

## Motivating Factors for Cargo Diversion from Nigerian Ports to Neighbouring Ports

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**ABSTRACT** Maritime experts have in recent times observed a generally low level of performance at the ports particularly in the area of patronage. On the contrary, the Nigerian Customs Service (NCS) at the land borders have, at the period under review, recorded tremendous increase in the volume of cargo traffic and revenue generated from freight coming into the country through the land border. This study investigated the reasons for the diversion of cargo (meant for the Nigerian economy) away from the Nigerian seaports to ports of neighbouring countries. Stephens' (2003) study on the capacity utilization of the Lagos Ports Complex (LPC) concluded that the facilities were underutilised, though the researcher linked this underutilisation to the development of new ports which, according to him, led to over-capacity. Basically, however, development of new ports is a strategy employed to accommodate either an existing cargo surplus or a targeted increase in cargo traffic occasioned by improved technology that has led to increase shipment capabilities so as to reduce the chances of diseconomies of scale that will be experienced at transshipment points. So, the fact that the newly developed capacity is underutilised while the land borders are recording unusually high cargo traffic shows that importers are engaged in cargo diversion. This study ascertained the most pressing factors influencing cargo diversion, the categories of cargo mostly diverted and the rate at which they are diverted. Operational delays and corruption and sharp practices at the ports were discovered to be the main reasons for the diversion of cargo to neighbouring ports.

### INTRODUCTION

At Seme, a border town in Western Nigeria, long queues, of heavy duty trucks and other forms of road haulage vehicles, fully laden with imported goods have become a landmark. A brief inquiry reveals that they are waiting patiently for customs clearance to enable them to proceed in their final journey into Nigeria. A glance at their bills of lading shows their consignees to be Nigerians or Nigerian-based importers; their ports of discharge either show Cotonou, Lome, Abidjan or Tema. Whichever is the case, they were according to prevailing contract of carriage, discharged at the named ports, cleared according to local rules and regulations and delivered to consignee's agents for final delivery to Nigeria.

The choice of a port of landing by a shipper is an integral part of the whole business of shipping. It is usually a result of a thoughtful consideration of several factors that interplay either to the shipper's benefit or to his detriment. A shipper will always like to land his cargo at a

port nearest to the final destination of such cargo. The reason for this is not far-fetched. The shipper wants to transport his cargo to its final destination at minimum cost and within the shortest possible time. He also considers the safety of his cargo while on transit and therefore would not want to convey them over long distances in the hinterland. At the ports, the shipper would want to protect his goods from pilferage and therefore would prefer a port with maximum security. Above all, the shipper is saddled with the responsibility of protecting the interest of his country of residence or preferably home country. This, he could achieve by patronizing local ports. This factor is equally in line with the foregoing.

The increase in the volume of maritime cargo meant for the Nigerian economy but, which were delivered to ports of neighbouring countries from where they came into Nigerian via land borders in the 1990s attracted much attention. For instance, Adesanya (1997) described this occurrence as cargo diversion. Considering the rate at which the expression gained wide accep-

tance as the most suitable phrase for such practice that is posing a threat to the productivity of Nigerian ports, there is no doubt that Adesanya was neither the first nor the only person to use the expression. For instance, Denne (1999) in a news briefing for the association of American Ports Authorities (AAPA) used the same phrase and presented it as consisting of two categories; international and domestic. According to him, the former describes a situation where cargo meant for one country are landed at a neighbouring country's seaport and brought to its final destination by road, while the latter describes another situation where cargo meant for a seaport within one country is diverted to other ports within the same country.

Stephens (2003) attributed several factors that cause cargo diversion. First is the issue of variations in port charges. The variations are due to the difference in the nature of approach (the port channel) and draft of the ports, hours of operation, the cost of labour in the different countries, the availability and sophistication of port facilities and equipment, level of computerization and of course, the difference in the billing system for port services. Secondly, the freight rate charged to get goods to the different ports by the calling shipping companies varies. Most of the shipping companies operating in Nigeria were simply charging importers whatever they can get away with, without any rational basis for some of these charges; thereby raising rather highly the cost of shipping and associated port services in Nigeria (Nze 2011).

