

# Legal Framework for Cabotage Regime in Nigeria: Making a Case for Reform Initiatives

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## Abstract

Nigeria's cabotage regime is critical to supporting indigenous involvement and growth in the marine sector. This paper investigates the Coastal and Inland Shipping (Cabotage) Act 2003, the legal framework controlling Nigeria's cabotage regime, and makes a case for reform proposals targeted at improving its efficacy in encouraging Nigerian shipping, shipbuilding, and other marine businesses and addressing existing issues. It investigates the current framework's strengths and shortcomings, indicating areas that require adjustment to fulfil the cabotage regime's planned objectives. It also examines key issues such as a lack of local capacity, a limping legal framework, insufficient enforcement, ambiguities in the legal provisions, a lack of capacity building, and limited access to funding that impede the effective implementation of the cabotage regime. The principal results of this study are the recommendation of broad reform initiatives such as enforcement procedures, institutional coordination, capacity-building programmes, financial incentives, and the promotion of shipbuilding and ship repair infrastructure to solve these difficulties and encourage long-term growth in Nigeria's marine industry. This study calls for a comprehensive strategy for reforming the legislative structure controlling Nigeria's cabotage regime. It emphasises the significance of stakeholder engagement, effective enforcement, and focused policy interventions to improve indigenous involvement, encourage economic development, and increase Nigeria's standing in the global marine industry. A major conclusion of this paper is that where these proposed reforms are implemented, they will provide a favourable climate for Nigerian shipowners, seafarers, and allied industries to prosper, thereby contributing to the nation's maritime sector's growth and sustainability.

**Keywords:** cabotage, Coastal and Inland Shipping Act 2003, environmental protection, maritime, maritime cabotage, Nigeria

## 1. Introduction

The enactment of the Coastal and Inland Shipping (Cabotage) Act 2003 was aimed at preventing foreign vessels from transporting crude oil or other cargoes within the territorial waters of Nigeria, whilst also making jobs available for indigenous ship owners and operators (Okeke & Aniche, 2012). This was done to address Nigeria's compliance with the United Nations Conference on Trade and Development (UNCTAD) 40:40:20 sharing formula. The formula states that 40% of the cargo's value should be allocated to the country from where it originated, while the remaining 20% should be divided among various interests (Zarocostas, 1991). This will give local shipping firms a competitive edge over foreign vessels operating in the nation's waters to develop local capacity and the indigenous shipping industry. However, since the law was enacted two decades ago, many wonder if the law has taken off as the country's indigenous vessel owners whom the law was intended to safeguard are still side-lined while their foreign counterparts hold influence.

This paper examines some of the reasons why the Cabotage Act in Nigeria has not been properly enforced; it makes the case that marine cabotage in Nigeria has a promising future, one that may be realised if the obstacles to the full enforcement of the Cabotage regime are successfully overcome. The paper consists of five parts. Following this introduction, part two examines the prospects of maritime cabotage in Nigeria. Part three discusses the challenges militating against the full implementation of the Cabotage Act 2003 while part four proffers the way

forward. Finally, part five concludes the paper.

## **2. Methodology**

This study adopted the doctrinal research design to support the necessity for the Cabotage Act to be amended to improve the marine sector. Data were sourced from both primary and secondary sources. Primary sources of data were statutes like Cabotage Laws and regulations; and secondary sources of data were scholarly opinions and findings in relevant law books, journal articles, conference papers, research reports, book chapters, and Internet sources where relevant materials were extracted. The data collected were subjected to content analysis. In addition, while focusing on Nigeria, the paper draws insights from successful cabotage regimes in other nations that can be adapted to the Nigerian context. It also refers to worldwide best practices and treaties pertinent to the cabotage system, as well as their potential ramifications for Nigerian maritime law.

## **3. Prospects of Maritime Cabotage in Nigeria**

These are the opportunities to be derived and realized from maritime cabotage in Nigeria. They are:

### *3.1 Economic Opportunities*

Economic opportunities derivable from effective enforcement of the law include:

#### *3.1.1 Employment Opportunities*

The issue of unemployment is a major challenge faced by Nigeria, and the maritime industry has been identified as a potential solution. According to estimates, proper harnessing of the maritime industry could create over 20,000 jobs (Nweze, 2006). Where Nigeria effectively enforces this law, it would give Nigeria's maritime sector a stable foundation and contribute to the country's economic growth. It would support the development of the country's maritime fleet by providing employment opportunities to over thirty thousand (30,000) trained but unemployed seafarers, increase the training requirements at the Maritime Academy of Nigeria, ensure optimal utilization of the currently underutilized Niger dock facilities, and encourage the development of the necessary infrastructure and technical know-how related to the system for inland waterways, transport and haulage (Ajiye, 2013). It would also encourage indigenous firms to expand their operations in the shipping sector and provide employment opportunities to Nigerian seafarers

Besides being able to work in the maritime industry, Nigerian nationals can also be employed in areas directly related to the shipping sector, such as supplying materials for dockyards and shipyards and providing services to the maintenance and shipbuilding industry. To improve indigenous participation in the Nigerian coastal shipping business and facilitate the acquisition of tonnage, cargo support is necessary. This will help to prevent third-world low-paid foreign crew from taking away job opportunities from Nigerian seafarers in domestic shipping (Igbokwe, 2003).

The implementation of the Cabotage Act would lead to reduced dependence on foreign vessels and allow Nigeria to become a medium maritime nation capable of competing with other nations in international sea-borne trade. This would create job opportunities for Nigerians, who would contribute to the government's internally generated revenue through the payment of taxes (Ekpo, 2012). A good example of this is the effect of the Jones Act on the tax revenue of America. Statistics have shown that the government of America generates not less than \$250,000,000 (Two Hundred and Fifty Million Dollars) as income tax from those gainfully employed under the Jones Act (Grabow & Manak, 2019).

The challenge of Cabotage Law in Nigeria is to create an enabling environment for effective takeoff (Agbakoba, 2004). Since one of the nation's challenges is tremendous unemployment and the need for poverty elimination, cabotage, if properly managed, could provide nearly four million jobs each year. As a result, cabotage is a new economic system that needs to be developed with our enormous manpower (Agbakoba, 2004).

More so, one of the major purposes of the Cabotage Act was the promotion of protectionism and encouraging the participation of local shipping companies in the Nigerian maritime sector. Therefore, if the Cabotage Act is effectively implemented, Nigeria will be able to retain employment opportunities and necessary skills in a crucial industry for the economy (Aluko, 2013).

