



A CRITICAL ANALYSIS AND OVERVIEW OF THE NIGERIAN CABOTAGE ACT AND ITS OBJECTIVES

*Kiani, Uroh Omiekumo**

Abstract

Nigeria's cabotage regime is critical to supporting indigenous involvement and growth in the marine sector. This legal framework control Nigeria's Maritime activities, 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. This article explained the historical perspective on when the CABOTAGE Act was enacted and also explained the distinction between the liberal or relaxed and strict or protectionist Cabotage implementation on the current legal framework. Strengths and shortcomings, indicating areas that require adjustment to fulfill the cabotage regimes 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 work are the enforcement procedures, which is mostly domiciled under the institutional coordination of NIMASA saddled with the responsibility of, capacity-building programs, financial incentives, and the promotion of shipbuilding and ship repair infrastructure to solve 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 emphasizes 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. In conclusion, this paper proposed reforms if implemented will provide a favorable climate for Nigerian ship owners, seafarers, and allied industries to prosper, thereby contributing to the nation's maritime sector's growth and sustainability.

Keywords: *Legal Framework, NIMASA, Cabotage*

Introduction

The term Cabotage connotes coastal trading.¹ Nigeria, with its wealth of nine coastal states - Lagos, Ogun, Ondo, Edo, Rivers, Delta, Bayelsa, Akwa-Ibom, and Cross River with a population exceeding 250 million, possesses abundant natural and manufactured resources, such a country demands a thriving maritime industry to harness its full potential; cabotage is associated with coastal trade, encompassing navigation and transportation. In my definition, cabotage refers to the reservation of shipping, movement of people, and other related services exclusively for nationals of a particular

* L.L.M (RSU); Email: urohkiani@gmail.com

¹ B.A.Garner (ed.) Blacks Law dictionary 8th edition (St Paul's Minnesota, West Publishing Co,2004) p.215

country or open to both nationals and foreign shippers. Two fundamental types of cabotage regimes exist: liberalism or relaxed cabotage and protectionism or strict cabotage.

Liberalism or relaxed cabotage, upholds the principle of free and fair competition in sea transportation, irrespective of the flag under which a ship operates. This policy grants shippers the freedom to choose their carriers, whether home-made or foreign-flag vessels. Therefore, the fundamental principle of shipping liberalism is that merchant marines operate in the freight market without intervention from public bodies, governmental entities, or their agencies. Government non-intervention lies at the core of the liberal policy concept in shipping.

Protectionism or strict cabotage regime, on the other hand, entails the adoption of policies aimed at providing preference and protection to local or indigenous shipping companies. The objective is to ensure their participation in the shipping activities of the country, safeguarding them against any undue advantage foreign shipping companies may have in terms of technical ability and competence.

In general, cabotage laws restrict domestic maritime or air transport to vessels and airlines registered and owned by citizens of the country. However, foreign nationals or companies can participate in a country's cabotage trade, but usually under specific conditions, such as obtaining a waiver or license. These conditions are often designed to balance promoting domestic industries with allowing foreign participation where there's a lack of local capacity. Cabotage laws primarily aim to reserve domestic shipping and air transport for national companies and citizens. Many countries, including Nigeria, allow foreign entities to participate in cabotage through waivers or licenses, especially when there's a lack of local capacity. Conditions for Foreign Participation in a domestic maritime or air transportation are waiver or license:

These waivers or licenses often come with conditions such as:

- Foreign vessels may need to register in the country.
- There might be restrictions on foreign ownership of vessels or airlines.
- Some cabotage regimes require a certain percentage of the crew to be local.
- Foreign companies might be required to train local personnel.
- Foreign participation might be limited to certain routes or types of cargo.

The Nigerian Cabotage Act aims to reserve domestic shipping to Nigerian-built, Nigerian-owned, and Nigerian-crewed vessels. However, foreign companies can participate through waivers, especially if there is a lack of Nigerian-owned vessels or capacity.



History/Enactment of Cabotage Act in Nigeria:

The Coastal and Inland Shipping Act was enacted into law on April 30, 2003. The primary objective of the act is to protect indigenous shippers and tonnage from foreign shippers while promoting the development of indigenous shipping, repair and maintenance, crewing, and ownership capacities within the Nigerian Maritime Industry. Under the Act, cabotage in Nigeria is reserved exclusively for vessels manufactured and registered in Nigeria, fully owned and manned by Nigerians. Nevertheless, foreign-owned vessels and companies are allowed to participate in cabotage trade within Nigerian waters upon obtaining a waiver and permit from the Federal Ministry of Transport.

