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THE APPRAISAL OF THE IMPACT OF CONCESSIONING ON NIGERIAN PORTS

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ABSTRACT

Despite the numerous benefits that can accrue from effective management of seaports and maritime industry in Nigeria, the issue of mismanagement, bureaucracy and under-utilization of scarce resources has led to huge wastage of resources and man-power potentials which gave the government no other option but to pursue the concessioning of the nation seaports.

This paper however aims at appraising the impact of concessioning of the seaports in Nigeria with particular reference to the Lagos ports. The method of investigation for this study is essentially both descriptive and analytical in nature and therefore relies heavily on observatory method and the company annual report and accounts and as well complemented by desk research. Furthermore some write up on the companies in the newspapers, newsmagazines and seminar papers were considered. In conclusion, it was observed that the concessioning has been justified since it brought upliftment to the seaports and maritime industry in all ramifications.

Key words: Impact, Concessioning, seaport, maritime Industry

1.0 INTRODUCTION

Reform according to Longman's dictionary (2003) is defined as a change made to a system or organization to improve it, so that it operates in a fairer or more effective way and the term reform has also been defined by the oxford learner's dictionary

as a way of making a system or organization better by the removal of imperfection while Ndikom (2006), states that port reforms are policy measures by the government that are aimed at revitalizing and strengthening operational modalities at the ports thereby resulting in increased efficiency and productivity. It is aimed at making the port system not only user friendly, but also investor friendly. However, Badejo (2000) states that, the essence of ports reforms is to achieve better operational and management environment for all stakeholders in the maritime industry.

The Nigerian ports are generally regarded as far below international standards and commercially unfriendly, charging high tariffs and delivering poor services according to Akinjide-Balogun (1999). The problems are numerous and include an inadequate supply of craft and plants, cumbersome documentation system, dilapidated port infrastructure, low labour productivity and volatile dock labour, corruption, vandalism, criminal damage, multiplicity of government and security agencies. It is believed by many, that as long as government retains management of the ports, it is unlikely that much will improve. Furthermore, Badejo (2000), states that irrespective of the desired goals of the reforms and the manner it is designed and implemented, the anticipated goal is to ensure that the reforms will be capable of achieving sustainable and improved port operations and management than the existing level of performance without which the essence of reform will be defeated and uncalled for.

Maritime business around the world owe their historic and monopolistic existence, operational success, and port growth to the application of the port concessioning marketing concept either impartially or wholly according to Jones (2000). The port concessioning concept, emphasize restructuring and structural dynamism bringing local and foreign investors to huge investment on superstructures and port infrastructures, directing towards ship turnaround time reduction and the satisfaction of the customers and port users needs.

Therefore, creating a congenial business environment through the effective provision of port concessioning policy and port user friendly environment, is probably the most popular phase used by foreign ports especially when the federal government is re-focusing its budgetary control to be relieved from the burden of financing activities which may require heavy investments to implement without losing control of other

public objectives (Jean 2000). In other words, most port activities, including port chandelling, stevedoring activities, computer-control berthing systems are dedicated to meeting the visiting vessels requirements and solving existing berthing problems at the ports. Ndikom (2006) however observed that any restructuring program of the port has a better chance of discouraging loss of cargo to other neighboring ports of Cotonou (Benin), Lome (Togo), Accra (Ghana) and Abidjan (Ivory Coast).

Furthermore, he observed that, concessioning is the actual contracting out the management of the port to private sector for a period of time. This definition provide useful potential perspective in the nature of port concessioning, which include a group of other related port business activities working together to achieve a common goal. From other perspective, it is a well establish fact that an efficient and competitive ports sector is a necessary corollary to the development and growth of the Nigerian economy.

Concessioning as one of the reflective tentacles of port reform concept is a veritable factor needed to achieve effective ship turn around and creation of investor-friendly business environment. He agreed that, concessioning is essentially seen as a government privatization effort to current and prospective port users. Its primary purpose is to increase profits by increasing infrastructures and superstructures at the port.

