nigerian Maritime Administration and Safety Agency (NIMASA) is to implement and administer the Cabotage Act 2003 by; one, encouraging indigenous shipping lines to participate in coastal and inland trade; two, administering Cabotage Vessel Financing Fund (CVFF); three, enlightening and sensitizing would-be investors in the cabotage trade through seminars, conferences, workshops, etc; four, maintaining a Registry of Vessels for cabotage trade; and five, registering ships owned by indigenous shipping lines to participate in the nation's cabotage trade [10].

Prior to the creation of NIMASA, the National Maritime Authority (NMA), predecessor of NIMASA, was established by the shipping policy decree of May 11, 1987, and was supervised by the Federal Ministry of Transport. Its mandate was to ensure orderly development, protection and manpower training in the shipping industry. The NMA

also was given responsibility for maintaining marine pollution and spillage in Nigerian waters. In 2003, following the enactment of Cabotage Act, Nigerian government provides just \$25million for shipping development, a very small amount given the size of the country. In effect, both the indigenous entrepreneurs and the NMA merely play the role of rent collectors. The NMA's earnings (in hard currency) rather than serve in any meaningful way to develop the industry have simply made it a veritable honey-pot plundered by successive governments and their agents [12].

Under the Act establishing NIMASA, 5 percent of annual income would support the Maritime Academy of Nigeria (MAN) and 35% of income would be used to develop maritime infrastructure. The agency provided funding to MAN for a jetty and boat project. In December 2009, the agency said it was setting up a fund which would cover 40% of the cost of a nautical education with the students being responsible for the remainder. In June 2010, it was confirmed that NIMASA was encouraging Nigeria to enter the maritime industry. The agency was enforcing the directive that all ship operators engaged in cabotage trade whether Nigerian or foreign owned must have Nigeria cadets on board so they could gain sea-time experience.

Yet, there was a severe shortage of trained sailors. As of 2011, the agency was still spending large amounts on training Nigerians in India, Scotland and Egypt because MAN lacked the capability to provide complete training. The government's plan to open new training institutes was under criticism, since they seemed likely to be operated no more effectively than MAN. Also in June 2011, it was announced that NIMASA would be acting as the approving authority and guarantor for beneficiaries of a new Cabotage Vessels Finance Fund (CVFF), this time administered by banks replacing the former Ship Acquisition and Ship Building Fund [13].

The Cabotage Vessel Financing Fund (CVFF)

The CVFF unit is responsible for the administration of the Cabotage Vessel Financing Fund (CVFF), which is a special funding scheme conceived in the Cabotage law to provide soft funding to Nigerians for the acquisition of trading assets and operational infrastructure and facilities necessary to facilitate their reasonable participation in Nigeria's domestic shipping trade. The CVFF is funded through the collection of a 2% surcharge on the contract sum from every vessel engaged in Cabotage trade. Hence, the unit is responsible for working out the 2% surcharge payable from the contract sum. It also issues a Demand Note to the affected shipping company for the payment of the surcharge.

Cabotage Law and the Maritime Industry

Within the Cabotage regime, there is no doubt that the business and economic opportunity has been enhanced. These economic potentials are fully actualized due to the determination of the Regulatory Agency, (NIMASA) to effectively implement the compliance to the latter. Having

thus, recognized and acknowledged the positive potentials of the cabotage regime, it is time to examine the true extent to which the stakeholders have been mobilized to exploit the considerable strategic opportunity which is represented by the law in force.

However, there are clearly a number of factors, which the Act has provided for to boost the coastal trade such as; Tonnage availability; The Act specified that for a successful Cabotage regime, Nigeria would essentially be required to consider the availability of Nigerian owned registered and crewed vessels of the appropriate market size and description. Given that, the main market vectors for the Nigeria Cabotage trade consists of the operational requirements for trade tanker vessels as offshore support craft. Nigeria shipping interests would invariably develop on indigenous shipping fleet of the appropriate market role description and capacity in order to be properly positioned to take full advantage of the Cabotage Law. Ships however, cost lots of money to acquire and the source of funding has been properly taken care of in the Act pursuant section 42-45. In essence, the beneficiaries of the fund shall be Nigerian citizens and shipping companies wholly owned by Nigerians.