The purpose of the Act is to restrict the use of foreign vessels in domestic coastal trade and encourage the growth of indigenous tonnage. The provisions include restrictions, waivers to address capacity limitations among Nigerian shippers, enforcement mechanisms, and the establishment of the Cabotage Vessel Financing Fund, among others. Essentially, the Act serves as a legislative tool for restricting access to or reserving maritime trade within a country's geographical boundaries to indigenous capacities. With the advent of democracy in 1999, stakeholders and professionals in the shipping industry called for the restructuring of the maritime industry, particularly in relation to domestic trade, for the benefit of the Nigerian people and the overall economic well-being of the nation. As a result, the Coastal and Inland Shipping (Cabotage) Act of 2003 was proposed and subsequently enforced by the National Maritime Authority (NMA), now known as the Nigerian Maritime Administration and Safety Agency (NIMASA). Nigeria became the first country in the West and Central African sub-region to enact a Cabotage Law, which was signed into law on April 30, 2003.

The Coastal and Inland Shipping (Cabotage) Act of 2003 is a comprehensive legislation consisting of 55 sections divided into 9 parts. A summary of the key provisions of the Act is outlined below:

(a) Part I - Short Title and Interpretation

This part includes the long title of the Act, which is the Coastal and Inland Shipping Act, 2003. It also contains an interpretation section that provides definitions and explanations of some terms used throughout the Act.

(b) Part II - Restriction of Vessels in Domestic Coastal Trade

Sections 3-6 of the Cabotage Act outline the restrictions imposed on vessels engaged in domestic coastal trade. This part specifies which vessels are allowed to provide cabotage services within the territorial, coastal inland waters, islands, or any point within the Exclusive Economic Zone of Nigeria. It covers various aspects such as restrictions on towage, carriage of petroleum products and ancillary services, and navigation in inland waters, which are reserved exclusively for Nigerian-owned vessels.



According to the Act, any vessel that is not wholly owned and manned by a Nigerian citizen, built and registered in Nigeria, is prohibited from engaging in domestic coastal carriage of cargo and passengers within Nigerian waters. However, these restrictions do not apply to towage or salvage services. The Act also states that a foreign-owned tug or vessel cannot tow any vessel or carry any substance from or into Nigerian waters unless it is owned by Nigerians. However, foreign vessels are allowed to provide assistance to vessels, aircraft, or individuals in distress or danger within Nigerian waters, in accordance with international salvage conventions and customary laws.

(c) Part III - Waivers

Sections 9 to 14 of the Act deal with the provision of waivers. Section 9 grants the Minister of Transportation the authority to grant waivers when there is no Nigerian-owned, crewed, or built vessel available with the capacity to carry out the intended task for which the waiver is being sought. The Minister is empowered to issue a waiver for a registered vessel upon receiving an application, initially for a period of one year and renewable for the same period as specified in sections 9 and 11. The Act sets out the requirements for obtaining a waiver, including the need for wholly owned Nigerian vessels (as per section 9), compliance with manning requirements, and Nigerian-built vessels (as per sections 10 and 11).

(d) Part IV- License to Foreign Vessels

In this part, the Act empowers the Minister to grant a restricted license to foreign-owned vessels upon application and subject to certain conditions. It covers various aspects related to the license, including the terms and conditions, duration, suspension, cancellation, and variation of the license. Additionally, the part addresses the tariff on the license, provides guidelines for obtaining the license, and outlines the consequences of operating without a license.

(e) Part V - Registration

The Act stipulates that every vessel intended for use in accordance with its provisions must be registered in the Special Register for Vessels and Ship-Ownning Companies Engaged in Cabotage. The vessel must meet all eligibility requirements set forth in the Act and the Merchant Shipping Act (MSA), to the extent that the MSA is not inconsistent with the provisions of the Cabotage Act. This part also covers various registration-related matters, including the eligibility criteria for vessel registration, ownership requirements, proof of ownership, deletion from the registry, citizenship requirements for ship financing, temporary registration, and age restrictions for vessels.