The fundamental aim of privatisation of government institution including the seaports according to Ajiboye and Oloweokere (2009) is to increase capital investment through the provision of modern terminals, adequate security and modern equipment for loading and unloading cargoes, implementation of International laws, regulations and policy on ports and cargo security, customer relations, and national economic survival while the availability of these factors is called an ideal port.

In their various ways, these available elements are involved in creating port image to customers, clients, or potential users about facilities and port services on offer. Their fundamental aim is to prompt customers, clients, or potential users to direct their exportation and importation of goods, making enquiries on a continuous basis. The exporter and importer of goods or services progress from knowledge, to liking, preference, conviction, and eventual import and export of their good or service. At each step in any privatization decision, the probability that an investor

friendly environment will result is enhanced through the use of efficient and effective concessioning advertisement and promotion drive, and ending ultimately in the patronage of the ports being promoted for concessioning according to Ajiboye and Olowookere (2009) while the pursuit of the Port concession programme appeared the most consistent of all efforts and attempts at departing from the previous forms and practices in the Nigerian Ports system Ndikom (2009).

Government in demonstrating its resolve to reshape Port operations commissioned International Maritime Consulting firm, Messrs Haskoning Group to undertake a critical study of our Ports with a view to restructuring them in line with global practices. The Haskoning Group recommended the terminalization of all the Ports in the country. A further study was conducted by the CPCS Transcom Group in conjunction with the World Bank which also recommended the delineation of our Ports into terminals. Under the programme, obligations of cargo operations are to be transferred to private operators via long leases, which could range from 10 to 25 years.

Operators are expected to invest in the terminals to ensure greater efficiency, lower charges as well as promote regional and international competitiveness. Within this context, several options of landlord models were considered as shown in Table 1, before the Government finally settled for the Port concession under a landlord model system which confers the responsibility of a landlord otherwise known as technical regulator on the Nigeria Port Authority was considered most acceptable for Nigerian port reform model.

Comprehensive privatization of port constitutes an unrestricted and irrevocable transfer of port land from the public to private sector, a concession agreement and development of public-private partnership model will be successful if applied within landlord port according to Ndikom (2008, 2009).

Table 1: Options Considered before Adopting the Landlord Model

S/N	OPTION	CONSTRAINT/STRENGTH	VERDICT
1	Outright privatization	Resisted by general public	Rejected
2	Increase public investment in the provision of Port Infrastructure	No money	Rejected
3	Corporatize the Ports and raise money through the capital market	Charges system gave low revenue profile and public management will discourage lenders in the capital market	Rejected
4	Concession	Transfer of operation duties/obligation	Accepted
5	Lease Finance of Greenfield Port Requirement	Restrictive selective Procurement process Amortization strategy sometimes difficult to	Limited acceptance for services to oil and gas upstream requirements

Source: Nigerian Ports Authority, 2007

1.1 BACKGROUND TO THE STUDY

The history of port development in Nigeria dates back to the middle of 19th century, long after the on-set of sea-borne trade and transactions which followed the adventures of early exploitations. Initial efforts towards provision of facilities for ocean going vessel where the attempts were made to open up the Lagos Lagoon. Bird (1971) described seaport as a gateway for shipping trades and a centre for import and export activities. In fact in 2004 alone, the volume of international trade that passed through Nigerian Ports was over 80% of the Nation's total international trade. Little wonder the Nigerian Ports Authority is referred to as the gateway to the nation's economy.

Before government embarked on the concessioning of the ports operations of the Nigerian Ports Authority, the Authority had eight ports in five cities of the country, namely Lagos Port complex, Container Terminal Port, Tin Can Island Port and RORO Port all located in Lagos. Others are Calabar Port, Warri Port, Onne and Port Harcourt Port. There are also several associated jetties prominent amongst are the Kirikiri Lighter Terminal, Escravos, Ikorodu Lighter Terminal etc. As earlier highlighted, the operations of these ports were hampered by a combination of factors including obsolete infrastructure, poor funding bureaucracy etc. All these resulted in inefficient port system and there is a need

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for urgent intervention by way of seeking alternative means of making the ports operates at efficient competitive and profitable level. This led to the adoption of the Landlord Model of port operation which restricts government to regulatory services. This paper therefore seeks to appraise the port operations under a concessioned system and to analyse the impact of concessioning on the Nigerian seaports. Table 2 below shows the exact type of concessions and the concessionaires.