Besides the port charges and the freight rates imposed on shippers by shipping companies and port operators, the Nigerian tariff rate is comparatively high in relation to others in the sub-region (Nze 2011). This disparity could possibly be a strategy employed by neighboring ports to attract more customers whose goods are destined for the Nigerian market (where many of the shipped goods could be contraband) in the sub-region. Another cause of cargo diversion is corruption. This was highlighted by Badejo (2000) at a stakeholders' summit organized by the Nigerian Ports Authority in October 2000, where he blamed corruption and corrupt practices as a bane of efficient services in Nigerian ports. Poor port efficiency as captured by Stephens (2003) is one of the reasons for longer port turnaround time and this he said makes the port concerned to lose patronage of shipping companies who

would rather like their vessels to spend less time at ports and more time ferrying traffic and making more revenue. Therefore, port inefficiency leads to cargo diversion.

The picture of our ports as painted above is not significantly different from the viewpoints of our local port users. Port users have the final say of which port they want their cargo delivered to. Even government itself is not unaware of these problems, hence, its many past attempts to reform the ports. In spite of all these reforms however, the minimum time it takes to clear goods from ports, especially containerized goods is still 7 days or more (Stephens 2003; Stephens et al. 2012). As similar operations take less than 48 hours in Ghana and elsewhere within the same region. Therefore, it is not surprising to find port users diverting cargo to the ports in Accra, Cotonou, Lome and Abidjan in West Africa (Nze 2011). Stephens (2003) noted the underutilization of the infrastructural and superstructure capacities, which prompted Kareem (2000) to remark that ports in Nigeria lack sufficient plants and equipment with which to offer their patrons satisfactory service. Diversion could be caused by the structural state of the port with regards port drafts (depth), channels and berth lengths.

### **Objectives of the Study**

Huge capital cost was used in building and providing ports and their services. These funds could have been invested elsewhere and might have resulted in better value for its use and justification. This research therefore aims at ascertaining the current most pressing factor(s) influencing cargo diversion and to identify the categories of cargo most diverted away from Nigeria ports and the impact of the cargo diversion.

### **Significance of the Study**

This study will serve the purpose of providing some guidelines to government and port Authorities and operators in their routine regulatory function, in order to fend-off port Users' complaint by adopting the most acceptable policy to fix price for port services, review their tariff rates, tackle congestion so as to render efficient services to port users and improve patronage of the ports. Also the main significance of consideration of the trends of cargo diversion by Nigerian importers is that performance can

only be improved if they are studied and the levels available known at present, enabling researchers or planners to predict, considering other imputes, future levels.

Other research workers such as those in the universities, ministries and research institutes will find the study relevant in various ways, for making decision on their various responsibilities on the port and other transport matters. The federal ministry of transport, the Nigerian Ports Authority and other related agencies too may find this work useful as it would acquaint them with first-hand information on matters related to cargo diversion.

### Scope of the Study

The area under study is restricted to the Seme and Idiroko border posts where customs data are collated on diverted cargo and where trans-border trade is pronounced. The period covered by the study lies between 1993 and 2011. It is also worthy of note that the scope of this research is limited to the volume of cargoes that officially pass through the Nigerian ports and the land borders. There is no data on smuggled goods.

### RESEARCH QUESTIONS, APPROACH AND METHODOLOGY

The research focused on trends in cargo diversion from Nigerian Ports as can be determined through the Nigerian Customs Service (NCS) records obtained from Seme and Idiroko border posts. The research was designed and carried out to answer questions like:

- ♦ What categories of cargo are mostly diverted?
- ♦ What is the rate at which these cargoes are diverted?
- ♦ What factors contribute extensively to cargo diversion from Nigerian Ports?
- ♦ To what extent does cargo diversion compete with the volume of cargo landed at Nigerian Ports?