(f) Part VI – Enforcement

For effective enforcement of the Act, a Special Register for vessels and shipping companies engaged in Cabotage trade is maintained in the office of the Registrar of Ships. The Act also provides for the establishment of an enforcement unit/officers and outlines the powers of enforcement officers, including the power to detain ships. Additionally, this part addresses port clearance requirements for vessels and mandates any individuals engaged in employing vessels for domestic coastal trade to publish the requirements for such employment.

(g) Part VII - Offences

This part of the Act specifies the punishments for various offenses committed in contravention of its provisions. Offenses include contraventions of Sections 3, 4, 5, and 6, obstructing an enforcement officer, making false or misleading statements, and imposing liability on ship owners, corporate bodies, and officers. The Act considers each day of contravention of Sections 3, 4, 5, 6, and 21 as a separate offense. It establishes strict liability for contraventions of its provisions and assigns jurisdiction over matters arising from the Act to the Federal High Court.

(h) Part VIII - Cabotage Vessel Financing Fund

Under section 42(1) of the Act, the Cabotage Vessel Financing Fund is established to promote the development of indigenous ship acquisition capacity. The fund provides financial assistance to Nigerian operators involved in domestic coastal shipping. Section 43 outlines the specific monies to be paid into the fund, while other provisions address the beneficiaries of the fund and its management

(i) Part IX- Miscellaneous

This part empowers the Minister to make regulations pertaining to various matters outlined in section 46 of the Act. These matters include prescribing the manner or content of applications, notices, or other required documentation, as well as fees payable and methods for calculating fees and recovering costs related to permits, licenses, loans, guarantees, or other matters under the Act. The regulations may also address the amount and payment methods for participation in the domestic coastal trade, record-keeping requirements for permit and license holders, publication of pre-tender qualifications for vessel employment, and any other matters necessary for the full implementation and administration of the Act. Additional provisions in this part include the requirement for licenses, waivers, permits, and approvals to be carried on board the ship at all times, the minister's power of requisitioning vessels, delegation of powers, establishment of units for accounting purposes, transitional provisions, repeals and amendments, and other related provisions.

While the Nigerian Cabotage Act has commendable objectives, it faces several challenges that need to be addressed. To fully realize the potential of the Act, the government should review existing policies, particularly those related to waivers and licenses. The power of the Minister of Transportation to grant waivers should be exercised in consultation with maritime stakeholders and professionals, ensuring their input and collaboration. Waivers should be viewed as a temporary measure to support the growth of local maritime capacity, rather than a long-term solution to cabotage challenges.

Additionally, Nigeria needs to clearly define its cabotage regime as either strict or liberal. A clear and consistent approach will provide certainty to industry players and investors, facilitating better planning and decision-making. This will enable the country to develop a robust and thriving maritime industry that benefits both the nation and its citizens.

In summary, the Nigerian Cabotage Act has the potential to drive the growth and development of the country's maritime sector. By addressing issues related to waivers and licenses, involving stakeholders and professionals, and establishing a clear cabotage regime, Nigeria can unlock the full benefits of the Act and create a sustainable and competitive maritime industry.

Role of NIMASA in Cabotage Implementation:

The Nigerian Maritime Administration and Safety Agency (NIMASA) play a crucial role in the implementation of the Cabotage Act in Nigeria. NIMASA is responsible for administering and enforcing the provisions of the Cabotage Act, which aims to reserve coastal and inland shipping activities for Nigerian-owned vessels. NIMASA's functions include promoting and regulating shipping, ensuring compliance with the Cabotage Act, and fostering the growth of local shipping capacity. Enforcement of the Cabotage Act: NIMASA ensures that all operators in the coastal and inland shipping trade comply with the Cabotage Act. This includes verifying that vessels operating in Nigerian waters are Nigerian-owned, built, and crewed. NIMASA also enforces regulations related to the Cabotage Vessel Financing Fund (CVFF).

NIMASA develops and implements policies and programs to facilitate the growth of local capacity in ship ownership, manning, and construction. NIMASA provides support and incentives for Nigerian ship-owners to acquire and operate vessels. NIMASA also focuses on developing Nigerian seafarers through training and placement on Cabotage vessels.

