

The Roles of Private Port Operators on Economic Development in Nigeria (Case Study of Apapa Bulk Terminal Ltd)

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The study focuses on the impact of private port operators on economic development in Nigeria. It emphasises that economic development can be enhanced by putting in place policies that will ensure the country's port is operated efficiently and effectively. The study is based on survey research design, which involves the distribution of seventy (70) questionnaires to workers in the Apapa Bulk Terminal Ltd. The data from the questionnaire were then analysed using non-parametric test (i.e. Chi-square statistical tool) and the result of the analysis shows that there is significant relationship between the activities of private port operators (Apapa Bulk Terminal Ltd) and improved process of cargo

handling and transshipment of goods over international waters, this is because the calculated Chi-square value (X^2C) of 41.771 was greater than the tabulated Chi-square value (X^2T) of 7.815 at 0.05 level of significance. Based on this finding, the study concludes that port operators need to continually develop strategies that will enhance improvement of Cargo handling and transshipment of goods over international water, since this also has influence on the economic development of the country.

Keywords: Economic development, Cargo handling, Port Operator, Maritime, Shipping policies

INTRODUCTION

Many developing nations have been inspired to boost the efficiency and productivity of shipping services through the formulation of many development policies, which in the long run helps in the actualization of their economic goals. Nigeria is a maritime nation with a substantial foreign trade base. The Nigerian port plays a significant role in the development of the nation's economy. No nation can achieve economic development in isolation; hence there is need for cross border trade transactions. The maritime industry occupies a very prominent position in the economies of nations, especially in Nigeria. Of all maritime activities, however, shipping stands as the greatest boost to a nation's economic growths and international status. The shipping industry embraces all maritime-related business activities; almost all maritime activities revolve around shipping. The oil and gas sector,

for instance, depends on the port for transportation and even distribution. The ports in Nigeria are the avenues through which imports and exports take place. Most of her trade moves as ocean traffic through the sea port. In effect, ocean shipping is the major mode by which Nigeria transacts her international trade (Ndikom, 2006). Due to the close link between port and economic, a nation cannot afford to toy with the industry; and so the pertinent need for the reforms of the port. (Ndikom, 2006). The port in relation to trade serves as both gateway and terminal. As a gateway, it provides ship harbour interface such as, dredging, provision of berths and maintenance of navigational channels; ship port interface in terms of loading and off-loading of cargoes (Ndikom, 2006). It is also a point of transshipment for traffic by sea and land. It is the focus of broad spectrum

of maritime activities generating significant jobs and economic growth.

Operations at port terminals in this era of concessioning and liberalization through the provision of super-structures and infrastructure have resulted in increased efficiency, performance and profitability of port system. But this is somewhat different from what is obtained in Nigerian ports, which still suffer inadequate superstructures, infrastructure and funding. This ugly situation leads to a gamut of structural defects and fraudulent practices by operators and deck labourers and finally, low productivity and inefficiency (Ndikom, 2006). As a result, the ports are in dire need of structural reforms; so that they can function optimally and efficiently. In the last three years of port terminal handover to private concessionaries, there has been appreciable increase in infrastructure and the beefing up of industry with highly skilled professionals. This to a large extent has increased revenue generation and cargo throughput in the ports. It has also led to a drastic reduction in a ship delay period, increase vessel, turnaround time, berths occupancy and all round operation efficiency and optimal productivity.

Prior to the current effort on port reforms, seaports were characterised by confusion occasioned by uncontrolled personnel and cargo management activities and other numerous vices that made our ports to be user unfriendly. Furthermore, since the maritime industry is a highly technical, professional, competitive and complex industry coupled with being capital and labour intensive in nature, as well as being subjected to foreign conventions, rules and regulation; the Nigerian ports could not meet up with the maritime activities or needs of the country and international community (Ndikom, 2006).

Ports are highly significant in facilitating international trade. They play critical roles or interface between marine and land or air and land-based transportation. They are part of international supply chain network (Pomeroy, 1994). International trade is trade which crosses national boundaries and involves the use of foreign currencies (Gbosi, 1990). It involves the exchange of goods and services among countries. International trade plays significant role in nation's economic development and growth. It creates employment opportunities, generates revenue for the society at large, and promotes international relationships and exchange of ideas and technologies. International trade makes it possible for goods that are produced but needed in a country to be made available. In addition, international trade contributes to a nation's GDP, as it boosts the GDP of a nation (GoodHope, 2014).

