

**Maritime Transport as a Tool of Economic Growth of a Nation (Nigeria)**

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**Abstract.** Maritime transport is an age-long transport system that has over the years been used for the movement of humans and tangible properties, especially bulky objects and liquid objects which may be too heavy or delicate for other forms of transport. The purpose of this paper is to assess and enumerate maritime transport as a tool of economic growth of a nation (Nigeria). It follows that the study aims at ascertaining the potency of maritime transport and its contribution to the economic growth of Nigeria. To attain the aim of this research study, it is needful to adopt a particular research methodology that will enable the researcher to make credible, valid, reliable, and accurate findings in line with the overall objective of the paper. Therefore, the research study will apply and adopt the qualitative method of research, particularly the desk-review approach. Through the desk-review approach applied and adopted, the research finds amongst other things that maritime transport contributes positively to the GDP of Nigeria, which is a major determinant of the rate of economic growth in a nation. The study finds that maritime transport facilitates other sectors of the economy as a major component in the value chains; thereby enabling such other sectors to make contributions to the economy which implies that it is also serving as a tool of the economic growth of Nigeria. In the study, it is observed that maritime transport as a tool of economic growth of a nation like Nigeria is being militated against by certain factors. However, such militating factors are resolvable if proper machinery is put in place and appropriate actions are taken. Finally, this study makes an enormous and unique contribution to theory, practice, and policy as it comes at a point when there is a need for the Nigerian government and investors to diversify the economy; therefore, a proper appraisal of maritime transport as a tool of economic growth of a nation like Nigeria would influence the making of policies and improve the practices in the maritime industry.

**Keywords:** Maritime transport, Economic growth, GDP, Nigerian economy, Maritime industry

**Introduction**

It is a popular assertion that maritime transport is as old as antiquity and if that premise is accepted, it may rightly be said that maritime transport pre-dates the political being of the Nigerian State. Maritime transport is rooted in a pedestrian view to water transportation, and water transportation has been patronized long before the construction of roads which brought to the fore the use of land transportation. To make a case for the long age of water transportation; the first set of Westerners (foreigners) that entered into the territories of present-day Nigeria was the Portuguese who had entered through the sea mainly for trade and other commercial transactions which were done via merchant ships across the seashores and creeks. This entails that as early as then was, water transport (maritime transportation) was used to facilitate economic activities which contributed to the level of economic growth and development in the then society (Igberi & Ogunniyi, 2013).

The origin of modern-day maritime transport is traced to the Dempster's first ship known and referred to as 'fore-runner', which began operation in Nigeria as far back as 1892 (Igberi & Ogunniyi, 2013). Maritime transport is considered as being amongst the most ancient forms of transport in the universe and Nigeria inclusive. If the earliest use of canoe and paddle boats in the local communities in Nigeria as a way of moving people and tangible goods from one place to another is considered as a means of transport; it follows that maritime transport has been in Nigeria before the present innovations and evolutionary changes that have enhanced

operations in the maritime industry. For ages, maritime transport is seen as the major means of trans-continental transportation and maritime transport has been looked upon as one that plays an important role in the economic being of Nigeria. The relevance and utilization of maritime transport in Nigeria may be traced to the natural endowment of Nigeria as a territory with various water bodies not limited to the Atlantic Ocean, Lagoons, Deltas, Confluences, and several rivers (Lloyd et al., 2020).

The importance of maritime transport in a nation like Nigeria need not be overemphasised as well as its role in the nation's economic growth. In Nigeria, there has been a significant level of traffic in maritime transport for years, now. According to a report by the Nigeria Ports Authority (NPA) covering the first half of 2014; it is reported that the cargo throughput for the period is at over 41.32 million metric tonnes. The record shows a significant increase measuring over 15% when comparatively weighed with the 35.81 million metric tonnes reported for the first half of 2013 (Business & Maritime West Africa, n.d.). Based on the foregoing, this paper aims at assessing and enumerating maritime transport as a tool of economic growth of a nation using Nigeria as a reference nation.

### **Statement of the Problem**

Maritime transport as a tool of economic growth in a nation may affect the economy of a nation positively or negatively depending on the nature of management, inputs, and entrepreneurial innovations made in the sector. Irrespective of the justification which anyone wants to put up in the support of maritime transport as a tool of economic growth of a nation, there are claims of incomprehensive reports and incoherent records about maritime transport in Nigeria as a tool of economic growth. This implies that there is a need to ascertain the accurate status of maritime transport as a tool for economic growth. In an age where there is a need for the Nigerian government and private investors to diversify the economy; therefore, a proper appraisal of maritime transport as a tool of economic growth of a nation like Nigeria would influence the making of policies and improve the practices in the maritime industry.

### **Objectives of the Study**

The objective of this paper is to assess and enumerate maritime transport as a tool of economic growth of a nation (Nigeria).