#### *3.1.2 Improvement of Balance of Payment Opportunities*

Where the Cabotage Act is enforced, only ships built at ship repair yards in Nigeria and owned by Nigerian citizens would be allowed to engage in coastal shipping. For the Nigerian government, this means keeping money that would have gone towards importing new ships and maintaining the ones they already have at home (Nweze, 2006).

By only allowing ships built and owned in Nigeria to be involved in coastal shipping, the Cabotage Act would

enable Nigerians to earn the freight and insurance fees that would have previously been paid to foreigners. This would help to improve Nigeria's balance of payments condition and reduce capital flight, while also conserving and earning foreign exchange within the country. This is a strategy that has been successfully employed by other countries, such as Malaysia, which have experienced significant growth after implementing cabotage policies (The Malaysian Maritime Yearbook, 2000/2001).

As contained in the Federal Government Blueprint, it is believed that \$10 billion to \$20 billion in average annual industry expenditure will be retained with successful enforcement of the law. Also, there will be the creation of over 30,000 direct employment and training opportunities, the establishment of three to four pipe mills to service industry demands, the development of one or two dockyards and the utilisation of existing shipyards (Njar & Okon, 2018).

According to the Indigenous Ship Owners Association of Nigeria (ISAN), we now lose over two trillion Naira per year in capital flight to foreign countries that own ships that used to lift approximately 150 million tonnes of cargo from this country, including oil products, because no Nigerian flagship is currently plying international routes (Adewale, 2015).

Nigeria can use its retained foreign exchange gains to subsidise the construction of marine infrastructure as well as other forms of socioeconomic infrastructure. This could be particularly beneficial given the current national debt, which was estimated to be ₦46.25 trillion or USD103.11 billion as of December 31, 2022, by the Debt Management Office (Debt Management Office Nigeria, 2023). Coastal shipping has expected advantages in Nigeria (Adesoji, 2020). It can also generate revenue for the government through various fees such as registration, approvals, licenses, and fines (Adesoji, 2020).

### 3.1.3 Opportunity to Increase National Tonnage, Capacity Building and Utilization

The Nigerian government's cabotage law, which reserves domestic waterborne trade for ships owned and built in Nigeria, is capable of boosting investment in the domestic shipping industry. This could lead to the expansion, improvement, and optimal utilization of Nigerian shipyards and dry docks. Additionally, the implementation of cabotage could help Nigerian shipping firms become more competitive in the global market. This is similar to Malaysia's experience, where the enactment of the Cabotage policy in 1980 led to an increase in national tonnage (The Malaysian Maritime Yearbook, 2000/2001).

Increased participation of Nigerian shipping companies in the domestic shipping sector may result in an expansion of the domestic tonnage, as more ships will be needed to satisfy the growing demand. These companies will prefer to have their ships built or repaired in Nigeria to reduce the time required for repairs and maintenance, as well as to keep foreign earnings within the country. Even in a liberalized cabotage regime where foreign ships are allowed to participate, they must meet certain conditions, such as being built or repaired by Nigerian shipyards or being used only when Nigerian vessels are not available. This can lead to increased utilization of the shipyards' capacity. With adequate equipment and resources, the shipyards can construct new vessels such as tankers, bulk carriers, tugs, barges, container ships, ferries, cruisers, and dredging vessels to meet the growing demand for domestic shipping services, resulting in increased capacity utilization and expansion of their capabilities (Njar & Okon, 2018).

The domestic shipping industry in Nigeria could experience an increase in tonnage if more companies enter the market and patronize Nigerian shipyards and dry dockyards for the construction and repair of coastal vessels. Even under a liberalized cabotage regime that allows the participation of foreign ships, they would need to be built or repaired in Nigeria if Nigerian vessels are not available. This would lead to increased utilization of Nigerian shipyards and possibly the construction of new vessels to meet demand. The development of domestic shipbuilding and repair capacity would create more business and revenue for Nigerian shipyards and the government. The convenience of having ships repaired locally would encourage Nigerian shipowners and shipping companies to buy more vessels, leading to increased national tonnage. The United States has a similar system in place with the Jones Act, which employs 50,000 Americans in ship construction, repair, and maintenance generating annual payrolls of over \$1 billion and contributing over \$250 million to federal and state taxes every year (Ajiye, 2013).

### 3.1.4 Opportunity to Grow Nigeria-Only Fleet

There were three major goals in mind when the Cabotage Act was drafted and enacted into law. One was to encourage and build capacity in the local construction of ships; two, to encourage and build capacity in the ownership of ships by Nigerians and third, to encourage and build capacity in Nigerian's manning of ships (Nweze, 2006). The Cabotage Act in Nigeria restricts domestic waterborne trade for Nigerian-flagged vessels that are wholly owned, crewed, and operated by Nigerians, resulting in Nigeria having exclusive management over its

internal fleet, the domestic system of marine transportation, and the country's maritime infrastructure (Njar & Okon, 2018).

By restricting the commercial shipment of goods and services within Nigeria's coastal and territorial inland waters to vessels registered in Nigeria, owned and manned by Nigerians, and built in Nigeria, the Act's primary goal is to promote the development of indigenous capacity within the Nigerian cabotage industry (Osemwegie, 2019). The Cabotage law has clear provisions, which require that for coastal operations, vessels must be built in Nigeria, crewed by Nigerians, owned by Nigerians and flagged by Nigerians. There is no other way to develop these capacities than to insist on carrying out the requirements of the law to the letter (Obia, 2019).

Nigerian shipping firms view the growth and development of a cabotage-driven domestic fleet/tonnage as a strategic way to enter the global shipping market and compete effectively against overseas vessel operators in long-haul maritime transport. Given the vital role that maritime transportation plays in driving the Nigerian economy, the cabotage law will enable Nigerians to have full ownership and control of the domestic fleet, maritime transportation system, and national maritime infrastructure, effectively eliminating foreign dominance and competition (Igbokwe, 2003). The aim is to safeguard the Nigerian economy from unnecessary harm caused by external manipulation. The United States, for instance, was able to accomplish this through various incentives like the Jones Act, Operating Differential Subsidy (ODS), and Capital Construction Fund (CCF), which aided in the actualization and retention of its economic ownership and control (Nweze, 2006).

