

**AN ASSESSMENT OF ACTIVITIES
FOREIGN SHIPPING LINES IN NIGERIA
(CASE STUDY OF SEEREEDEREI BACO LINER GMBH)**

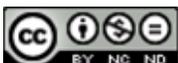
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CERTIFICATION

This research written by **Obiosa Michael** (2004493428) has been read and approved to have partially met the requirement for the award of masters in business administration (MBA) degree in maritime management technology.

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DEDICATION

To my wife, and to my three sons Jesse, Salem and Jerry.

ACKNOWLEDGEMENT

This project wouldn't have been written today but for the inspiration of the lord god almighty, who gave me life and health throughout the duration of my study. To you lord o owe my gratitude and pray to serve you as long as you lead my breathe amen.

I also owe a lot of gratitude to my supervisor, dr. c.c. ibe who was very instrumental to my taking up the challenge to write this project and who consistently gave me the encouragement that enabled me researched more and more on this topic. I would like to thank all other lecturers in the department of transport studies who contribution in various ways towards my educational advancement, and especially to my chairman Chief v.i. Odili and to my g.m.d Mr. Gerald Chidi for their fatherly care and love.

I will not forget to mention you bro. Chima who also instrumental to the success of this project, and also to Mr. Babatunde .o. Samuel for your assistance in area of providing of resource materials.

mention should also be made of the family of Mr. and Mrs. nelson Obiosa, for their parental and moral support, Mr. and Mrs. Fidelis Obiosa, for their financial and material support Mr. and Mrs. Patrick Enuma, for their parental care and my big sisters Ann, Lucy and Philomena, and also pastor c.e.s c Isashi, the entire members of the church for their prayer. To the chairman and entire staff of Aeromaritime group of companies and

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ABSTRACT

The Nigerian maritime industry is dominated by foreign shipping companies. The foreign firms dominated over 95% of the activities whereby, rendering the indigenous companies useless and non-active.

However, these have resulted to many companies to go underground since they cannot participate or complete favourably with the foreign companies. As a result of this, Nigeria loses billion of naira annually through capital flight which has affected the economy negatively.

Nigeria is an import oriented country and 90% of her cargo comes in through the sea. As a result of this led to the investigation on ways which Nigeria can participate actively in shipping trade.

The methodology of this study explained the steps that were taken in the course of the research. Data collection was through questionnaire, oral interviews, personal observation and survey of existing documents and data collection were analyzed and arranged in simple average table, percentages and charts, chi-square method of data analysis was used to test the observations.

After the presentation and analysis of data, it was discovered that there was a need for an effective participation of the indigenous shipping companies in lifting cargo. It is believe that this research will go a long way. In enhancing the participation of the indigenous shipping companies, if attention is given to recommendation.

CHAPTER ONE

1.0 INTRODUCTION

The starting point of any development is planning which, invariably involves conscious and deliberate act of choosing from a set of possible alternatives courses of action. The act of making a choice connotes the availability of relevant information, which one has analyzed before arriving at the most rational decisions **Chapman, & Hall, (1981)**. Different mode of transport (marine) has been revolved in the advanced countries of Europe and America.

Which ever particular techniques are employed, transport planning in a given context must entail specific recommendation for some action leading o attainment of some objective, through coordinated development of shipping facilities and services, such a planning exercise must be based on an orderly, objectives process that is built in measurement and closely integrated with land use and environmental consideration **AL Derton (1992)**. Some of the specific quantitative based studies would involve trip generation, trip distribution, traffic assignment and model split, al of which may necessitate extensive use of computers as may be dictated by he amount of data and the degree if complication of the model.

The exiting document on shipping and shipping activities in Nigeria is relatively scanty and where they are available they are out-dated shipping activities have more than a broad statement of

goals and objectives that are reminiscent of the sectoral objectives of all facets of the transport industry.

All the objectives for shipping are basically long term in nature but some time lack specific timetable of immediate achievement. They include such aspects as meeting the demand of the economy with minimal effort, coordination of all modes, rational allocation of investment within the sectors and promotion of the safety of users.

Shipping does not operate in a vacuum. It involves some transportation managerial effectiveness which consider an interwoven of air, and maritime mode through vehicles combination for safety commuter and delivery of goods and services around an economic environment and place of want.

The assessment of foreign shipping companies in Nigeria is as a result of utilizing scarce resources to satisfying human want through shipping services. The effective capacity of building and utilization of foreign shipping lines in Nigeria is a management process, universal process in all organized groups or an individual or personal affair, however, management is a business organization or could be defined as getting thing done through other people **Emma, (1998)**.

1.1 BACKGROUND DOF THE STUDY

All firms carrying out marine activities within a country's marine environment is referred to as marine industry. Consequently, a nation's marine industry comprises of fishing, mining and shipping activities.

Among all these activities earlier mentioned, none can surpass the shipping activities in terms of boosting a nation's economic growth. Shipping therefore could be defined as the process of carrying goods from one point of the other using the marine mode of transport.

With a coastline of about 852 nautical miles bordering the Atlantic ocean in the Gulf of Guinea, with a maritime area of 46,500 nautical miles and Exclusive Economic Zone (EEZ) of 210,98000 nautical miles Nigeria is endowed with a highly productive open sea with abundant and diverse maritime resources, shipping which is the movement of passengers and goods from one place to another could be divided into three.

Viz:

- i. Inland waterways shipping
- ii. Coastal shipping short sea shipping
- iii. Deep sea shipping.

Coastal shipping and deep sea shipping often involves the movement of goods and passengers across international boundaries, in other words international shipping. Both coastal and deep-sea shipping activities are the major concerned of this work.

According to **Badejo, (2002)** shipping has been the found of development of countries. It has serve as the framework for the location of human settlement and economic activities. It could serve countries in many ways, such as the only means of communication between people, feeding and distribution of ports and harbour.

In order words, it may involve the direct delivery of goods from inland watercraft to ship and vice verse. Also it helps in the decongestion of seaports. Shipping service as a means of boosting trading activities as it is involved in the carriage of goods and passengers from one location to the other. Even among countries blessed with many goods road network, shipping has help in preserving these roads from frequent damage due to over usage by earths moving machines consequently, the development and maritime of shipping activities in Nigeria has held in no small measure to the socio economic and political growth of the nation.

SHIPPING AND FOREIGN SHIPPING COMPANIES IN N IGERIA

The carriage of cargoes across the global village through sea routes are the prime function of shipping company. Basically

shipping activities can best be viewed from three broad perspectives.

- i. Merchant shipping
- ii. Naval shipping
- iii. Special shipping.

The availability of cargo in Nigeria gives room for liner shipping practice. More so, tramp shipping is another aspect of merchant shipping that is equally generating and attracting economic importance.

The viable shipping lines in the country (Nigeria) include: Maersk Nig Limited, Wasa Delmas (Nig.) Ltd, Brawal Shipping Operation (Nig.) Ltd.,

Saf Marine (Nig.) Ltd, Comet Shipping Agencies (Nig.) Ltd., Cross Marine Services Ltd., Transcap Ld, John Hot Shipping Services, P &O Nedlloy (Nig.) Ltd., Sifax Nig., Ltd., Super Maritime (Nig.) Ld., Mid-Maritime (Nig.,) Ltd., amongst others. It is contained in the modern role in physical distribution chain or total distribution concepts which incorporates door-to-door services.

The Nigerian economy depends on her maritime for survival; about 80% of cargo (Import) comes through the sea. Cargoes like general cargoes, unitized cargoes, wet cargoes, roil on cargoes, reefer etc all come through the se.

This has shown how importance the maritime is t the economy of Nigeria., seaborne trade has position other sector which include the

manufacturing sector and other allied industries all has a relationship with the maritime trade.

The Nigerian Maritime Trade since inception has suffered setback fighter lack of expertise coupled with the corruption and inconsistency in government politics contributed to her down back and perhaps, this gives the foreign liners advantage to dominate the maritime sector solely controlled by them and they dictate the pace.

The dominance of these lines has rendered some Nigerians jobless especially the seafarers trained by the maritime academy. These seafarers trained by the academy supposed to manage the national fleet but due to absence of these vessels, the federal government was busy signing a MoU with foreign vessels to train Nigerians cadets on board their ships.

The national shipping policy decree 10 of 1987 is obsolete and there need to draw up a proper policy that will allow Nigerian practice in the maritime industry especially in lifting of cargo. The ports are controlled buy expatriate even after the concession.

Tones of cargoes imported and exported are carried buy foreign vessels. According to the statistics released after the survey of the industry n 2005 by the Nigerian Institute of Shipping, it was discovered that 98,7% of inbound cargo was lifted by foreign vessels that dominated the industry export cargoes that was supposed to be lifted by Nigerian vessels are being lifted by these

foreign vessels. The reasons are due to the absence of Nigerian ocean going vessels.

Furthermore, **Iheanacho, (2005)** quoted that the wet cargo that was supposed to be lifted by Nigerian vessels were still contracted to foreign vessels and Nigeria will continue to pay heavy to foreign vessels.

1.2 STATEMENT OF THE PROBLEM

Shipping and shipping industries have grown over the years to become a big industry with some problems facing the overall realization of the objectives of the industry **Oyinola, (2003)**, What are the problems? Are these constraining factors insurmountable? Public opinion as well as comments made by operators of ship and shipping industries indicted in effective services.

In some ports in Nigeria, lack of effective and efficient channels is a common phenomenon. Only recently, before the concessionaire period, the absence of port facilities like plant and equipment characterize a big clog in effective cargo discharge

The safety consciousness of ship is questionable as most foreign ships plying the Nigerian waters are old and flying flags of convenience.

This study will focus its attention towards answering the above listed research questions, which will consequently help in the realization of the aims and objectives of the study.

However, the activities of these foreign shipping line has rendered the local operators redundant, perhaps he federal government floated a National Carrier during in 1978 with a view of dominating the maritime industry.

A total number of 26 vessels was built and operated by the Nigeria National Shipping Line (NNSL). This National Carrier dominated the shipping industry in Nigeria however; export cargoes were lifted by these vessels to Europe and other parts of the world.

Furthermore, the federal government went as far as enacting a policy known as the National Shipping Policy Degree 10 of 1987. This shipping policy was to enable Nigeria complete favourably with foreign liners. The degree 10 of 1`987 established the defunct National Maritime Authority (NMA) the authority is to implement the provision of the National Shipping Policy.

Among the problem encountered is, the foreign liners succeeded in forming a Cartel after discovering that the National Line (NNSL) was gone underground due to mismanagement. The exit of the National Line (NNSL) paved was for the foreign links to dominate the shipping industry because; Nigerians were not having alternative Okocha (1999).

Due to the disappearance of the National Shipping Line, foreign shipping firms like Maersk Line, P&O Nedlloyd, Delmas, Grimaldi Line,

Mediterranean Shipping Company established their offices in Nigeria Nelly, (2004).

According to Sesan, (2002) he stressed that part of the problems created by these foreign shipping line is lack of job opportunities by Nigerian Seafarers which was supported by Adeyemi (2005) that Nigeria were living at the mercy of this foreign line.

Akala, (2006) stressed that the foreign lines disobey the provision of the National Shipping Policy whereby, rendering the local operators reluctant. Ekhamaye, (2006) confirmed that the enormous problem encountered by the local operators is due to the cartel these foreign lines formed to exploit Nigerians. He continued by saying that corruption was part of the problems suffered in the industry today.

1.3 AIM AND OBJECTIVES OF THE STUDY

Before the commencement of international shipping, the provision of water transport in Nigeria for both intra and inter community services rested on the shoulder of local ship owners, who operated locally or wooden made ships for commercial grain. This however changed when the first British explorers came to Nigeria using the famous sailing ships which later was used for carriage of farm produce and slave through the Atlantic to Europe Okoye, (1998).

