



**MAKING NIGERIAN PORTS COST-EFFECTIVE
AND GLOBALLY COMPETITIVE.**

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OUTLINE

- ❖ INTRODUCTION
- ❖ DOMESTIC POLICY REFORM
- ❖ ANTI-COMPETITIVE REGULATION
- ❖ TRANSPARENCY AND PREDICTABILITY
- ❖ PUBLICATION OF CHARGES
- ❖ AUTOMATION OF PROCESSES
- ❖ PUBLIC-PRIVATE PARTNERSHIP (PPP)
- ❖ INTERMODAL TRANSPORT SYSTEM
- ❖ COLLABORATION AMONGST RELEVANT GOVERNMENT AGENCIES
- ❖ DETERMINANTS OF COMPETITIVENESS
- ❖ PORT SYSTEM EFFICIENCY IS THE KEY
- CONCLUSION

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INTRODUCTION

One of the main reasons for port concession in Nigerian in 2006 was to improve port efficiency in order to lower cargo handling cost. Another important reason is to enthrone free and fair competition into the system.

The key words are “cost” and “competition”.

Cost is an amount that has to be paid or spent to buy or obtain something. In this context, it is determining what a company will receive in exchange for its product or service rendered. Therefore, cost must be tied to service or product.

Elements that constitute cost in the port can be classified under three major items considered in port pricing:

- Cargo handling
- The time in port

- Port dues and charges

Competition is the quality of being as good as or better than others of a comparable nature, relating to or characterized by competition.

Improving Nigerian port operational efficiency is imperative to cost reduction, global competitiveness and achieving the United Nations Sustainable Development (SDGs).

These can be achieved through:

1. Domestic policy reform: These may be administrative decisions needed to ensure that the benefits of modernized customs, port facilities, and related investments in information technology are realized. Streamlining regulations to remove technical barriers and liberalizing transport and telecommunications can promote domestic competition and significantly lower transport costs.

- Multiple units of customs

- Put in place proper policies, laws, rules, regulations, memorandum of understanding etc
- Technical barriers (non-tariff barrier)

These are measures used in regulating markets, protecting consumers or preserving natural resources. eg. Long prohibited list; Discrimination against imports in order to protect domestic industries (protectionism); Introduction of Import/export licenses which are not easy to acquire.

- Numerous checkpoints.
- Interception of goods on the highway.
- Number of Agencies in the port to be in line with international best practice. Joint boarding, Joint examination will be a thing of the past.
- Physical examination.
- Evacuation of empties from the port.

Tariff barriers;

- Taxes on certain imports.
- Import Licenses.
- Export licenses.

b). Issue grants/incentives to cushion effect on cost of investment.

- Public Holidays (compensatory modality)

c). Look at some charges in the sector.

- Progressive storage charge
- Demurrage charge
- Cleaning charge
- Container refund deposit etc.

d). Resistance to Economic Regulation

- Indiscriminate billing system by some service providers (consolidator, logistics companies etc).
- Acting with impunity, eg, System failure and customers are made to pay for delays not caused by them.

e). Liberalizing transport and telecommunications

- Improve on logistics. Loosen restrictions. Carry out necessary reforms
- All Transport modes are important facilitator of economic activity. Transport costs are important component of trade cost
- Telecommunication. Reducing or eliminating the monopoly of national carriers and creating competition.

2. Anti-competitive Regulation: Anticompetitive regulations and private commercial practices inflate trade costs. by restricting maritime transport.

- Healthy competition to be encouraged. Efficiency increases when there is increased competition. Protectionism, price fixing, monopoly etc to be discouraged.
- Introduce inward (healthy) competition to strengthen local capacity to enable it compete with others globally.

3. Transparency and Predictability: ensuring that all activities take place in an efficient, transparent, and predictable manner, based on internationally accepted norms, standards, and best practices.

This will give stakeholders adequate information on all processes.

- Good policies or sound policies
- Strong institutions which constitute basis of good governance including anti-corruption measures~ competent, reliable governance. (integrity) Good governance must be with consistency over time . Rule of law to be established. These are important driving forces for development.
- Education ~ well developed human capital base, adequate supply of skilled people properly educated for the job.
- Adopt a positive paradigm shift.
- Open up our nation to more developed economies.
- Adopt an export led development strategy. An export led growth will make the ports investment friendly. Attract investments and make investors welcome.
- Publications of charges. All service providers should be compelled to publish their charges for users to project the total costs involved in a particular transaction and for transparency.
- Continuous enlightenment of stakeholders on relevant matters.

4. Infrastructure/ Equipment

Improve transport infrastructure and port facilities.

- Roads – maintenance and rehabilitation (palliative measures too)
- Encourage public/private/participation through PPP in port operations and management.
- Power
- Transport
- Berths, storage facilities for a port terminal
- Appropriate, functional, adequate and better facilities.
- Quay cranes, tugboats, etc

5. Automation of processes: all the processes at the ports should be automated to reduce human contacts. Most payments made at the Nigerian Ports are unofficial /illegal and are not receipted. Some are paid as bribe to facilitate clearance of cargo due to cumbersome manual processes at the ports.

- To reduce human contacts
- Eliminate bribe

- Cumbersome manual processes
- Introduce national single window to help improve cargo clearance procedure
- Adopt and implement e-gate, e-call-up system etc. in our seaport.
- Communication System

6. Participation of both public and private sectors through PPP in port operations and management.

7. Develop Intermodal Transport System: most of the cargoes into and out of Nigerian Ports are transported by road. When all transport modes are developed for the transportation of cargo, it will go a long way in making Nigerian Ports cost effective.