Table 2: New Terminal Arrangements in the Ports.

S/N	PORTS	CONCESSIONS	CONCESSIONAIRES
1	Apapa Port complex	(a) Terminals A & B (Berth 1 – 5)	Apapa Bulk Terminals Ltd
		(b) Terminals(C7D) (Berths 6 – 14)	ENL Consortium
		(c) Container Terminal C&D (Berths 15 – 18a & Lillypond)	AP Moller
		Container Freight Station	
2	Tin can Island Port	(d) Terminal E (Berths 18b – 19)	Greenview Development Nig. Ltd
		(a) Greenfield Development	Grimaldi Line
		(b) Terminal A	Joseph Dam & Sons
		(c) Terminal B	Tincan Island Container Ltd
3	Port Harcourt Port	(d) Terminal C	Ports and Cargo Handling Services Ltd
		(a) Terminal A	Ports and Terminal Operators Ltd
4	Onne Port	(b) Terminal B	BUS International Ltd
		(a) Terminal A FLT	Brawal Services Ltd
		(b) Terminal B FLT and Terminal A FOT	Intels Nig. Ltd
5	Calabar Port	(a) Terminal A	Intels Nig. Ltd
6	Delta Ports	(b) Terminal B	Ecomarine Consortium
		(a) Terminal A Warri Old	Intels Nig. Ltd.
		Terminal B Warri New	
		(b) KOKO Port	Guffamer Bel Consortium
		(c) Warri Old Port Terminal	Association Maritime Ltd
		(d) Warri Canal Berth	Julius Berger Nig. Plc.

Source: Nigeria Ports Authority, 2007.

1.2 STUDY AREA

Lagos ports are one of the major ports considered for concessioning under new port reform regime in Nigeria. The decision to develop Apapa port was taken in 1913 and in 1921 construction of the first four deep water berths of 548.64m long at Apapa began. The Lagos port complex, covering about 200 hectares of land, has two berths for the handling of dry bulk cargo, 19 general cargo berths six for container handling and one berth for RORO (Roll-on-Roll-off) operations.

Tin Can Island Port is located in Apapa, Lagos state. It is one of the ports under the Lagos ports zone of the Nigerian Ports authority. This seaport is highly recognized as an important node of transport in which necessary shipping operations, such as handling of import and export take place. It is an ultra-modern port which was initiated by the Military Administration of General Yakubu Gowon to avoid the reoccurrence of the acute shortage of port facilities which resulted in the ugly and embarrassing port congestion at Nigerian Ports that set the country's economic life into confusion during the period of 1975-1978. This new port located North-west of Apapa Port with a bearing of latitude 6° 27'N and longitude 3°23'E was commissioned on October 1977 to relieve Apapa Quays which was facing tremendous influx of Lagos bound cargo.

The port has quay length of 2500m which consists of seven break-bulk general cargo berths, two RORO berths, and one berth for dry bulk cargo together with other ancillary facilities. It is capable of accommodating up to sixteen vessels at a time. It was built by Julius Berger Nigeria Plc at a total cost of N193.7 million. At the moment, this port is West African sub-region's most ultra modern port and has been drawing keen interest from the international shipping community. The entire Port covers an area of 73 hectares. Infrastructures available in the port include berthing facilities, cargo handling plants and equipment, transit sheds warehouses and an open space of about 125,000 square metres.

On the average, the maximum ship length permissible ranges from 160-180 metres, but vessels with length ranging above 180-200 meters could be allowed to berth on special permission of the Harbour Master. Such vessels are provided with two tugs for pilotage and towage facilities. Day and night pilotage services are provided. Pilotage is compulsory for even ship exceeding 1016 Gross Registered Tonnage entering, leaving or changing berth.

1.3 METHODOLOGY

The method of investigation for this study is essentially both descriptive and analytical in nature and therefore relies heavily on observatory method and the company annual report and accounts and as well complemented by desk research. The approach was mainly through the measurement in terms of infrastructural development, labour relations and the results indicating varying performance scored cards of the companies. Furthermore, some write up on the companies in the newspapers, newsmagazines and seminar papers were also considered.