### 3.1.5 Opportunity to Entrench Fair Competition in the Maritime Industry

Shipping companies based in Nigeria, many of whom may not possess the necessary proficiency, practical know-how, and leadership skills, are at a disadvantage when competing with foreign shipping companies that enjoy government subsidies and other incentives. Additionally, Nigerian companies are burdened with taxes and are currently without subsidies and incentives provided by the government, or favourable loans for acquiring ships, which further compounds their inability to contest on an equal footing with foreign counterparts (Igbokwe, 2003). The implementation of Nigerian cabotage regulations aims to establish a fair and equitable environment for Nigerian shipping companies. These regulations ensure that all shipping firms involved in local transportation adhere to comparable constraints, advantages, and responsibilities towards their employees, regulatory bodies, and Nigeria. As a result, a balanced competitive landscape is fostered. This approach offers shippers a broader range of options and the ability to assess shipping charges, empowering them to replace costly, ineffective, and sluggish shipping companies with swifter and more efficient alternatives.

Fair competition (which cannot exist when foreign vessels that are heavily subsidized and excluded from certain taxes and regulations participate) drives crews and shipping companies to enhance their productivity, services, and efficiency, especially in terms of their ability to handle cargo efficiently and maximize the productivity of crew members (Igbokwe, 2018). It also facilitates investment in shipbuilding, acquisition, and operation because cabotage trade provides a reasonable assurance of stability to potential shipowners, operators, and investors considering Nigerian-built or Nigerian-owned vessels. Without this assurance, investors in the financially demanding shipping sector would be reluctant to participate as they will face the prospect of competing against lower-cost and/or heavily subsidized foreign vessels within a short period. This demonstrates how cabotage laws can help to eliminate unfair competition in domestic services (Igbokwe, 2018).

In addition, Nigerian operators would benefit from the Cabotage administration's protection and security of their investment (Ajiye, 2013). If any Nigerian identifies a market opportunity, such as in the supply of vessels, tugboats, ship repairs, yard maintenance, or any other area, and possesses the necessary capabilities to provide that service, they will engage in competition with fellow Nigerians possessing similar capacities. However, if no Nigerian is capable of offering the required service and a foreign entity possesses the necessary capacity, a waiver may be granted to allow the foreigner to conduct business (Ajiye, 2013).

### 3.2 Protection of the Environment

The Nigerian Cabotage Act prevents the entry of sub-standard foreign vessels, including those registered under flags of convenience, into Nigeria's coastal and inland waterways. This measure effectively reduces the risk of maritime incidents, hazards, pollution, and environmental degradation associated with vessels known for their inadequate safety standards (Bello-Olowookere, 2011).

The Federal Government of Nigeria, as part of its responsibilities in flag, coastal, and port state controls, possesses the authority outlined in the Coastal Act to ensure that any Nigerian-owned or Nigerian-built vessel undergoes inspection before obtaining registration or licensing for coastal trading. This process guarantees compliance with specific minimum international standards, thereby enhancing safety measures and environmental protection in

alignment with the International Maritime Organization's policy of promoting safer shipping and cleaner oceans. This approach is similar to the Coastwise Trade Vessels Requirement in the United States, which imposes specific conditions for vessels to participate in coastwise trade. Allowing foreign ships that fail to meet internationally accepted standards to engage in coastal and inland waterways shipping can pose significant risks and environmental challenges unless flag, port, or coastal state controls are enforced (Bello-Olowookere, 2011).

### *3.3 Security Opportunities*

It has been noted that the Jones Act (which is the equivalent of the Nigerian Cabotage Act 2003), more than any other legislation, safeguards American shipyards' economic well-being and maintains the country's national defence by preserving their shipbuilding and repair infrastructure at no expense to their federal government (Bollinger, 2013).

In Nigeria, effective cabotage implementation has been regarded as one of the most effective ways to achieve and maintain internal security. Foreign vessels that are normally employed for or participating in espionage activities will be barred from the nation's shore under the Cabotage policy, which is designed to prevent foreign ships from participating in trade within coastal and inland waters (Nweze, 2006). Thus, this goes a long way toward protecting the nation's territory from destructive acts that threaten the nation's internal security and defence.

It is a fact that Nigerian military forces have long served as the backbone of security enforcement in the West African region through the ECOMOG (ECOWAS monitoring group) (Alli, 2012). As a result of the exclusion of foreign participation in Nigeria's coastal and inland waterways trade, the development and growth of a high domestic fleet will provide a ready and able fleet for use by the Nigerian Armed Forces, particularly the Navy, in times of conflict, national emergency, or crisis in the country or other West African sub-region (Igbokwe, 2018). This will be possible thanks to a readily available fleet of vessels and well-trained mariners providing the Armed Forces with dependable and deployable resources at any given moment. This will reduce the need for foreign vessels or countries, which can be unreliable. This self-reliance empowers the Nigerian Army to accomplish its objectives without depending on foreign ships or nations, particularly in situations where foreign ships are unwilling to come to Nigerian shores in times of national emergency or crisis. Furthermore, relying on foreign ships or countries during such periods could endanger the nation's security (Igbokwe, 2018).

Nigeria's cabotage fleet would also provide access to Nigerian ports and inland waterways for the Nigerian Army, particularly the Navy, as well as provide government vessels with mobilization crew. An illustration of this is when Australian cabotage laws enabled domestic vessels to supply crew members for the military forces involved in the intervention efforts in East Timor. The Jones Act fleet played a significant role in supporting the United States military during the Gulf War in 1990-1991 and the Bosnian campaign of 1995 by transporting military personnel and equipment to the Middle East. In the absence of its own Cabotage law, Britain depended on US Cabotage ships to transport its military material between the Gulf region during the Gulf War (Nweze, 2006).

More so, the Nigerian cabotage fleet can serve the same functions as the navy and national fleets. This approach would result in significant cost savings for our military, as it eliminates the need to acquire and maintain vessels solely for peacetime operations. Additionally, it allows for the allocation of budgetary resources to other sectors of the Nigerian economy, thus promoting overall financial efficiency (Igbokwe, 2018).

It is important to highlight that the United States heavily relies on its domestic fleet to maintain the essential maritime infrastructure crucial for both national security and economic stability (Nekasil, 2019). Cabotage laws play a vital role in safeguarding the national security of the United States by guaranteeing American ownership and control of domestic fleets, maintaining a fair competitive environment in domestic trades where the fleet operates without government subsidies, and fostering a stable investment climate for American shipbuilders and operators (Nekasil, 2019). Consequently, it plays a crucial role in ensuring an abundant supply of skilled and experienced seafarers for crewing sealift ships in times of war or national emergencies. The significance of the US domestic fleet in supporting the country's Seafarers Base is evident from the fact that it employs 87 percent of all positions within the US Flag Merchant Fleet. The construction opportunity protects the shipyard industrial base on which the United States naval and commercial maritime powers rely. (Nekasil, 2019). Moreover, cabotage trade involving container ships, tankers, and roll-on/roll-off vessels plays a crucial role in fulfilling the logistical requirements of Allied forces during times of crisis when the US international trading and naval-owned fleets may be insufficient. During peacetime, the domestic shipping and marine services industries are relied upon by the US military to ensure the accessibility of deepwater ports and the timely delivery of supplies to defence installations in non-contiguous states (Nekasil, 2019).