- Develop Intermodal Transport System
- Road mode is over-burdened.

8. Synergy with other relevant government agencies and engagement of professionals in trade and transport.

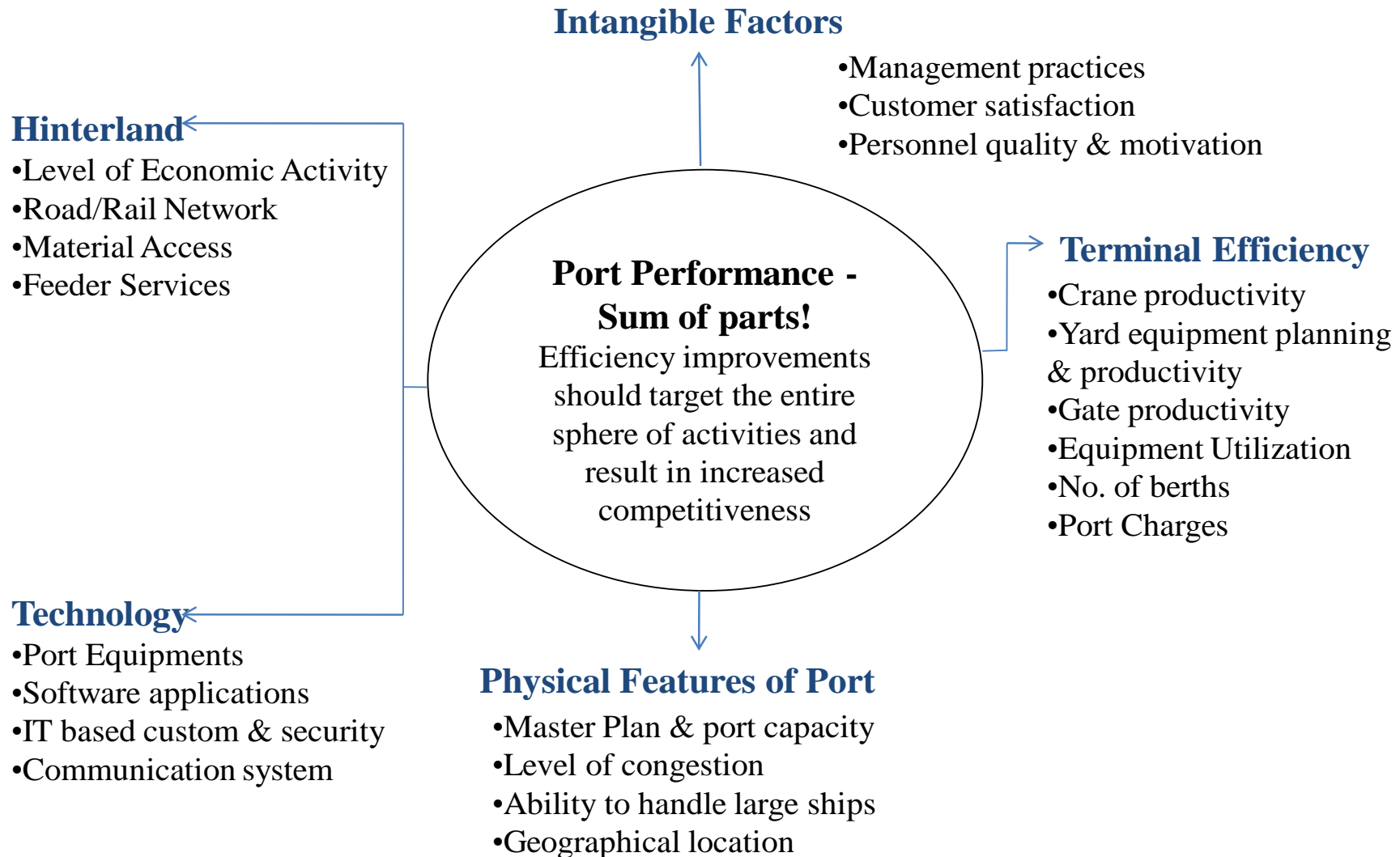
Collaboration

Deep sea port (professional advice)

DETERMINANTS OF COMPETITIVENESS

- Facilities - appropriate and better facilities.
- Service quality - standardization, ability to operate a terminal effectively, the efficiency of cost management, loading and unloading, maintenance, sailing management, etc.
- Customer orientation - quality product appreciated by consumers, responding promptly and respectfully to consumer complaints and queries, and dealing sensitively with community issues.
- Reputation - better image than competitors, trust and morality, and greater popularity.

Port System Efficiency is the Key



CONCLUSION

Nigeria must stay alert and flexible to share insights on ports operations and adjust to global trends.

Nigeria should look at the success stories around the world to learn strategies adopted by these countries for improved port performance. She should also look at other countries that are not doing so well to know what led to poor performance.

Some strategies are unique to each country but most are generic

Since economic policies should be country specific, Nigeria can successfully adopt, adapt and implement these generic strategies to suit her unique situation.

If we are able to achieve these, Nigerian Ports will not only emerge as hubs but also the number one preferred port in the Region. We must act now. The ball is in our court.



Thank you for listening.