1.4 AN APPRAISAL OF THE IMPACT OF CONCESSIONAIRES ON NIGERIA SEAPORTS

The impact of the operation of the terminal concessionaires since the port concession programme embarked upon in March 2006 has been viewed in diverse forms either as a programme designed to gratify political allies or as a move in the right direction as one that has the potential to position the ports as a profitable going concern according to Alozie – Erundu (2010). Since the programme commence the outcome has produce an impressive performance in term of operational efficiency and as a measure to make the ports more competitive and be in line with international best practices. The terminal operators include the Apapa Bulk Terminal Limited, APM Terminal Limited, ENL Consortium, Greenview Development Nigeria Limited, Joseph Dam and Sons, Port and Cargo Handling Company, Tin Can Island Container Terminal Limited (TCIT) and 5-star Logistics Limited.

1.4.1. PAPA BULK TERMINAL LIMITED

Berths 1-5 of Apapa seaport were concessioned to the Apapa Bulk Terminal Limited, a subsidiary of Flour Mills Limited to run for the next 25 years. However, the company has dredged its channel to about 12 metres to accommodate bigger bulk cargo vessels and through its parent organization has reconstructed the Berths 1-5 through amortization programme while it has constructed silos and warehouses to accommodate more fertilizers and malts coming into the terminal. Furthermore, a \$5 million new cement on loader was installed to reduce discharge time for ships from 10bdays to 5 and cut out pollution while they were able to procured new trucks,

forklifts and quantities of spares. Apapa Bulk Terminal also repaired failed sections of the port to ease transportation of goods out of the port. Unfortunately, with the concession programme, no other individual or company is allowed to bring in bring bulk fertiliser to the terminal which eventually hampers effective utilization of the port.

1.4.2. APM TERMINAL APAPA LIMITED

This is a subsidiary company of AP Moller, a global logistics giant and port operator whom has the concessioned right of Apapa Container Terminal was for a period of 25 years and the company's area of operation covers two – third of the entire Apapa port land mass. There is no doubt that the APM Terminals has invested so much in terms of infrastructure, investment in staff training, cargo handling equipment, rail line rehabilitation, among others. But a situation where importers can not query their charges, take them to court if necessary due to lack of enabling law, is a major set back for the entire concession exercise, stakeholders observed.

Since March 2006 when the multinational company took over the container terminal at Apapa, monthly cargo throughput has doubled from 22,000 Twenty Equivalent Units (TEUs) to 40,000 TEUs. Its cargo throughput continues to grow at the rate of 20 percent annual while vessel call has risen to 30 percent. In order to accommodate the increasing number of containers coming at the terminal, APM Terminals has acquired four reconditioned panama gantry cranes at the cost of N1.2 billion (\$10 million), with a reach of 13 containers and a lifting capacity of 50 tons each. This has brought the total number of cranes at the terminal to six, excluding two mobile harbor cargo handling equipment. It also acquired four Rubber-tired Gantry Cranes (RTGs), at the rates of N1 billion to ensure faster discharge of containers from vessels. Last year, it purchased a simulator valued at N52.2 million (\$350,000) to train its Nigerian and West African crane drivers. Nigeria's late president Alhaji Umaru Yar'Adua was there personally to commission the Apapa Container Terminal.

Lloyd's list, an international maritime publication named APM Terminals as the port operator for 2009 at its annual global awards dinner held in London which was as a result of their ability to expand its global terminal network and customer portfolio amidst tough market conditions. Nevertheless, the port and maritime experts believed that the company acquired two_ third of Apapa port's land is not too good

for the Country because it does not give room for consignees to make choices on where to bring in their commodity at the port.

1.4.3. ENL CONSORTIUM LIMITED

The Company which operates berths 6-14 was commissioned to handle bulk cargo, break bulk and frozen foods while it is expected to run the terminal for a period of 10 years. It has within four years of operations, reduced the cost of doing business to about 30 percent and while it cost about \$8.86c per tons of cargo, during the Nigerian Ports Authority era, but today, it has gone down to \$6.10c per ton. The Organization handles over 3.5 million cargoes annually beyond the Bureau of Public Enterprises 2.1 million cargoes annually. The company is expecting an increase of 30 percent above the 3.5 million it presently handles.