International trade is trade between/among two or more countries. It is concerned with imports and exports of goods and services. It is mainly carried out via sea ports and airports. Over 80% of international trade activities are carried out via sea ports. International trade plays a vital role in international marketing. Whereas, international

trade concentrates more on import and export. International marketing according to Cateora, (1996) is the performance of business activities that direct the flow of goods and services to customers or users in more than one nation.

The reason for poor performance of Nigerian ports and other public enterprises history tend to have a uniform pattern globally and range from the presence of conflicting and interwoven roles determined by politician, prevalence of uncompleted contracts and subsidies from government. These more or less aid internal inefficiencies, issues of excessive bureaucratic controls, to government interference and intervention and other public service culture of undermining and compromising efficiency and optimum productivity (Ndikom, 2006).

The Federal government of Nigeria embarked on the concession of Nigerian Ports essentially to solve the protracted problems of inefficiency, corruption, mismanagement, and huge debts that characterize the Nigerian ports. The rationale behind the Nigerian port concession includes the \$34 million indebtedness of the Nigerian Port Authority (NPA), the redundancy of 24 out of 83 managers as well as its poor management structure. Emphatically concession of Nigerian port refers to lease of port terminals and re-organization of stevedoring companies. About 110 applications were received in December 2003 and out of stevedoring companies, only 20 were granted to operate Nigerian seaport terminals for 10-25 years (Leighland and Palsson, 2007; Keiran, 2005; Akinwale and Aremo, 2010).

Ports operator's impacts on the economy are sometimes measured to assess the economic and social impacts of a sea port on its respective hinterland or foreland. The importance of logistics to port operations and achievement of efficiency cannot be underestimated (Itami, 1980).

This study aims to find a lasting solution to the challenges faced by private port operators. The study takes Apapa port as a case study to examine why there is still difficulty in assessing the Nigeria port despite the reform put in place by the Nigerian port authority and other agencies.

The aim of this study is to examine the impact of private port operators on economic development in Nigeria international waters, using Apapa Bulk Terminal as case study, while the specific objective is to examine capacity of operators handling port management and administration at Apapa Bulk Terminal Ltd and its effects on cargo handling.

The concept of port

The word port is a latin word 'portus' meaning gateway or entry point. A port connects one country to another. It is a transit area. Port is basically classified into two namely;

sea ports and airports. However, the focus of this study is the sea port (Badejo, 1998).

Sea port

The sea ports are ports or transit areas along the oceans, sea or waterfront where ships or vessels berth to offload or load cargos. In Nigeria there are basically six (6) sea ports namely Lagos port, Tincan port, Calabar port, Delta port, Port Harcourt and Onne Port. These ports are controlled and managed by the Nigerian Ports Authority (NPA). The Lagos port is located at Apapa in Lagos, while the Tin can island port at Kirikiri axis, designed to serve Lagos and the western part of Nigerian. The Calabar port is located at Calabar in Cross River State, 55 nautical miles up the Calabar River. The Delta port is located in Warri, Delta State of Nigeria. The Port Harcourt is located at Harbour Road, Port-Harcourt, while the Onne port is located at Onne, both in Rivers state, South-South Nigeria. Ports are significant in international trade especially the sea ports. They constitute the bulk of marine transport system. Most import goods and export of goods are done through marine transport due to its peculiarities.

The ports system

The ports system consists of sub-systems namely;

- (a) The navigational aid sub-system.
- (b) The quay handling and transfer sub-system
- (c) The storage and delivery sub-system and
- (d) Port co-ordination (personnel) sub-system.

