

**ENGINEERING DESIGN**



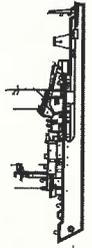
**OPERATIONS & MAINTENANCE TRAINING**



**CONCLUSION**



**CLOSING REMARKS  
&  
THANK YOU**



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## Chapter 5

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### FINAL COMMUNIQUE THE NIGERIAN MARITIME EXPO (NIMAREX 2013)

RECORD OF PROCEEDINGS OF THE NIGERIAN MARITIME EXPO (NIMAREX 2013) HELD ON THE 12<sup>TH</sup> – 14<sup>TH</sup> MARCH 2013 AT THE NEW EXPO CENTRE EKO HOTEL & SUITES VICTORIA ISLAND, LAGOS

#### 1.0 INTRODUCTION

**N**IMAREX 2013 was convened with the firm realization that the time was ripe to commence the process of consolidating on the achievements of the previous expos. The 1st, 2nd and 3rd editions of NIMAREX successfully laid a background by demonstrating to the world, the untapped opportunities in the Nigerian maritime sector while opening the doors of positive engagement and partnership.

The 2013 expo was convened to provide a platform for the consummation of linkages established in the previous editions. The catchphrase for the 2013 edition of the expo; "Invest Now" was therefore a deliberate call to action to both indigenous shipping practitioners and investors alike to synergize to achieve the above objective.

#### 1.1 CONSTITUTION OF THE HIGH TABLE

The Chairman for the opening ceremony and DAY 1 of NIMAREX 2013 was His Excellency Chief Olusegun Obasanjo, former President of Nigeria while the Special Guest of Honour for the day was His Excellency President Goodluck Jonathan who was represented by the Honourable Minister of Transport, Senator Idris Umar. In addition to

these, the following eminent personalities were invited to the high table:

Chief Isaac Jolapamo	ISAN Chairman
Captain Emmanuel Iheanacho:	Former Minister of Interior
Mr. Leke Oyewole:	SSA to the President on Maritime Affairs
Dr. Ade Dosunmu:	Former DG NIMASA
Ziakade P. Akpobolokemi:	DG NIMASA
Barr Hassan Bello:	Executive Secretary/CEO NSC
Joshua Okpo:	Rector MAN Oron
Oscar Onyema:	DG Nigerian Stock Exchange
Chris Asoluka:	Chairman Oil and Gas Free Zone Authority
Hon. Okey Udeh:	Former Chairman of the House Committee on Marine Transport
Chief (Mrs) Alaba Lawson:	Chambers of Commerce

#### 1.2 OPENING PRAYERS

The opening prayers were offered through a joint recitation of the second stanza of the Nigerian National Anthem.

#### 1.3 RECOGNITION OF EMINENT PERSONALITIES

After the opening prayers, the presence of key government and private sector functionaries and other eminent personalities who were in attendance but had not been invited to the High Table was recognized and they were given standing ovation by the participants.

#### 1.4 WELCOME ADDRESS BY THE CHAIRMAN OF THE NIMAREX 2013 PLANNING COMMITTEE, BARRISTER (MRS.) MARGARET ONYEMA-ORAKWUSI

The Chairman commenced her address by reiterating the abundant natural and geographic endowments of Nigeria, which have made her a

potential maritime giant in the sub-region and a haven of opportunities for discerning investors from across the globe.

She explained that the 2013 theme; "Invest Now" is a patriotic call to local and foreign investors to capitalize on the opportunities so painstakingly highlighted in the 1st and 2nd NIMAREX. In the same vein, she expressed gratitude to Mr. President and Chief Obasanjo for sparing time to participate in the event.

The Chairman presented the following challenges as demanding the immediate attention of Mr. President if the industry was to achieve its potentials:

Maritime security

Unfavorable terms of trade

High cost of doing business at the ports

She thereafter called on both foreign and indigenous investors to synergize bearing in mind that the Expo was not a mere funfare designed to provide momentary distraction from their more serious endeavours.

In conclusion, the Chairman made special mention of the assistance and unwavering commitment of the Honourable Minister of Transport to the success of NIMAREX.

1.5 MESSAGE BY THE ISAN CHAIRMAN, CHIEF (DR.) ISAAC JOLAPAMO

The ISAN Chairman welcomed all participants on behalf of ISAN and the Planning Committee of NIMAREX 2013. He invited them to enjoy the warmth of the city and people of Lagos and Nigeria in general.

He reminded all that NIMAREX was a brainchild of the Nigerian shipowners, who having participated in several similar foreign events desired to replicate one in the country. He also drew their attention to the

numerous investment opportunities that had been highlighted in the previous versions of the Expo.

The ISAN Chairman also traced the nexus between the theme for the 2013 NIMAREX "Invest Now" and the various policy instruments that had been put in place to facilitate constructive partnerships between Nigerians and foreigners with the requisite capacity to move the industry forward.

He therefore officially welcomed the participants and urged them to heed the clarion call of the Expo's theme by investing now.