NIMASA collaborates with other government agencies, such as the Nigerian Navy, Police, and Customs, to enforce the Cabotage Act. NIMASA engages with stakeholders in the maritime industry to address challenges and promote the growth of the sector. NIMASA collects revenue related to Cabotage activities, including a 2% surcharge on contract sums and other fees. These funds are used

to support the development of indigenous tonnage and other initiatives related to the Cabotage Act. NIMASA implements relevant International Maritime Organization (IMO) and International Labour Organization (ILO) conventions related to maritime safety, security, and labour. This includes ensuring compliance with conventions such as the Safety of Life at Sea (SOLAS) Convention. NIMASA has been a key player in developing maritime capacity through various initiatives, including the issuance of Certificates of Competency (CoC) and the formation of the Nigerian Maritime Industry Working Group (NIWG).

Floating Dock Project:

The Floating Dock Project, a collaboration between NIMASA and the Nigerian Ports Authority (NPA), aims to create employment opportunities, facilitate seafarer training, and generate revenue. NIMASA has also engaged with foreign partners to enhance training facilities and acquire a vessel for cadet sea time training, a prerequisite for CoC acquisition. Efforts have been made to enhance the skills, knowledge, and capabilities of individuals through training programs and professional development courses within the maritime sector. Technology has been integrated into the verification of CoCs, streamlining processes and enhancing efficiency. In essence, NIMASA acts as the primary regulatory and promotional body for the Cabotage regime in Nigeria, working to ensure that the Act achieves its objectives of boosting indigenous shipping capacity and creating a level playing field for Nigerian ship-owners.

Challenges in Implementing the Cabotage Act

The Nigerian Cabotage Act, designed to reserve coastal trade for Nigerian-owned vessels, faces challenges including limited capacity of the local shipbuilding industry, inadequate funding for ship-owners, lack of skilled seafarers, and complex waiver procedures. Additionally, the Act's effectiveness is hindered by infrastructural shortages and the age limit imposed on vessels operating within the Nigerian cabotage sector.

The Nigerian shipbuilding industry lacks the capacity to meet the demands of cabotage trade, particularly for deep-sea vessels. Ship-owners struggle to access adequate and affordable financing to acquire vessels and upgrade existing fleets. The Cabotage Act's waiver provisions, while intended to address specific situations, have been criticized for being overly liberal and potentially undermining the Act's purpose by allowing foreign competition. The 15-year age limit on vessels operating in the cabotage trade can be detrimental as vessel efficiency and performance are not solely determined by age.

Shortages in port infrastructure and other related facilities impede the smooth operation of cabotage activities. There is a shortage of skilled Nigerian seafarers, both officers and crew, to meet the needs of the growing cabotage trade; there are concerns about the welfare and working conditions of Nigerian seafarers on cabotage vessels, which needs to be addressed. Issues related to corruption and inefficiency in the maritime sector also pose challenges to the effective implementation of the Act. The Act's enforcement by relevant agencies like NIMASA has been inconsistent, further hindering its effectiveness. The Cabotage Vessel Financing Fund (CVFF), established to provide financial support, has faced issues of transparency and accessibility.

Indigenous Nigerian ship operators face significant challenges accessing capital for ship acquisition and maintenance, hindering their ability to compete with foreign-owned shipping companies. This lack of funding stems from various factors, including the high cost of vessels, difficulty securing loans, and the absence of a readily available financing mechanism specifically tailored for the maritime sector. The initial investment for acquiring a ship, especially a modern, technologically advanced one, is substantial and often beyond the reach of many indigenous operators. This cost barrier restricts the number of vessels they can acquire, limiting their operational capacity and ability to compete for lucrative shipping contracts.

Financial institutions in Nigeria may be hesitant to provide loans for ship acquisition due to perceived high risks associated with the maritime industry, including fluctuating fuel prices, global economic instability, and potential for piracy. Indigenous operators often struggle to meet the stringent collateral requirements and stringent repayment terms imposed by banks. Additionally, some banks may lack the specialized knowledge and expertise to assess the unique financial needs and risks associated with the maritime sector. The Cabotage Vessel Financing Fund (CVFF), established to provide financial support for indigenous ship acquisition, has faced implementation delays and bureaucratic hurdles, hindering its effectiveness. The CVFF was designed to offer low-interest loans and other financial assistance to qualified operators, but its implementation has been marred by government bureaucracy and corruption. While the CVFF was recently directed for disbursement, its long-delayed implementation and the ongoing debate about its ownership raise concerns about its potential impact and effectiveness. Many banks in Nigeria lack the specialized knowledge and understanding of the maritime industry to effectively manage shipping loan structures. This lack of expertise can lead to inadequate risk assessment, inappropriate loan terms, and difficulty in monitoring the performance of funded vessels. While the Cabotage Act aimed to promote indigenous participation, its implementation has been slow, and the government has not provided sufficient financial incentives or support to foster a thriving indigenous shipping sector. There are concerns that the government may not prioritize the disbursement of the CVFF for vessel acquisition, which further hinders the sector's growth.