The navigational aid sub system consists of equipment that enables vessel/ship and water crafts to access port services. It enables safe arrival and exit of vessels or ships from the port. The navigational aid sub system equipment includes the harbour, the buoys, the light house, the communication tower, the pilot and tugboats without this equipment, the port cannot be accessed. Quay handling and transfer subsystem is a sub system of the port that consist of component that enable loading and offloading of cargo from and into ships. The component includes handling gear, such as portal cranes, gantry, saddle cranes, and forklifts e.tc. Storage and delivery subsystem; aids the storage of goods in the port temporarily as well as ensuring successful delivery of cargo from and to the port. The storage and delivery subsystem consist of transit sheets and warehouses, trucks, road, road networks and wagons. The coordination subsystem deals with personnel managing the port. The port coordination subsystem is very vital in the port system because it oversees all other sub system. However, the port system can only be complete when

these subsystem are effectively and efficiently managed and functional (Badejo, 1998).

Port operators and users

There are various users and operators of ports. Below are some of the operators and users of ports as disclosed by Ndikom (2006).

Government agencies

These are parastatals owned by government. They include the Nigerian Port Authority which is the role administrator of ports. Nigerian Maritime Administration and Safety Agency (NIMASA) charged with the responsibility to ensure safe and clean marine environment; and ensure that practices are in line with international standards. The Nigerian customs , charged with the responsibilities to ensure safe and clean marine environment; and ensures that practices are in line with international standards. The Nigerian customs, charged with the responsibilities of collecting customs duties and levies on all imports and exports; the Nigerian immigration, the National Drug Law Enforcement Agency (NDLEA) charged with the responsibility to curb drug abuse and use of illicit drugs as well as the exportation and importation of hard drugs; the marine police unit of the Nigerian police force, port Health; a unit from the Health services, and MARPOL charged with the responsibilities of waste disposal from vessels at berth (GoodHope, 2014).

Terminal operators

These are companies that own and operate terminals and jetties in the ports which are concessional to them. For example Intel's, Dangote, Bua cement, Brawal oil services, etc in Onne ports, Rivers State. Other companies that own and operate Jetties in the ports are the ICOs (International Oil companies) such as total, Exxon mobile, Agip, and Chevron among others (GoodHope, 2014).

Stevedores companies

Stevedore companies are companies that supply dock workers and in charge of other welfare activities (Badejo, 1998). Dock workers are labourers or workers that work on vessels at berth; their duties include loading and offloading of cargo, recording of cargo on ships or taking cargo inventories (GoodHope, 2014).

Importers and Exporters

These are key operatives in the port system. They are the nucleus of international trade. Without their services no international trade can come into play. Importers and exporters are companies or individuals that engage in export and import trade (international trade) (GoodHope, 2014).

Warehouse operators

These are companies in the port that provide warehousing services either within the port premises or close to the port premises for clients to store cargo (GoodHope, 2014).

Haulage companies

Haulage companies are companies in the port that provide transport and logistics service. They are into transportation of cargo in and out of ports to designated destinations (GoodHope, 2014).

Chandlers

Chandlers are specialized agents that supply food items to vessels (GoodHope, 2014).

Freight forwarding, clearing and forwarding agents

These are specialized companies that do clearing and forwarding functions.

Maintenance companies

These are companies that do ship repairs or maintenances. Examples of such companies include Niger Dock in Lagos snake Island, West African ship yard at Onne etc.

APAPA BULK TERMINAL LIMITED (ABT LTD)

The Apapa Bulk Terminal Ltd is a private body that manages sea ports in Nigeria. It carries out its operations in affiliation with the Ministry of transport and the Nigerian shippers' council. The mission of ABT LTD is to deliver efficient port services in a safe, secure and customer-friendly environment. Its administrative and corporate headquarters is located at Lagos Port complex at the Apapa area of Lagos. The daily management and Administration of the organization is under the supervision of its managing director, assisted by

executive directors who are in turn assisted by general managers and assistant managers (GoodHope, 2014).

Statutory Duties of Apapa Bulk Terminals Limited

The statutory duties and functions of ABT LTD are as follows:

1. Develop, own and operate ports and harbours.
2. Provide safe and navigable channels
3. Offer cargo handling and storage services
4. Maintain port facilities and equipment.
5. Ensure safety and security at the ports
6. Develop and own properties
7. Plan and develop port operational infrastructures
8. Monitor the day to day operations and enforcement of relevant sections of respective agreements.
9. Enact port regulations and bye-laws as well as monitor and enforce them.
10. Lease and concession port infrastructures.
11. Set bench mark for tariff structure
12. Oversee marine incidents and pollution.