### **Literature Review**

#### **Theoretical Framework**

Igbokwe (2001) defines maritime transport as the means of carriage of commodities by water from one location to another. The water under consideration may be rivers, oceans, seas, etc. Maritime transport has to do with all forms of activities that may have a direct or indirect relationship with the sea; it may be in forms not limited to water transportation, ocean transportation, and sea transportation. Maritime transport is interrelated with shipping activities covering the carriage of cargoes at the port (Workplace Performance Technology LTD, 2010 cited in Igberi & Ogunniyi, 2013).

Marine transport has been defined as including transportation of "passenger and freights, ferry transport, marine towing, ship chartering, marine cargo handling, harbour, and port operations, marine salvage, piloting services, and marine shipping agencies" (Anindiya, 2004). The marine transportation sector has three types of activities which are maritime transport services, maritime auxiliary services, and port services (Igberi & Ogunniyi, 2013).

On the other hand, economic growth entails a systematic process and conditioned circumstances of economic changes which are positive and capable of bringing about growth and development in a particular society or people at a particular period. The level of economic

growth in any society is determined based on the economic indicators utilised as yardsticks in measuring the effectiveness and positivity of economic growth. Such yardsticks include but are not limited to GDP, employment rates, etc. (Yang & Ping, 2019).

### **Empirical Review**

Bottasso et al. (2013) analyse the impacts of ports on the rate of employment in a nation; the study makes use of 560 territorial locations within 10 countries in Western Europe. The study found that there are 400 to 600 jobs created in each region for every million tons of net port throughput. Battasso et al. (2014) observes that there is an addition of a 6-20% increase in the GDP of the regions investigated whenever there is a 10% increase in the rate of throughput. Shan et al. (2014) observe that a 1% increase in the rate of port cargo throughput has the capacity of making an increase of over 7% in the GDP of a country. Chang et al. (2014) find that a single unit shortage in port activity may cause about a 17% loss in the economy of the study area.

### **Research Methodology**

The research methodology adopted and applied in this study is qualitative. There are various techniques and approaches under the qualitative research methodology. An inductive approach is applied as the research approach. The study is exploratory while desk review is a method applied in the collection of data and information which form the findings in this study. The desk-review method helps the researcher to peruse existing studies such as journal articles, seminar papers, and grey literature about the subject matter being discussed in this paper. This provides the researcher with large sources of information and data to choose from. However, there are tendencies the researcher may be bound with the sentiments and biases contained in existing studies utilised as sources.

### **Findings, Analysis and Interpretation**

In determining the maritime transport as a tool of economic growth of Nigeria; it is imperative to first ascertain its contribution to the Gross Domestic Product (GDP) of Nigeria per annum. The impact of maritime transport as a tool of economic growth in Nigeria could be direct, indirect, and induced. Such impact would be said to be direct if it involves the composition of the additional value it brings to the country's GDP, specific revenue generated as an industry, the profits made, and possibly the jobs created. The impacts would be adjudged as being indirect if they occur as a result of purchases made via direct demands on specific goods and services required in the industry. Finally, the impact would be considered as being induced where it has to do with impacts made in the larger economy via multiplier effects because employees in the sector earn and make use of the money earned to add to the cash flow in the economy (Igberi & Ogunniyi, 2013; Lloyd et al., 2020).

Maritime transport is considered as an input into almost every other industry within the composition of the national economy of Nigeria. This is because there is a rarity in finding any economy that can wholly succeed positively without the utilisation of and reliance on maritime transport – owing wholly to the fact that it is more complex for any country or economy to bring in the requisite goods and services (raw and finished) for economic activities into their territory, without the use and reliance on maritime transport (Igberi & Ogunniyi, 2013). A sector that is much required to ease the import and export of economic goods in any country is commendably a tool of economic growth if properly harnessed and managed. Over 90% of the vehicular movement in the international trading sector of Nigeria's economy is accounted for by the maritime transport sector (Peretomode, 2014). In the same vein; it is shown that maritime transport serves evidently as a tool for economic growth in a nation judging by her it improves the industrialisation of an area of location or localization. Take for instance; it is observed that

over 70% of the industrial activities in the country are carried out in cities that have a large presence of maritime transportation activities within and around it such as Lagos, Warri, Port-Harcourt, and Calabar (Badejo, 2000; Lloyd et al., 2020).

In Nigeria, maritime transport plays a vital and significant role as a tool of economic growth; this is owed to the fact that it facilitates as part of the value chain/supply chain in the exploitation, distribution, and export/import of resources. Also, through the economic activities provided through maritime transport whether directly under the industry or in any other sector, indirectly; maritime transport has contributed to poverty alleviation and reduction in the rate of economic disparity through the paid jobs it has created and sustained (Lloyd et al., 2020).