To answer these questions, data indicating the volume of cargo diverted from Nigeria ports but imported and meant for the Nigerian market were collected from the Nigerian Customs Service; annual volume of vehicular registration was obtained from Nigerian Bureau of Statistics; cargo throughput at Nigerian Ports were accessed from the Nigerian Port Authority (NPA); and lastly shippers were asked via questionnaire to de-

termine the various factors that influenced their decision to use other ports other than Nigerian ports to bring goods to Nigeria.

The Kaiser criterion alongside Cattell's Scree Test for factor analysis were employed in determining the most pressing (significant) factors influencing cargo diversion from Nigerian ports. The data for this was obtained from the questionnaire administered to shippers where they ranked using a 5 point Likert Scale. The factors are:

- X1 = Port pricing policies and tariff rate
- X2 = Corruption and sharp practices at the Ports
- X3 = Inconsistency of government policies
- X4 = Operational delays at the Ports
- X5 = Proliferation of Agents at security the Ports
- X6 = Relocation of shipping company offices
- X7 = Dock labour services
- X8 = Benchmarking by neighbouring ports.

### FINDINGS AND DISCUSSION

Reasons for the recorded increase in diversion of imported vehicles can be associated with the stringent measures imposed on vehicle importation in Nigeria during the Military administration. The 42.91%, 25.49%, 8.56% and 49.62% increases in 1996, 1997, 1998 and 1999 was the aftermath of the 1995 port reforms, which brought with it high port charges and proliferation of security outfits, amongst many other irregularities into the port system and further discouraged the use of Nigerian ports vehicles (Nigerian Customs Service (NCS) 2011). The 92.52% increase in 2001 and the 2.54% increase in 2002 could further be linked to the new government policy that placed a ban on the importation of used cars above the age of 5 years (see Table 1). This claim could further be substantiated with the fact that while trucks and buses diverted were decreasing between 2000 and 2002, diverted cars were increasing geometrically. No doubt, the wind of this policy started blowing sometime in 2000 and was finally promulgated in 2001 and later enforced in 2002.

Another reason for the recent increase in diversion of vehicles to neighbouring ports could be linked to Ghana's new policy on importation of used cars. As at October 2002, the country rescinded its 10-year -old ban on the importation of vehicles (NCS 2011). The autonomous Port of Cotonou on the other hand delib-

erately reduced their tariff rate on imported used vehicles simply to attract Nigeria-bound cargoes. Joseph Sourou Attin, the Minister for Civil Engineering and Transport of Benin Republic, maintained that some 300,000 second-hand vehicles from the European ports are unloaded every year in Cotonou and most of them are headed towards Nigeria and neighbouring countries. Presently, this has caused port congestion and has further intensified the need to create a second port in Benin to boost the country's economic development. According to reports, this new port is to accommodate a 7.7 hectares fleet area for second-hand vehicles.

### Categories of Cargo Diverted

The results showed that virtually all categories of cargo are involved in diversion (no data was available on bulk cargo), and the trend is considerably low when compared to that landed at the Nigerian ports, although data on smuggled consignments were unavailable, and as such not added. It is worthy of note that irrespective of the generally low trend, the cars were found to be among the mostly diverted among all categories of vehicles. The reason for this is quite obvious. As regards the factors influencing cargo diversion, operational delays was the most prominent followed by corruption and sharp practices, port pricing policies and tariff rate, and inconsistency of government policies. The other factors were not too significant.

### Factors Influencing Cargo Diversion from Nigerian Ports

The most reliable and dependable statistical data on cargo diversion, as far as Nigeria is concerned, can be obtained from the land borders.

### Port Pricing Policies and Tariff Rate

With many options, it will be easier to change to a cheaper and cost effective port. The result showed that port users ranked port pricing and tariff rate as the third most significant factor in making their diversion decision.

### Corruption and Sharp Practices at the Ports

Chidi (2000) affirms to the existence of high level corrupt practices on the part of machine operators in the ports. The result showed that this factor is the second ranking factor in the diversion decision making process (Table 1).

