

**SPECIAL PRESS CONFERENCE BY THE PRESIDENT OF THE LAGOS  
CHAMBER OF COMMERCE AND INDUSTRY, MR BABATUNDE  
RUWASE, FCA ON NIGERIAN MARITIME PORTS HELD ON TUESDAY 2<sup>ND</sup>  
OCTOBER 2018 AT COMMERCE HOUSE, VICTORIA ISLAND, LAGOS**

**OFFICERS, COUNCIL AND OTHER MEMBERS OF THE LAGOS  
CHAMBER OF COMMERCE AND INDUSTRY HERE PRESENT**

**MRS. OMOWUNMI GBADAMOSI**

**COUNTRY DIRECTOR OF CENTRE FOR INTERNATIONAL PRIVATE  
ENTERPRISE (CIPE) AND HER TEAM**

**LEADERS AND MEMBERS OF THE ORGANISED PRIVATE SECTOR  
(OPS) HERE PRESENT**

**THE DIRECTOR-GENERAL OF LCCI, MUDA YUSUF**

**DISTINGUISHED GENTLEMEN OF THE PRESS**

On behalf of the Lagos Chamber of Commerce (LCCI), Nigerian Economic Summit Group (NESG) and the Organised Private Sector (OPS) made up of MAN, NECA, NACCIMA, NASME, NASSI, our development partner, Centre for International Private Enterprise (CIPE), I wish to express our appreciation to you for honouring our invitation to this special press conference on Nigerian Maritime ports. This press conference has been called to present the key findings and recommendations of our just concluded feedback report on the Nigerian Maritime Ports.

As you may already know, there has been concerted efforts over the years by stakeholders (Federal Government in collaboration with private sector and development partners) to reposition the ports for efficiency and attainment of global best operational standard. For instance, the present administration over the last two years have focused on repositioning the ports through the National Action plans on cross border trading coordinated by Presidential Ease of Doing Business Council (PEBEC) and series of Presidential Executive Orders targeted at ports efficiency. The past and ongoing reform efforts notwithstanding, the Nigerian port continues to lag behind its peers in Africa and other parts of the world.

According to 2017 World Bank Ease of Doing Business ranking, Trading Across Borders which is a major indicator for measuring a country's ports effectiveness ranked Nigeria very low at 183 out of 185 countries. This ranking did not reflect efforts of the present administration on repositioning the ports through series of interventions targeted at improving ports efficiency. Operators and users of the Nigerian ports are increasingly faced with bureaucratic red tape, limited access to the ports due to traffic congestion, constant delays, illegal charges, technical and security breakdown, leading to high costs of operations and competitiveness.

Consequently, LCCI in collaboration with other members of the OPS and our development partner, Centre for International Private Enterprise (CIPE) as part of our commitment to the Nigerian economy carried out a fact-based feedback study on maritime ports. The report is an update of our 2016 report titled "Nigeria: Reforming the Maritime Ports" The report highlights the present realities in our ports, outlined the costs of ongoing crises in our ports and highlighted gaps in the implementation of policy measures for attention and action of PEBEC and other relevant authorities.

The research finds that the economy is currently losing about N600 billion in customs revenue, estimated \$10 billion on non-oil export and about N2.5 trillion corporate earnings across the sectors on an annual basis. Industrial capacity utilization currently stands at 38-40% and approximately 40% of businesses located around the Lagos ports' communities have either relocated to other areas, scaled down operations or completely shut down. These developments have very huge adverse implication for job creation, tax revenue and real economic activities with estimated downside effect of about 3% on the country's GDP.

This research noticed a worrisome level of deliberate resistance by some MDAs to implement/enforce enabling regulations including the 2017 Presidential Executive Orders relating to the ports. Fights for supremacy, conflict of interests among the MDAs and revenue ambitions that conflicts with trade facilitation objectives among the MDAs are common issues.