The intervention of foreign shipping line recently is aimed at boosting the economy of the nation through fare control, revenue generation and employment opportunity provision.

Foreign shipping companies in Nigeria were to focus on the serving of Nigeria ports with not only liner vessels but also tramps vessels to facilitate accessibility to smaller ports.

Traditionally, an efficient mode of transportation system will provide cheap transport for bulky cargoes to be transported from different parts of the globe to Nigeria at lower cost. The study is consequently aimed at appraising or assessing the performance of the foreign shipping lines in Nigeria since the commencement of commercial shipping in Nigeria.

The following objectives will form the bases of assessment. The fleet growth or fleet size, the traffic (cargo) flow of the shipping companies under review.

The study is aimed at estimating whether the companies are actually tapping the potentials of using the vast resources in Nigeria (export) as a catalyst for economic development of Nigeria.

1.4 RESEARCH QUESTION

The following questions were drafted to assist us in the research work:

- 1 What factors contributed the foreign liners to dominate the Nigeria maritime industry.
- 2 Do these foreign shipping lines flaunt the regulation guiding maritime trade in Nigeria?
- 3 How can Nigerians participate in the lifting of cargo?
- 4 Are these possibilities that foreign shipping line will exploit the weakness of Nigeria for selfish aggrandizement and to the determinant of Nigeria economy?

1.5 HYPOTHESIS

The following tentative Hypothesis used in this work are hereby stated:

- Ho₁ There were some factors that lead to the foreign shipping line to dominate the shipping industry.
- Ho There were no factors that led to the dominance of the foreign line in Nigeria.
- H₁ Foreign shipping lines flaunt the regulation guiding maritime trade in Nigeria
- Ho Foreign shipping line did not flaunt the regulations guiding maritime trade in Nigeria.
- H₁ Nigeria can participate in the lifting of cargo.
- Ho Nigerian can not participate in the lifting of cargo
- H₁ The foreign shipping lines will exploit the weakness of Nigerians for selfish aggrandizement.
- Ho The foreign shipping lines will not exploit the weakness of Nigerians for selfish aggrandizement.
- H₁ Due to inability to own a vessel or national flint, Nigerians cannot complete favourable with he counterparts.
- Ho Due to inability o won a vessel or national flint Nigerians can complete favourably with the foreign counterparts

1.6 THE SIGNIFICANT OF THE STUDY

Shipping has been described as the most economic and efficient mode of transport to every rivers rein areas in any country of the world. It has traditionally been used to provide cheap movement of large volume but low volume of goods and from one country to another. They have the inherent advantages of low cost, less

adverse environmental impact and high-energy efficiency where large volume of traffic exists.

It is the realization of the above potentials of shipping and shipping services that led to then government of Nigeria into concessioning the ports for maximum profitability. The aim of any investment is to make profit.

The profit made is often ploughed back into the business in areas of equipment replacement, employment, facility expansion and manpower training and development. In a business venture shipping, there are other economic objectives attached to the investment goals.

This ranges from employment opportunities to infrastructural facility development, which adds beauty to Nigeria economy. These enhance the social life of the people. Consequently, any economic investment needs to appraise periodically to ascertain achievement as well as lapses.

The identification of apses which can only be exposed by economic appraisal of the activities of the shipping companies organization help in checking the accordance of present and future operations of the companies.

The study is therefore significant in that it will access the performance of the foreign shipping companies in Nigeria and give credence to the operators where performance is high and also proffer solution to where there are lapses. The result of the study will assist management of

foreign shipping lines and the Nigerian government in formulating appropriate policy statement for implementation aimed at improving operational performance. The study is very significant as it will help in revealing those factors militating against efficient operation of foreign shipping lines in Nigeria. The shipping lines will then be able to make adjustments aimed at improved operation and management of the companies.

1.7 SCOPE OF THE STUDY

Shipping and ship business dates back to centuries ago and commercial shipping in Nigeria began during the colonial period. It has made some giant stride in Nigeria, affecting the nation in both rail and land transport business.

This has led to the development of bonded terminals in the outskirts of major cities and the establishment of dry ports in the hinterlands and landlocked cities in Nigeria.

The period for the study is from 2002-2006 covering four years. The emphasis is on Seereederei Baco Liner GmbH, a company which started operation in Nigeria since 1979 and has operated to the present.

The data for the study comprises the following independent variables that determine performances. These are (Fleet size), tonnage of cargo carried, employment opportunities generated, foreign changes as well as number of accident cases reported.

1.8 LIMITATION OF THE STUDY

The study encountered some militating factors, which in one way or the other attempted to hinder the smooth process of the study.

For instance the researcher with his official duties, school assignment and lectures seemed not to have sufficient time in carrying out the research. He was these forced to stay ate in the office and also very late at night for this academic work.

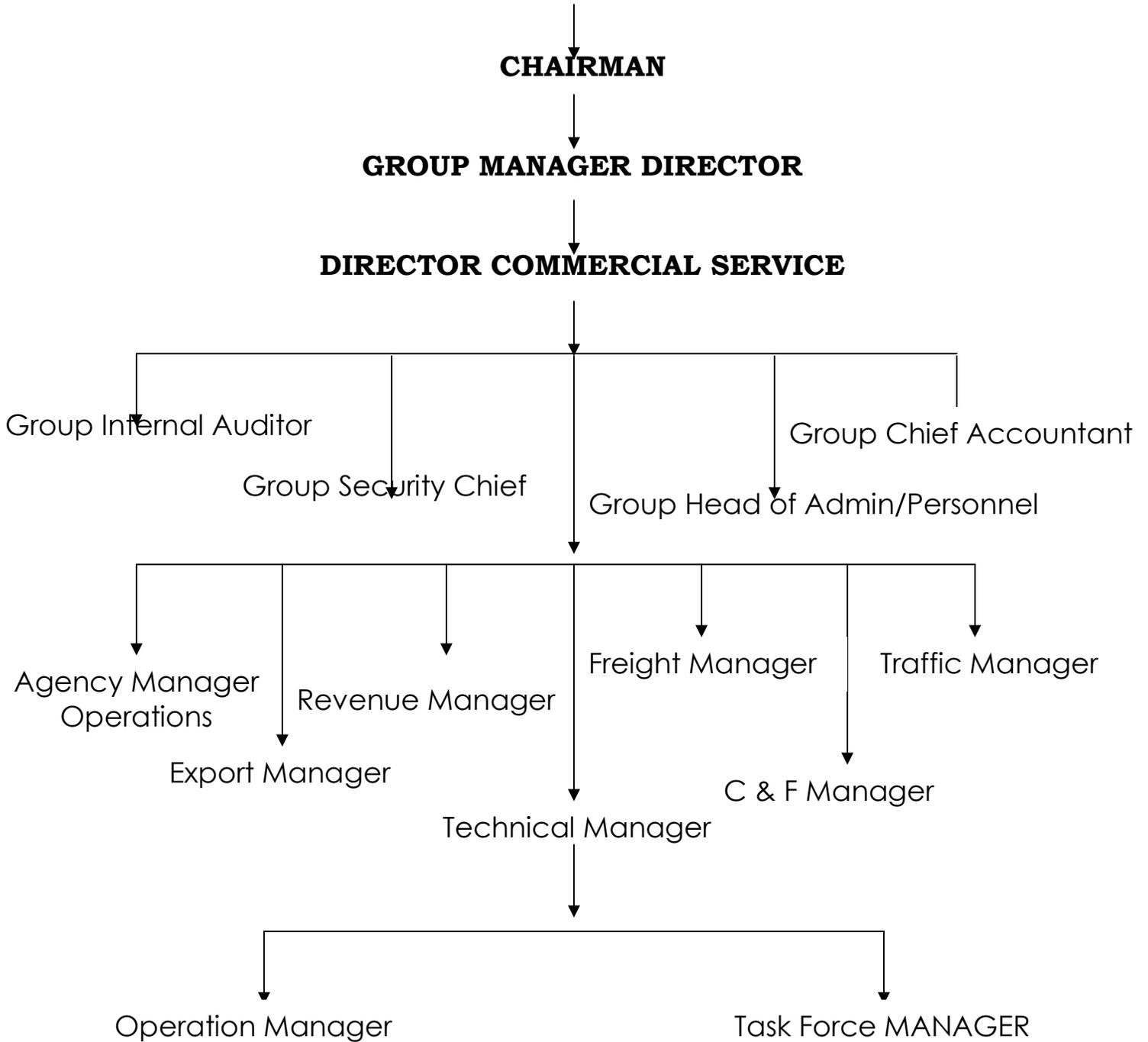
Consequently the non-availability of materials in the above subject is another factor hindering the research work. Little information on subject matter is released as the personal officials of Baco Liners GmbH were not willing to part with some of the vital information needed, fearing censorship.

Some personnel's and respondents were not polite enough to approach's they try to be conservation in their responses to my question. The study was concentrated on the personal of shipping companies in Nigeria and these of Seereederei Baco Liner. Financial problem is also one of the many constraints.

1.9 ANALYSIS OF THE STUDY

This section tends to analysis the study area. Brawal Nig. Ltd has been chosen as the study area. The reason was due to the role the company played in the maritime industry since inception. Brawal Nig. Ltd a member of Aeromaritime Group was offered as a national carrier. The company is an agent to Baco Liner GmbH in Germany.

SEEREEDEREI BACO LINER GMBH
ORGANOGRAM



DEPARTMENTS

- 1) **Operation Department:** Duty involve in the discharge of cargo from the ship and the loading of cargo/containers on the vessel. This department also deals with the delivery of cargo to their respective owners.

- 2) **Revenue Department:** involve in the raising of debit notes and invoice for consignee (or cargo owners). They equally ensure that cargo description on the manifest attached with those in all bill lading.

- 3) **Export Department:** They are concerned with the export of cargo from country of origin to port of destination. This then do through a collection of necessary export document from intending exporter and processing of same for onward transfer to receive in the port of destination. The raise bill of lading and prepare export charges which is later paid to the cash officer.

- 4) **Traffic Office:** Concerned with the bringing in of vessels through the collection of all necessary documents from the Nigerian Ports Authority. They also ensure that vessels are not delayed by government agencies through unnecessary bureaucracy, since delay could result in high port charges.

- 5) **Freight Releasing Department:** this department is involved with the releasing of documents to importers. This they do through the collection of origin bills of lading from the importer agent after ascertaining that the agents have paid his charges. They also ensure that cargo description on the manifest agrees with that on the bill of lading, in the case of any discrepancy, an amended is made to avoid discrepancy in future.
- 6) **Container Control Department:** this department is involved in monitoring of container movement within and outside the port. They are also involved in collection of container deposit as a guard to prevent container theft or loss on the part of the customer.
- 7) **Material Control Department:** this department is popularly referred to as the store. It is headed by the store manager and a supervisor. The department houses all materials needed for work, ranging from stationery to vehicles spare parts.

The material control department regulates the distribution of materials to different department through the requisition form,

- 8) **Security Department:** heading by the Group Security Chief; the department's main job is the security of company property. This include the warehouse, containers, tug boat, crane, machines and other equipment.

The security through its personally keep night watch to avoid breakage into the premises by night marauder.

- 9) The Clearing and Forwarding Department: they engage in forwarding of export cargoes for would be exported by acting an agent for him. The department also clears import cargo for importers through obtaining of relevant customs documents.

The clearing and forwarding department of Brawal Shipping not only handle job for the company but bill for job in other shipping companies as well as from reportable organization like bank and breweries.

- 10) Task Fore Department: contained with he collection and distribution of mails for the company. The liaising with courier companies to after a close relationship with NIPOST and other courier industries. It is headed by a manager.