### Inconsistency of Government Policies

Majekodunmi (2004) observed thus: "The government should learn to be more consistent in its policy formation as past policy declarations by government have always been found wanting in the way they affect the citizens of the country as well as the nation's economy". The result affirmed this as it was a significant factor they considered in the diversion decision making.

### Operational Delays (Port Inefficiency)

According to Laing et al. (1989), the main justification for port investment is the reduction of ship's waiting time in overcrowded ports. No shipper would like to operate in a port described by Badejo (2000) as having as many as 405 vessels waiting to berth on high sea because of congestion. Such was the case at Nigerian ports in 1997 when such vessels were known to have been delayed for about 180 days before they

**Table 1: Mean ranks for factor variables**

<i>Factor variable</i>	<i>Mean ranks</i>	<i>Ranking of Factors</i>
X1 = Port pricing policies and tariff rate	5.93	3
X2 = Corruption and sharp practices at the Ports	6.79	2
X3 = Inconsistency of government policies	5.66	4
X4 = Operational delays at the Ports	7.03	1
X5 = Proliferation of Agents at security the Ports	3.95	5
X6 = Relocation of shipping company offices	2.34	6
X7 = Dock labour services	1.92	7
X8 = Benchmarking by neighbouring ports.	2.34	6

*Source:* Authors' Field Work (SPSS 10.0 output)

could berth. In a survey of Lagos Port Complex, Stephens (2003) confirmed that turnaround time at the LPC is still 11 days meaning no significant improvement since 2000. According to him the turn round time in 1990 was about 8 days, 7 days in 1991, 10 days in 1992, etc. During this period, number of vessels visiting the ports declined. Accordingly, Nze (2011) determined the turnaround time at Nigeria ports to be 8 days, even after the most recent port reform (concessions to private operators). Despite the fact that these delays are not caused by importers, NPA still charges them for the duration of containers' stay in port, after the mandatory free period of 4 days or so. Similarly, shipping companies penalize receivers for failing to return empty containers within the approved time. This apparently is the most important factor shippers considered in their cargo diversion decision. Delays could even result from the structural state of the port. The drafts in the Nigeria ports at their deepest point is 15 metres, therefore, vessel requiring deeper draft will have to anchor in deep waters and then use barges to bring its cargo to port (Stephens 2003). This will surely attract more cost.

#### **Proliferation of Security and Other Agents at the Ports**

The list of security agents and those of different government organs in Nigerian with one operational desk or two is endless. This brings afore the unwanted bureaucracies associated with government business and their resultant delays and corruption. It was the fifth most significant factor considered (Table 1).

#### **Dock Labour Services**

The slow adoption of automation in the Nigerian ports due to fear of creating more unemployment inadvertently, makes the port users and operators at the mercy of dock workers, and stevedoring firms. This was ranked the seventh most important factor.

#### **Benchmarking by Neighbouring Ports**

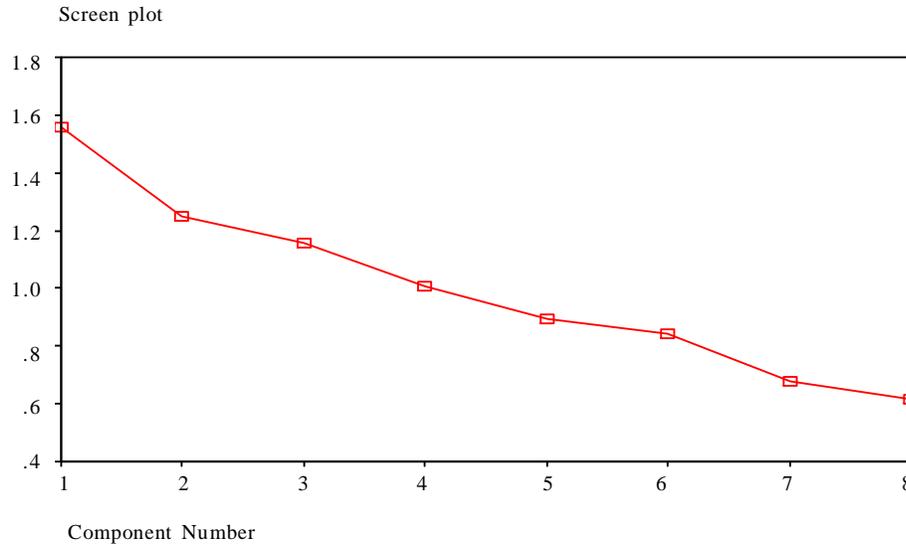
The ability of the neighbouring port to adjust their policy in such ways that they gain, no matter what the policy status or change in Nigeria is, they will always find a way to attract traffic