STATEMENT BY THE REPRESENTATIVE OF THE LAGOS STATE GOVERNOR HIS EXCELLENCY BABATUNDE RAJI FASHOLA SAN

The representative of the Lagos State Governor welcomed the participants to the city of Lagos and Nigeria. He assured participants of the commitment of the Lagos State Government to playing its part in facilitating the success of the partnership forged by virtue of the Expo. On this note, he mentioned some turnkey projects embarked upon by the Lagos State Government, which were designed to impact positively on the maritime industry.

1.7 KEYNOTE ADDRESS BY HIS EXCELLENCY PRESIDENT GOODLUCK EBELE JONATHAN PRESENTED BY THE HONOURABLE MINISTER OF TRANSPORT SENATOR IDRIS UMAR

While welcoming the participants to the Expo, President Jonathan expressed the optimism that they would find sufficient grounds to develop rewarding partnerships with the stakeholders in the Nigerian maritime sector.

He reminded them of the substantial physical endowments of Nigeria as

a maritime nation and its pivotal position in the commercial landscape of the West and Central African sub-region. For this reason, he concluded that the reverberation of Nigeria's maritime fortunes was not just a matter of national but also sub-region dimensions.

Mr. President therefore advised the participants to utilize NIMAREX as a platform where important personalities and stakeholders in the Maritime field would brainstorm and update the audience on the state of Maritime Industry and the measures that could be taken to transform Nigeria into a Maritime hub as envisaged in the Vision 20:20:20.

He further urged them to cast their mind to the Presidential maritime retreat convened in July 2012 to consider how best to transform the potentials of shipping to provide jobs to thousands of Nigerians and generate revenue into reality. At the conclusion of the retreat, a Presidential Committee under the chairmanship of the Honourable Minister of Transport was formed with the mandate of implementing resolutions arising therefrom.

Mr. President informed the participants that the Presidential Committee had submitted a report which was currently receiving the attention of the Economic Management Team with a view to translating resolutions into action on 4 modules of the retreat:

- Security and Safety
- Cabotage and Legal
- Ports and Customs
- Revenue Generation

On the unfavourable terms of trade for the transportation of Nigeria's oil and gas products, Mr. President assured that he was well aware of the possible loss of over \$100 billion yearly from oil exports and had accordingly directed that the matter be properly re-examined.

He also spoke about the challenge of financing shipping in Nigeria given the relative weakness of the Nigerian banking industry and assured that the Cabotage Vessel Financing Fund (CVFF) would soon be disbursed to ameliorate the funding constraints of the industry.

In concluding his address, Mr. President assured that his government will continue to put in place appropriate laws/institutional framework that are consistent with modern reality and which will at the same time guarantee robust and sound policies, enhanced security and infrastructure upgrade. To this end, efforts were being made to put in place the necessary technological backbone for the smooth running of the industry. He therefore called upon NIMAREX organizers to develop a blue print to serve as a guide in the design of developmental policies for the industry.

#### 1.8 ADDRESS BY HIS EXCELLENCY CHIEF OLUSEGUN OBASANJO (FORMER PRESIDENT OF NIGERIA AND CHAIRMAN OF NIMAREX 2013 OPENING CEREMONY)

The former President commenced his statement by expressing gratitude to the NIMAREX Planning Committee for the privilege and honour accorded him by way of the invitation. He reminded the members of the Planning Committee that when they visited him to deliver the invitation to chair the event, his question to them was: "where are the 19 brand new ships that my administration bought for the Nigerian National Shipping Line (NNSL) between 1976 – 1979."

He reminded the audience that shipping accounted for above 90% of global trade. In addition to this, opportunities presented by the development of ancillary services could not be quantified. When one added the expansion of modern liner trade and containerized cargo, then the call for investment in the maritime sector was timely and overdue.

On the present status of the maritime sector, Chief Obasanjo lamented that it was characterized by the domination of foreign flagged vessels, which had led to a loss of billions of naira annually in freight revenue. He recalled again that the efforts of his military administration to procure vessels for the defunct Nigerian National Shipping Line did not yield the expected result as those vessels were ill managed and subsequently the NNSL was liquidated.

He also spoke about the Nigerian seaports being characterized by cumbersome clearing procedure and excessive charges despite the concession of the ports. To resolve this problem, he recommended the introduction of trade facilitation measures that will improve the clearing process with a view to reducing time and cost and making our ports competitive with other Sub-regional ports.

The same state of redundancy applied to the implementation of the Cabotage Law, which was meant to leverage the optimal participation of indigenous operator in domestic shipping as well as act as a spring board for incremental capacity acquisition in all aspect of maritime trade. He expressed his optimism that indigenous shipbuilding capacity had started to grow in response to the Cabotage Law as this was a prerequisite to the realization of the cabotage aspirations.

In concluding his presentation, Chief Obasanjo identified the following prospective growth areas in the Nigerian maritime trade:

Shipbuilding and repair  
Coastwise shipping services  
Trawler  
Terminal/jetty development and operation  
Ship breakage and wreck removal  
Ship Agency  
Chandelling  
Warehousing and bonded terminal/tank farm  
Bunkering services etc.