In terms of total freight costs facilitated under the maritime transport sector of Nigeria; it is found that the costs are estimated at a rate that falls within 5 and 6 billion US dollars per annum whereas the Nigerian content participation in the sector is abysmally low (Nigeria Maritime Industry Forecast 2018-2019 cited in Lloyd et al., 2020, p. 5). As of 2010, the direct impact of maritime transportation on the GDP of Nigeria was at a rate of 3% (Olayiwola, 2010). In a 2020 study, it is found that irrespective of the fact that the maritime transport sector contributes to over 80% of the international trade of the country; the sector only accounts for an average of 1.6% of the country's GDP between 2016 and 2020 (Stears Business, 2020).

There are over 180 million tons of seaborne cargo traded in Nigeria per annum. Although the freight paid per year in Nigeria is more than 6 billion US dollars, over 80% of the revenue was earned by foreign investors (firms) in the maritime transport sector (Ekpo, 2012). This may be the reason for the poor contribution of the maritime transport sector to the country's GDP. This implies that there are significant losses in the revenues accruable from the maritime transport as a result of capital flight usually repatriated overseas by the owners and investors of the foreign fleets as they are the ones controlling and reaping from the largesse in the maritime transport sector of Nigeria (Lloyd et al., 2020).

As a further emphasis and reiteration of the assessment of maritime transport as a tool of economic growth in Nigeria; it is imperative to state that maritime transport employs more than 150,000 workers serving as seafarers, crewmen, etc. and maritime transport has made an impact factor contributes to the economy of Nigeria at a tone of 15 billion US dollars recorded in the year, 2013. Through maritime transport, the offshore oil rigs and Cabotage trade have both accounted for more than 20 billion US dollars for import and export trade (Ekpo, 2012; Lloyd et al., 2020).

## Summary, Conclusion, and Recommendation

### Summary of Findings

Summarily, maritime transport in Nigeria creates employment in Nigeria and aid in the creation of purchasing powers on its employees. It contributes to the sustainable development goals as it helps in the reduction of the poverty rate and economic disparity in the country. Maritime transport in Nigeria is relied on for the facilitation of international trade as it is utilized for over 80% of the import and export of goods and services in Nigeria. Although the sector creates enormous revenue, a larger part of the revenue and the profits accruing from it are owned by foreigners (investors and firms) as a result of the low rate of Nigerian content participants. Generally, maritime transport may be considered as a tool of economic growth in a nation like Nigeria if the sector is harnessed, properly managed with increased participation of Nigerian content – local investors and firms.

### Conclusion

Maritime transport has a close interrelation with the historical progression and level of economic growth of a nation. The economy in Nigeria may be termed as 'mixed', and maritime

transport has contributed as a major sector and role player in shaping the economy of the country; this is more so considering the fact that maritime transport serves as a major contributor to the value chain and supply chain of the main exported commodity (oil) of Nigeria. Where and when maritime transport is adequate and effective, it serves as a tool of economic growth and plays a significant role- making impacts in the development of the nation's market, especially concerning international trade. If the theory of comparative advantage is taken into consideration; it follows that maritime transport will continue to be a vital role player in building the economy of nations as export and import transactions will continually flow; alongside other opportunities created. There seems to be an unhealthy relationship between the foreign investors and stakeholders with their domestic counterparts in the maritime transport sector; therefore the Nigerian government had taken measures to effect changes in the scheme of affairs. This is done to encourage indigenous or domestic participation and domination in the maritime transport sector. This is evidenced by the local content provisions contained in the Cabotage Act, 2003. However, domestic content participation has still been at a low rate. To ensure that maritime transport is a tool of economic growth, the ideal recommendation made below is necessary.

### Recommendation

It is obvious that the maritime transport sector is a Capital intensive sector; therefore appropriate measures should be put in place to make the huge financial provisions, appropriate maintenance, and human resources available in the sector to exploit it as a tool of economic growth in Nigeria. Notably, the labour market in the maritime transport sector needs both skilled and unskilled workers; adequate training facilities and opportunities should be made available for continuous improvement of the skilled workers; while more people should be oriented and encouraged to pursue a career in the sector. Maritime transport is hugely influenced by the global and international economy as it significantly affects the pattern, form, and structure of international trade relations and transactions of Nigeria; thus, it is important that the Nigerian government and stakeholders take the sector serious as any complication in maritime transport would drastically affect the economy or economic growth of Nigeria as a country. Maritime transport in Nigeria seems to be antiquated, there is a need to embrace technological innovations, efficiencies, and dynamics that are needed for the maximisation of benefits accruing from the maritime transport sector. To ensure that the maritime transport sector continues as a tool of economic growth in Nigeria, it is imperative to ensure that all necessary forms of structural support and logistics are provided for the sector.

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