CHAPTER TWO

2.0 LITERATURE REVIEW/CONCEPTUAL FRAMEWORK

2.1 INTRODUCTION

This chapter tends to review works den by other authors in comparison with what is obtainable presently within the industry. The concept of this research was highlighter in this chapter with the view of highlighting the key research work done so far in highlighting the role played by the foreign shipping organization that dominated the economy and the reasons why the indigenous shipping company should be given a chance.

2.2 LITERTURE REVIEW

DEMAND OF SHIPPING SERVICE

Babatunde, (2002) highlighted that due to low entry and high exit barriers and long construction period, supply of ships and shipping services often lag behind changes in demand leading to volatile cycles of freight rates and ship values.

Shipping cycles follow pattern of world economy but lag six to twelve months behind. This was also supported by **Oni, (2003)** shipping industry is sensitive to political events and government interventions such as tax incentive schemes, subsidies and regulation regarding liner conference, safety and environment.

SUPPLY OF SHIPPING SERVICES

Omoh & Bamigbola, (2003) in their research work opines that core industry is engaged in tramp liner tanker and offshore support vessels operations using liquid bulk carriers general purpose dry bulk carriers combined carriers specialized bulk vessels, general cargo vessels container vessels and offshore support vessels.

Their work was supported by **Badejo, (2004)** that Cluster industry includes sector supplying services directly to the core industry, associated activities such as the offshore oil gas production fleet and sectors providing cargo related services.

OVERVIEW OF THE NIGERIAN SHIPPING INDUSTRY

In the works of **Iheanacho, (2005)** states that the maritime sector generates close to US1 billion annually for about 99.95 of Nigeria's import and export.

This ascertains was supported by **Okoye, (2006)** that the maritime industry is responsible for 70% of the total trade traffic of the West and Central African sub-region. Unfortunately foreign flagged vessels dominate the shipping in Nigeria.

Afolabi, (2007) in his research work opines that significant decline in the Nigerian owned merchant fleet due to the lack of fleet replacement high cost of new buildings and economic downturn over the year.

CURRENT SITUATION OF THE TRANSPORT SECTOR

Oni, (2006) states that imbalances between transportation demand and transportation supply resources required and available budget allocation to the various transport modes and their importance opportunities for the private sector in the maritime and energy industry. Badejo, (20078) in his works supported the opinion of Oni whereby highlighting that the carriage of cargo and passenger in the inland and coastal waters to the offshore upstream marine operations in exploration and production and downstream marine operations in oil products, chemical, downstream gas and power and renewable services to the offshore mineral exploration and extraction industry ship brokerage, and chartering support industries and such as mooring, towage, pilotage, dredging and waste disposal; maritime training provides; container manufacturers, handlers, lessors and packers.

Solanke, & Ademulyi, (2005) states that shipping generally could be defined as the movement of goods and passengers from one point to the other using maritime mode of transport or using water body as the highway, ships are watercraft of 100 tons and above. To a layman the term shipping means international trade. He might be correct since about 80% or more of the world international trade moves by ships.

Also sea transport is the first mode of transport to be developed and put into use by merchants., shipping according o **Akinsoji, (1998)** an be divided into domestic shipping or inland waterways coastal shipping or short sea route and deep-sea shipping.

The short sea shipping is restricted to trading along the coast;- it may be between two coastal neighbors e.g. Nigeria and Cameroon or Equatorial Guinea. That is, from Lagos to Abidjan. Short sea shipping can include trading outside the home trade limits; however the operators are required to employ certified officers and maintain a higher standard of safety scheme on board. The deep-sea shipping involves foreign-going vessels which are larger more sophisticated and required more safety requirements and foreign trade certificated officers and crew. It is involved in international trade proper where they carry mainly cargoes to different parts of the world. The advent of airplanes, faster railway systems and road vehicle transport according to **Iheanacho, (1985)** has meant that the role of maritime transport in the movement of passengers has declined hence shipping mainly refers to the carriage of goods by sea across international boundaries.

FOREIGN SHIPPING AND FREIGHT FORWARDING COMPANIES IN NIGERIA

The world as a global village is linked up through a network of oceans, rivers canals, and creeks for the collection of human and material resources to the destination of their usage. **Babatunde, (1999)** there is no escape from transport (**Mumby 1968**). This is as a result of uneven distribution of human and material resources on the planet earth, which continues to generate the utmost necessity for spatial interaction from higher concentration of needs to lower as well as utility of places.

The litmus test of any socio-economic attainment of any given society is the level of its mobility which transport provides. However, there is no activity that occurs in the absence of transport and this is the school of thought of Badejo, (1998) when he stated that the world is yet to research an alternative to transportation. Transportation is one of the basic tools required by the civilized man to bring order out of chaos. It research into every phase and facet of our existence, viewed from every standpoint, economical, social political, ministry etc. it is unquestionable the most vital industry in the world. We can no more operate grocery store or a brewery than we can win a war without transportation. The more complex life becomes the more inevitable and indispensable are the things that make up one transport system, Hoge S. Horton (1963).

Ademuliyi, (2007) states maritime transport or shipping and freight forwarding business are a sub element of general transports responsible for not less than 90 freight across the global village. This therefore, spells out the prime role of the industry in the growth and development of any maritime nation. **Soji, (2007)** state that no wonder the sub-sector of maritime transport Nigerian Ports Authority is often addressed as the “gateway to the nation economy”. it was supported by **Anabaraonye, (2007)** hat some shipping lines now offer dual role or services, that is port-to-port service and door-to-door services which some scholars and professionals believe is the modern definition of shipping.

BENEFIT OF FOREIGN SHIPPING LINES TO THE NIGERIA ECONOMY

From the transportation system concept, shipping and freight forwarding industries are sub-systems that possess special features which clearly distinguished their operation from other mode of transport such as air, rail, road and pipelines Sampson, (2005). The scope of these industries cut across social, economic and political activities. It is therefore not surprising that these industries are over bearing in view of so many professionals found therein such ones include: shipping operations, and administration, stevedoring activities, marine insurance, international banking with financial institutions among others Okoye, (2007). These no doubt had created a significant employment opportunities to Nigerians arising from private industries and government agencies such as:

- 1} National Maritime Authority (Nigeria Maritime Administration and Safety Agency - NIMASA).
2. Nigeria Shippers Council
3. Nigerian Ports Authority
4. Nigeria Customs Service
5. Immigration
6. Nation Drug Law Enforcement Agency (NDLEA)
7. NAFDAC
8. Plant Quarantine
9. Nigerian Navy among others.

Generally speaking, the accrued benefits of maritime transport to the Nigerian economy is enormous; they include transportation (mobility),

trade and commerce (international shipping), industrial growth and development, institutional development, finance/revenue generation, socio-political harmony and international relation and co-existence as well as direct and indirect opportunities. At this junction it is imperative to state that shipping can be viewed from three significant perspectives.

- i. Merchant shipping
- ii. Naval shipping
- iii. Special shipping

This project however, is based on merchant shipping with its challenges and the way forward in Nigeria. Historically, this type of shipping existed before the advent of other two shipping activities. In simple terms according to **Alderton (1980)**, merchant shipping is the offering of space on board the ship for the carriage of goods or people from one geographical location to another for freight or reward in this context, two types of these shipping activities exist:

- i Common carriers and
- ii Private carrier

Common carrier is one that agrees to carry any goods from shipper without refusing any cargo while private carrier is a carrier of special type of goods as opposed to a common carrier, (1980).

2.3 CONCEPTUAL FRAMEWORK

2.3.1 Historical background of Foreign Shipping Companies in Nigeria

Afolabi, A (2000), in his write up, he stated categorically that the foreign merchant shipping involvement in Nigerian maritime industry can be traced far back to fifteen century, when the contact between Nigerian and European explores began through commercial activities. It should be noted that slave trade was equally brought in to the country through this contact. Obviously the First World War came between 1914 to 1918 while the amalgamation of north and south of Nigeria equally occurred in 1914. Therefore, shipping activities had commenced earlier before these events in West Africa and in Nigeria in particular.

The foreign merchants in West Africa used to carry their cargoes with their own vessels. The divorce of ocean shipping from merchant took place gradually with re replacement of sailing vessels by steam ships, that is, the change in ship technology. The enormous capital required to obtain and operate steam ship exceeded the available resources of most merchants. This in effect is responsible for two separate commercial interests.

Those of the ship owners (for carriage of their goods only) and those shippers (for carriage of their own goods in addition to other shippers}.

Available data have shown that from 1870s the quality and volume of trade between West Africa. Especially in Nigeria and European

countries have grown significantly on geometrical progression, making liner shipping practical.

In 1852, the first independent steamship line between British and West Africa./ Africa Steamship company was established by Macgregor Luggard, one of the pioneers in the opening up of Niger country. The company operates five ships ranging from 250 to 1000 tons dead weight. By 1868, a second line, the British and Africa Steam Navigation Company was formed by two Scotsmen, John Dempster and Alexander Elder, who have founded a shipping line in Liverpool under the name of Elder Dempster and company. It should be noted that the competitive environment of that time forced the two lines to draw an agreement whereby they were to run an agreed time-table. It should be also established that by the beginning of the century, Elder Dempster held virtual monopoly of the west trade with particular reference to Nigeria.

In support in the above statement, **Iheanacho, E. (2001)** stated that the entrance of John Holt into West Africa trade in 1860s marked another shipping and merchant activity in Nigeria. The company acquired her first ocean-going vessel in 1868 under the company name John Holt and Company (Liverpool). However, Elder Dempster Lines Ltd was rebirth from sea breezes in September 1948.

2.3.2 Nature of Foreign Shipping companies in Nigeria

Foreign shipping and freighter forwarding companies in Nigeria can be viewed from two stand points. These are Vessels Owner Multimodal Transport Operators (VOMTOS) and Non-Vessel Owner Multimodal Transport Operators (NVOMTOS).

According to UNCTAD (1990), Vessel Owner Multimodal Trans Operators are referred to as the shipping lines with conveyance units ranging from different types of ship to haulage units and who enter into contact of affreightment with shippers or freight forwarders as the case may be, they also charge freight as a reward for the carriage of goods, services or people over friction of distance.

Non-Vessel Owner Multimodal Transport Operators on the other hand offers conveyance of goods in the total distribution chain owing and controlling and mobile unit, in this regards, they sub-contract the carriage of such goods to shipping lines, airlines as well as other conveyance operators on behalf of their customers and as such act as the principal.

Badejo D. (2004), he stated that the placement of the foreign shipping and freight forwarding companies in Nigeria predominantly British serves as an eye opener and the search light for indigenous operator.

In light of the above, freight companies serve as the pioneering industry while their Nigerian counterparts emulate this gesture and walk on this developmental path to the present shipping activities, we are all experiencing in the country. The yardsticks responsible for these are:

- a] Advanced technology in shipping and freight forwarding operation.
- b] Simplified transport documentation.
- c] Highly skilled and experienced manpower (Human resources management).
- d] Diversification in operational activities.

Ekhamaye, (2006).opines that these enumerated features place the foreign shipping companies or vantage position. Although this vantage position is not intellectual superiority

rather it is to compliment the functions and role of the two operators (foreign and indigenous).

2.3.3 Challenges of Foreign Companies in Nigeria

In the works of Aniebonam, (2005), he stated that over the years, the freight forwarding and shipping industries have grown to become big industries, with so many separate yet inter-related and inter-dependent activities. They are nurtured by different organs to keep the hub of maritime business through the sea in perpetual motion.

On the other a hand, the foreign operators role in the development of the sea transport today must always be appreciated, in view of th-

0// act that, they contributed immensely towards the formatting of merchant shipping in Nigeria. As a matter of fact, one can establish that they are the originator of merchant shipping and ocean going maritime services in the country. Without their role, our national economy tempo would have been arithmetic as against the current experience of geometrical progression **Sanusi, (2006).**

He further stated that the below enumerated, constitute the visible challenges of foreign shipping and feight forwarding companies in Nigeria.

