



NIGERIA PORT AUTHORITY AND IMPACT OF COVID-19 DISRUPTION ON PORT OPERATIONS

Paul Chukwudi Ezinna, Ph.D¹ and Dr. Ogunlela, Yemisi Ibiwunmi²

Institute of Maritime Studies, University of Nigeria, Enugu Campus.

National Open University of Nigeria, Jabi, Abuja.

Abstract: COVID-19 took the global, regional and national economies by storm. Its rate of spread and impact is not comparable to any other pandemic ever experienced in this century. It posed existential threat to humanity and all her means of survival. Every attempt to curtail the spread and impact was, in its best, contingent. How nations and port institutions responded to the spread of COVID-19 presents a fascinating picture of global inter-dependence and interconnectivity of trade to the boom and doom of all together. It is against this backdrop that this study examined the response of Nigeria Port Authority to the outbreak of COVID-19 and the impact of the disruption on port operations. Observation and documentary research method was adopted for the study. Using the concept of situation analysis, the study discovered that the COVID-19 safety protocol marshaled out by Nigeria Port Authority is time-consuming and results in revenue loss as the cost burden is on the port users. This has generated conflicting legal interpretations as to who bore the cost between ship owners and charterers due to unexpected elongation of ship return time. The study, among others, recommended urgent implementation of National Single Window policy as the way forward.

Keywords: Nigeria; Port; Operation; Management; COVID-19

1.1 Introduction

Nigeria seaports as the core of the nation's maritime sector are considered second to crude oil in terms of revenue generation for the economic survival of Nigeria. Nigeria has six functional ports, however, Apapa and Tin Can Island ports in Lagos are the main hub of maritime business in Nigeria. Nigeria Port Authority (NPA) operates the Landlord Ports model of management. Rodrigue (2020) described it thus:

Landlord ports represents the most common management model where infrastructure, particularly terminals, are leased to private operating companies with the Port authority retaining ownership of the land. It is the most common form of concession where a private company is granted a long term lease in exchange for a rent that is commonly a function of the size of the facility as well as the investment required to build, renovate or expand the terminal.

Nigeria Port Authority functions as both landlord and technical regulator of the ports and Nigerian Shippers

Council (NSC) as the economic regulator. Nigeria Naval Force and Marine Police synergize to provide security in and around the port and Nigeria water ways. According to Hadiza Bala-Usman (Managing Director of NPA) in (Anagor, 2020) the "Landlord model of port ownership allows NPA to maintain some statutory functions such as the administration of land and water within the port limits, planning and development of port operational infrastructure, leasing and concession of port infrastructure and setting benchmark for tariff structure and maintaining nautical/harbor operations as well as hydrographic survey among others". As indicated in (Nwamu, 2020), other stakeholders in the management of Nigeria ports includes but not limited to "Nigeria Maritime Administration and Safety Agency (NIMASA), Nigeria Customs Service (NCS), Port Health Authority (PHA), Port and Terminal Operators of Nigeria (PTON), Council for the Regulation of Freight Forwarding of Nigeria (CRFFN), Association of Nigerian Licensed Agent (ANLCA) and National Association of Government Approved Freight Forwarders

Economics And Social Sciences Academic Journal

An official Publication of Center for International Research Development

Double Blind Peer and Editorial Review International Referred Journal; Globally index

Available www.cirdjournal.com/index.php/essay/index; E-mail: journals@cird.online



(NAGAFF)”. Stakeholders in the maritime sector believe that Nigeria seaport is the lifeblood of the country. For instance; in 2019, Nigeria’s imports from China were estimated to be N4.3trillion, 25 percent of total imports, while imported manufactured goods took up about 70 percent of total imports (Abiodun, 2020). Statistics have it that 90% of Nigeria’s import and export trades are sea-borne. As such, the ports are the most important gateways to the nation’s economy. This was why many schools of thought believe that ports are Nigeria’s second largest source of revenue after oil.

However, this is not the best of times for Nigeria ports due to disruption of global productive and logistic chains as a result of the outbreak of coronavirus otherwise known as COVID-19. The disruption of the pandemic to the operations of the ports and the shipping industry at large continues to evolve. Therefore; leveraging on the concept of situation analysis, the study sought to ascertain how Nigeria Port Authority responded to the outbreak of COVID-19 and also unravel the impact of COVID-19 disruption on port operations in Nigeria.

2.1 Research Methodology

Observation and documentary research method was adopted for this study.