off Nigerian ports. It could be in the area of pricing, or adjustment of modalities for banned goods. For example, Ajaero (2002), commenting on the impact of the government policy on fairly used cars noted that, "In a bid to gain further from the Nigerian Governments' Policy, Ghana, last month rescinded the ban it imposed on the importation of vehicles according to their age." This move is a case of benchmarking which the Ghana Ports Authority has embarked upon. This has, no doubt, yielded positive results since about 80 percent of the categories of banned vehicles meant for the Nigerian Ports is now being diverted to other ports in the sub-region including Ghana. From the shippers' perspective, this also ranked as joint six most important factors in diversion decision.

#### **Relocation of Shipping of Company Operational Offices to Neighbouring Countries**

Ogah (2000) holds the view that cargo diversion could be influenced by the location of the operational offices of choice carriers. According to him, most shipping firms are moving away to pitch tent in neighbouring countries from where they are transshipping goods into Nigeria. Multinational shipping companies have built terminals in Republic of Benin, Togo, Senegal and a host of other countries where they are offered better incentives. This was collaborated by Nze (2011), when she studied the lapses in the enforcement of Cabotage Law of Nigeria. For instance, Maersk Sealand and MSC Shipping companies have already built their own terminals at Abidjan, Cote d' Ivoire where they now discharge Nigeria-bound cargoes for transshipment into the country. WASA Delmas, it was reported, has also built its own terminal at Lome, Togo, while P&O Nedlloyd shipping company is pitching its tent at Tema, Ghana. Grimaldi Lines, it is reported would soon shift base to Dakar, Senegal. Shippers found this factor to be the joint sixth most significant factor in influencing their diversion decision.

Following Kaiser's criterion for factor/principal component analysis, four most significant factors in diversion decision were extracted from the questionnaire administered to the shippers (where they ranked using the Likert Scale) as being among the most pressing, as indicated by their Eigenvalues which exceeded 1.0.



**Fig. 1. Cattell's Scree Plot**

Source: Authors' Field Work 2012

Cattell's Scree plot also shows the Eigenvalues plotted against the component numbers emphasizing the four factors, whose Eigenvalues exceed 1.0, pass the Screen test (Fig. 1).

The results from Table 1 show that the ranking for factors influencing Cargo Diversion from Nigerian Ports are in the following order of influence:

1. Operational delays at the Ports (x4)
2. Corruption and Sharp practices at the ports (x2)
3. Port pricing policies and tariff rate (x1)
4. Inconsistency of government polices (x3)
5. Proliferation of security Agents at the Port (x5)
6. Bench marking by neighbouring Ports (x8)
7. Relocation of shipping company operational offices to Neighbouring countries (x6)
8. Dock labour services (x7)

#### **Extent of Competition Between Diverted Cargo and Those That Used the Ports**

The laissez faire attitude of Customs men at the border areas is another factor that has encouraged the diversion of vehicles to neighbouring ports. Since shippers know they could evade the payment of tariff at the border posts in collaboration with fraudulent Customs agents, they would conveniently choose diversion. Furthermore, because vehicles are themselves mobile

and considerably flexible, shippers could choose to smuggle them in at convenient times knowing too well that they could beat the Customs agents (Nigerian Bureau of Statistics 2012).

An examination of percentage of vehicles diverted (Table 2) showed that huge volume of vehicles is diverted, which means that so much revenue is lost by the port operators. It was so outrageous that in 1995 and 2002, 52% and 89% were respectively diverted this was due to the ban on the importation of vehicles older than 8 year from the date of manufacture. However, the relaxation of this policy has led to a decrease in the percentage diversion since 2003.