#### 1.9 GOODWILL MESSAGES

The following distinguished personalities delivered goodwill messages to the expo:

Capt. Emmanuel Ihenacho: Ex Minister of Interior  
Leke Oyewole: SSA to the President  
on Maritime  
ESNCMDB  
Engr. Ernest Nwapa

Z.P. Akpobolokemi:  
Hassan Bello:  
Oscar Onyema:  
Joshua Okpo:  
Chris Asoluka:  
Hon Okey Udeh:

Jean Chiazor Anishere:  
Dr. Ade Dosunmu:  
Chief (Mrs.) Alaba Lawson:

#### 2.0: PRESENTATION OF GIFTS

The following distinguished personalities received gifts, which were tokens of appreciation by the organizers of the Expo:

His Excellency President G.E. Jonathan  
His Excellency Chief Olusegun Obasanjo  
His Excellency Governor Babatunde Raji Fashola  
Senator Idris Umar.

The Chairman was thereafter invited to unveil the special publications commemorating the Expo.

#### 2.1: VOTE OF THANKS

Mr. Bolaji Akinola, Secretary to the Organizing Committee delivered the vote of thanks signaling the closure of the opening ceremony on behalf of the Committee Chairman.

The opening ceremony thereafter came to an end.  
AFTERNOON SESSION (CONFERENCE PROPER) \_\_\_\_\_

#### 2.2 DELIVERY OF PAPER TITLED "NIGERIAN CONTENT IMPLEMENTATION; STRATEGY FOR THE MARITIME SECTOR"

BY ENGR. ERNEST NWAPA; EXECUTIVE SECRETARY  
NIGERIAN CONTENT DEVELOPMENT AND MANAGEMENT  
BOARD (NCDMB)

As a background, Engr. Nwapa informed the participants that there are two broad models in considering the choice of strategic development options. The first model is the revenue focused option under which operators seek the cheapest and fastest route to find oil while the government is content with collecting taxes and royalties for development. While the second model is the In-Country-Value (ICV) Focused model under which the operators think long terms and government takes lower revenue for higher ICV.

According to the Executive Secretary, from total man-hour estimates, over 4,500,000 jobs are supporting Nigerian oil and gas operations worldwide, which include manufacturing, marine support, fabrication, engineering, chemicals and oilfield technology. He also outlined the requisites for a great oil producing nation as a robust supply chain comprising facilities, asset ownership and manufacturing. Also essential is human capital base of a skilled workforce supported by in-country training and certifying bodies.

He summarized the key thrust of the Nigerian Oil and Gas Content Development Act as follows:

- Maximum utilization of Nigerian made goods and human resources
  - Linking oil and gas industry to other sectors of the economy
  - Ensure participation of indigenes and producing communities in all aspects of the business
  - Foster institutional collaboration
- The focus areas to be abstracted from the above are:

Job creation  
Training

Domiciliation of capacity, technology and activities  
Development of facilities and infrastructure

Also considered to be of importance was the accurate measurement of the quantum of Nigerian content in the industry. In this regard, Engr. Nwapa posited that there were two approaches to the measurement. The first approach, which he called Partial Nigerian Content based on the proportion of value of contracts awarded to Nigerian companies was estimated at 70 - 87%, while the other approach, which he referred to as Real Nigerian Content based on the proportion of contract sums spent on Nigerian made goods was put at 12 - 18%.

In terms of performance levels, he presented the following data:

Engineering:	90%
Fabrication:	50%
Manufacturing:	7%

In his opinion, the lesson to be learned from the above data is as follows:

There is sub-optimal utilization of locally made goods by the industry; There is a case to be made for the creation of strong linkage between the manufacturing and the oil and gas industry;  
The NCDMB should act as the facilitator of the badly needed growth

Continuing the presenter enumerated the players in the Oil and Gas sector as follows:

IOCs  
Chevron  
Total  
Eni/NAOC  
Exxon Mobil  
Addax  
Shell

Indigenous Operators

- AFREN
- Oando
- Conoil
- Seplat
- Suntrust Oil
- Atlantic Petroleum
- NDPR
- Amni International

Legacy Programs of Some Oil and Gas Operations

The presenter announced the following legacy programs accompanying the Bonga, Erha, OPL 245, Brass LNG, Olokola LNG and other fields:

- FPSO topside integration facilities
- Pipe mills
- Dockyards
- Subsea equipment manufacturing complex

These legacy programs have created an estimated 100,000 jobs for Nigerians.

Marine Vessel Operations

International Companies include:

- Bourbon Interoil
- Tidex
- Lamalco

Indigenous players include:

- Slok Nigeria Limited
- Vigeo Group
- Marine Platforms
- Omak Limited
- C & I Leasing
- Starz Marine Limited
- Brittania-U Limited
- Asso Gas Limited, and
- Tam Rose Limited

Comparison of Nigeria and Brazil's Indigenization Efforts in the Oil and Gas Industry.