Major problems associated with private ports system

According to Igbokwe, (2006) the following are major problems of the private ports system;

1. Nigerian ports system is static and malfunctioning. There arises ports congestion and disruption of the production activities in the economy. At a time over 450 ships waited for up to 180days to berth when the internationally accepted period is 10days (Igbokwe, 2006). In other words, vessels wait longer than usual to berth, especially in the Lagos ports due to inadequate space to unload cargo and stack containers.
2. Failure by the government or Ports Authority to use present data to plan for the future of the ports in the face of the growing economy (Igbokwe, 2006).
3. Uneven tariff is another problem associated with the Nigeria ports system. There is the issue of uneven tariff system. The costs of clearing container or imported cargos are not the same in all the ports. That of Lagos is less than any other ports and it has made importers to patronize Lagos ports more than Port Harcourt, Calabar or any other ports in Nigeria (Igbokwe, 2006).
4. The Nigerian ports systems experience poor maintenance culture (Igbokwe, 2006). The administrators as well as operators of port infrastructures, and equipment lack maintenance culture. They are of the perception that these infrastructure and equipment are owned by government. In view of that, they do not handle them with care the way they ought to do in private setups. This habit has led to making most infrastructure and equipment to be obsolete.
5. The inconsistency of government policies in relation to ports activities or services. Government enact certain

policies to checkmate port activities (Igbokwe, 2006). These policies are most at times not consistent. They are often changed or removed as government changes and this hampers the effectiveness and efficiency of ports systems (Igbokwe, 2006).

Functions of ports system

The various functions of ports systems otherwise called port activities include cargo handling, harbouring of crafts (vessels/ships), health risk assessment, pilotage (bringing of vessels from the high sea to the quay side to berth), allocating of anchorages, clearing and forwarding, billing of cargo, warehousing, maintenance of berths, supply of pilotage tug boats, provision of security services, maintenance of the channel to be navigatable, collection and disposal of sewage and cabbages (wastes) (GoodHope, 2014).

Achieving effective ports management

Managing ports effectively is an enormous task. Effective ports management entails ensuring and maintaining conducive ports systems for port users/operators. It involves ensuring that shipping operations are not interrupted. Effective ports management entails effective and efficient management of port facilities and services. For ports management to be considered effective ports should be free from various problems associated with the system. To achieve effective port management the following steps should prevail (Ndikom, 2006).

- (a) There should be effective planning of port activities.
- (b) Develop good port policies and communicate them to the target market.
- (c) Managers managing ports should have managerial skills or techniques.
- (d) Priorities should be set in conformity with set standards and policies.
- (e) Ensure speedy decision making process by forming a study plan for the ports system.
- (f) Obtain added resources and manage them. Ports managers or commissioners have limitations. They should recognize such limits and work with other commissioners to obtain new ideas of managing the ports system effectively. When such resources are obtained, the commissioner (port manager or administrator) should communicate with them or maintain good communication. These added resources are human beings with expert knowledge or experiences which the port commissioner or manager lacks.
- (g) Delegation of responsibilities: Managers of ports should learn to delegate responsibilities and respect delegated authority. This will lead to effective port management.

h) Adequate preparation: Preparation is required of every ports manager. The management of ports system should prepare adequately and at all time to handle port activities and challenges. Some homework's should be done on the ports management.

(i) Follow through: Another strategy or step in achieving effective port management is following through. Port managers should not only initiate an action but also follow through to ensure that it is accomplished.

Effective ports management and international trade

Effective ports management facilitates international trade. International trade cannot thrive when delays occur in ports system; when ports are congested; where the channels are not navigatable; where cargo handling facilities are absent; inadequate or obsolete; where there are poor security systems; where safety standard or level is zero, where haulage services are inefficient; where there are not enough container stack spaces or poor tariff system and inconsistent port policies, rules and regulations. Effective ports administrations facilitate international trade by ensuring that there are adequate ports reception facilities and infrastructure. Again, effective ports management facilitate international trade by developing sound policies, rules and regulations for port operations. Effective ports management facilitates international trade by ensuring that the channels are navigatable through removal of wrecks and dredging of the canal (Ndikom, 2006). In addition, effective ports management facilitate international trade by ensuring that ports are decongested and functional tugs are available for pilotage and the berths are in good condition for ships to berth. Conclusively, effective ports management facilities international trade by ensuring that the waiting time for vessels to berth does not exceed the internationally approved waiting time of 10 days, the ports are safe and security.