The reason for the steady increase in diversion of general cargo to neighbouring ports could be associated with depreciating quality of service offered by Nigerian ports as regards storage facilities (Nigerian Bureau of Statistics 2012). There has been a frequent case of loss or damage and pilferage at the ports, high rents and unnecessary delays, which could lead to depreciation in value of cargo. Also, looking at detailed costs of the ports to various ships and their associated cargo, the ports of Cotonou and Abidjan are significantly cheaper than what is obtainable in Nigerian ports for general cargo ships. Abidjan port ranks first, Cotonou port ranks second while Nigerian ports rank third in relative cheapness of service to general cargo ships. Moreover, the situation at the border posts

could permit smuggling and all forms of fraudulent activities of importers and customs agents. Importers could quickly choose diversion to avoid payment at the border posts.

**Table 2: Percentage of vehicles diverted**

<i>Year</i>	<i>Registered vehicles</i>	<i>Diverted vehicles</i>	<i>Percentage diverted</i>
1993	78716	15871	20
1994	57883	18215	31
1995	57471	29912	52
1996	97371	43045	44
1997	1081938	54019	5
1998	1504242	58641	4
1999	2808000	87741	3
2000	408000	48788	12
2001	711000	93927	13
2002	108200	96310	89
2003	1196082.5	104214	9
2004	1287864.4	113226	9
2005	1379646.2	122238	9
2006	1471428.1	131251	9
2007	1563210	140263	9
2008	1654991.9	149275	9
2009	1746773.8	158288	9
2010	1838555.7	167300	9
2011	1930337.5	176312	9

*Source:* Authors' Field Work 2012

The increases in 2001 and 2002 could be linked to the relocation of the major shipping companies' operational offices to countries such as Ghana, Cotonou and Senegal from where they tranship cargoes to Nigeria using lighter vessels. This could encourage the choice of Cotonou and Ghana as ports of discharge for some Nigerian Shippers.

The reason for increase in diversion of containerized cargo between 1995 and 1997 could be linked to the harsh measures imposed on shipping by the 1995 port reforms. For this, 1996 and 1997 experienced geometric increases in volume of containerized cargo diverted.

The steady increase in diversion of containerized cargo between 1998 and 2002 is attributed to the uncertainties brought by the civilian administration in the choice of the form of inspection.

For a fact, this almost caused a pandemonium as the Federal Government was caught in a maze - jumping from destination inspection to pre-shipment inspection and further back to 100 % destination inspection and a host of other uncertainties at the ports. This brought with it, port congestion, operational delays and insecurity

at the ports. As a result, high volumes of Containerized cargo were diverted to neighbouring ports, irrespective of the fact that the Nigerian ports are, at least cheaper than the Autonomous Port of Cotonou when it comes to handling containerized cargo.

### **Impact of Cargo Diversion**

There are various impacts of cargo diversion. They are explicated below.

#### **Underutilization of Port Capacity**

Stephens (2003) in his study of port utilization at the Lagos Port Complex (LPC) reported that capacity utilization in terms of tonnage handled is poor, to the tune of 36%, on the average, and 25% as at 1999.

#### **Reduced Patronage and Revenue Generation**

Ozobia (1989) points out that an increase in port throughput automatically means increase in revenue and, in a sense, profit. By extension, increase in port throughput means increase in patronage. Stephens (2003), however, is of the view that the revenue generation of every port depends on its ability to generate sufficient berth throughout, provide adequate service with particular reference to reduction of ships waiting-to-berth time, be optimally utilized with a good berth occupancy and reasonable berth working time. The inability of a port to meet this demand results in loss of patronage. The lost patrons of the ports continue to ship cargoes but may decide to use other ports. The diversion of these cargoes, in turn, leads to loss of revenue for the loser port.