2010	Future projects	2010	Future projects
21 shipyards	a) Establish 32 shipyards in 4 regions	a) No large shipyards	a) Driving Nigerian ownership of VLCCs on the back of crude lifting tenders
Over 50,000 jobs created	b) Build 253 ships in country	b) Jobs exported to foreign shipyards	b) Establish 1 large shipyard
	Create over 100,000 additional jobs	c) Marine business foreign denominated	c) Create 15,000 jobs and 5,000 training opportunities
			d) Industry collaboration on the establishment of LNG carrier size dockyard, which is to be commissioned by 2015

Marine Vessel Categorization Procedure

This is a 3-stage process which has been designed to pre-qualify Nigerian marine vessel owners and vessels built in Nigeria to participate in oil industry tenders, while significantly reducing bid evaluation time. The process was described by Engr. Nwapa as follows:

Data upload (mandatory upload of vessel specifications unto JQS by the marine vessel operator)

Categorization of vessel owners (after proper evaluation of uploads by the NCDMB)

Utilization of pre-qualified marine providers (this means engagement of indigenously owned vessels)

Other Issues

Other areas of NCDMB intervention, which were reviewed by the Executive Secretary include:

The categorization framework

The NCDMB's strategic interventions via training and employment

The proposal of an Oil and Gas Training Centre of Excellence Model

Proposal on development of a thriving oil and gas based manufacturing sector

The Nigerian Oil and Gas Industrial Park Scheme Concept

Small and Medium Enterprises Development

Nigerian Content Development Fund Model

Enhancing indigenous capacity for offshore construction

Enhancing indigenous capacity for logistics and equipment maintenance

NCDMB and PTDF collaboration on training

Employment and training initiative

Conclusion

In closing his presentation, Engr. Nwapa informed the participants that countries like Ghana and Angola were so impressed with Nigeria's local content model that they had commissioned in-depth studies on it with a view to adopting same for their oil and gas industry. Nevertheless the Nigerian Content Management and Development Board is unrelenting in its efforts to continually improve on the system with a view to bringing the benefits of the industry to the generality of Nigerians.

## 2.3 COMMENTS ON ENGR. NWAPA'S PAPER

Barrister Hassan Bello (Ag. MD Nigeria Shippers Council)

Barrister Bello commended the presenter for the brilliant paper. He however took the position that the potentials of the Nigerian oil and gas cum maritime industry had been touted for so long that the only reasonable step forward was to begin to translate the potentials into tangible benefits for the people.

He further expressed the view that the Cabotage Law 2003 was driven by a romanticized viewpoint of the Nigerian maritime industry, the consequence of which was a law high on ideals but deficient in implementation. He therefore called for collaboration by all stakeholders and Government Agencies to finetune the implementation procedure to eliminate the current obstacles to the system. He also called for the review of the national terms of trade from FOB to CIF to encourage investment in shipping.

Mr. Haruna Jalo-Waziri (ED Business Development Nigerian Stock Exchange)

Mr. Waziri shared Barrister Bello's opinion on the quality of the paper. He expressed the view that there was a mismatch between assets acquisition and finance in Nigeria and that the only place to find long term financing in Nigeria is the NSE.

He also noted that the NSE capturing about 12% of the Nigerian economy, still has a long way to go to reach the level of an Exchange like the Johannesburg Stock Exchange with a much larger capitalization.

Capt. Adewale Ishola (Representative Association of Master Mariners)

Captain Ishola reminded the meeting of the mutual dependency of the Oil and Gas and the Maritime Industries. He therefore commended the

presenter for spearheading the drive to improve indigenous participation in the two industries.

Amos Sakaba (Director Non-Stop Investment Centre in the Nigerian Investment Promotion Commission)

He commended the paper and the presenter for his promotion of inter-Agency collaboration as a vital ingredient for success of the Nigerian Content regime. He informed the meeting that the challenges of Local Content and Cabotage were one and the same and that in his position, he had achieved tremendous success by creatively working around the statutory bottlenecks mentioned by the MD NSC in his comment.

He described the NIPC as the super-highway for investing in Nigeria and assured the participants of their ever readiness to collaborate with the private sector. He thanked the organizers for inviting them to the Expo and hoped that by the next edition they would have moved from conferencing to implementation.

Iyalode Alaba Lawson (Representative Nigerian Chambers of Commerce)

Mrs. Lawson commended the presenter for a capable brief. On the core of the paper, she expressed frustration with the challenge of timing as the session was well into closing time, which meant that the paper would not be adequately discussed. She expressed the hope that additional time would be created after the lunch break to allow the presenter respond to questions raised by participants.

#### 2.4: CLOSING STATEMENT

In her closing statement, the Chairman NIMAREX 2013 Organizing Committee expressed gratitude to all facilitators and participants for their contribution towards the success of the program so far. She also assured the participants that Engr. Nwapa would be available to address

them for at least 10 minutes during the Presidential dinner that was scheduled for the evening of the same day.

The ISAN Chairman on his part summarized the salient lessons of the day as follows:

Vessel ownership is a key ingredient of developing an indigenous maritime economy;  
Government Agencies must collaborate while ensuring that stakeholders are carried along

The day's event thereafter came to a closure.

#### DAY 2: 13TH MARCH 2013

#### 2.5. INVITATION TO THE HIGH TABLE

The Chairman for day two of NIMAREX 2013 was Rear Admiral Allison Madubeke (Rtd.), a shipowner and former Chief of the Naval Staff. In addition to him, the following eminent personalities were invited to the high table:

Mrs. Oby Ezekwesili:	Vice President, World Bank African Division
Chief Isaac Jolapamo:	Chairman ISAN
Dr. E.M. Otaji:	MD ASCON
Sir Peter Olorunfemi:	CEO Peter Maritime
Barr (Mrs.) Orakwusi:	Chairman NIMAREX Committee

#### 2.6 CHAIRMAN'S OPENING STATEMENT

The Chairman gave a brief foreword on the session's presentation titled: "Financing options for shipping development." In his foreword, he reminded the participants that shipping is a hugely capital intensive

venture. This is because the ship is like a village with all the public utilities provided by the shipowner.