No doubt, capital intensity is a generally acknowledge characteristics of shipping services production, considered in the contract of international or coastal application. In the context of the nation's current effort to optimize our Cabotage potential, the point must be made regarding the need to provide adequate and feasible funding support for asset acquisition if the expected results are to be achieved.

The Coastal and Inland Shipping (Cabotage) Act 200

The coastal and inland shipping Act otherwise known as the Cabotage Act was enacted in 2003 in order to restrict the use of foreign vessels in domestic coastal trade to promote the development of indigenous tonnage and to establish a cabotage vessel financing fund and for related matters.

The Act is stratified into nine parts and dealings with different aspects of the Act namely: Part I- Short Title And Interpretation; Part II- Restriction of Vessel In Domestic Coastal Trade; Part III- Waivers; Part IV- License To foreign Vessel; Part V- Registration; Part VI- Enforcement; Part VII- Offences; Part VIII- Cabotage Vessel Financing Fund; and Part IX- Miscellaneous.

Nigeria aspires to be among the top 20 largest economies by the year 2020 according to the economic policy of vision 2020. The successful implementation of the Cabotage Laws in Nigeria is critical to the success or otherwise of the plan. This is because of the important role shipping plays in not just the movement of goods and services around the country and the revenues collected as tax from companies in the sector. The Act would also catalyse the growth and development of the transportation sector due to the over dependence of the nation on road transportation and the consequent damage of the roads since the collapse of the railway system in Nigeria. The

growths are expected when dredging activities currently going on in the nation's inland waterways are concluded.

In 2003, the Cabotage Act of 2003 was introduced in the Nigerian maritime sector. This Act was aimed at preserving the Nigerian coastal shipping areas for local maritime companies. In other words, the primary goal of the Nigerian Cabotage Act is to reserve the commercial transport of goods, products and services within Nigeria's coastal and inland waterways to vessels flying Nigerian flag and owned by persons with Nigerian citizenship. In fact, the Cabotage Act was adopted to empower the indigenous shipping companies to increase their involvement in the exportation and transport of crude oil and importation of refined petroleum products for economic development.

However, the Cabotage regime has yet to produce an effective solution to the problems being faced by the maritime and oil transport industries in the counter since the introduction of the law. Some of these problems are related to inadequate understanding of the basic requirements of the Act by the regulators.

The purpose of the Act is to restrict the use of foreign vessels in domestic coastal trade and promote the development of indigenous tonnage. The provisions include restrictions, waivers to meet lack of capacity, enforcement, Cabotage Vessel Financing Fund amongst others. The Act is a legislative apparatus for restricting access or reserving maritime trade within the geographical space of a country to indigenous capacities. The government's consciousness of the need to develop the local shipping industry attempted different policies and projects at different stages of our maritime development to encourage indigenous vessel acquisition, ensure the participation of Nigerians in the maritime industry, restrict foreign domination and develop indigenous shipping industry. Amongst the efforts in this regard is the acquisition of 24 vessels by the now defunct Nigerian National Shipping Line (NNSL) in the 1970s and the establishment of the Ship Acquisition and Ship Building Fund (SASBF) by Decree No. 10 of 1987, later subsumed under National Shipping Policy Act 1987. However, with the advent of democracy in 1999, stakeholders and professionals in the shipping industry made a clarion call for the restructuring of the maritime industry as it affects domestic trade for the benefit of the citizenry and the economic well-being of Nigerians.

Hence, the reform proposal is the enactment of the Coastal and Inland Shipping (Cabotage) Act, 2003 to be enforced by the National Maritime Authority (NMA) now Nigerian Maritime Administration and Safety Agency (NIMASA). On this premise, Nigeria became the first country in the West and Central African sub-region to enact Cabotage Law which was signed into law on the 30th day of April, 2003. This eventually catapulted Nigeria into limelight as the 41st country in the world to operate Cabotage Law. It is important to note that major maritime nations have a

long history of devising laws and regulations to promote and protect their domestic water transportation. For most developed Countries, 90 per cent of their national resources vis à vis transportation, trade, economy, national security is dependent on the maritime sector. In developing countries, there is the danger of losing their regional control, competitions and Africa has demonstrated the slowest progress in developing maritime industry in spite of the United Nations Conference on Trade and Development (UNCTAD) which sought to promote regional and co-operation arrangements.