#### **Increased Cargo Traffic at Land Borders**

The economic integration drive of the West African nations allows greater flow of cargo and trade amongst members of Economic Community of West African States (ECOWAS). Due to this when sea-borne goods are diverted to other ports in the sub-region, the most reliable channel for bringing them into the country is usually the road mode. At the borders, Customs operatives take time to process the papers before they are cleared for further haulage into the country. One of the indicators of cargo diversion is un-

usual increase in the tonnage of these across-the-border cargoes.

### High Rate of Smuggling

When the land border crossing is used, it becomes easier for smugglers to use the porous land borders that stretch more than thousands of kilometre to perfect their trade. This is particularly true for the trade in contra banned goods and cars.

### CONCLUSION

Cargo diversion is not a new phenomenon in the business of shipping in West Africa and even beyond. The level of attention being paid to it recently is consequent upon the wide dimension it has assumed as far as Nigeria is concerned. A critical look at Nigeria's maritime policies and the NPA's operational policies reveals a great number of deficiencies. These deficiencies are, no doubt, the major factors that determine the level of patronage attracted to the Nigerian ports.

Within the period under review (1993-2011), three periods appeared significant and at the same time, critical to the business of shipping in Nigeria. These periods are 1993-1994, 1995-1998 and 1999-2011. The country, Nigeria, was in political turmoil in the years 1993 and 1994. 1993 saw the stepping aside of General Ibrahim Babangida's dictatorial regime and the ushering in of Chief Ernest Shonekan's unpopular interim government which lasted till 1994. This was indeed a period of political and economic distress for the nation which, like a cancer, spread to all facets of the economy including the maritime sector. During this period, 34,086 vehicles, 1,055,297 metric tonnes of general cargo and 885,429 metric tonnes of containerized cargo were diverted to neighbouring ports.

The second period, 1995-1998, saw the advent of the cruel port reforms of 1995 and its aftereffect that spread down the years. This event coupled with General Sanni Abacha's despotic government that attracted series of economic sanctions from the international community presented many setbacks to the maritime industry in Nigeria. During this period, 185,617 vehicles, 3,298,670 metric tonnes of general cargo and 4,365,842 metric tonnes of containerized cargo were diverted to neighbouring countries.

The third period, 1999-2011, witnessed the enthronement of democracy in Nigeria with Gen-

eral Olusegun Obasanjo as president. During this period, Nigeria was experiencing a re-awakening, both politically and economically, and so was the maritime industry. Significant improvements were made in the area of re-establishing bilateral trade agreements between Nigeria and her old friends, and even new ones. However, the country's shipping policy suffered greatly as it reeled in pains, from one form of inconsistency to another. One outstanding case here is that of changing from pre-shipment inspection to destination inspection, and back to pre-shipment inspection, and then to 100% destination inspection, all in one period. Another is the ban on the importation of used vehicles above the age of 5 years. All categories of buses and trucks were later exempted. During this period, 326,766 vehicles, 3,822,322 metric tonnes of general cargo and 5,060,057 metric tonnes of containerized cargo were diverted to neighbouring countries.

These figures pale into insignificance when one considers the volume of such cargoes that were disposed of in neighbouring countries when their consignees were unable to tranship them into the country, smuggled into the country through the secret routes, or damaged in an accident, or even stolen by highway robbers while on transit to Nigeria.

The primary cause of cargo diversion is inefficiency of local ports. Inefficiency of local ports is brought about by inconsistent policies of the government regarding port planning and administration. There are also misguided efforts towards controlling and curtailing the excesses of the NPA, the NCS and the various stakeholders in the Nigerian maritime industry.

The figures obtained in the course of this research and the trend lines achieved in the course of the analysis are clear indications that cargo diversion could continue to hold sway if the causal factors; particularly operational delays, corruption and sharp practices, unfriendly port pricing policies and tariff rate, and inconsistency of government policies are not attended to. To this end therefore, a lot depends on the government in rectifying the problem since these factors are, in turn, influenced by Nigeria's polluted political atmosphere.

### RECOMMENDATIONS

On a basic level, an efficient port system sustains positive economic activity, resulting in the creation and retention of productive employment

and the generation of profits within the economy. An efficient port system also promotes greater economic efficiency by facilitating the receipt of greater value for the consumer's money.