He went down memory to the period before the banking consolidation when obtaining financing was a great challenge for the Nigerian shipowner. To further exacerbate the situation, the banks would not consider any proposal to extend the repayment period beyond one year despite the fact that shipping is renowned for its long gestation period.

The Chairman further emphasized that the strategic importance of shipping went beyond its economic value. It also extended to national security in the event of war when the merchant tonnage would be required for conscription purposes. He therefore concluded that Nigeria must develop sea power not merely to get prosperous but also to stay safe.

#### 2.7. PRESENTATION BY MRS. OBY EZEKWESILI TITLED "FINANCING OPTIONS FOR SHIPPING DEVELOPMENT"

In commencing her presentation, Mrs. Ezekwesili expressed the view that she was least qualified to teach shipowners how to run their business. She however urged them to accept her submissions in good faith given the value of the fresh perspective that her relative inexperience in the sector was bound to generate.

The presenter sought and obtained the permission of the audience to present the facts exactly as they stood. She therefore commenced her presentation with a brief excursion through the historical development of shipping both at the international and local level.

She affirmed that shipping remains the power behind international commerce and that this was best exemplified by the symbiotic relationship between shipping and the global economy.

#### *Highlights of the Historical Evolution of Shipping*

A summary of Mrs. Ezekwesili's recap of the historical development of international shipping is presented as follows:

Shipping has enjoyed a checkered history from the early moments in the hands of the European merchants to the period of shared facilities; A watershed moment arrived with the opening of the Suez canal in 1869, which led to the exponential development of the industry; In 1960, the first nuclear powered ship was launched;

From the mid 1970s - 1980s pallet (containerized) shipping drove international shipping development to levels hitherto unimagined; Following a 1966 report on containerization, work commenced on the Hong Kong Container terminals in 1970 and it soon grew to be the largest container port in the world;

Shipping provides abundant investment opportunities with 7,000 oil rigs, 4 million commercial vessels and innumerable recreational ships running through the waters of the world;

#### Ship Financing

This is a critical element of shipping development as availability of shipping finance is encumbered by the peculiarities of the industry. The primary driver of ship financing is freight rate. Other drivers are:

- Trade growth
- Geographical considerations
- Government sanctions
- Supply factor
- The notoriously cyclical nature of the industry
- Competitiveness of the players

## Status Quo

After the boom period in the closing stages of the 20th century, shipping is now deep in a trough (downside), the impact of which, has been forecasted, that most shipping companies may not survive. This is a direct consequence of the global economic downturn and the subsequent shrink in global trade aggravated by factors such as slowdown in economic growth of the OECD States.

The presenter drew the attention of the audience to the fact that quite strangely, the economy of African States have begun to experience positive growth for the first time in decades. This is attributable to macro-economic reforms adopted in the last decade. She identified this as a window of opportunity and advised that we must first think Africa and particularly West Africa in planning the growth of the industry.

## Communication

Mrs. Ezekwesili gave a scathing verdict on the communication strategy of the Nigerian maritime industry. This has created an industry with no broader constituency beyond itself and the outright under-appreciation of its potentials.

According to her, available statistics indicate that shipping contributes .04% to GDP growth while there are no statistics of jobs created.

To address this situation, Mrs. Ezekwesili suggested that the industry leaders must provide all necessary information to monetize the sector.  
Cabotage

Mrs. Ezekwesili expressed surprise at the initial assumption that once the Cabotage Law was in place, Nigerian shipowners would get rich. She stated that while legislation was important, it is not sufficient consideration for the development of a sector.

In this case, the key instrumentalities for enforcing the law were not in place and the legislative environment had changed by the time the law came into force. She also stated that there were fundamental issues in the governance of the sector, which needed to be addressed and mere platitudes like changing names from NMA to NIMASA was not enough.

## Nigeria and Oil

On the Petroleum industry, Mrs. Ezekwesili opined that Nigerians must appreciate that Nigeria is more than the Oil and Gas industry. She stated that the early momentum towards the development of the industry was lost with the shift in national focus to oil. Consequently, Nigeria has today become a rental State completely dependent on a commodity over whose pricing we have absolutely no control.

She opined that the same malaise was evident in the maritime industry, where key players remained fixated on the downstream and tanker sector without contemplating the wider dimensions of the industry. Therefore, the maritime industry must brace up for the challenge of becoming a catalyst for change of focus in Nigeria's economy.

## The Pillars of Development

Mrs. Ezekwesili identified three pillars of development:  
Policy;  
Institution, and;  
Investment

On policy she postulated the following ground rules:

Policy making must move beyond an aspirational wish-list to empirically guided enabling equipment;

They must be well articulated, and;  
They must be backed by evidence

She cited the telecommunications industry as the evidence of the difference that policy can make. She expressed the view that like the telecommunications industry shipping is sufficiently close to the market to be largely driven by the private sector. She reacted to the numerous calls for a bail-out for the industry by stating that the fact that other industries are being bailed out does not make it desirable.