### 3.4 Political Opportunities

At present, Nigeria boasts six primary ports (Tin Can Island, Apapa, Warri, Port Harcourt, Onne, and Calabar) along with 10 crude oil terminals (such as Escravos, Bonny, Sapele, Forcados, Tuma, Okrika, FOT, etc.). Additionally, there are several inland ports situated along the extensive 3,000 km of inland waterways, including Onitsha, Oguta, Opobo, Lokoja, Baro, Jebba, and more. Given Nigeria's significant role as a major oil-producing and exporting nation, approximately 1,000 petroleum tanker vessels visit its ports each year, with an average tanker size of about 95,000 gross register tonnage (GRT). With such extensive economic activity centred around maritime transportation, one would assume that Nigeria holds the status of a prominent maritime nation (Nweze, 2006).

There is widespread agreement that Nigeria lacks adequate domestic capacity in both the ownership and infrastructural aspects of cabotage covered by the Coastal and Inland Shipping (Cabotage Act) Act 2003. Considering the lack of indigenous capacity, the Act promotes a liberal cabotage policy by utilizing the internationally recognized waiver system. In general, the waiver principle is based on one or more of the following: non-availability, reciprocity, or bilateral agreement (Usoro, 2003).

The Nigerian Cabotage Law operates its waiver system only on grounds of non-availability (Coastal and Inland Shipping Act 2003, s 6). This means that where the non-availability criterion is met, waivers on all four pillars of cabotage may be granted. It is our view that the waiver policy should be used sparingly, but more importantly, to strengthen Nigeria's bilateral relationships with other countries, as well as her foreign policy. This point has been firmly canvassed (Abdulaziz, 2016) and rightly in our view; The central issue is whether Nigeria will remain relevant in the new realities of international relations. To be relevant, the focus of our foreign policy should stand on two principles:

- a. Reciprocity; and
- b. Economic diplomacy (Thom-Otuya, 2015)

The principle of reciprocity should continue to guide our international trade and politics. There is no such thing as a nation assisting another without conditions. It is an unsustainable contradiction to provide financial and material aid to nations that later demonstrate hostility toward our interests and citizens (Thom-Otuya, 2015).

## 4. Challenges Militating Against the Full Implementation of the Nigerian Cabotage Act

These are obstacles hindering the complete implementation of Coastal and Inland Shipping (Cabotage). They include:

### 4.1 Deficiency of Local Capacity

The Cabotage Act 2003, pt II, s 3 provides that for a vessel to gain access to participate in cabotage trade in Nigeria, it must be shown that the vessel is:

- a. fully owned by Nigerians;
- b. wholly manned by Nigerians;
- c. built in Nigeria; and
- d. registered in Nigeria (Akpobolokemi, 2012).

Nigerian-owned, -registered, and -crewed ships that are in line with the specific needs of the market are essential for the effective enforcement of cabotage legislation in the nation. Since the primary market directions for Nigerian cabotage involve tanker vessels and offshore supply vessels, it becomes imperative for Nigerian shipping interests to cultivate a domestic fleet that matches the required market roles and capacities. However, acquiring ships entails significant costs, necessitating a thorough consideration of adequate funding sources (Okoroji, 2013).

About the current stipulations of the Cabotage Act, it is widely acknowledged that funds play a pivotal role in coastal trade. The goal is to keep these economic opportunities available for Nigerians, not to discourage them. Regrettably, Nigerians face a lack of accessible capital to construct, own, and operate their own ships. It is crucial to recognize that the cabotage business demands significant capital investment, and it often takes a considerable amount of time to recover the initial investment (Okon, 2019).

Human resource constraints are identified as a problem capable of undermining the effective implementation of the Cabotage Law because a related program is indispensable for the establishment of a national fleet to train and certify the technical skills needed to man and run the ships that will be bought under the Cabotage regime (Ihenacho, 2004). An initiative should be undertaken to revamp the curriculum of the Maritime Academy of Nigeria (MAN), Oron so that cadets can receive training from the institution up until sea-going certifications are issued (Agoha, 2008).

## 4.2 *Limping Legal Framework*

The need to review and amend the Cabotage Act to reflect the actual situation on the ground cannot be over-emphasized as this will have to take care of some contentious provisions in the Act. Some of these provisions include:

### 4.2.1 The Requirement that All Nigerian Cabotage Vessels Must Be Built in Nigeria

While the paper genuinely endorses efforts to promote the early industrialization of the national economy, it is crucial to acknowledge the current lack of substantial shipbuilding capacity in Nigeria, which may not be developed in the near future. Hence, it is important to maintain a pragmatic perspective in our approach.

Given these circumstances, it is reasonable to conclude that Nigerian ship owners who have worked diligently to establish a Cabotage regime primarily to safeguard their corporate interests would face a rather perplexing situation. They could end up in the same situation as owners of foreign ships, requiring a waiver to fulfil the 'built-in Nigeria' conditionality, which could potentially undermine their initial intentions (Iheanacho, 2005). This paper is strongly of the view that necessary amendments, such as the provision's indefinite suspension, should be considered.

### 4.2.2 The Ban on Vessels of 15 Years of Age

The age limit of 15 years imposed by the Cabotage Act is detrimental to cabotage operations, as the efficiency and performance of vessels are not determined by their age but by their ongoing maintenance. The age limitation of vessels is strange to shipping operations worldwide, as adequate vessel maintenance is a critical component in determining a vessel's performance on any voyage or contract (Ihenacho, 2004).

In relation to the Cabotage Act, the inclusion of a fifteen-year age limit for vessels operating within the Nigerian cabotage sector is another contentious matter that has been brought up. This inclusion seems to have more to do with the subjective belief of the law drafters rather than objective information. There appears to be a presumption that a 15-year-old vessel is inherently superior to an older vessel that may be well-maintained (Nweze, 2006).

According to the findings of this study, it was observed that there is no specific regulation in any jurisdiction that imposes an age limit on seagoing vessels, as long as these vessels consistently comply with existing rules about safety requirements. These regulations encompass periodic inspections, dry docking, surveys, and certification processes that ensure the validity of all statutory and trading certificates aboard the ship.