- 1] The instability and inconsistency in government policies.
- 2] Competitive environment with the active participation of indigenous companies
- 3] Dynamics in shipping and freight forwarding technology
- 4] Dilemma in cargo handling and freight management especially ship and cargo safety and security.
- 5] Massive port security agencies
- 6] Poor maritime management information system (availability, storage, retrieval and usage).
- 7] Inadequate financial aids from financial institution and government.
- 8] Poor human resources management professionalism.

Government Assistance in Increasing Nigerian Tonnage

The principle of government assistance to boose the acquisition of tonnage has been practiced by all the major maritime nations. The Ship Acquisition and Ship Building Fund is the Nigerian facility which gives

loans to prospective ship owners at competitive rates with the aim of building a national fleet. Much has been said about the SASBF. A few poling deserve further mention **Aliu, (2006)**.

the SASBF at present stand suspended. Sit is a key plank of our shipping policy and therefore must be revived at some point if we are to continue our present policy, however, there are lessons to be learnt by both the borrowers and lenders. As steps are taken to revive the fund, lit is highly desirable that a committee of exports drawn from the finance service, insurance, legal, ship building, ship ownership and ship management and disbursement of the fund.

Ship finance is a technical, yet high risk which requires a level of technical expertise that may noble be readily found within the confines of government bureaucracy **Emeka, (2003)**. Furthermore, there may be good arguments to channel the fund through an established financial institution with a specialized maritime unit which will work alongside the National Maritime Authority in the efficient utilization and disbursement of the fund.

According to **Munby, (2006)** he opines that government need not be the only source of funding for tonnage acquisition. The private sector also has a role to palty. However, to encourage such investment, there must be clear and equivocal evidence of the government's commitment to providing economic incentives for shipping growth such as tex exemptions, preferential loans, low interest rates and suiotabloe and realistic repayment schedules.

Konze (2002) further said that it is expected that a forum shrged with reviewing the SASBF operations will formulate blueprint that will give prospective entrants into the shipping business, the government and public at large a basic for pragmatic projections.

A combination of a cargo reservations system, economic and fiscal incentive and political stability will encourage a healthy environment for private sector participation. This will in turn encourage the development of financing systems and collaborations between ship builders, ship-owners and financial institutions.

A good example ios the **Korean areboat** chartered with purchase option (BBCPO) arrangement between Korea and Japan which stimulated tonnage acquisition for the cash strapped Korea. Cargo

allocations either government or private sources need effective efficient competitive tonnage that will serve their business and other purpose. This factor requires Nigerian participations in the trade to be in a position to give up to date and competitive services that will rank favourably along those of the older maritime nation.

A company like the NNPC< for example, is the primary allocator of Nigerian crude oil. The company has listed those specifications which must be in place before she sill allocate cargo to a carrier whelter foreign or local **Norma, (2004)**

To protect the federation account from any loss which it may suffer if the demand for crude oil drops as a result of uncompetitive freight charges the NNPC insists on the use of modern vessels. The use of older vessels or technology would (because of stringent regulation such as the oil Pollution Act 1990) mean high insurance expenses. This would in turn reflect in a higher to prove that they have any Nigerian flagged tankers with rates as competitive as those quoted by existing freight suppliers **Sholanke (2006).**

The tanker market is characterized by a comparatively small number of big charterers with a trend towards larger

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

This chapter described the research methodology used with regard to data collection and analysis approach. The chapter focuses on the structure and strategies adopted in studying and analyzing sampling data in object in question.

3.1 TYPES OF DATA

There are two data for this research. They are the primary and secondary sources of data.

Primary Data

The source of primary data collection was from field survey and questionnaire. Twenty-three questions were drawn from the main subject of study. They were randomly selected from the operations department, commercial department etc. and more important from the stakeholders in the maritime industry which include the indigenous Ship-owners Association for Nigeria eight copies are distributed randomly fleet size i.e. numbers of indigenous vessels presently in Nigeria were analyzed. The questionnaires were also administered to.

Secondary data

Secondary data used in this research work were annual retrieved from Nigerian Maritime Administration and Safety Agency annual report and handbook, and other maritime publications like maritime journals and magazines from the library.

This was done to justify some areas of inadequacies in Nigeria to participate in the lifting of cargo and the dominance of the maritime sector by foreign shipping lines.

3.2 METHOD OF DATA ANALYSIS

The main method of data collection for this work has basically from questionnaires, field survey.

Technically, journals,, textbooks, newspaper/bulletin and magazines and several other research materials don the subject of the study all forms my sources of data collection.

Oral interview was also instrumental in the collection of data. I personally, interviewed some key personnel/officials in the post like the Managers, CEO, Shipping Managers Master Mariners, Professional Institutes and Associations.

3.3 RESEARCH SAMPLING TECHNIQUES

The sample and number of questionnaires printed for this research was sixty (60) copies, which were prepared for sixty respondents.

It was a sample random method in which every member of the target population was given chance of being selected for the study.

3.4 RESEARCH SAMPLE SIZE

Out of the sixty people expected as the target populations, only fifty responded to my questionnaires. Which represents 83% of the population? The population which was randomly selected is made up of twenty permanent staff, twenty casual staff, and twenty port users.

3.5 DATA ANALYSIS TECHNIQUE

In this study the variables were analysed using Chi-Square- (X^2) method and solutions were drawn to the problems in questions relating to the hypothesis.

Data analysis can either be used based on the percentage (5) of responses (with total responses taken as 100%) or on the number of questionnaires returned. Respondents of the questions were all analyzed using percentage analysis.

The percentage analysis was used because of its ability to translate into quantitative values attributes, which are quantitative in nature. This enables the researcher to look at the variables.

The Chi-Square (X^2) techniques were used to test the viability of the hypothesis formulated. In employing the techniques as an empirical test of hypothesis, the hypothesis to be tested well first of all is tested as the null hypothesis (H_0) and the alternative hypothesis (H_1). There, the value of the chi-square (X^2) is

calculated. The chi-square is designated as (X^2) and is calculated using the formula:

$$X^2 = \sum \frac{E(O-E)^2}{E}$$

Where O = Theoretical (expected) frequency
O-E = the absolute value of the difference
between the frequency (e.g. the
Deviation square and weighted).

By this text we wish to answer, “if the computed value of X^2 is so large that we are required to reject the null hypothesis.

CHAPTER FOUR

4.0 PRESENTATION AND ANALYSIS OF DATA

In this study, an attempt was made to classify the respondents according to age, sex, position occupied, educational level and work experience in the first section.

The second section dealt with the presentation and analysis of data based on the research question while in the third section, an attempt was made to present and analyze the data obtained in relation to the test of hypothesis.

The chapter ended with the discussion of result from the analysis carried out according to the research question and the hypothesis.

4.1 CHARACTERISTICS AND CLASSIFICATION OF RESPONDENTS

TABLE 4

AGE	SEX	EDUCATION QUALIFICATION	POSITION	YRS OF EXP.	NATURE OF ORG.
26 – 20 = 10	Male = 417 Female = 103	WASC & Above 318	UNSKILED – 178	1-5 = 56	FIN. INT. 127
20 – 25 = 40		OND/EQUIVALENT 113	CLERK/SKILLED 149	6-10 = 54	Oil & Gas 133
26 – 30 = 82		HND/M.Sc & Above 77	Supervisors 84	11-15 = 103	Shipping
30 – 35 = 98			MANAGER/HODS 69		Auxiliary service
36 – 40 = 150			MDS/CEOS – 36		199
40 – 45 = 100					others
46/ABOVE =71					

4.2 PRESENTATIONS AND ANALYSIS OF DATA ACCORDING TO RESEARCH QUESTIONS

We present below (table) result of respondents' answers to the questionnaire.

Numbers 7 are not included because they are not amenable to the same mode of response like agree, strongly agreed, etc as number 8 – 18. They are merely to indicate respondents/organizational characteristics and not to test the hypothesis.

After this, we shall further present the response in form of pie-chart for easier comprehension.

TABLE 5, RESULTS OF RESPONDENTS ANSWERS TO THE QUESTIONNAIRE

	Total	%	Total	%	Total	%	Total	%	Total
8	164	31.5	176	33.8	80	15.3	60	11.5	40
9	232	44.6	118	22.6	106	20.3	54	10.3	20
10	228	43.8	112	21.5	80	15.4	60	11.5	40
11	158	30.4	132	25.3	70	13.4	40	7.6	120
12	184	35.4	96	18.5	140	26.9	50	9.6	52
13	142	27.3	158	30.3	100	19.2	990	17.3	30
14	35	25.9	120	23.0	108	20.8	67	12.9	35
15	178	43.2	142	27.3	98	18.8	67	12.9	35
16	200	38.5	125	24.0	105	20.0	95	18.3	0
17	166	31.9	164	31.5	115	22.1	62	11.9	13
18	148	28.5	176	33.8	108	20.7	78	15.0	10

Source: field survey 2007

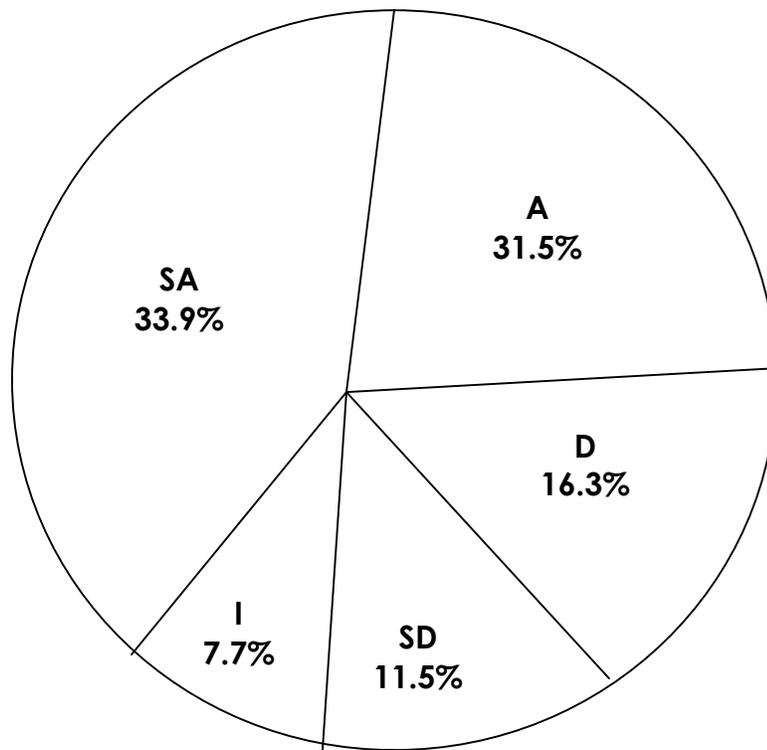
Key to Letter

A = AGREED SA = STRONGLE AGREED
D = DISAGREE SD = STRONGLY DISAGREED
I = INDIFFERENT

4.2.1 Respondents are further represented in the Pie Chart below for easy comprehension.

QUESTION NO. 8 Lack of competent hands made Nigeria not to be able to compete favourable with foreign liners.