In conclusion, the difficulties indigenous operators face in accessing capital for ship acquisition and maintenance are a significant obstacle to their competitiveness in the maritime industry. Addressing these challenges through effective implementation of the CVFF, providing specialized financing mechanisms, and fostering collaboration between government, financial institutions, and indigenous operators is crucial for the sustainable development of the Nigerian maritime sector

The principal aim of the Cabotage Act as deduced from the long title to the Act is the promotion and development of indigenous tonnage, invariably the entrenchment of local content policy. Other objectives of the cabotage policy such as the establishment of the Cabotage Vessel Financing Fund, as well as the restriction of foreign vessels in cabotage trade are geared towards the realization of that core aim. Furthermore, the literal interpretation of section 3 of the Cabotage Act means no more than a total domestication of cabotage trade in the hands of the citizenry in aspects of full beneficial ownership of vessels, manning responsibilities, build procurement, as well as flag registration to be domiciled in Nigeria. However, the influence of the localization requirement has been greatly undermined by the waiver provision. This paper examines the impact of the waiver provision on the local content policy initiative and found that it faces some inherent constraints. It therefore makes a number of recommendations and contributions to the existing calls for an amendment to consider a right of first refusal in favour of domestic shipping interests and the optimal development of the indigenous Nigerian Maritime University for the training of Nigerian sea farers. The practice of cabotage is both old and contemporary economic approach for justifying intervention or restriction to achieve certain results. In whatever policy framework, it is seen as an acceptable tool for achieving set economic goals, especially where competition is unfair and dominance is prevalent as in Nigeria. The practice, such as the reservation of all or part of national market opportunity for national flag ships or aircraft, is justified for political, socioeconomic, geo-cultural and security reasons.

This underscores protectionist ideology; clearly, coastal trade is isolated from world politics of trade liberalization and opening up markets to foreign investors. Accordingly, World Trade Organization Agreements (WTO) and its negotiations at various rounds thereof are restricted to international shipping, auxiliary services, access to and use of port facilities. Cabotage or coastal trade is not a negotiating topic and this means that countries are absolutely free to enact national laws on coastal trade and are under no obligations to member countries in that regard.

As noted above, protectionism is the hallmark of coastal trade, and as we may see later, trade liberalization is merely economic development mechanism via the waiver system to enhance growth



in the maritime subsector. Thus, a vessel other than a vessel wholly owned and manned by a Nigerian citizen, built and registered in Nigeria is prohibited from engaging in cabotage trade in Nigeria.²

The indigenous shipping industry faces significant limitations due to deficiencies in port infrastructure, shipyards, and related facilities. These limitations hinder efficiency, increase costs, and impede the industry's growth. Key issues include inadequate berthing space, outdated technology, poor road and rail connectivity, insufficient maintenance, and lack of skilled labor.

Many Nigerian ports lack sufficient berthing space and adequate water depth to accommodate larger, modern vessels, leading to congestion and delays.

The ports often rely on outdated cargo handling equipment, resulting in slower turnaround times and higher operational costs. Inefficient road and rail networks connecting ports to hinterland locations increase transportation costs and limit the efficient movement of goods. Lack of proper maintenance of existing facilities leads to further deterioration and operational inefficiencies. Limited storage capacity at ports can lead to congestion and delays in cargo handling, impacting trade. Complex and lengthy customs procedures and bureaucratic bottlenecks add to the challenges faced by the industry. Inadequate security measures at ports can lead to cargo theft and other security breaches, increasing costs and risks. Nigeria lacks the infrastructure to build and repair large vessels, forcing reliance on foreign shipyards and increasing costs. A shortage of skilled and experienced personnel in ship repair and maintenance hampers the development of a self-sustaining industry.