In the last four years, it has invested so much in building berths and storage facilities. For instance a sum of N70 million was spent to build cold rooms for refrigerated goods. The integrated cold store at the shade six, could take 6,000 tonnes of frozen items which enables goods to be transferred straight from the ships to their cold room instead of waiting for days of trucks to take the consignments to importers' warehouses. The ENL Consortium has spent N211,682,573.36 for rehabilitation of roads, N271,922,695.00 for rehabilitation of stacking area, N45,008,32 for restructuring of quay roof of sheds 6,7,8,9,10,12 & 13 and has spent N534,500,000.00 plants and equipment such as fork lift.

Nevertheless, more storage facilities are expected to be provided which would provide a growth stimulus and keep up stronger development momentum than spending money to erect imposing structure while as part of their corporate social responsibility, the ENL Consortium donated a Nissan pick up van worth N3 million to Apapa Local Government

1.4.4. GREENVIEW DEVELOPMENT NIGERIA LIMITED

Berths 18b and 19 at Apapa port were concessioned to Greenview Development Nigeria Limited which is a subsidiary of Dangote Group by Bureau of Public Enterprises, to manage it for 25 years. With the agreement, only the company's vessels are allowed to bring in bulk cement, bulk sugar and other bulk liquids into that

terminal. The company has a silo capacity of 47,000 tonnes before the takeover of the terminal. An additional 41,000 tonnes is to be added at N1.5 billion. The company has within the period of operation invested over N13.2 billion for the expansion of its factory and about N11.7 billion of the factory investment is for the on-going expansion of sugar factory from the present 55,000 metric tons to 105 tons while N1.5 billion is for development of silo with 47,000 tons capacity to additional 41,000 tons. Apart from five pay loaders, five grabs and five pay loaders which the company inherited from the Nigerian Port authority (NPA), for the sugar company, it has purchased more additional eight hoppers, 50 Tip Lorries, while three new weighbridges have been purchased and installed at the cost of N3.2 billion. The number is expected to increase even further in the future.

In tackling the challenge of erratic power supply the company is connected to the Dangote Sugar power turbine which gives the factory 24 hours uninterrupted power supply. With the agreement, only the company's vessels are allowed to bring in bulk cement, bulk sugar and other bulk liquids into that terminal.

1.4.5. JOSEPH DAM AND SONS

The terminal A was concessioned to Joseph Dam and Sons to run for a period of 10 years for \$14.6 million and handles break bulk frozen foods and general cargo. The company is considered to be the least developed among all the concessionaires. Although it has rehabilitated some of the cargo handling equipments inherited from the NPA, it however seems to be struggling to acquire more cargo handling machines and the need to build a large silo to triple its capacity.

1.4.6. PORT AND CARGO HANDLING COMPANY

The company was concessioned to the Sifax Group, the only indigenous terminals operator at the Tin Can Island Port who won the bid at the cost of US\$104.5 million operates terminal C and is expected to run it for a period of 10 years. It handles bulk cargo, general cargo and containerized goods with a total capacity of over 29,000 metric tonnes for cargo storage.

Since May 2006 when Port and Cargo Handling services took over operations at the terminal, it has acquired 75 different plants and equipment for effective plans

and equipment for effective terminal operation, including 21 heavy-duty trucks for cargo haulage to ensure that the consignments are secured and get speedy delivery of goods from the terminal. The equipment acquired include reach stackers, forklifts, fixed and semi-auto container spreaders, cranes and terminal tractors of Kalmar, Hyster, Catracom, stinis, Nissan Liebharr, among others. The company also acquired two cranes at the cost of N165 million as well as other four cranes to ensure smooth operations at the terminal, even as the policy of plant acquisition, upgrading and maintenance is a continuous process. Since the concession, container vessels of about 1,000 Twenty Equivalent Unit (TEUs) take between 48 to 72 hours, while general cargo ship of about 15,000 and 24,000 tons discharge from 48 to 96 hours.