In this context, notably, putting a 15-year age cap on ships that can engage in cabotage trading is not in line with the provisions of international law, such as the International Convention for the Safety of Life at Sea (SOLAS) or other relevant international conventions. These regulations primarily focus on ensuring that a ship is safe and seaworthy, and to make sure that all the appropriate trading and statutory certificates are given out (Nweze, 2006).

This paper views this as ironic in that, while enforcing the 15-year age limit in Nigeria, a vessel that is both owned and registered in Nigeria that is over the 15-year age limit complies with all the mandated safety standards, including the acquisition of relevant legal and commercial documentation, and has authorization for unrestricted global trade (including Nigerian territorial waters), enables the vessel to navigate worldwide, except its territorial waters.

There would be significant implications if the Nigerian cabotage sector imposed the fifteen-year-old age restriction. This would greatly restrict Nigerian operators from participating in the cabotage industry and severely limit the supply of vessels for coastal trade within Nigeria. This restriction would affect both domestically registered and foreign vessels, as the majority of ships involved in international and coastal maritime trade in Nigeria exceed the suggested 15-year age limit.

### 4.2.3 The Waiver Provision

The Coastal and Inland Shipping (Cabotage Act) 2003 specifically provides for waivers in sections 9, 10 and 11, thereby authorizing the Minister to override or set aside the provision of Part II Section 3 that restricts foreigners and foreign ships from engaging in domestic coastal trade.

The Nigerian economy is well-known to be a rental economy. It is heavily reliant on rents from its energy sector, accounting for more than 80% of its foreign exchange revenues and continues to be its economic lifeline (Omoriegbe, 2018). The Cabotage Law's whole purpose is to increase capacity in the industrial and manufacturing sectors, as well as in skill acquisition for the specialized workforce required in the maritime sector. The waiver provision appears to render these ambitious goals unachievable, which begs the following question: How can capacity and skills be increased when the required framework has not been properly established? There is no point in denying that Nigerian maritime operators lack the necessary manpower and seagoing vessels to effectively cover the field established by Part II Section 3 of the Act in respect of vessels built and manned entirely by Nigerians; however,

the provisions of Section 12 (a) I - (ii) on joint venture between Nigerians and foreigners have effectively covered that lacuna thereby making the provisions of section 12(b) of the Act wholly unnecessary.

According to some, the waiver provision of the Act is essentially technical, and without the involvement of industry professionals/operator representatives in its management, the law's goal would very certainly be thwarted altogether. The power necessary to conduct such waiver operations should not be vested exclusively in the Minister of Transport going by the convention of making use of non-professionals as Minister of Transport whose oversight functions include maritime administration in the country (Ndikom, 2006).

The paper also is strongly in support of the harmonised approach in executing the Cabotage legislation. This approach entails a cascaded implementation of the Act. It involves gradual and calculated measures. For instance, initially reserving vessels with a capacity of 300 gross register tonnage (grt) exclusively for Nigerians, while allowing non-Nigerian companies to operate at higher tonnage levels, with priority given to Nigerians at all levels. Over time, these restrictions can be increased, gradually raising the threshold for vessels and equipment to 1,000 grt, 1,500 grt, and so on, until foreigners are eventually completely excluded, potentially within 20 years (Chinweoke, 2013).

The procedure should be progressive, with adjustments made when it is determined that nationals have progressed beyond the GRT previously designated for them. This way, the Cabotage Act's goal and purpose can be accomplished without jeopardizing standards and/or national interest. Additionally, the Act's definition of vessel might be expanded to include the stevedoring activities of Floating Production Storage and Offloading (FPSO).

It has been observed that because the conditions for foreign businesses to get a waiver are less onerous, a higher number of foreign ships will likely be issued waivers to engage in shipping operations in the country. This is primarily caused by the inadequacy of the domestic vessels in meeting the country's coastal shipping requirements. Consequently, the inclusion of waivers has shifted the majority of obligations from indigenous vessel owners to foreigners, thereby rendering the Cabotage Act ineffective and undermining its original objective (Okeke & Anichie, 2012).

Additionally, a substantial barrier is presented by the Indigenous Shipowners Association of Nigeria (ISAN), which was not included in the procedure for official deliberations with the ministry (Igbokwe, 2006). One of the Guidelines' flaws has been pointed out as the omission of ISAN, the umbrella organisation of Nigerian shipowners and operators, from the engagement process with the Minister. It is crucial to do this consultation to find fully owned Nigerian vessels that are qualified and accessible to perform the requested task or duty. Furthermore, the significant cost associated with enforcement and monitoring presents a significant challenge (Igbokwe, 2006). In addition, it is extremely expensive to maintain the buildings and equipment needed to oversee the implementation of the Act. An illustration is the Nigerian Maritime Administration and Safety Agency (NIMASA) which requires amphibious aircraft and patrol boats, particularly for offshore traffic areas and these are very expensive.

#### *4.3 Financial Constraints*

It is a widely incontrovertible fact that shipping services are capital intensive, regardless of whether coastal or international applicability is taken into account. As part of our ongoing effort to maximise our cabotage potential, it is necessary to emphasize the need to provide appropriate financing support for asset acquisition in order to achieve the desired results.

One could question why this is still considered a barrier to successful cabotage operation in light of the provisions of section 42 (1) of the Cabotage Act that established the Cabotage Vessel Financing Fund (CVFF). Subsection 2 of the section states that the fund's purpose is to encourage domestic ship procurement capability development by supporting Nigerian operators involved in domestic coastal shipping financially. Nonetheless, there have been complaints regarding the allocation of over one hundred and fifty million dollars (\$150 million) (Adeoye, 2012) fund which is insufficient to accomplish the purpose for which the fund (and indeed the whole Cabotage regime) was established. Similarly, the problem of fund disbursement has generated far more anxiety than anticipated. For disbursement reasons, four primary lending institutions have been appointed: Diamond Bank (now Access Bank), Fidelity Bank, Skye Bank, and Sterling Bank (Echenim, 2013).

Out of the several applications received for the CVFF facility, six applications have been processed and endorsed by these aforementioned Primary Lending Institutions (PLIs) and accordingly recommended to the ministry by the management of NIMASA (Nigerian Maritime Administration and Safety Agency) and are awaiting approval (Echenim, 2013).