#### Institution

On this subject, Mrs. Ezekwesili pin-pointed the following issues that requires urgent intervention:

Poor corporate governance in the industry;

Lack of transparency;

Systemic corruption, and;

Operation of this very technical sector as an administrative sector

She stressed the need for the industry's players to come together under the banner of an efficient and technical administration. She also emphasized that investible capital runs away from corruption and that this scourge must be removed from the industry.

#### Way Forward

Deriving from the foregoing, the presenter suggested the following courses of action:

That the industry must commission a study that proves comprehensively that the private sector can exclusively drive the sector;

That policy makers must work assiduously to close the gap between economic growth and job growth;

That the industry must obtain empirical evidence that the sector can provide the much touted million figure job opportunities for the economy;

That the industry must use evidence based policy advocacy and not

sentiments;

That the private sector must sense an opportunity, define the opportunity and engage policy makers on the realization of the opportunity;

That the industry should procure experts who would define a project tied to the identified opportunities in the sector;

That the industry should consider the Nigerian Capital Market as an alternate source of cheaper funding for shipping development given that the contemporary trend is to utilize debt financing only as a last resort, and;

That an important agenda should be adopted to define a strategy for working together with government to bring about good governance and transparency in the industry

#### Conclusion

In concluding her presentation, Mrs. Ezekwesili emphasized that the global market for financing options is currently very tight but the key to unlocking this riddle is the presentation of viable ideas. To this end, she suggested that the organizers should consider the theme "harvesting ideas" for the next expo.

#### 2.8 COMMENTS ON MRS OBYEZEK WESILI'S PAPER

Rear Admiral Allison Madueke (Rtd)

Rear Admiral Madueke commended Mrs Ezekwesili for the brilliant presentation, which he described as holistic and comprehensive. He identified the key elements of the paper as follows:

History of the sector

Global economy

Trend of growth of the sector

The private sector as driver of the economy

He stated that she had offered some very candid suggestions, which centered on the need to monetize the sector utilizing empirical data and eschewing sentiments. There is also the need to instill sectoral regulation that does not drive away investors.

Finally, he recounted her advice on the need to generate activity which draws attention to the sector, while addressing the primitivism of the current communication strategy.

Chief Jolapamo (Chairman ISAN)

He thanked Mrs Ezekwesili for what he described as a low blow and bitter truth. He assured her that she would be invited in the near future to provide further guidance to the industry.

The ISAN Chairman informed the participants that the maritime industry was balanced on three legs, the ship being the first, financing being the second and job opportunities being the third. He expressed the view that the third leg was solely within the control of Government in Nigeria. As far as he was concerned, both platform and financing were not a problem and all that was left was for the government to take steps to secure employment for Nigerian ships.

He recounted his experience as an indigenous shipowner in Nigeria and lamented the steady decline in the level of indigenous participation in the industry over the years. He expressed gratitude to Nigerian banks, especially Skye Bank which had advanced loans of up to USD 500m to indigenous shipping companies in the recent past.

Dr. Membre Otaji (MD ASCON)

Dr Otaji expressed appreciation for the very interesting presentation. He expressed particular interest in the assurance given by the Executive Director NSE that the Nigerian Stock Exchange was available for financing shipping activities. He recommended that individual

Nigerian shipping companies should come together to present bigger, stronger and more efficiently managed entities to challenge for a bigger slice of the industry.

Peter Olorunfemi (CEO Peter Maritime)

Mr. Olorunfemi stated that the lecture should have been titled "economics of ship finance." He assured the participants that contrary to the popular notion that Nigerian banks were not willing to finance shipping, the reality was that most times shipowners lacked the know-how to make a successful case for financing.

He also expressed agreement with Chief Jolapamo that contract availability was a major constraint and called for shipping companies to consolidate to remain competitive. Finally, he advised the participants that the character of the loan applicant was a key factor in banks' risk acceptance criteria and that banks regularly exchange information to determine the credit rating of individual applicants.

Jean Chiazor-Anishere (President WISTA)

The WISTA President expressed alarm at the limited knowledge of some banks going into ship financing. She urged all banks to properly train their maritime personnel to protect the exposure of the banks in shipping.

She also commended the call for consolidation of shipping companies but wondered how this would work given the pervasive air of distrust among Nigerian investors. The same sentiment was expressed concerning the suitability of the Nigerian Stock Exchange for ship financing projects.

Galthima Liman (Ex SA TO EX DGNIMASA)

While aligning with the ISAN Chairman on the need for government to

provide jobs for indigenous shipowners, Mr. Liman took the position that most of the woes of indigenous shipping companies could be ascribed to a grand conspiracy by foreign interests to subjugate the Nigerian population economically.

Hakeem Bisiolu (Alpha Raleigh USA)

He took a diametrically opposed position to Mr. Liman on the ground that Nigerian shipowners had never proven themselves capable of taking on the reins of the industry. He supported the calls for consolidation as a panacea to the weakness of existing companies.

Capt. Dada Labinjo (Sec Gen ISAN)

Capt. Labinjo stated that it was only in Nigeria that one would see shipowners pauperized and starved of funds. He accused the Government of not doing enough to implement Nigerian Content Regulations in both the maritime and the oil and gas industry.