3.1 Impact of COVID-19 Disruption and Response of Nigeria Port Authority

3.1.1 Nigeria Port Authority (NPA) Response to the Outbreak of COVID-19

First and foremost, NPA organized an awareness programme to sensitize stakeholders and the port community on how to keep the port functional while observing safety protocol to prevent the spread of the virus through the ports. Some of the measures reached according to Abiodun, (2020) include but are not limited to “ vessels coming into the country from Asia were placed on red alert; diversion of vessels whose crew members are showing symptoms of the virus; suspension of all applicable terminal storage fees on consignments for the period of lockdown; agreement with the Nigeria Customs Service to move overtime cargoes to Federal government’s warehouse at Ikorodu; setting up of isolation centers at the ports, and provision of preventive materials such as sanitizers in each of the terminals”. Subsequently, Maritime Administration and Safety Agency of Nigeria

issued a marine notice in compliance with International Maritime Organization (IMO) stipulating thus: “Ships coming from countries of interest (where 1000 or more people are infected) must not berth until they quarantine for 14 days; secondly, Nigeria Maritime Administration Safety Agency in collaboration with the Navy should ensure the implementation of the notices” (Amanze-Nwachukwu & Aliogo, 2020). Furthermore, Nigeria shippers Council within the port community enforced some of the safety protocols including social distancing, facemask wearing and hand sanitizing. According to the Executive Secretary of the Nigeria Shippers Council (NSC):

The first two weeks was very difficult for the council because people were not observing the social distancing and the shipping companies and terminals were not taking responsibility. But after a time, the council had to find decent places for the agents (port agents) to stay and conduct their business, and it has been getting better (Amanze-Nwachukwu & Aliogo, 2020).

It was equally observed that despite the progressive COVID-19 preventive measures enforced within the port community, there were still areas of concerns which resulted in further collaboration with Nigeria Center for Disease Control (NCDC) and the Port Health Services, to further sensitize the port community about the dangers of the COVID-19 and the need to keep to safety protocols.

Before the COVID-19 pandemic and the instituting of lockdown by Federal and State governments, the pandemic of port congestion was a public knowledge in Nigeria. Consequently, there was palpable expectation in the rise of container congestion in the ports due to the lockdown. To prevent the escalation of container congestion, Nigeria Port Authority “engaged the State governors through the Presidential Task Force (PTF) on coronavirus to ensure containers are allowed to move freely to their destinations, and also agreed with Nigeria Customs Service (NCS) to fast-track the clearance of about 1,900 overtime containers (Abiodun, 2020)”.

The Nigeria Shippers Council (NSC) during the lockdown also responded in a number of ways to ensure that the ports are open and operational. For instance; “as part of the general response, NSC, set up a ‘Maritime Task Team on COVID-19’ composed of not just its own officers but also



those of sister agencies, provided transportation to and from the ports daily for freight forwarders, donated N10 million for specific and collective fight against COVID-19, ensured that operators evacuating cargoes from the ports reduced their charges by 30%, suspended demurrage charges and refunded charges collected during the lockdown, leveraged on Information Communication Technology to set up an online community so that certain port users can work from home, and adopted multi-modal cargo evacuation (Echenim, 2020 & Nwamu, 2020)". These responses are simply to ensure seamless port operations and ameliorate the fiscal burden on port users much as it is widely believed that sustaining some of the responses will get the ports operating round the clock, even in the aftermath of COVID-19 Pandemic.

To further curtail the chances of coronavirus infection in our port community or passing through the ports to the larger populace, Nigeria Maritime Administration and Safety Agency (NIMASA) issued specific measures for crewmen such as: "only international vessels having thermal screening facilities for passengers and crew may be allowed in the ports, all passengers and crew members must fill the 'Self Reporting Form' as prescribed by Nigerian Port Health Authority, and Port Health Officers shall carry out thermal screening of all the passengers and crew members on board ships and none would come down ashore until clearance is given (Adetuyi & Williams, 2020)". Keeping to these measures notwithstanding, experts maintain that the mental health of crew members must be well monitored.

3.1.2 Impact of COVID-19 Disruption on Port Operations in Nigeria

The implementation of various restrictions by Federal and State governments, Nigeria Port Authority (NPA) and other Port regulatory agencies in the shipping industry were said to be making business operations in the Port very complex, difficult and time-consuming. This generated varied legal interpretations regarding contractual obligations among charter parties because of covid-19 disruptions. For instance, "for weeks, ships with consignments of perishable items such as frozen fish and wheat worth billions of Naira were unable to berth at Onne Port due to the refusal of Rivers State government to

recognize port operations as essential services during the COVID-19 lockdown (Nwamu, 2020)".