Lack of access to adequate funding for infrastructure development and maintenance is a major obstacle. Shipyards lack the latest technologies and equipment for shipbuilding and repair, impacting efficiency and competitiveness, lack of proper training facilities and programs hinders the development of skilled manpower for the industry. It's difficult to secure financing for new shipbuilding and repair projects impact on the Indigenous Shipping Industry:

These infrastructure deficiencies collectively increase costs for indigenous shipping companies, reduce their competitiveness, and limit their ability to participate effectively in international trade. The limitations also discourage investment in the sector and hinder its growth potential. Addressing these challenges requires significant investment in infrastructure, adoption of modern technologies, and

²Usoro M E, *Cabotage Policy and International Maritime Politics: The Nigerian Coastal and Inland Shipping Act 2003*; < www.paulusoro.com > accessed on 12/4/2025

improved regulatory frameworks to foster a more conducive environment for the indigenous shipping industry.

Efforts to train and develop skilled manpower in Nigeria's maritime sector have seen some progress, particularly with the establishment of the Nigerian Maritime Administration and Safety Agency (NIMASA) and initiatives like the Floating Dock Project. However, significant gaps remain in terms of manpower development programs, lecturer productivity, infrastructure, and resource allocation within maritime institutions.

There is a need for more robust and targeted manpower development programs to address the specific skill gaps within the maritime industry. The productivity of lecturers in maritime institutions is a concern, potentially hindering the quality of education and training provided. There is a need for improved infrastructure, including training facilities, simulators, and workshops, to support effective training and skill development.

Insufficient funding and resources can limit the scope and effectiveness of capacity-building initiatives. A lack of coordination among various stakeholders, including government agencies, educational institutions, and industry players, can hinder the overall effectiveness of capacity-building efforts. The industry faces a shortage of skilled personnel in certain areas, highlighting the need for targeted training and development programs. Lack of succession planning can lead to skills shortages and operational gaps, emphasizing the need for organizations to build expertise in-house.

Targeted Training:

Focus on developing targeted training programs to address specific skill gaps within the maritime sector. Invest in developing and upgrading infrastructure in maritime institutions. Provide training and professional development opportunities for lecturers to enhance their teaching skills and knowledge. Foster collaboration and synergy among all stakeholders to ensure effective coordination and resource allocation. Establish knowledge management units within maritime organizations to effectively utilize and disseminate knowledge assets. Implement policies that support the growth and development of the maritime sector, including cabotage laws and incentives for local participation. Implement succession planning strategies to ensure a smooth transition of skills and knowledge.

The Nigerian Cabotage regime, designed to reserve coastal trade for Nigerian-owned and flagged vessels, has had a mixed impact on Nigerian shipping operators. While it aims to boost local capacity and reduce foreign dominance, challenges remain in its implementation and effectiveness; The

Cabotage Vessel Financing Fund (CVFF) was established to provide financial assistance for acquiring vessels, potentially increasing the number of Nigerian-owned ships and reducing reliance on foreign operators. The policy aims to create more jobs for Nigerian seafarers and other maritime professionals, the Cabotage regime can stimulate investment in local shipyards, dry docks, and other maritime infrastructure.

The frequent granting of waivers to foreign companies has weakened the Cabotage Act's effectiveness, allowing foreign vessels to continue dominating coastal trade and limiting opportunities for local operators. The CVFF has faced delays in disbursement, hindering the ability of Nigerian shipping companies to acquire vessels and compete effectively. A lack of sufficient shipbuilding and repair facilities in Nigeria limits the capacity of local operators to participate fully in the cabotage trade. Ineffective monitoring and enforcement of the Cabotage Act have allowed for non-compliance and hindered its intended impact. Nigerian operators face challenges meeting the strict requirements for registration, licensing, and manning of vessels under the Cabotage regime.

While the Cabotage regime holds significant potential for developing the Nigerian maritime industry, its implementation faces numerous challenges. Addressing these challenges through policy reforms, increased funding, improved infrastructure, and stricter enforcement is crucial for realizing the full benefits of the Cabotage regime for Nigerian shipping operators.