Fig. 1

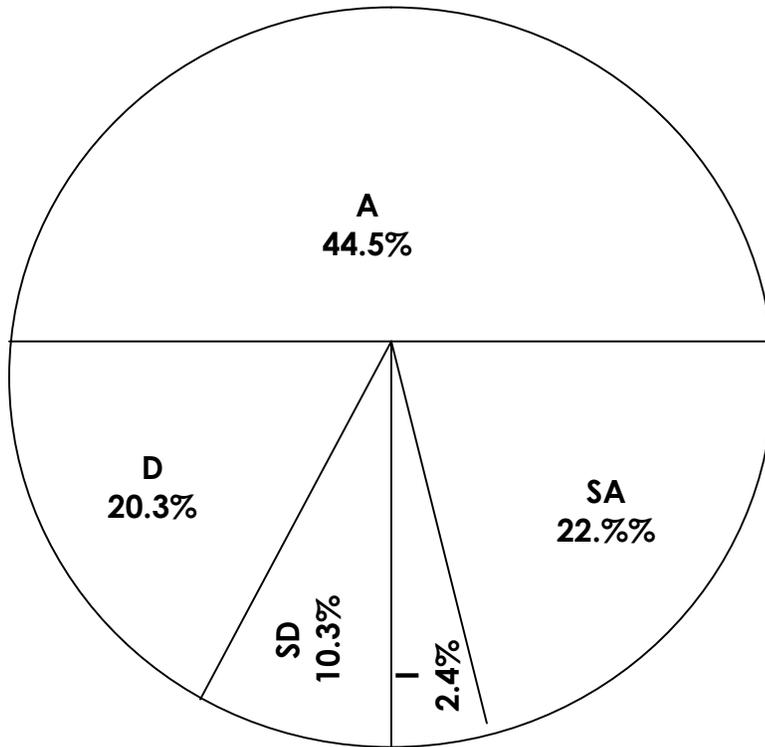


Source: Field Survey 2007

Question No. 9

Maritime trade and the huge capital outlay required for participation can be identified as a critical factor responsible for lack of effective local participation.

Fig. 2:

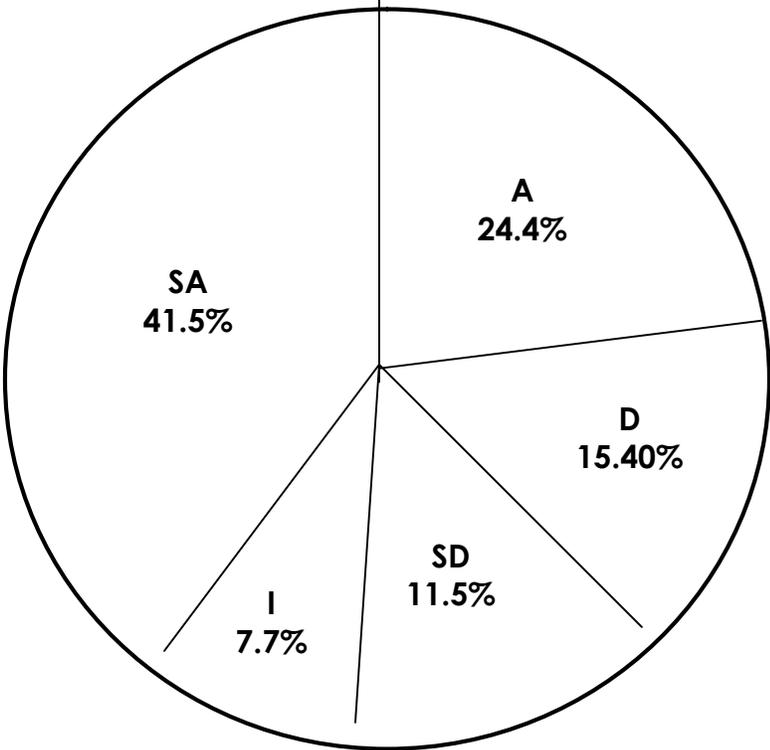


Source: Field Survey 2007

Question No. 10:

Deficiency of management expertise e.g. the entronement of mediocrity and ethnicity is a factor in the failure of the National Shipping Line to fully compete with foreign.

Fig 3:

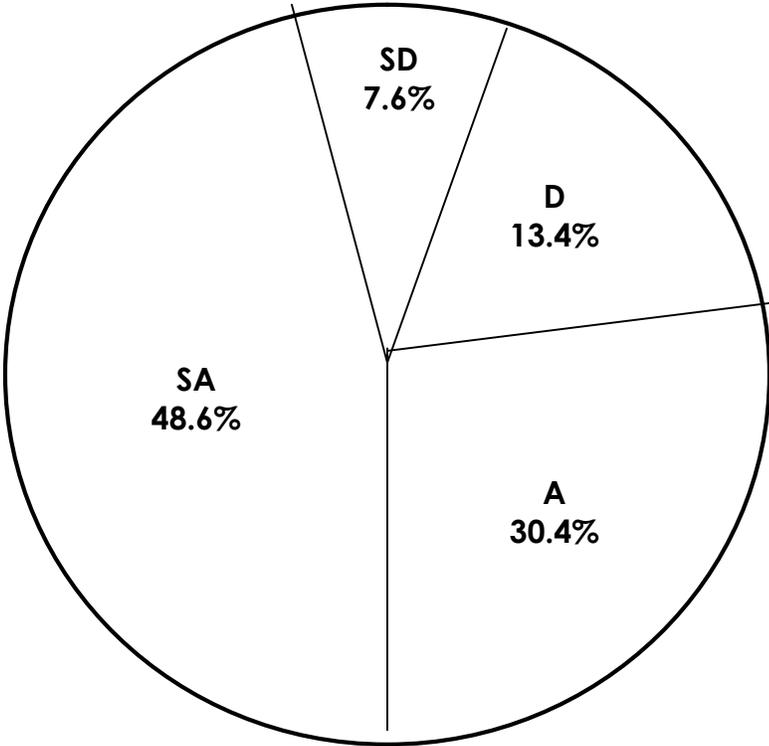


Source: Field Survey 2007

Question 11:

Dominance of foreign vessels in Nigerian waters contributed to Nigerians’ failure to compete favourable with foreign liners

Fig. 4:

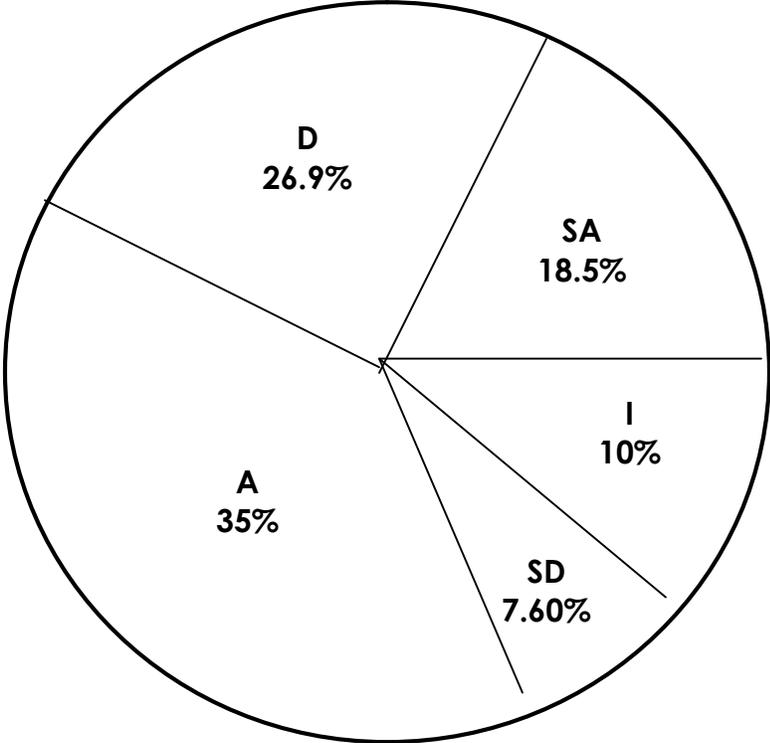


Source: Field Survey 2007

Question No. 12:

The nation cannot reap the full benefits of the ship acquisition and ship building fund until maritime bank is established.

Fig 5:

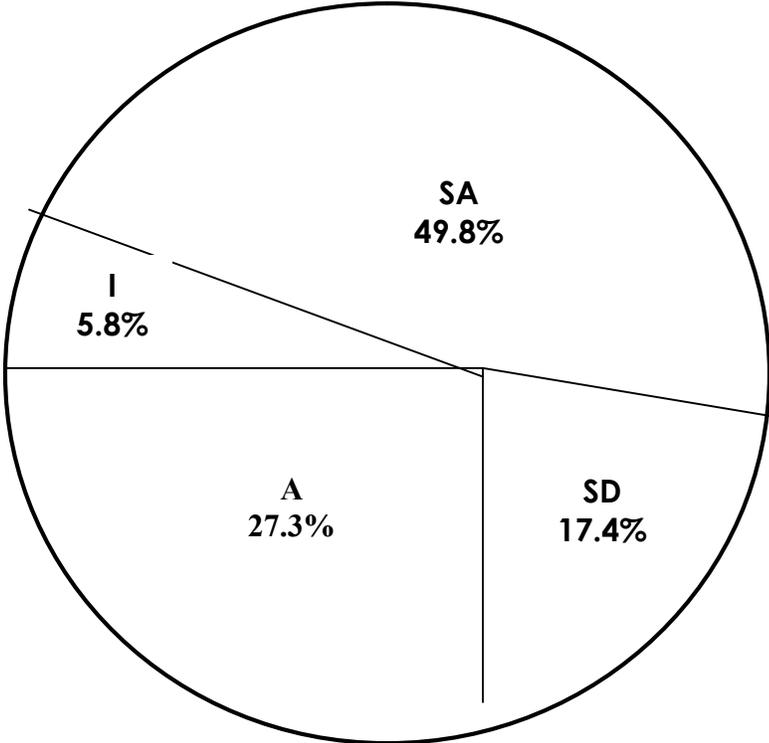


Source: Field Survey 2007

Question 13:

The establishment of maritime bank by private entrepreneurs encouraged and guided y government may be better alternative to government ownership given our experience with people’s bank of Nigeria.

Fig 6:

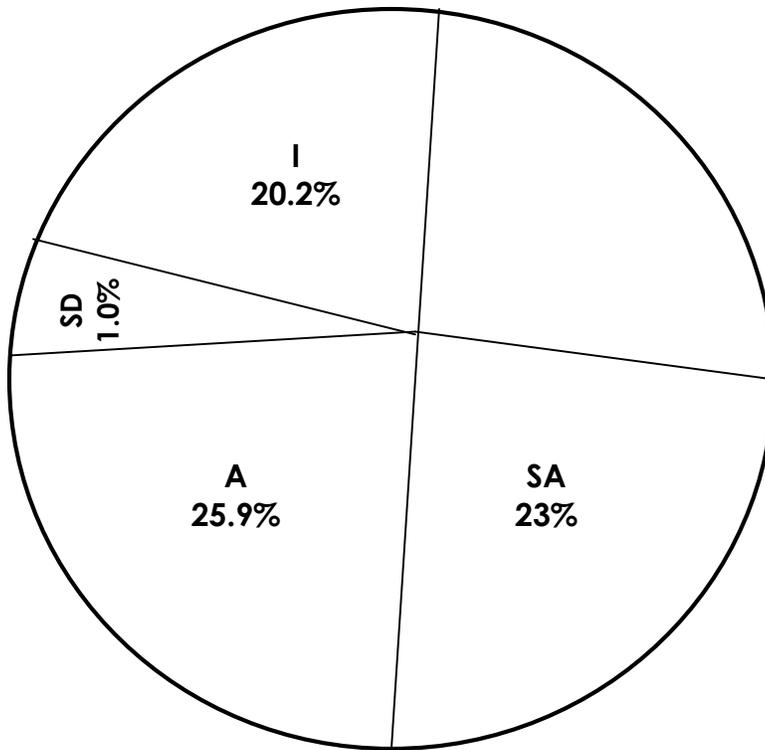


Source Field Survey 2007

Question No.14

Our existing value system, which has undeniably institutionalized corruption, may stand as a big threat to compete favourably with foreign lines.