1.4.6. TIN CAN ISLAND CONTAINER LIMITED

This company won the right to operate Terminal B of the complex for 15 years at the cost of US\$83.3 million bid. The company was concessioned to Yehuda Kotik, an Israeli, with its Nigeria counterparts. Since its concession, the TICT has embarked on reconstruction of the quay wall and apron as well as the berth, at the cost of about N1755,000.00. The project is at its finishing stage and will usher in the company mobile cranes imported from Europe. After the reconstruction and installation, RTGs terminal will be expecting a 100 percent increase in cargo throughput and stacking capacity. The company has handled about 250,000 Twenty Equivalent Units (TEUs) of containers, since inception and would be expecting a 10 percent increased trend of cargo import in Nigeria as the year progresses.

1.4.7 5-STAR LOGISTICS LIMITED

The company which is part of Comet shipping Agencies operates the Roll-On-Roll-Off facility at the Tin Can Island Port when it won the sole bid to run the terminal at the cost of \$125.1 million. It is investing 1,268,734,930 billion within its period of concession. Of the N1.3billion, 5-star Logistics has invested in the refurbished administrative building, extension and strip paving, borehole/water treatment plant, customs offices, paving south extension, refurbishing of operation offices. Demolition works, warehouse construction, as well as electrification, construction of two powerhouse and paving of administration area floor. The terminal handles about 34

in other West African countries about 80-100 cars per hour, which is about 34 in other West African countries and about 200 new cars per hour. 5-Stars Logistics currently discharge 8,000 to 9,000 new cars every month.

However, the unfolding events such as the introduction of new charges, the restriction placed on some of the terminals to concentrate on a particular type of business even when they could diversify into other areas in order to protect some interests, among others, seem to have scuttle and concessionaires have kept it secreted this noble exercise of the government. According to some operators as observed by Alozie- Erundu (2010) that government concessioned the ports to a clique who it would appear are totally against competition while several efforts to make the concession agreement public so that the stakeholders will know the terms in which the pots were given out, has not yielded much result as the Bureau of Public Enterprises.

1.5 CONCLUSION

Despite the fact that Nigeria seaports were plagued with problems such as decline in the quality of services provided, congestion, obsolescence of plants and equipments, high tariffs, port charges and dues; inconsistency in government policies, loss of cargoes to neighboring ports of Cotonou, Lome, Accra and Abidjan etc which were as a result of the inability of Nigerian Ports Authority in providing and performing its expected functions and services while the concessioning of the seaports is being faced with some challenges, the operation of the privatization programme (that is the landlord port concept) where we have the concessionaires as the tenant and Nigeria Port Authority as the land lord has reduced government involvement and limit it to the provision of an appropriate legal framework, maintaining competition, reducing excessive inequalities in the distribution of income and wealth.

However, this paper has shown that concessioning of the seaports in Nigeria to the private terminal operators has led to improvement in the quality of services provided to port users, port efficiency, competitiveness and productivity. Furthermore, it has led to improvement of the management capability, reduction of financial demands on public sector in particular on central government, enhancement of the quality of service offered to users as well as reduction of the amount they have to pay for port

services, sharing of commercial, economic technological and management risk between the public and the private sector.

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The Expediency of Ideology in The Develop: Unionism in Nigeria

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Abstract

This paper, explored the concept of ideology, examines the chequered history of Nigeria's labour movement and, the role that ideology should play in labour relations.

The paper also expressed the common concern about the impact of ideological conflict on Labour Movement in Nigeria. It argued that ideology is inherent in ideology per se, since ideology has its own manner that it is pursued. The paper concluded that the labour movement had since its creation been exposed to foreign importation to a great extent has influenced its growth, vision and achievement towards national independence.

Introduction:

Ideology would seem to have played a great part in the development of the Union Movement in Nigeria, even though it is a subject that has not attracted proportionate attention by both trade unionists and scholars. It is usually assumed that we all know what ideology is, and that it is the capitalist ideology, the socialist ideology, the communist ideology, the