National Security:

The Cabotage regime in Nigeria, aimed at preserving coastal trade for Nigerian-owned and flagged vessels, plays a crucial role in enhancing national security by promoting indigenous shipping and control over the maritime domain. This policy helps reduce reliance on foreign vessels, strengthens Nigeria's maritime capabilities, and provides better oversight of activities within its waters, thus mitigating potential security threats. The Cabotage regime minimizes the presence of foreign-owned and flagged vessels in Nigerian waters, decreasing the potential for illicit activities like smuggling, illegal fishing, and piracy. With more Nigerian-owned and flagged vessels operating in coastal trade, the government has better visibility and control over maritime traffic, enabling quicker responses to potential security breaches.

Indigenous shipping companies, through their operations, contribute to a more comprehensive understanding of Nigeria's maritime environment, enhancing situational awareness and enabling more effective security measures. A robust indigenous shipping sector allows for better enforcement of maritime laws and regulations, including those related to safety, security, and environmental protection.



The Cabotage regime promotes the growth of the Nigerian maritime industry, creating jobs for Nigerian seafarers and fostering the development of local expertise in shipbuilding, ship management, and other maritime-related fields. By fostering a thriving maritime sector, Nigeria can diversify its economy, reduce its dependence on oil and gas, and unlock the vast potential of its blue economy.

The Cabotage regime can incentivize investment in Nigerian shipyards, dry docks, and other maritime infrastructure, further strengthening the sector's capacity and competitiveness. A stronger indigenous shipping industry can better compete in the global market, contributing to Nigeria's economic growth and influence.

Enforcement Challenges and Considerations:

The Cabotage regime's success depends on effective enforcement of its provisions and compliance from all stakeholders. Addressing capacity gaps in terms of shipbuilding, ship management, and financing is crucial for the long-term success of the regime. Finding the right balance between protecting Nigerian shipping interests and ensuring fair competition with foreign companies is essential.

Conclusion

In conclusion, the Cabotage regime, when effectively implemented and enforced, will play a vital role in enhancing Nigeria's national security by strengthening its maritime capabilities, promoting indigenous shipping, and fostering a more secure and prosperous maritime domain. Individual nations enact Cabotage Act as protectionist tool for their economy as such laws are geared toward wadding off undue foreign competitions, Nigeria has had a limited impact on the transfer of maritime technology and expertise, despite its potential. While the Act aims to reserve coastal trade for Nigerian-owned, built, manned, and registered vessels, its effectiveness in fostering technology transfer is hampered by several factors, including inadequate local capacity and a reliance on waivers for foreign participation. The Cabotage Act explicitly prioritizes the development of local capacity in the maritime sector by reserving coastal trade for Nigerian-owned, built, manned, and registered vessels. The Act's emphasis on local ownership and operation could encourage foreign companies to partner with Nigerian entities, potentially leading to the transfer of technology and skills.

The CVFF aims to provide financial support for vessel acquisition and infrastructure development, which can indirectly contribute to technology transfer by enabling local operators to invest in modern, technologically advanced vessels and facilities. The implementation of the Cabotage Act, it has raised awareness about the importance of developing indigenous maritime capabilities and the need for technology transfer. A major challenge is the lack of sufficient local capacity in shipbuilding, vessel



maintenance, and other critical areas, which necessitates the use of waivers to allow foreign participation.

The waiver system, while intended to address capacity gaps, has become a loophole, with many foreign vessels operating under waivers, thus limiting the opportunities for technology transfer to Nigerian companies. The CVFF has faced challenges in implementation, with limited access to funds for indigenous operators, hindering their ability to invest in technology and upgrade their fleets. Effective enforcement of the Cabotage Act is crucial for achieving its objectives, including technology transfer. However, enforcement challenges persist, with reports of foreign vessels operating illegally in Nigerian waters. Some argue that the focus on increasing the number of Nigerian-flagged vessels has come at the expense of quality and technological advancement. Nigeria's shipbuilding industry is not yet developed enough to meet the demands of the Cabotage Act, further necessitating the use of waivers and hindering technology transfer.

Overall, while the Cabotage Act provides a framework for developing local maritime capacity and potentially facilitating technology transfer, its effectiveness has been limited by inadequate capacity, a reliance on waivers, and challenges in enforcement and funding. A more robust approach is needed, including strengthening the shipbuilding industry, addressing funding gaps, and ensuring stricter enforcement of the Act to truly realize its potential for technology transfer