This study evaluates the implementation of Cabotage Act in the Nigerian Maritime Industry. Thus, the object of the study is to estimate the percentage share of the coastal and inland traffic carried by Nigerian flagged vessels; evaluate the percentage of labour engaged in coastal and inland shipping that are Nigerians; and assess the percentage share of vessels involved in coastal and inland shipping that are made in Nigeria.

III. METHODOLOGY

The major data was gotten from the cabotage Department of NIMASA and Nigerian Port Authority (NPA) which ranges between the span of 2004-2018. Concerning the method of data analysis, descriptive method of analysis (Frequency, Percentage) was used to estimate the total share of the coastal and inland traffic carried by Nigerian flagged vessels; evaluate the total number of labour engaged in coastal and inland shipping that were indigenous; identify the number of vessels involved in coastal and inland shipping that were made indigenously.

IV. RESULTS AND DISCUSSION

This section shows the results of the analysis of all the objectives of this study and also all their interpretations so as to draw informed inferences on the issues at hand and also answer all questions that was raised during the cause of this study.

Share of the coastal and inland traffic carried by Nigerian flagged vessels

To achieve this objective, secondary data was employed. The coastal and inland traffic carried by Nigerian flagged vessels is represented with the total number of Nigerian vessels that were registered within the period of 2004 and May, 2018 based on the available data retrieved from the Nigerian Maritime Administration and Safety Agency (NIMASA). The implication of Nigerian vessel registration is that more of Nigerian vessels will be engaged in moving traffic along the coastal and inland waterways [14].

As shown in the percentage estimate (Table 2), there was an increase in the number of Nigerian vessels that registered in 2005 with about 90.5 percent. This increase may be as a result of the Cabotage Law which was enforced in 2004 and cannot be felt immediately, but in the subsequent year. The Cabotage act was aimed at

preserving the costal and domestic shipping for Nigeria nationals. This will enhance the increase in movement of throughputs along the coastal and inland waterways.

Table 2: Vessels Registration and their Percentage Change

Year	Total Nigerian Vessels Registration	Percentage Change
2004	27	
2005	283	90.5
2006	154	-83.8
2007	49	-214.3
2008	87	43.7
2009	146	40.4
2010	76	-92.1
2011	158	51.9
2012	185	14.6
2013	206	10.2
2014	171	-20.5
2015	223	23.3
2016	248	10.1
2017	225	-10.2
2018 (Jan-May)	111	-102.7

Source: NIMASA (2019)

Furthermore, despite the high trend of Nigerian vessel registration in 2005, the level of registration in the following years; 2006 and 2007 reduced to about 84 percent and 214 percent respectively. It is important to note that the level of registration rose up in the years 2008 and 2009 with about 44 percent and 40 percent respectively. After then, the level of registration was not stable as it formed an irregular trend. This is also a factor that challenged the efficacy of Nigeria Cabotage Law.

Registration of vessels for cabotage trade are under six categories as pointed out in the body of literature, however a clause under the cabotage law stipulates that vessels older than 15 years can only be registered and eligible for participation for a period of 5years provided they have a certificate of the registration and seaworthiness from a recognized classification authority [15], the challenge with this clause is that most vessels purchased and owned by Nigerian were well beyond 20 years at the time of purchase, and the lack of funds further hinders participation by indigenous players [16]. Also, Strict implementation of the act forced many vessel owners to relocate their vessel registration to other nation states.

Total number of Nigeria labour engaged in coastal and inland shipping

To achieve this objective, secondary data were employed. The Nigeria labour that was engaged in the coastal and inland shipping are represented with the total number of Nigerian crew that were engaged within the period of 2004 and 2018, based on the available data retrieved from NIMASA. The implication of Nigeria crew is that more personnel from Nigeria will be engaged in operations along the coastal and inland, and will be able to contribute to the sustainable human development of the country.

As shown in the percentage estimate (Table 3), there was a great increase in the number of Nigerian crew in 2005 with about 39 percent. This increase may be as a result of the Cabotage Law which was enforced in 2004 and the impact was felt in 2005. The Cabotage act was aimed at preserving the coastal and domestic shipping for Nigeria nationals, thereby enhancing more participation from Nigerians. This will enhance the ease of navigation and increasing movement of throughputs along the coastal and inland waterways. It will also enhance domestic security of goods that are moved along the coastal and inland waterways [14].