Fig 7:

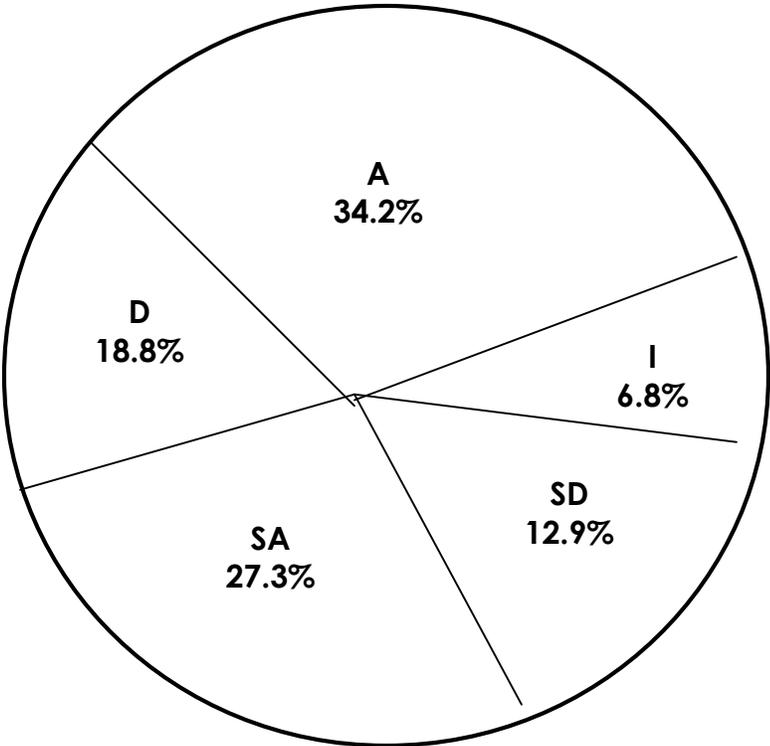


Source: Field Survey 2007

Question 15:

The successes of economic and financial manipulations by foreign liners have given them advantage to dominate the Nigerian maritime industry.

Fig 8:

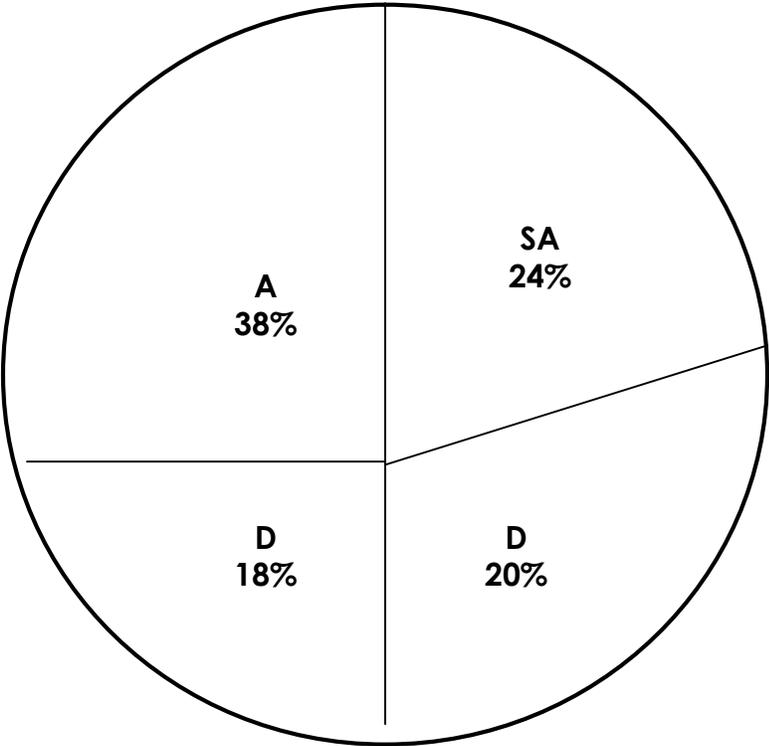


Source: Field Survey 2007

Question No. 16:

A greater percentage of the maritime industry is dominated by foreign lines which gives them advantage to exploit Nigerians.

Fig 9

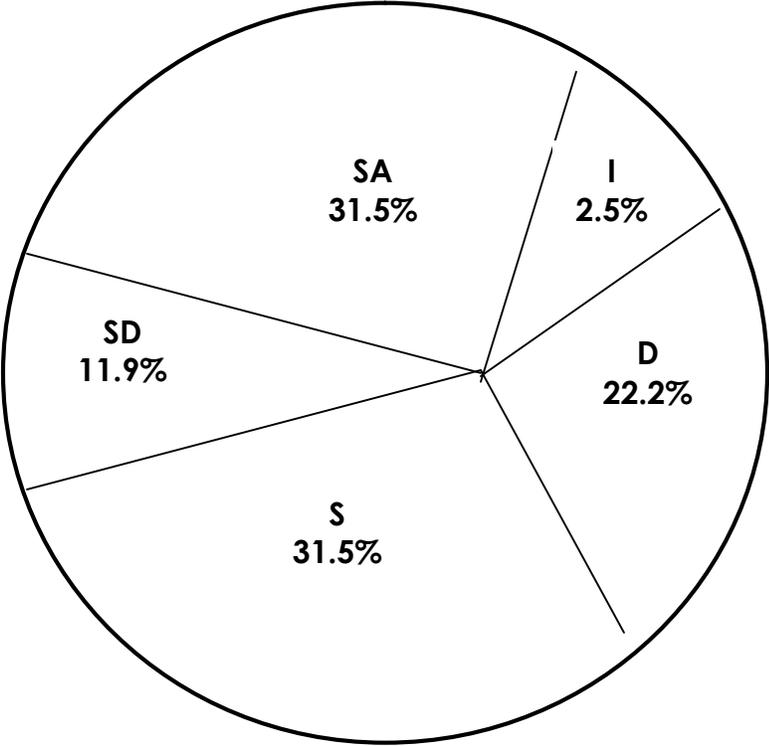


Source: Field Survey 2007

Question No. 17:

The UNCTAD Code of conduct sharing formula 40:40:20 was bastardized by Nigerians

Fig 10:

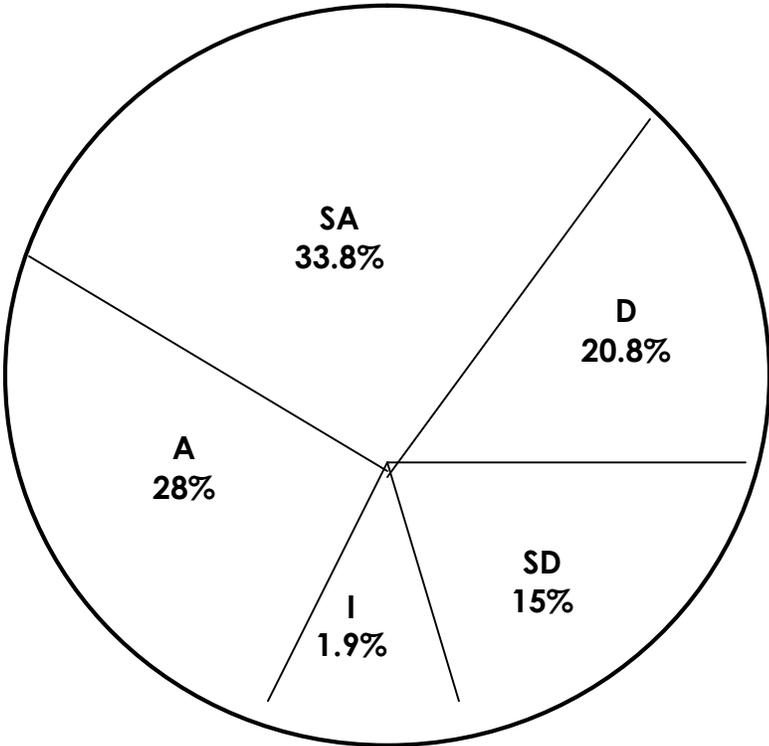


Source: Field Survey 2007

Question No. 18:

Government poor attitude or disposition to education and research has contributes to the nation’s backwardness.

Fig. 11;



Sources: Field Survey 2007

4.2.2 Analysis according to Research Question

As shown above, the question that appeared in the questionnaires, some of them such as question(s) 9,10,11,14 and 16 were used in the test of hypothesis. All the questions appear to be fundamental to the issue of dominance opinions have been depicted in pie chart for easy understanding.

Question in 8 says: lack of competent hands made Nigerian unable to compete favourable with foreign lines. In fig 1) response, 31.53 answered agree, 33.8 expressed strong agreement, 15.38 disagree while 11.5% strongly disagree, 7.7% were indifferent.

The implication is that the inability of Nigerians to manage the national fleet (NNSL) coupled with corruption made the lines to go underground. However, this shows that we lack professionals and sincere ones to manage the fleet. Furthermore, this gives room for foreign lines to dominate the maritime industry.

Question No. 9 says: Maritime trade and the huge capital out lay required for participation can be identified as the critical actor responsible for lack of effective local participating.

Respondents answer indicate as follows (fig. 2) 44.52 expressed agreement, 22.0% disagree, 10.0% strongly disagree agree while 3.8% expressed indifferent.

It has been pointed out above that maritime trade is very capital intensive in terms of the technology for ship acquisition and also

for modern ship requirements. This capital intensive made it virtually difficult for nations like Nigeria to actively maximize the opportunities present by maritime trad. Even UNCTAD at a time decided to assist by its policy of 40:40:20 carriages of goods policy, yet Nigeria has unable to benefit from the policy.

Question No. 10 says:

The implication is that most laudable project initiated by government has suffered as a result of bad management. When people are considered on the basis of where they come from or whom they know ad not on the basis of what have offer, then such project or policy is bound to suffer.

In most cases professionalism is thrown overboard. A good example was the appointment of Arc Aminu Dabo as the Managing director of Nigerian Ports Authority – a sensitive organization where there are core professional in the field of transport and shipping in Nigeria. As very soon there were problems as services failed to improve as expected. He was relieved of the position. Presently a Medical Doctor is Minister of Transport. His appointment came as a result of political considerations and not professionalism. NPA is presently bedeviled with retrenchment and squabbles over mismanagement of N85 billion.

Question No. 11 says that ill motivated government interference in the implementation of its policies and programmes e.g.

politicization has contributed to the failure of such programmes as indicated in Fig. 4 30.4% disagree, 7.6% expressed strong disagreement while 23 remained indifferent. The implication is that government interference in its organization or programmes motivated solely by political considerations have led to the failure of such projects or programmes.

A good example was the former Chairman of People's Bank of Nigeria late Dr. Tai Solarin who accepted the appointment since the bank was designated to help the masses by providing soft loans.

Solarin was frustrated when he discovered that rules and procedures were most often sidelined as directives came from Aso Rock from different persons. The former Managing Director Maria Sokenu could not even listen to him as she acted according to directives from above which siphoned the banks funds into dubious and questionable hands without getting the genuine people it is meant for. The Chairman Tai Solarin resigned in frustration and died shortly after, while the bank collapsed.

Question No. 12 says, the nations cannot reap the full benefits of the ship acquisition and ship building fund indicated in fi. 5, respondents answer as follows: 35.0% expressed agreement, 18.5% said they strongly agreed, 26.9% agreed 9.6% strongly disagreed while 10% remained indifferent like we earlier pointed out, the capital intensiveness of maritime trade has made its financing difficult by ordinary banks.

This therefore calls for a special bank the maritime bank with direct focus on maritime financing. This may necessitate different interest groups being involved as shareholders to ensure that the bank capital is lifted to such a level where it can shoulder the responsibilities.