Port operational facilities

All Nigerian sea ports, terminals and jetties are adequately equipped with sophisticated cargo handling facilities (Ndikom, 2006). With this, the private port operators enhance quick turn-around time for vessels thereby preventing them from incurring unnecessary charges through delay. This in turn helps to boost efficient, effective, reliable and sustainable maritime trade between Federal Republic of Nigeria and other countries of the world. Consequently, equipment such as Demag Mobile Tower Cranes, pioneer portal cranes, Sisu Mafi Tractors, Freight lifters, and Forklift trucks etc, are adequately provided at the sea ports.

Port security

Apapa Bulk Terminals Ltd has being an absolutely commercialized conglomerate is conscious of the fact that no importer or shipper would want his or her imports or export vandalized, tampered with or out rightly stolen from the ports. They are also aware of the legal implication of such development and its bearing on both its financial status and international reputation. It is in this respect that all Nigerian seaports are provided with police stations with a reasonable number of policemen whose affairs are directed by the Division Police Officers (DPOs) at each station who in turn is accountable to a superior officer known as the ports police commissioner who also in turn report to the Inspector General of Police (I.G). These well armed and highly equipped men of Nigerian Police Force patrol the nooks and crannies of Nigerian seaports.

METHODOLOGY

The research design used for this study was survey research design, which involved the distribution of 70 questionnaires in Apapa Bulk Terminal Ltd. The data collected were then analysed using non parametric test relating Chi – square statistics.

Model Specification

Chi Square (X²)

$$X^2 = \frac{\sum (O_1 - E_1)^2}{E_1}$$

Where:

O₁ = the observed frequency

E₁ = the expected frequency

X² = the value of the random variables (Chi – square value)

The hypothesis will be tested as 5% significance level.

Data analysis

Testing of hypothesis

The activities of private port operators (Apapa Bulk Terminals Ltd) have not significantly improved the process of cargo handling and transshipment of goods over international waters.

RESULTS AND DISCUSSION

From the above analyses, it can be observed that the

calculated chi-square value (X²C) of 41.771 was greater than the tabulated chi-square (X²T) of 7.815 at 0.05 level of significance, the degree of freedom of 3 was obtained (Table 1). Hence, the Null hypothesis will be rejected, while the Alternate Hypothesis will be accepted, which implies that is statistical significant relationship between the activities of private port operators (Apapa Bulk Terminals Ltd) and improvement in the process of cargo handling and transshipment of goods over international waters, thus any strategies mapped out by the private port operators will also significantly cause an improvement in the process of cargo handling and transshipment over international waters.

Table 1. Cost reduction of goods due to activities of private operators.

Responses	Frequency	Percent
Strongly Agreed	31	44.3
Agreed	31	44.3
Disagreed	5	7.1
Strongly Disagreed	3	4.3
Total	70	100

Calculated Chi-square (X² C) = 41.771

Tabulated Chi-square (X² T) = 7.815

Level of Significance = 5%

Degree of freedom (df) = 3

Conclusions

Based on the above findings, the following conclusion will be advanced:

- (i) Port operators should develop new strategies to handle cargo pilferage; since the statistical findings has shown that there is strong relationship cargo pilferage/cost of operation and time wasted on good clearance.
- (ii) Private port operators should ensure its employee maintain a strict code of conduct that will give priority to best practices in cargo handling and transshipment of goods over international waters since the statistical analysis of this study has shown activities of private port operator has significant relationship with improved cargo handling.

Recommendations

The following recommendations are highlighted based on the above findings:

- (i) Port operator must ensure they belong to an independent body, were issues such as pilferage, time wasted on good clearance among other, can always be given top priority.

(ii) Private port operator should ensure they have very honest and uncompromising port supervisor, who can always make sure that employee abide the rule and regulation of the port, so that problem associated with cargo handling can be minimized and possibly eliminated.

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