However, several ship owners expressed worry about the federal government's continued hesitancy in actually disbursing the funds, many years after it consistently failed to do so. Concerns have also been expressed about the



secrecy surrounding the exact amount the fund has accrued over the years and the identity of the six shortlisted beneficiaries (Echenim, 2013).

Commercial banks in Nigeria are no longer viable options for obvious reasons ranging from their capital base to the nature of the funds they manage. The majority of savings in Nigeria are short-term. Given that the cabotage trade involves substantial long-term investment requirements, it presents a significant challenge for financial institutions to provide the necessary funding for such extended business endeavours. That is, according to law, cabotage trade includes Nigerians building, owning, and staffing the ship, which always entails undertaking a long-term investment. However, financial institutions in Nigeria are incapable of meeting these specific demands, thereby hindering easy access to capital for Nigerian entrepreneurs. Additionally, the lending rates (The World Bank, 2023) charged by financial institutions in Nigeria are considered to be prohibitively high; the entrepreneur would face considerable challenges in recovering the funds required to make loan repayments, as the accumulated interest alone would effectively quadruple the original loan amount (Akpa, 2000).

Due to the industry's high capital requirements, it is a well-known reality that financing presents a formidable obstacle (Ajiye, 2013). A brief analysis of the symbolic importance of shipping in Nigeria's economy reveals the crucial need for the government to support and facilitate the process by offering financial assistance to industry stakeholders for ship acquisition. This support aims to enable them to achieve self-sufficiency and independence through their earnings.

Local operators applying for access to the CVFF have been found to not fulfil the PLI's fundamental risk criteria; moreover, on the subject of 15% equity contribution by fund applicants, the majority of indigenous operators are unable to provide this, hence undermining the essence of the fund's creation (Akpobolokemi, 2012).

#### *4.4 Infrastructural Deficiencies*

Due to the provision in the Cabotage Act that only Nigerian-owned vessels or carriers may engage in coastal trade, infrastructural shortages impede the Act's implementation (Okoroji, 2013).

The training of Nigerian crew as mandated by the Act to man Nigerian vessels engaged in coastal trade is highly dependent on vessel availability, as these trainees cannot be certified until they have completed their sea time training onboard vessels. In other words, a vessel shortage has a ripple effect on the training of Nigerian crew. The primary challenge encountered in seafarer training in Nigeria, as observed, stems from the discontinuation of the Nigerian National Shipping Line (NNSL), which had a fleet of more than 40 ships that provided training opportunities for Nigerian cadets during its operation (Agoha, 2008).

As a result of the foregoing, it is regrettable that the absence of Nigerian vessels has resulted in the arbitrary grant of waivers to foreign vessels, which results in capital flight as a result of their dominance in Nigeria's cabotage trade, thereby creating the very situation that the Cabotage Act was enacted to address. According to Ngozi Okonjo-Iweala, a former Nigerian finance minister (and the current Director of the World Trade Organization), 'Nigerian-owned vessels make up less than 1 percent of the global fleet and are quite old; on average, 30 years of age' (Disu, 2013). In fact, out of the 600 vessels that worked as oil rig and platform vessels in the upstream sector, less than 50 were owned by Nigerians (Okeke & Anichie, 2012).

Furthermore, the Seafarers Development Programme, which was necessitated by the absence of a Nigerian fleet, can be compared to a situation in which Peter is robbed to pay Paul, given that the funds spent on training Nigerian seafarers abroad result in capital flight, which the Cabotage Act was enacted to halt in the first place (Echenim, 2013). More so, Nigeria lacks shipbuilding yards. The shipbuilding sector of the industry remains empty and plagued by a slew of issues that appear to be beyond the control of the maritime industry's key private players. Shipbuilding requires huge funding and is highly technologically driven which cannot be handled efficiently without an efficient service sector and steel sector. Lack of infrastructure such as power, rail, and inland container depots exacerbates these issues, making it more cost-effective to purchase a ship from outside than to build one in Nigeria (Okeke & Anichie, 2012).

### **5. Comparative Analysis**

It is apposite at this point to compare Nigeria's Cabotage Act with some international rules and treaties and the Cabotage laws of countries like the United States of America, Canada, and South Africa. Notably, the efficacy of cabotage legislation is contingent upon the particular conditions and aims of each respective country's marine sector and economy. Hence, each country has its laws adapted to its own marine and economic demands. These laws are intended to encourage domestic shipping, maintain national security, and help the marine sector flourish. However, the US and Canada are part of countries that are said to have well-developed cabotage laws (American Maritime Partnership, 2018). In Africa, Nigeria is the first country in the West and Central African sub-region to

enact a cabotage law (Okeke & Anichie, 2012), hence the comparison with South Africa where it has been estimated that between 80 and 90% of the country's economy depends on seaborne trade and transportation (Surian, 2020).

### *5.1 International Rules and Treaties*

a. United Nations Convention on the Law of the Sea (UNCLOS): Cabotage is not specifically addressed in the United Nations Convention on the Law of the Sea (UNCLOS), although it does grant coastal nations the power to control marine activity inside their exclusive economic zones (EEZs) to vessels that are registered in that state or in a state with which it has a reciprocal cabotage agreement (United Nations, 2023).

b. International Maritime Organization (IMO) Cabotage Guidelines: The principles that coastal governments ought to follow when establishing cabotage legislation are outlined in the IMO Cabotage Guidelines, which are non-binding guidelines. The International Maritime Organisation (IMO) has passed several resolutions to stimulate the growth of the marine sector in developing nations, notably Resolution A.682(17), which urges member states to pass cabotage legislation (United Nations Conference on Trade and Development, 2022).

In general, the Nigeria Cabotage Act is consistent with international rules and treaties. Nevertheless, several domains exist in which the Nigerian legal framework exhibits more limitations. As an illustration, it is important to note that Nigerian legislation restricts the participation of foreign-flagged vessels in cabotage operations, irrespective of their chartering by a Nigerian company (Section 3 of the Nigerian Cabotage Act; Abdulhaleem, 2023). The level of restriction imposed by this policy exceeds that of the United Nations Convention on the Law of the Sea (UNCLOS), which only forbids foreign-flagged boats from participating in cabotage operations without the explicit permission of the coastal state (Article 58 UNCLOS).

The Nigerian cabotage legislation also establishes the Cabotage Vessel Financing Fund (CVFF), which offers loans and grants to Nigerian shipowners (section 42 (1) of the Cabotage Act). International rules and treaties do not demand this. However, it is a great move that would aid in the growth of Nigeria's marine industry. The Nigerian Cabotage legislation also created the Nigerian Maritime Administration and Safety Agency (NIMASA), which is the enforcement agency for cabotage and is in charge of regulating the Nigerian maritime industry (based on section 30 of the Cabotage Act which provides for the creation of an enforcement unit within the National Maritime Authority by the Minister of Transport). This is in accordance with IMO Resolution A.682(17), which urges member states to enact cabotage regulations and appoint a competent authority to monitor their implementation (IMO, 1991).