**The study underscored the following concerns:**

- About 10% of cargoes are cleared within the set timeline of 48 hours while majority of the cargoes take between 5 to 14 days to clear, some take as long as 20 days or more days to clear. Deliberate delays induced by MDAs official currently accounts for approximately 65% and 80% of import clearance and export processing time respectively.
- About 5,000 trucks currently seek access to the Lagos ports on daily basis. The port and its access roads were designed to take only about 1,500 trucks daily. Thus, trucks currently spend days and sometimes more than one week to access the port from Lagos main-land due to serious traffic hold-ups. Barring the

traffic situation, the journey should have taken about one hour. This led to following consequences:

- Astronomical increase of trucks transport cost by 200 to 500% over the last two years
  - Longer cargo dwell time
  - Disruption of production schedules of manufacturers as raw materials are not delivered to factories in good time
  - Costs and risks of holding unreasonable level of inventory by companies in the bid to hedge against running out of raw materials arising from difficult access to the ports; Increased interest cost (borrowed fund) used for import transactions
  - High demurrage charges because of delays in cargo clearing process
  - High insurance premium of vessels coming to Nigeria and trucks conveying containers to and from the ports;
  - Higher shipping and terminal charges; and
  - Paralyzes of industrial and commercial activities in the Apapa axis and other parts of Lagos.
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- About 60 tank farms are around Lagos ports, most of which were located without recourse to the original design of the ports, traffic consideration or the volatility of the products in the tanks. Lagos have witnessed rising spate of fuel trucks fire

across the state with attendant loss of lives and properties. The most prominent recent case is the Otedola bridge fuel truck fire that claimed nine lives and 60 vehicles in June 2018.

- According to the Federal Road Safety Commission (FRSC), 1,000 people were killed in 308 container trucks related accidents in 2017 alone.
- Feedback from stakeholders confirm that bad port access roads accounts for 90% of accidents that cause damage to fragile imported items leading to significant losses. In addition, there are painful reports of loss/damage of perishable agricultural export due to extended time spent by the trucks before getting to the ports or the poor condition of warehouses at the ports. For instance, about 25% of cashew nuts being exported from Lagos to Vietnam in 2017 went bad or downgraded due to these factors.
- There are incessant pirate attacks and kidnappings on vessels in Nigeria's territorial waters and the Gulf of Guinea. The high incidence of piracy leads to high shipping costs on Nigerian waters with the cost ultimately transferred to port users and final consumers.
- There is concern over the safety and cost implications of wrecked ships and abandoned vessels littering the Nigeria's waters. According to NIMASA, about 200 derelict ships and wrecks currently litter our waters. Also, the Nigerian Channels and Harbours remain largely shallow; making it difficult for big vessels to access the ports.

- Ports users are also worried about the rising cases of stealing and pilfering of loaded and sealed containers along the port road and within the ports.

## **SUGGESTIONS FOR REFORMS AND POLICY ACTIONS**

The report outlined ports reform measures that yielded positive outcome in some countries. It also suggested a number of short, medium and long-term measures for policies, processes and infrastructure enablers needed to reposition our maritime ports as follows:

### **1. Operational Reforms/Policy Measures**

**Implement the use of Single Window Platform by all the relevant MDAs:** We believe that enforcing the use of Single Window Platform is the most vital reform measure needed to reduce or eliminate process delays, human interface, bureaucracy and multiplicity of agencies. This will have an immediate, wide and positive impact in the port.

**Enforce Presidential Executive Order:** Presidential Executive Order on Single examination should be enforced and any MDA that violates the Order should be sanctioned. There is also the need to digitize export processes, especially the processing and approval of NXP forms. In addition, Federal Operations Unit (FOU) of the Nigeria Customs Service should vacate all roads (whether on checkpoint duty or on patrol duty) in the country, including interstate roads. They should be limited to the Ecowas Treaty Approved Check Points near international border posts. This is global best practice to facilitate trade and doing business.

**Enforce the Reduction of the Number of MDAs and Security formations at The Ports:**

The number of government agencies/departments at the ports is now 12 and need to be reduced to 8 in line with Presidential Order and best international port practice. Also, the number of security formations which is currently between 6 and 10 involved in port operations with different levels of involvement in the cargo clearance processes need to be streamlined.

**Pass and Sign the Enabling Ports Reform Bills by the National Assembly and the**

**Presidency:** The National Transport Commission Bill was passed by the by the two chambers of National Assembly. The Bill when signed into law can set the transport sector on the path of positive development and will address many controversial issues in the maritime industry. We also expect the passage signing of Port & Harbours Bill (PHB), National Inland Waterways Authority (NIWA) bill, Coastal and Inland Shipping (Cabotage) Bill and Council for Regulation of Freight Forwarders Bill. This will provide the much-needed legal framework to move our maritime ports to the next level.