He thereafter personally assured the presenter that Nigerian shipowners would implement her recommendations to the letter to move the industry forward.

Haruna Jallo Waziri (NSE)

Mr. Jallo Waziri reiterated the willingness of the NSE to partner with the Nigerian maritime industry to overcome the challenges of financing shipping. He assured that all that was required to make a successful bid for financing was the availability of long term contracts, proper corporate governance and well institutionalized companies.

2.9 RESPONSE BY MRS. OBY EZEKWESILI

She declared that all opinions were valid as what was needed was a

convergence of opinions to address the teeming challenges of the industry. While refraining from joining issues with the allegation of a global conspiracy against indigenous shipping companies, she emphasized that performance is key to business growth and lack of competitiveness coupled with a sense of entitlement would only guarantee failure.

Finally, she reiterated her call for a change of the clandestine approach to marketing the industry and advised on the need for policy entrepreneurship to facilitate positive engagement of government and the elimination of long standing regulatory and governance issues.

### 3.0 VOTE OF THANKS AND PRESENTATION OF GIFTS

The ISAN Chairman gave the vote of thanks to the Chairman, speaker and panelists. He also assisted the Chairman NIMAREX Organizing Committee in presenting gifts to the following:

Rear Admiral Allison Madueke  
Dr. Mrs. Oby Ezekwesili  
Dr. Membre Otaji

The day's events thereafter came to a close.

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DAY 3: 14TH MARCH 2013

### 3.1. INVITATION TO THE HIGH TABLE

The Chairman for day three of NIMAREX 2013 was the Chief of the Naval Staff Admiral S. Ibrahim who was represented by Rear Admiral P.A. Agha. In addition the following eminent personalities were invited to the high table:

Mr. Mike Igbokwe SAN: Maritime Lawyer and Presenter  
Mr. Tayo Fadile: Representing MD NIWA  
Prince O. Shittu: President ANLCA  
Chief Isaac Jolapamo: Chairman ISAN  
Jeffrey Hawkins: Consular General  
US Embassy  
Barr (Mrs.) Orakwesi: Chairman  
NIMAREX Committee  
Barr. B. Igwe: Ex Dir. Cabotage NIMASA

### 3.2. CHAIRMAN'S OPENING STATEMENT

The representative of the Chairman for the session provided a brief introduction to the topic with a succinct overview of the nature of Nigerian maritime industry. This included the available coastline, exclusive economic zone, inland waters and total landmass.

He identified oil theft/illegal bunkering and pipeline vandalization as critical threats facing the industry, which have resulted in higher insurance premiums and dropping oil production/revenues.

To address the identified problems, he called for a synergy of approach towards evolving a process for industry growth. He emphasized the role of the Navy in protecting the nation's coastline and expressed appreciation to Mr. President for his efforts in positioning the Navy to discharge these responsibilities. He also called on other stakeholders to assist the Navy in funding its operations and maintaining personnel.

### 3.3. PRESENTATION BY MR. MIKE IGBOKWE SAN TITLED "DOING BUSINESS IN THE NIGERIAN MARITIME INDUSTRY, CONSTRAINTS AND PROSPECTS"

The key aspects of Barr Igbokwe's presentation may be subsumed under

the following headings:  
Introduction to the Nigerian maritime industry;  
Prospects;  
Constraints, and  
Conclusion  
Introduction

In his introduction to the subject, the Barrister related the network of natural and man-made factors that have conspired to make shipping an inevitable ingredient of global commerce. This included international geographical diversity, climate, population, industry and resource endowment.

Next, he delved into the peculiar advantages enjoyed by Nigeria, which have conferred the status of a true maritime nation on her. This included huge population, weather and resource advantages, coastline and inland waters, the oil and gas industry and the diversity of the country itself.

Prospects

Under this heading, the presenter highlighted pertinent issues arising from the following:

The opportunity for foreign entities to incorporate Nigerian companies at the Corporate Affairs Commission;  
The share capital requirements as it concerns regulatory Agencies such as NPA and NIMASA;  
Qualification as a Nigerian Company under the Nigerian Content Act and the opportunity for 49% foreign participation;  
National carrier status under the NIMASA Act;  
The Cabotage Act and the waiver opportunities for foreign investors;  
Ports reforms, privatization and concessioning;  
Establishment of Container Freight Stations or Inland Container Depots;

Opportunities in the provision of crew boats, anchor handling tugs, dredgers, trawlers and other vessels, and; Shipbuilding and repairs.

#### Constraints

Unscrupulous Nigerians collaborating with foreigners to defeat the intent of the Nigerian content laws and policies;  
Presence of too many government Agencies in the ports;  
Piracy and Sea robbery;  
Crude oil theft and other acts of criminality;  
Lack of interest by Nigerian banks in long term financing;  
Inadequate seafarer training facilities;  
Lack of or obsolete infrastructure, poor power supply and need to import essential equipment and materials;  
Security;  
Corruption, and;  
Delays in court cases

Mr. Igbokwe emphasized the need for potential investors in the maritime sector to seek the advice of experienced maritime lawyers before proceeding to consummate the business because shipping is mainly driven by documents, which may not admit for variations after being signed by the parties except at great cost to the varying party.