### *5.2 United States of America*

The United States Merchant Marines Act of 1920 (Jones Act), a federal legislation in the United States that seems to be the first known formal enactment on cabotage (Agama & Alisigwe, 2018), is a comprehensive cabotage law that governs maritime commerce within the country. Its primary objective is to enforce the use of American-flagged vessels, constructed in the United States, owned by U.S. citizens, and operated by U.S. citizens or permanent residents, for maritime trade between U.S. ports (Section 27 Jones Act). The Jones Act has been acknowledged for its role in bolstering the United States maritime economy, facilitating employment opportunities for American seafarers, and upholding a domestic fleet for marine operations (Agama & Alisigwe, 2018).

It is worthy of note that both the United States of America's Cabotage law and Nigeria's Cabotage law limit the commercial transportation of goods and services to vessels flying the country's flag and owned by citizens of the country inside its inland and coastal waters (section 27 Jones Act and sections 3 and 6 Nigerian Cabotage Act). Also, some vessels are excluded from cabotage restrictions under both laws, including those that are less than a specified size, those that are engaged in specific sorts of fishing or research, and those that are transporting particular goods (Section 8 of the Nigerian Cabotage Act and Section 27 Jones Act). More so, both laws have provisions in place to enforce compliance with the cabotage restrictions (Part VI of the Nigerian Cabotage Act and Section 27 Jones Act).

However, the Jones Act exhibits a far higher degree of restrictiveness in comparison to the cabotage law in Nigeria. The Jones Act encompasses all forms of maritime trade inside the United States, encompassing both domestic and international voyages, including those along the coast and between other coasts. In contrast, the Nigerian cabotage legislation exclusively pertains to maritime transportation activities conducted along the country's coastal and inland voyages (Abdulhaleem, 2023).

Overall, the effect of the cabotage laws in the United States and Nigeria on the development of their respective maritime sectors has had differing effects. The more restrictive cabotage laws in the United States have protected the US merchant marine but have increased the cost of transporting goods by water for businesses. Nigeria's less

restrictive cabotage laws have made it less difficult for businesses to transport goods by water, which has contributed to the country's economic growth (Agama & Alisigwe, 2018).

### 5.3 Canada

Canada's cabotage law, also known as the Coasting Trade Act 1989 (which entered into force in 1992), restricts commercial transportation of goods and services within the country's coastal and inland waters to vessels flying the country's flag and owned by citizens or permanent residents of Canada. The Coasting Trade Act governs all Canadian waterborne commerce, including coastal, intercoastal, and international voyages (Section 2 Coasting Trade Act). This implies that a vessel flying a foreign flag cannot transport goods or passengers between two Canadian ports, even if the goods or passengers are destined for a foreign country.

It is noteworthy that Canada's Coasting Trade Act emphasizes national security, control, and environmental standards while Nigeria's Cabotage Act prioritises economic development, local participation, and the development of local content. The Canadian Cabotage Law applies to domestic maritime trade conducted inside Canadian territorial seas. It seeks to advance Canadian control, ownership, and involvement in the nation's coastal shipping sector. However, the Nigerian Cabotage law is focused on encouraging indigenous involvement in the coastal and inland shipping trade inside Nigeria. For domestic maritime transportation, it requires the employment of vessels that are owned and registered in Nigeria (Section 2 Coasting Trade Act and Section 3 Nigeria Cabotage Act).

More so, the Canadian Coasting Trade Act does not expressly require that ships involved in domestic trade be owned by Canadians. To engage in coastal shipping, however, a vessel must be registered in Canada and satisfy specific conditions (Transport Canada, 2022). Meanwhile, the Nigerian Cabotage Law mandates that all ships taking part in domestic shipping be registered to and owned by Nigerians (Section 22 Nigerian Cabotage Act). This law aims to increase indigenous involvement and ownership in the maritime sector. Also, for ships engaged in domestic trade, the Coasting Trade Act does not specify any crew requirements based on nationality or place of residence. The Nigerian Cabotage Law however stipulates that a considerable portion of the crew on board a vessel must be Nigerian nationals or residents (Section 2 and 3 Nigerian Cabotage Act).

The Canadian Coasting Trade Act's primary goal is to foster competition in the maritime industry and ensure that ships involved in domestic trade comply with specific requirements, but the Nigerian Cabotage Law's main goals are to encourage local shipbuilding and ownership, promote indigenous involvement in the maritime industry, and strengthen Nigeria's maritime capabilities (Cole, 2010).

In conclusion, both the Canadian and Nigerian Cabotage Laws seek to control marine activity within their respective nations, but they differ in terms of their aims, restrictions, and ownership requirements. While the Nigerian legislation emphasises increasing indigenous involvement, shipbuilding, and ownership in the maritime industry, the Canadian law places a strong emphasis on strengthening the competitiveness of the maritime industry.

### 5.4 South Africa

The South African Cabotage Law, called the Comprehensive Maritime Transport Policy (CMTP), is a law that limits commercial transportation of goods and services within the country's coastal and inland waters to vessels flying the country's flag and owned by citizens or permanent residents of the country. The CMTP was passed in 2017 and took effect in 2018. The law was enacted to preserve South Africa's maritime sector and to create jobs in the industry. The CMTP aims to “facilitate growth and development of South Africa’s maritime transport system in support of socio-economic development of the country whilst contributing in international trade” (Department of Transport, 2017). The CMTP governs all waterborne trade between places in South Africa including coastal, intercoastal, and international journeys. Nevertheless, certain vessels are exempted from the cabotage restrictions, including fishing vessels, vessels for research, ships weighing less than 500 gross tonnes, and vessels that transport certain sorts of commodities, such as petroleum products and hazardous materials (Department of Transport, 2017).

The global implementation of cabotage laws has been justified for various reasons, including mitigating foreign competition, safeguarding national security, preventing shipping shortages during conflicts, promoting private vessel ownership, fostering the establishment of national fleets, and safeguarding local labour interests. However, it should be noted that the intended effects of implementing cabotage laws have not always been achieved. Research has indicated that cabotage regulations have had limited effectiveness, particularly in developing nations. Frequently, the cause of this failure can be attributed to lax implementation of cabotage restrictions (Surian, 2020).