Table 3: Nigerian Registered Crew and Percentage Change

Year	Nigerian Crew	Percentage Change
2004	2202	
2005	3,583	38.5
2006	2,991	-19.8
2007	342	-774.6
2008	2,018	83.1
2009	2,058	1.9
2010	2,908	29.2
2011	3,784	23.2
2012	4,762	20.5
2013	4,905	2.9
2014	4,084	-20.1
2015	5,165	20.9
2016	4,808	-7.4
2017	4,717	-1.9
2018	2,574	-83.3

Table 4: Percentage Share of Foreign and Nigerian Built Vessels

Year	Foreign Built	Nigeria Built	Total Built	Share of Nigeria Built	Share of Foreign Built
2004					
2005	210	5	215	2.325581395	97.7
2006	211	10	221	4.524886878	95.5
2007	112	21	133	15.78947368	84.2
2008	231	26	257	10.11673152	89.9
2009	401	26	427	6.088992974	93.9
2010	210	27	237	11.39240506	88.6
2011	548	131	679	19.29307806	80.7
2012	602	69	671	10.28315946	89.7
2013	615	168	783	21.4559387	78.5
2014	419	61	480	12.70833333	87.3
2015	467	108	575	18.7826087	81.2
2016	474	71	545	13.02752294	87.0
2017	451	44	495	8.888888889	91.1
2018	195	12	207	5.797101449	94.2
Total	5146	779	5925	13.14767932	86.9

Source: NIMASA (2019)

The Cabotage Act of 2004, states that all the Vessels operating coastal water must be produced in Nigeria, that all the crew members of the vessels must be a Nigerian and all the contracts of carriage must be done by Nigerian Flagged vessels, The study reveals that the Cabotage Act operating in Nigeria has not achieved the objective of the

Act, this is because, all the criteria of the Act as provided in the document have not been met by the country. Foreign flags still operate in Nigerian coastal waters.

This study has estimated the percentage share of the coastal and inland traffic carried by Nigerian flagged vessels, evaluated the percentage of labour engaged in coastal and inland shipping were for Nigerians, assessed the percentage share of vessels involved in coastal and inland shipping that were made in Nigeria.

Based on the findings, the following recommendations were realized:

- 1) For the Cabotage Policy to have the maximum positive impact on the indigenous shipping companies, the Government should set in motion a process for the review of the existing Cabotage Act to be in tune with the realities on ground. For instance, provisions on shipbuilding in Nigeria. Since Nigeria is not building ships now and is not likely to begin in the foreseeable future, the provision should be removed and not made a condition to be met in order to be granted a waiver.
- 2) On the Cabotage Vessel Financing Fund (CVFF), government should make haste to ensure that all impediments to access the Fund by indigenous operators are promptly removed and commence disbursement of the Fund. This will ensure the acquisition of relevant and needed vessels by the indigenous shipping operators, thereby giving them the necessary impetus to actually participate in the cabotage trade to the benefit of Nigerians and the achievement of the objectives of the Cabotage Act.

NIMASA should intensify efforts to ensure training of more seafarers so that these could be employed to man vessels to be procured by indigenous ship-owners, so that the intended benefits of the Cabotage Act will not elude Nigerians

Parameters set in the cabotage act requires ships not built in Nigeria to apply for a waiver even though these ships are wholly owned by Nigerians. This parameter is contradictory to what is obtainable in reality and lacks a foundation to succeed as Nigeria is still heavily dependent on foreign influence for the building of ships, the payment of waivers by indigenous ship owners can be a discouraging factor because the basis for patronage of foreign built vessels is based on the unavailability of Nigeria built vessels. A viable policy option for this shortcoming should include remedies that foster the transfer of the much-needed technology capacity and interventions that include funds for the development of the shipping sector [16].

V. CONCLUSION AND FUTURE SCOPE

The Cabotage Act of 2004, states that all the Vessels operating coastal water must be produced in Nigeria, that all the crew members of the vessels must be a Nigerian and all the contracts of carriage must be done by Nigerian

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- 5) NIMASA should intensify efforts to ensure training of more seafarers so that these could be employed to man vessels to be procured by indigenous ship-owners, so that the intended benefits of the Cabotage Act will not elude Nigerians.

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