#### Conclusion/Recommendations

In rounding up, the presenter called on all stakeholders and the three arms of government to collaborate to remove what he termed the 'clogs in the wheel of progress' of Nigerian shipping.

He accordingly recommended as follows:

The urgent enactment of all pending maritime regulations;  
Expeditious determination of disputes related to shipping by the judiciary, especially matters pertaining to the interpretation of relevant

statutes;

Full implementation of maritime laws as enacted or interpreted by the courts by the regulatory Agencies, and;

The maritime industry stakeholders should work together to assist Government in creating the necessary ambience for the industry to grow.

#### 3.4.RESPONSE TO

##### MR. MIKE IGBOKWE'S (SAN) PRESENTATION

Mr. Tayo Fadile (Rep of MD NIWA)

Mr. Fadile thanked Barrister Igbokwe for the good presentation. He expressed the view that the key derivative of the paper was that cheap, long term financing was indispensable to shipping development. He also called for collaboration between regulatory agencies and the harmonization of existing areas of dispute.

He concluded by drawing attention to the near total under-utilization of the inland waterways and called on all stakeholders to avert their minds to this untapped investment opportunity.

Jeffrey Hawkins (US Consul General)

Mr. Hawkins used the opportunity to speak about the rising spate of criminality in Nigerian waters. He stated that available data and anecdotal evidence suggested that the situation was worsening and expressed the fear that unless major improvements in institutional collaboration and aggregation of political will occurred, there was no likelihood of improvement in the near-term.

He informed the meeting that in 2011, 10 attacks off Nigerian were reported, this rose to 27 in 2012 and by the 3rd week of february 2013 alone, 9 attacks were already reported.

He informed the meeting that after a closer review of the situation, they uncovered the following facts:

That theft and kidnapping thrived on Nigerian waters

That ships must sail in armed convoys when passing through Nigerian waters

That the hired armed guards are often police officers who should be performing other duties

That shipowners prepare their crew to be attacked at anytime in Nigerian waters

That reports have been made about security personnel colluding with the criminals on the gulf of guinea

That Nigerian government sources indicate that billions of dollars are lost each year in stolen cargo and stolen ships

On the way forward, the Consul General suggested that Nigeria should emulate countries that had successfully addressed similar problems as follows:

East Africa: Effective coordination and communication between security agencies

Gulf of Aden: Collaboration and coordination, physical enhancements such as razor wires and intelligent operational choices such as vessel speed

He also recommended other measures such as detailed strategy, acquisition of more naval assets, training and allocation of more funds. Most importantly he called on Government to demonstrate sufficient political will to address this threat to the nation's economy.

Mr. Olayiwola Shittu (President ANLCA)

Mr. Shittu thanked the presenter for the paper. He seized the opportunity to thank the Nigerian Shippers Council for its commitment to the

welfare of the Nigerian shipper and capacity building of the Clearing Profession. He also called on all stakeholders to join hands to fight corruption which has decimated not just the maritime industry but the economy of the nation at large.

Barrister Igwe (Former NIMASA Director Cabotage Services)

Barrister Igwe expressed appreciation for the highly comprehensive presentation. He also used the opportunity to go in depth to the opportunities available for Nigerian to enter lawful joint ventures with foreigners under the Cabotage Act.

Chief Jolapamo (Chairman ISAN)

The ISAN Chairman advocated a general regulatory overhaul in the ports and in other requisite areas of the industry. He also advised that all stakeholders must collaborate to shift the priorities of the industry to a position where premium is placed on doing the right thing at all times.

### 3.5. VOTE OF THANKS

The vote of thanks was delivered by Capt Dada Labinjo, who expressed gratitude to their Excellencies President Goodluck Jonathan and former President Obasanjo, distinguished VIPs, session chairs, presenters and other stakeholders. Special mention was made of the students of MAN Oron and the School of Oceanography who had volunteered their services towards making the event a success.

### 3.6. CLOSING PRAYERS

The closing prayers were offered by Chief Agu of the Nigerian Shippers Council.

NIMAREX 2013 thereafter came to an end.

***Glossary of Terms Pertaining to Multi-modal Transport.***

**A – Air transport**

**Letter A**

**Air Container**

Container conforming to standards laid down for air transportation.

**Aircraft pallet**

A platform of standard dimensions that is used for assembling goods which is secured by nets and straps prior to being loaded as a unit onto an airplane. Palletizing results in an efficient use of space and improved cargo handling.

**Air Freight**

A service that provides for the air transportation of goods. This mode of transportation allows for decreased shipping time, low damage ratios and for certain commodities, lower shipping costs.

**Air Freight Forwarder**

An Air freight forwarder provides pickup and delivery service to and form the shippers dock. Responsibilities also include consolidating shipments from various shippers into larger units, preparing shipping documentation and tendering freight to the airlines. Forwarders do not generally operate their own aircraft and may be classified as an “indirect air carrier”.

**Air Waybill**

A document issued by a carrier to a shipper that supplies written evidence regarding the receipt of goods, the mode of transportation and the arrangement to deliver goods at the requested destination to the lawful holder of the bill of lading. A standard air waybill accommodates both domestic and international traffic.