Generally, the impact of covid-19 on Port operations in Nigeria had been disruptive with consequent loss of huge revenues. According to Bello:

The revenue that the government derives from the ports has been disrupted; the ports are not operating optimally for obvious reasons and so there is shortfall in revenue. This will go on for maybe a year and half and there will be a gap during this period because the production of the things we import has been affected and the whole global supply chain has been disrupted. Economies of the countries we trade with have been disrupted and some will not even allow import or export of their products because they are trying to satisfy their own markets. So you will see that volumes, throughput and deployment of ships have reduced. Consequently, the ports will not be as engaged as they normally are. This implies a dip in revenue generated from the port system (Amanze-Nwachukwu & Aliogo, 2020).

For instance, the Shippers Association Lagos State (SALS) recently declared that its members lost more than N5 trillion in one month due to covid-19 pandemic (Amanze-Nwachukwu & Aliogo, 2020). Moreover, "Nigeria Customs Service (NCS) revealed that its three top revenue generating command in Lagos (Apapa, Tin Can Island and PTML Area Commands) collectively lost N2.3 billion daily during lockdown (Foyeku, 2020)". Specifically, "the Tin Can Island Port Area Command on 8th April 2020 stated that the Command in March 2020 lost about N16.2 billion to COVID-19 pandemic. The Command in March 2020 generated N31.2 billion against N47.4 billion estimated monthly revenue (Echenim, 2020b)". COVID-19 induced revenue losses are common experience with all the public and private revenue generating agencies within the sphere of Nigeria Port Authority. While this, according to Nigerian Shippers Council (NSC), may go on for a year and half (Amanze-Nwachukwu & Aliogo, 2020), Director-General, Nigeria Center for Disease Control (NCDC) implored Nigerians to learn how to live with the reality of COVID-19 pandemic for at least one year (Emorkinken, 2020) and the Minister of Finance, Budget and National Planning on 28th March 2020, warned about the possibility of Nigerian economy sliding into recession if the



coronavirus pandemic continues for the next six months (Popoola & Onuba, 2020). According to Amanze-Nwachukwu & Aliogo (2020) “the shipping lines are not operating optimally and about 50% of their workforce is at home”. In accordance, Clarksons (a shipping research company) revealed that “vessels call on Nigeria Port dropped by an estimate of 30% in February, 2020 and container throughput was estimated to decline between 20% and 30%” (Seun, 2020).

4.1 Findings

(i) The directive by Nigeria Port Authority (NPA) that all Terminal operators should suspend or waive demurrage on consignment for the initial period of 21 days as a response to the biting economic effect of COVID-19 on port users was not adhered to. The terminal operators expressed lack of trust of the promise of Federal government via NPA to reimburse them of the waived charges. While government through the NPA directive is claiming to be fulfilling the policy of Ease of Doing Business in the shipping industry, its attitude of not living up to promises is rather an albatross to this particular kind of COVID-19 response and every other response that requires partnership.

(ii) The COVID-19 safety protocol as marshaled out by NPA and Nigeria Maritime Administration and Safety Agency (NIMASA) are time-consuming and results in revenue loss as the cost burden is on the port users. This has generated conflicting legal interpretations as to who bore the cost between ship owners and charterers due to unexpected elongation of ship return time. Most charter party agreements according to Banwo & Ighodalo (2020) “provide for charterers liability for late delivery”.

(iii) Container congestion in Nigeria port is due to inefficiency and corrupt practices within the port community and this has exacerbated as a result of COVID-19 pandemic.

(iv) It is significant to note at this point that the responses of NPA and other stakeholders in the Management of Nigeria Ports against COVID-19 pandemic and its economic impact on the operations of the ports are tentative i.e. situational. They are subject to change in relation to the evolving dynamics of COVID-19 on the global economy on one hand and Nigeria economy on the other.

5.1 Conclusion

The global and local impact of COVID-19 has shown that living and livelihood (businesses) that would survive these uncertain times must never carry on again in their traditional pattern as they were before the pandemic. This is more to the fact that port operations are now designated essential services. Before now, Nigeria Port Authority had been battling with the issue of port congestion caused by infrastructure deficit, inefficiency and corruption. Therefore, Nigeria seaports as alternative revenue source for survival of Nigeria, must as a matter of urgency reinvent itself in order to become competitive and efficient through the following recommendations:

(i) **National single window:** The much touted ‘National Single Window’ approved by the Federal Government of Nigeria since 2016 should now more than ever be given accelerated implementation. It is designed to end the complex nature of Nigeria port operation by collapsing the operations of all port agencies into one organic system for efficiency.

(ii) **Automation:** Nigeria Port Authority is of the view that the automation of Nigeria ports have commenced before now, COVID-19 experience demands that it should be urgently completed.

(iii) **Bonded Terminals:** Nigeria Port Authority (NPA) should imbibe the policy of bonded terminals and get the bonded terminals scattered around Lagos working. That will reasonably address the issue of container congestion.

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