Question No. 13 says, the establishment of maritime bank by private entrepreneurs encourages and guided by government may be better alternative to government ownership given our experience with People's Bank of Nigeria. It is an accepted reason that government has remained a bad manager. This is evidence by the fact that government is trying to privatize all its companies and parastatals based on poor performance and result.

There may be no headway if government is to establish a maritime bank and manage it. The experience of People's Bank Nigeria, which was established to assist the less privileged in society is still fresh in own minds. People used their positions in government and made sure that the fund never got to the intended beneficiaries.

The bank was located which admitted in its collapse. We should also learn from what befell the men used their connections to collect and refused to repay.

Question No. 14 says: our existing value system, which has undeniably institutionalized corruption, may stand as a big threat to compete favourably with foreign lines. Respondent's answers

are as follows 25.9% agreed with the statement, 23% strongly agreed, 20% expressed disagreement, 10.% strongly disagreed while 20.2 were indifferent.

The implication is the is that the level of corruption in Nigeria is connected to our value system that propels people into corruption practices, when the society recognizes people, honours

No segment of the society is spared this malady. Just recently while the Senate President and others where being investigated, the staff of the economic and financial crime commission accused their own officer's charge with the investigation of embezzling federal government funds to the tuned of 50- million. Scores of petitions were sent to the presidency, the Inspector General of Police and the State Security Services (SSS).

We already know that the sacking of people from office for one offence or the other is simply the replacement of one thief with another.

Question No. 15 says: that internal collaborators aid the successes of economic and financial manipulation by foreigner liners have given them due advantage to dominate the Nigerian maritime industry. Those figs indicate as follows; 34.2% said they agree, 27.3% expressed strong agreement, 18.8 disagreed, 12.9 strong disagreed while 6.7% remained indifferent.

The implication is the Nigerian counterpart aids financial and economic manipulations by foreigners. Foreigners use Nigerians as

front wherever they want to perpetrate economic and financial crimes; immigration officers are bribed to over short the immigration quote to aliens. Multinational most undercut payments to the government. In some companies Nigerians who front as board members are merely used as rubber stamps by the foreigners to achieve their interest.

Such liners deliberately underpay some Nigerians who work for the whites. No thanks to the efforts of the blacks at the management level who encourage such practices.

Question No. 16 A greater percentage of the maritime industry is dominated by foreign liners which gave them advantage to exploit Nigerians. In answer to the question (Fig. 9) 38.0% of the respondents said they agreed, 24.0% said they strongly agreed, 20.0% expressed disagreement, 18.0% said they strongly disagreed.

The implications is that due to dominance of the industry by the foreign liners, there every tendency for Nigerians to be exploited. However, the shipping industry will be controlled by the foreign lines. The country will experience capital flight. Furthermore, top position in these companies will occupied by expatriates.

Question No. 17 says: the UNCTAD code of conduct sharing formula 40:40:20 were bastardized by Nigerian. As shown in fig 10 respondents answer to the question are as follows 31.9% expressed agreement, 31.5% expressed strong agreement, 22.1%

disagreed, and 11.9% disagreed while 2.5% were undecided. The implication is that the percentage of cargo that was allocated to Nigerians was sold to these foreign lines. This made the programme to fail not achieving its purpose.

Question No18 says: government poor attitude or disposition to education and research has contributed to their nation's technological failure and backwardness. The government seems to pay little or no attention to the proper education of the citizens. In the higher institutions researches are not encouraged, libraries are obsolete and lack books on current developments in technology. Equipments for practical are in non-existence. Teachers are not motivated as they continue to go on strike. Even those who happen to have made discoveries are not encouraged in any way to nurture their ingestions. There is intense brain drain.

4.3 PRESENTATIONS AND ANALYSIS OF DATA ACCORDING TO TEST OF HYPOTHESIS

Having discussed our research questions and the respondents' opinion to research question with appropriate analysis on the dominance of foreign liners in Nigeria.

We shall assess over guiding hypothesis. There are three guiding hypothesis. Based on the objectives of this research, each of these hypotheses seeks to explore a particular area in relation to the activities to the activities of foreign shipping lines in Nigeria.

For instance, lack of competent hands sees to affect the Nigerians maritime industry which paved ways to foreign shipping lines.

This further explained the few Nigerian that were trained in overseas and there was no maritime institute in Nigeria to train personnel's that will be able to take care of the maritime industry.

The second hypothesis seeks to establish what will be likely impact of corruption on the successful dominance of the foreign lines. Corruption is a cankerworm that has eaten deep into the fabric of Nigerian society and has affected the country nationally and internally. Many government projects have suffered as a result of corrupt practice. Many have been completely ruined.

The National Fertilizer Company of Niger (NAFCON) Onne was completely ruined as a result of corrupt practice; the Nigerian National Shipping Line (NNSL) also suffered the same fate. Some others like the Nigerian Police, National Electric Power Authority (NEPA), and Nigerian Telecommunications etc has been made quite ineffective as a result of corruption.

Despite the stringent law and institution set up to tackle corruption, Nigerians at the helm of affairs in government like Inspector General of Police, Senate President and Ministers etc.

The third hypothesis states that the huge capital outlay required for participation in the maritime trade may constitute a great setback to Nigeria's aspiration in liner trade. As pointed out else where, maritime trade is very capital intensive and requires a lot of investments. For instance, the idea of the privatization of the

port as being contemplated by the federal government of Nigeria is as a result of the need for more funds and also for more efficient management. Elsewhere it was stated that Nigeria needs about 15 ships and that Nigerian bank if syndicated can only buy one or two.

This shows that the dominance of maritime trade by developed nations is result of their possessions of the needed capital in developing countries since participation and development in maritime trade has to do with their level of capital technology.

HYPOTHESIS 1

The hypothesis states that, dominance of foreign vessels in Nigerian waters contributed to the Nigerian failure to compete favourably with foreign lines.

In question No. 11 we asked our respondents whether foreign liners stand as an obstacle to our local maritime practitioners. 158 (30.4%) said they agree, 132 (23.4%) expressed strong agreement, 70 (13.4%) disagreed, 40 (7.6%) strongly disagreed, 120 (23%) were indifferent. The indifferent is excluded to avoid distortion of the result,

Also in question no. 16, a greater percentage of the maritime industry is dominated by foreign lines which gives them due advantage to exploit Nigerians. 200 (38%) agreed, 125 (24%) strongly agreed, 105 (20%) disagreed while 95(18%) expressed strong agreement.

CONTINGENCY TABLE FOR THE TEST OF HYPOTHESIS

Table 6 Problem Of Implementation

Expressed Agreement			Not Expressed Agreement		
Dominance by the foreign Liners	(a)	(265) 290		(135) (b)	400 110
Not dominated	(c)	(349) 325	(d)	(175) 200	525 525
		615		310	925

Note: 0 means the expected value

Degree of freedom (DF) = 1

Level of significance = 0.05

Table of value of X_2 = 3.841

X_2 cal = 12.04

X_2 EXP = 3.881

X_2 cal > X_2 exp: therefore we reject the null hypothesis (h_0) which says that none dominance by foreign liners contributed and accept our alternative hypothesis (AH) which state that the dominance of foreign liners contributed the exploitation of Nigerians.

HYPOTHESIS 11

Corruption is not a major factor to the failure of government policies and programmes. Question IV and 14 were used to test the hypothesis.

In question No. 10, statement says, deficiency of management expertise e.g. entronement of mediocrity is a factor in the failure of the national shipping line to favorably compete with her foreign counterpart; 228 (43.8%) expressed agreement, 112 (21.5%) strongly agreed, 8 (5.4%) disagreed, 60 (11.5%) strongly disagreed while 40 (7.7%) were indifferent. The indifferent is excluded to avoid distortion.

Also question No. 14 the statement says our existing value system which has undeniably institutionalized corruption may stand as a big threat competing with the foreign shipping lines; 135 (25.9%) respondents express agreement, 120 (23%) express strong agreement, 108 (20%) disagree, 52 (10%) strongly disagreed while 105 (20.2%) were indifferent. The indifferent is not to be included to avoid distortion.

CONTINGENCY TABLE FOR THE TEST OF HYPOTHESIS

Deficiency of Management

Table

Corruption	Expressed Agreement		Not express agreement	
Major factor	(a)	340(322)	(b)150 (168)	490
Not a major	(c)	255 (273)	(d)60 (142)	415
Factor		595	310	905

Note: () means expected value

Degree of first freedom (df) = 1

Level of significance = 0.05

Table value of X_2 = 6.28

X_2 exp = 3.841

X_2 cal > X_2 exp. Therefore we reject the null hypothesis (H_{O2}) which says that corruption is not a major factor hindering the participation of Nigerians in lifting of cargo and accept the alternative hypothesis (H_{A2}) which states that corruption is a major factor which hinders Nigerians from lifting of cargoes and their inability to compete favorably with foreign lines.

HYPOTHESIS 111

The hypothesis states that huge capital outlay required for participation in the maritime trade may constitute a great set back in lifting of cargoes question 9 and 12 were used in the test of this hypothesis.

Question 9 says maritime trade and the huge capital outlay required for participation can be identified as a critical factor responsible for the lack of effective local participation.

In our respondents opinion 232 (44.6%) agreed, 18 (22.6%) strongly agreed, 106 (20.3%) disagreed 54 (10.3%) strongly disagreed while 20 (3.8) expressed indifferent. The indifferent is excluded to avoid distortion.

CONTINGENCY TABLE FOR THE TEST OF HYPOTHESIS 111

Problems of Capital

Table 8

Capital	Expressed agreement		Not express agreement		
May Constitute Set back	(a)		(b)	150 (168)	490
May not Constitute Set back	(c)	280 (300)	(d)	160 (142)	415
	620		350		970

Note: () Means expected value

Degree of freedom (df) = 1

Level of significance = 0.05

Table value of X_2 = 3.841

X_2 cal = 7.15

X_2 exp = 3.841

$X_2 \text{ cal} > X_2 \text{ exp}$. Therefore, we reject the hypothesis (H_{O3}) which states that the huge capital outlay required for participation in the maritime trade may not constitute a great setback to Nigeria's aspiration in lifting of cargo and accept out alternative hypothesis (H_{A3}) which says the huge capital in the maritime trade may constitute a great bank to Nigeria's aspiration.

A major hindrance of the Nigerian business environment is the unwillingness of many entrepreneurs to agree to pool resources together especially in the maritime sector.

4.4 DISCUSSION OF RESULTS

This study as we are already aware of the foreign dominance in Nigeria and the problems of participation. Our main concern here is to discover the areas that are likely to pose some problems in the maritime trade. We have earlier on stated that Nigeria as a country does not have problems with policy formulations but the implementation. We shall now discuss in this section the result of our research according to the research questions and the tested hypothesis.

4.4.1 Discussion of Results According to Research Question

In this section we shall attempt to firstly discuss the result according to research questions.

1. Can Nigerian participate fully in the lifting of cargo?

By this law, the reservation of inland or coastal shipping activities in Nigerian flag vessels.

2. Can Nigerians join the cartel formed by those foreign lines?

We may not be able to have control of our maritime trade but we can only do by government policies.

3. Does the country possess the needed skill, capital and technology for proper implementation?

This is the main reason for why the national shipping policy was formulated. For instance a former sole administration of Nigerian National Shipping Line Captain C.G. Niagwam did state that all the banks in Nigeria syndicate could only buy about two vessels while Nigeria needs 15-20 ships.

Nigerian is not known as a shipbuilding nation. It does not possess the technology and the requisite skills for instance, the one it has, the Nigerdock still needs foreign expertise to perform and also foreign capital. It was alleged that following the sack of a former Managing Director of Nigerdock, a new consortium was appointed to manage Nigerdock and that the foreign consortium has started injecting substantial working capital funds coupled with the development of a restructuring plan to turn Nigerdock around for profit. This is to show that Nigeria still depends on both foreign capital and management expertise.