In the context of Nigeria's current regional political and economic leadership aspirations and particularly as it relates to the Maritime trade in the West African sub-region, an efficient port system may also lead to the de facto confirmation and acceptance of Nigerian ports as a hub port for regional transshipment and feeding services destination in West Africa. The development of such a regional transshipment hub centered on the Nigerian ports system will undoubtedly create substantial further direct and multiplier economic opportunities such as through the generation of additional jobs, profits, and skills in the maritime trade of West Africa. Suffice it to say that the general expectation is that only a sustained program of well-considered investment in infrastructure, human resources development and the best management practices is required to restore the Nigerian port to its full productive potentials. On the basis of the above analysis, the following recommendations are therefore, worthy of consideration.

Firstly, due to the low lying aspect of the Nigerian coastal terrain and the apparent poor radar response characteristics of the coastal hinterland, navigation within Nigeria's coastal waters could be fraught with certain dangers if the navigation process is not facilitated by the availability of adequate coastal navigational aids such as lighthouses, radio beacons, etc. Whilst developments in the field of electronic navigation have led to greater accuracy and reliability in the determination of ship's position during port approach contingencies, there cannot in any opinion, be any logical substitute to the requirement to have fixed terrestrial lights and radio beacons through which primary position fixes of vessels position may be obtained and the accuracy of electronic indications, verified. In this regard, the best terrestrial navigational beacons need to be installed and ailing ones rehabilitated and brought back into service.

Secondly, the proliferation of multiple agencies at the Nation's seaports imposes unnecessary restraints on the process and pace of international trade which ultimately manifests itself as added costs to the port user and ultimately the consumer of the goods which travel through the port. It should be clear that nobody is against

the existence of any particular security agent but what is considered unfavourable to a shipper-friendly environment is the meddlesomeness of such agents at the seaport, with a view to extorting money from port operators and port users. The government should therefore be firm on the decision not to allow security agents that are not relevant to normal cargo operation return to the ports as a major step in eradicating corruption.

Thirdly, considering the incidence of smuggling through the land borders with Benin Republic and the diversion of Cargo to the Autonomous Port of Cotonou, there is a need for the establishment of a deep seaport at Badagry. It is important that this port be cited at Badagry due to the characteristic of Badagry Shoreline with its deep waters and open access to the sea. The port, if established would serve as a hub-port for the West and Central Africa or the Far East to discharge cargo and allow small coastal ships to redistribute to other smaller and lesser equipped ports within the sub region. A hub centre in Badagry would boost a quick and result-oriented implementation of the recently passed cabotage bill, which allows only nationals to operate and carry coastal cargoes. The port, if approved, would boost tourism and allow for the operation of cruise and pleasure ships. Badagry, apart from being a suitable location, also boasts of an international highway, nearness to a large market (in Nigeria and Benin Republic), good road network to the hinterland and nearness to Lagos, which has several facilities as the commercial nerve centre of the country.

Fourthly, the NPA should treat the issue of touting with seriousness as the touts have now become nuisances at the ports. If they are properly checked, then the problem of falsification of document and perpetration of frauds would have been solved totally because no licensed freight forwarder will jeopardize his company and license to indulge in crime in the port.

Fifthly, there is need for government to play a fundamental role in charting the course of the maritime industry in Nigeria. However, in doing this, the government must be consistent, committed and decisive. The government must also establish a framework through which its roles in the industry are pursued. It is imperative therefore that a National Maritime Transport Policy be pursued vigorously. The existing National Shipping Policy cannot achieve the desired goals

of the Nigerian maritime sector of the 21<sup>st</sup> century.

Finally, there is need for government to engage in serious inventory and stock-taking of various activities, needs, and infrastructural situations in the industry. This can be done through comprehensive maritime survey. It is the outcome of such survey that policy measures capable of correcting the imbalances, lapses, and challenges associated with the industry could be rectified and corrected. This is to say that government approach to maritime policies and issues must be devoid of ad-hoc, and fire brigade methods.

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