For example, since the enactment of the Nigerian Cabotage Act, there has been a persistent dependence on cabotage waivers, which exempt non-compliant vessels from adhering to the cabotage requirements in Nigeria. In her 2017 conference presentation to the United Nations Conference on Trade and Development, Luisa Rodriguez highlights

the shared difficulties faced by South Africa and Nigeria due to their inadequate supply capacity and the implementation of cabotage waivers. According to her, "... countries like Nigeria or South Africa have encountered challenges in leveraging cabotage restrictions in order to build their supply-side capacity. Weak supply capacity has thus led, in practice, to widespread cabotage waivers overriding the proper implementation of cabotage regulations" (Rodriguez, 2017).

Overall, not only was the Nigerian Cabotage Act enacted before the South African Cabotage Act, but similar provisions are found in the cabotage laws of both South Africa and Nigeria, including the restriction of commercial transportation of goods and services to vessels flying the country's flag and owned by citizens or permanent residents of the country. However, Nigeria's cabotage legislation only applies to inland and coastal journeys, but South Africa's cabotage statute covers all waterborne trade between locations within South Africa, including coastal, intercoastal, and international voyages. Nigeria's cabotage legislation exclusively targets coastal and inland voyages inside its territorial waters, in contrast to South Africa's maritime policies, which promote local shipping throughout a wider spectrum of waterborne trade, including international voyages (Dlamini, 2020).

From the above, it is established that Nigeria's Cabotage Act is aimed at promoting local ownership and participation in Nigeria's coastal shipping, however, there are laws in Nigeria that allow other countries to participate in coastal shipping in Nigeria. This encourages healthy and fair competition, otherwise, there is a chance of developing monopolistic competition among the stakeholders. These provisions of law that allow the participation of multinational companies in cabotage business in Nigeria include:

- i. The Nigerian Cabotage Act of 2003: Although this Act imposes limitations on the use of foreign-flagged vessels in domestic coastal trade (Section 3). However, it does provide an avenue for multinational companies to engage in the cabotage market by either owning or chartering Nigerian-flagged vessels (Part III).
- ii. The Companies and Allied Matters Act of 2020: This Act allows foreign corporations to be registered in Nigeria. This enables multinational companies to establish a presence in Nigeria and participate in cabotage business (Section 78).
- iii. The Customs and Excise Management Act of 2004: This Act governs the import and export of products in Nigeria. It authorises the granting of import and export licences, which are required for multinational companies to engage in coastal shipping in Nigeria.
- iv. The Nigerian Ports Authority Act of 1955: This Act creates the Nigerian Ports Authority (NPA), which is in charge of port administration in Nigeria. The NPA offers a variety of services to multinational companies involved in the cargo and transportation sector, including berthing space, pilotage, and towage.
- v. The Nigerian Shippers Council Act of 2004: This Act establishes the Nigerian Shippers Council (NSC) in charge of safeguarding the interests of shippers operating within the Nigerian jurisdiction. The National Shipping Council (NSC) offers several services to international corporations engaged in the cargo and shipping industry, including conflict resolution and mediation assistance.

The Nigerian cabotage legislation has faced criticism from certain quarters for being too restrictive. According to them, this has resulted in higher prices for consumers and decreased competition in the maritime industry (Osinuga, 2023). The Nigerian government, on the other hand, contends that the law is necessary to safeguard the growth of the nation's maritime industry (Abdulhaleem, 2023). In the end, the optimal method for balancing the interests of the Nigerian maritime industry with those of consumers and international trade is debatable.

## 6. Conclusion

This paper makes the following recommendations:

- i. Adoption of Harmonized Approach: One of the factors that militate against the Cabotage Act 2003 is the inclusion of the waiver clauses. This paper is of the view that the reasons for having the waiver clause, especially that in Part 3 (9), no longer exist, hence it should be expunged because the continuous existence of the waiver provision will not aid the Nigerian maritime industry, thus the need to take up those challenges that necessitated the inclusion of the waiver accorded to foreign vessels. It is the firm belief of the authors that the best alternative to the waiver clauses is what has been termed and previously explained as a 'harmonized approach'. The key emphasis lies in the necessity for the Ministry of Transport and NIMASA to maintain focus and consistency in their actions.
- ii. Recognition should be limited to companies that possess the necessary resources and meet the minimum ownership standards: Shipping is an expensive investment sector that requires adequate resources and genuine interest. It is not a social welfare program where individuals receive money to fulfil their personal needs. Therefore, it is crucial to ensure that only companies capable of meeting the minimum ownership standards are acknowledged. Their

capacity will provide a solid foundation for NIMASA to assist the Cabotage Fund. Additionally, supporting the gradual establishment of exclusive tonnage and equipment zones for Nigerian companies, with periodic updates every 2-4 years, will further enhance the process. While it may take time, the ultimate goal can be achieved. The drafters of the Cabotage Act likely had a similar vision in mind.

- iii. **Effective Accessibility of Funds:** The government should also look at the effective accessibility of funds for any indigenous company or person going into industry. The government must put in place an efficient and quality background check on any indigenous person or organization that intends to benefit from these Cabotage Vessel Financing Fund initiatives. The person or organization must have been tested and trusted. Also, the perceived unnecessary delay and uncertainties surrounding the disbursement of the Cabotage Vessel Financing Fund should be investigated and nipped in the bud immediately.
- iv. **Proliferation of Small Vessel-Owning Companies:** It has also been observed that the proliferation of small vessel-owning companies is another reason Nigerians have been unable to get contracts in the upstream oil business. Therefore, it is recommended for indigenous practitioners to collaborate and merge into a single large company to fully capitalize on the benefits of cabotage. This study has demonstrated that the benefits Nigeria can derive from the implementation of the Cabotage policy outweigh any potential losses. It concludes that by diligently adhering to the implementation guidelines and enforcing them strictly, cabotage has the potential to emerge as a significant revenue generator in Nigeria, rivalling the oil and gas industry. The economic development of Nigeria stands to gain substantial advantages from the effective enforcement of the Act, surpassing the challenges encountered during its implementation and monitoring. With strong collaboration and commitment among government institutions and stakeholders, along with the effective functioning of all relevant offices, we hold an optimistic outlook for Nigeria's future, where the sky is merely a stepping stone.

It is obvious from the discourse above that enormous challenges have hindered effective cabotage implementation in the maritime industry of Nigeria. There is no gainsaying the fact that these challenges must be resolved accordingly before any meaningful progress can be recorded in the industry.

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