**Pay attention to other ports outside Lagos:** There is need to extend reform action plans of PEBEC to Eastern ports, air and land ports. The concessioning of Onitsha seaport should be finalized. Government should improve the security situation along and within the Warri port in other to ward off militants and touts. Stakeholders request that government should approve and publicize a bouquet of incentives to importers and exporters that patronize ports outside Lagos State. These measures will make ports outside Lagos attractive for patronage by importers and exporters. This will ultimately reduce the current pressure on the Lagos Port and roads.

**Promote Business Ethics and Integrity among the Port Users:** It was observed that many importers and their clearing agents are fraught with dishonest practices of under and false declarations, cutting corners and inducement of MDAs officials. There is need for increased partnership and collaboration between the government, trade association and Chamber of Commerce in the educating port users on the dangers of dishonest practices. More advocacy efforts from Business Management Organisations (BMOs), “name and shame” of culprits and their collaborators and sanctions are needed in this area.

**Integrated Advance Cargo and customs clearance system:** While some level of container scanning is currently in place, the proportion of activities for which scanning (estimated at about 10%) is used is too small to have any meaningful effect. We call for the implementation of an Integrated Advance Cargo and customs clearance system, with scanning, sealing and tracking (SST) capabilities.

**Enforce the use of National Trade Data Centre:** The National Trade Data Centre has been established but not accessible by most stakeholders in the port. The Centre should be readily accessible to all agencies, operators and stakeholders at all times and everywhere to eliminate valuation arbitrariness and inherent abuses.

## 2. Infrastructure and Facilities Intervention Measures

- **Track Park and Call-up System:** A trailer park that was under construction around Tin Can Port but has been abandoned for some time now should be revived. There is need to commence the use of Orile Truck Park for truck call-up system. The construction of more trailer parks desirable and the installation of truck call-up system will help to address the lingering traffic congestion.



- Weigh Bridge (manual or electronic), warehouses, internet backbone, container scanning machines and other enabling facilities at the ports are either not in place or grossly inadequate. These are areas that Public Private Partnership can be further explored.
- **Repair and Maintenance of Port Roads:** The ongoing repair of port access roads through PPP is commendable but the pace of work has been very slow leading to traffic gridlock to and within the ports. The scope of the road repair should be extended to other port access and link roads with set timeline for completion and post repair maintenance.
- **Rail:** Our desire is for Nigeria to get to the point where it can move containers and other items to and from the ports using rail across the country. In the meantime, we call for the removal of all impediments and obstruction on the existing port rail line including the tank farms. The Nigerian Railway Corporation should be incentivized to build a 1000TEU capacity Terminal at its premises in Ebute Metta where containers can be transferred to and out of Apapa Port and Lilypond terminal by rail. Also, APMT should be directed to commence utilisation of Lilypond Container Terminal for both import and export, utilizing rail for container transfers.

The above concerns and recommendations are not exhaustive. Our advocacy activity in the maritime ports and other sectors is a continuous one. We have a collective responsibility working with various stakeholders to ensure a better investment environment for the progress of the Nigerian economy and the good of everyone.

## **CONCLUSION**

It is widely acknowledged that coordinating port reforms can be challenging due to multi-level fragmentation of stakeholders, vested interests and the diversity of MDAs involved. To us in the private sector, one major way to drive economic diversification objective of the present administration is to fix the ease of doing business at the nation's ports.

Overall, political will, active enforcement and monitoring framework that flow right from the Presidency down to the MDAs is the most essential enabler to succeed and sustain the present port reforms. We believe that the success of the ongoing reforms in the port is largely predicated on the buy-in of all stakeholders, political will of the Presidency and PEBEC through active and sustained enforcement, monitoring and sanctions where necessary.

Let me express my appreciation, to OPS (MAN, NECA, NACCIMA, NASME, NASSI), NESG and our development partners, CIPE for partnering with LCCI to work on the port feedback research and engagement with the relevant authorities. I thank the Gentlemen of the press for honouring our invitation to this meeting. We hope that you will find the report useful in advancing the ease of doing business interventions in our ports using your various media platforms.

I thank you for your kind attention.

**MR BAPTUNDE PAUL RUWASE, FCA**  
**PRESIDENT,**  
**LAGOS CHAMBER OF COMMERCE AND INDUSTRY**  
2<sup>nd</sup> October 2018