4. Is there like hood that operators will exploit the weakness of the determent of Nigerian economy?

There is the likelihood that operators will exploit the weakness of the country for personal gains and to the detriments of the

economy. The weakness of Nigeria has included death of capital, technology and corruption.

These are the areas that provide avenues for manipulations leading to corrupt practices. The death of capital and technology makes the waivers possible to bring foreigners and these are the things that create abuse, indigenous interest collaborate with foreign interest to undermine the objectives of the Nigerian shipping policy.

For instance, an alarm was raised recently by indigenous shipping experts in the maritime and shipping industries on the covert plan by expatriate maritime operators to subvert the coastal inland shipping.

5. What major factors contributed to the failure of major government policies in the past? E.g. Decree 10 of 1987.

The major factors that contributed to the failure of many government previous policies includes: corruption, lack of capital and poor management combined to destroy many previous organizations such as NAFCON steel rolling mills, Nigerian National Shipping Line (NNSL), Nigerian Airways etc.

For instance in the case of Nigerian Airways, at the height of corruption it was alleged that there were instances of N3000 being reflected in the account department of trips that cost N22,000 and that it went on for quite a long time being master minded largely by some travel agencies which were of course owned by top shots of the Airways. There was also a case involving the revenue

accountant of the airline in Kano where the airline lost N65 Million in unmerited ticket sales revenue.

6. Is there the possibility that such problems will repeat themselves?

There is possibility that such problems will repeat themselves because soothing has changed. Instead it is becoming worse. The transparency international recently named Nigeria as the second highest corrupt nation in the world.

The Director General of the debt management office Dr. Mansor Muthtar disclosed that it ranking would difficult the demand by the federal government for debt relief from her creditors, particularly the Paris club which Nigeria owed 327.469 billion as at Dec.2003.

7. Can Nigerian leaders be trusted to place the interest of the country above their own personal interest?

The Nigerian leaders cannot be trusted to place the interest of the country above personal interest. For instance, the Minister of Education has been detained by the Economic and Financial Crime Commission (EFCC) for offering a fifty Million bribe demanded by members of the National Assembly before they could look into his complaint of short funding or allocation to the secondary schools. It was the very school being starved of funds that were taxed to produce this money. Also of all the Governors in Nigeria it has been reported that only two were found not to have directed diverted fund meant for their states to their personal overseas account.

A governor who has been banned by American government not to come to America on account of massive corrupt practice was quoted saying that even commissioners in some states are richer than him. This runs down from the federal, state and local governments to the various parastatals and institution.

In the face of unemployed and poverty plaguing their state some governors and Nigerian former Head of States are said to have established industries and hospitals abroad thereby giving employment to the citizens of those countries and promoting their economy.

8. Is the setting up a maritime bank a vital necessity for the success of Nigerians to own a vessel?

According to the former Managing Director of Nigerian Ports Authority Dabo, (2002) Nigeria cannot compete with a foreign lines unless a maritime bank is put in pace. Also according to a former Sole Administrator of the defunct NNSL Captain Niagwan; ships are very expensive and Nigerian banks if they syndicate can only buy about two ships while Nigeria needs about 2-10 ships. This therefore brings the need for specialized bank – maritime bank to take care of this area?

9. Can a government bank be free from politicization?

A maritime bank where the government has majority share may not be free from undue interference and consequent mismanagement. We can make reference to such experience like the former People's Bank of Nigeria, set up to give loans to the less privileged but which was hijacked by the powerful men in government and never fulfilled the objective for which it was set up. The shipping fund or ship acquisition fund under the management of NMA was also mismanaged because of the powerful interest involved.

CHAPTER FIVE

5.0 SUMMARY CONCLUSION AND RECOMMENDATION

5.1 SUMMARY OF FINDINGS

The Nigerian economy depends on her maritime for survival about 80% of cargo (import) comes through the sea. Cargoes like general cargoes, unitized cargoes, wet cargoes, roil on cargoes, reefer etc. all come through sea.

This has shown how importance the maritime is to the economy of Nigeria. Seaborne trade has position other sector which includes the manufacturing sector and other allied industries all has a relationship with the maritime trade.

The Nigerian maritime trade since inception has suffered setback eigher lacks of expertise coupled with corruption and inconsistence in government policies contributed to her down back and perhaps, this gives the foreign liners advantage to dominate the maritime sector solely controlled by them and they dictate the pace.

FINDINGS

The following were established during the course of this research:

1. Inconsistency in government policies has afflicted the maritime industry.
2. Corruption by government officials contributed to the setback of the maritime industry.

3. Nigerian cannot compete favourable with her foreign counterparts due the absence of vessels ownership by Nigerians.
4. It was observed that most international bound cargoes were lifted by these foreign shipping lines including those moved along our coast.
5. The research also revealed the activities of some Nigerians conniving some lines to sabotage the country's maritime industry.
6. The study also revealed that 80% of the maritime industry is dominated by foreign lines.
7. Part of the reasons why industry is dominated by the foreign lines is. There no proper legislation that guides the operations of maritime in Nigeria.
8. The national shipping policy decree 10 of 1987 is obsolete and need to draw up a proper policy that will allow Nigerians practice in the maritime industry especially in lifting of cargo.
9. Due to the dominance of the foreign shipping lines, the Nigerian Seafarers has been rendered jobless without jobs despite the training by the maritime academy.

The research set one to apprise the implementation of indigenous policies in Nigeria particularly the caborage regime and the problems of implementation.

We had earlier on stated the problem of Nigeria is the problem of policy implementation and not necessarily that of policy and formulation.

5.2 CONCLUSION

The national shipping policy decree 10 of 1984 established the Nigerian Maritime Authority. The Authority was charged with three major roles namely: regulating, finance and economic commission all in the terrain of the shipping industry in Nigeria. The three roles ere meant to increase the merchant fleet owned by Nigerians and acquire indigenous skill in maritime transport technology. The authority was established also to assist in promoting manpower development in the maritime field. The policy equilly encourages participation in the shipping of both dry and wet cargo with the implementation of 1974 UN Liner Code.

Through the Federal Government intention of promulgation decree to of 1987 was to encourage and protect indigenous shipping lines or shipowners, the policy has failed in this respect.

The solution lays reviewing the policy and updating it so that it can cope and be used to the nation in view of the changing world of maritime trade and maritime trap sort. It is pertinent to note that Nigeria as a maritime nation listed in the white list of the IMO need to fully participates and integrate her maritime sector. The dominance of the maritime sector by the foreign lines has affected

the economy causing capital flight and rendering Nigerian jobless especially the seafarers and other maritime practitioners.

Therefore based on the findings this research discovered that:

1. The attitude of government officials contributed more than any other factor to the failure of government policies and programmes most government officials treat government matters with levity. Government business is usually regarded and treated as no man business.

This is the extent that once the programme fails everybody finds his or her way. Laws are not obeyed rules and procedures flouted with impunity. It does not matter whether the responsibility for protection or safeguarding of such programmes are entrusted in their care. This is why policies and actions detrimental to the survival of such organization are usually taken without evaluating and caring for the harmful impact on the organization and society.

Such attitude expressed in the appointment to position made by governments, which may not conform to any rational economic decisions but mainly to satisfy some interest

Due process is also ignored resulting in dubious deals that lead to collapse of organizations as seen in the case of (NAFCON and Nigerian Airways. Deterioration in the management of some organization such as the Nigerian Ports Authority and the likes where appointment are made based on political expediency or ethnic coloration/consideration.

Everything thrives on who you know and not necessarily what you can do. The cabotage regime is not likely to be immune from this madly.

2. Corruption is a major factor in the failure of government policies and programmes; corruption has led to the collapse of many Nigerian institutions and organizations. These are fraudulent acts perpetuated by those in such organization sometime in connivance with outsiders. For instance, the collapse of NAFCON was contributed by massive corruption where workers/management staff connives with outsiders to inflate contract prices even when such contracts are not executed. The company found it difficult to carry out proper maintenance leading to the collapse.

In the case of Nigerian Airways, the collusion between the staff and the travel agents for instance resulted in the loss of N2 million everyday by the organization. With this and many other manners of frauds the airline could not survive.

The case of the defunct Nigerian National Shipping Line is also clear. With over 20 ships the organizations could not survive because of corruption.

Already the local operators have already cried out what they described as the reverse of liner trade. The expatriate operator is already excluding Nigerians. The reverse is becoming the case. Such practices may equally lead to the collapse of the shipping policy.

5.3 RECOMMENDATIONS

There are certain implications of the study. Nigeria is a country endowed with huge maritime potentials yet it has failed to harness these huge potentials. This is evidence in the fact that:

1. Nigeria has no foreign fleet.
2. The domination of its coastal trade and offshore industry by foreign owned ships.
3. An almost exclusive manning of even coastal vessels by foreign seafarers.
4. Lack of training placed for its nationals in the foreign ships.
5. Unavailability of ship repairs and building facilities.
6. Problem of free flow of capital for the competitive funding of ships operation and shipping practice.

The above makes the foreign vessels to dominate the maritime industry.

In view of the above, there is need for the government to:

1. Provide adequate legislation that will protect the local practitioners.
2. There is need to encourage the shipping practitioners to own vessels that will enable compete favourable with their foreign counterparts.

Maritime trade is very capital intensive, we therefore suggest as follows:

- 1 The establishment maritime bank

- 2 Government should not have a dominant interest in the bank so as to avoid undue political interference.
- 3 Nigerian banks should be encouraged on the need to syndicate and get involved in shipbuilding.
- 4 Foreign banks and interest groups should be attracted for the purpose of establishing a maritime bank.
- 5 The major role of government should include the establishment of enabling environment for the take off and success of the bank.

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APPENDIX 1

QUESTIONNAIRE

TOPIC: **AN ASSESSMENT OF ACTIVITIES OF FOREIGN SHIPPING LINES IN NIGERIA (A CASE STUDY OF SEEREEDEREI BACO LINER GMBH)**

Please tick as appropriate. Only one answer is acceptable for each of the question.

SECTION A

PERSONAL DATA

1. Name
2. Age:.....
3. Sex:.....
4. Profession:.....
5. Years of experience:.....
6. Name of company/organization:.....
7. Nature of activity/business:.....

SECTION B

QUESTIONS

Lack of competent hands mad Nigeria not to be able to compete favourably with foreign liners.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

Maritime trade and the capital outlay required for participation can be identified as a critical factor responsible for the lack of effective local participation.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

Deficiency of management expertise e.g. the enthronement of mediocrity is a factor in failure of the national shipping line to compete favourable with her foreign counterpart.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

Dominance of foreign vessels in Nigeria waters contributed to nigeria's failure to compete favourably with foreign liners.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

The nation cannot reap the full benefits of the ship acquisition and ship building fund until maritime bank is established.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

The establishment of maritime bank by pirate entrepreneurs encourage and guided by government may be better alternative to government ownership given our experience with people's bank of Nigeria.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

Our existing value system. Which has undeniably institutionized corruption,. May stand as a big threat to compete favourably with foreign lines.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

The success of economic and financial manipulations by foreign kliner have given them advantage to dominate the Nigerian maritime industry.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

A major problem in Nigeria is that these entrusted with the implementation and/or protection of government policies and programmes become the very persons that perpetuate practices that undermine such project.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

Reliance on external economic contact propagates corrupt practice.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent

Government poor attitude or disposition to education and research has contributed to the nation's backwardness.

- (a) Agreed
- (b) Strongly Agreed
- (c) Disagreed
- (d) Strongly disagreed
- (e) Indifferent



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