



NIGERIAN PORTS AUTHORITY

AN ADDRESS DELIVERED BY HADIZA BALA USMAN, MANAGING DIRECTOR, NIGERIAN PORTS AUTHORITY AT CVL INTERNATIONAL SUMMIT & HONOURS DINNER ON RETAIL TRADE - 30TH NOVEMBER, 2016 AT THE CIVIC CENTER, OZUMBA MBADIWE ROAD, VICTORIA ISLAND, LAGOS.

PROTOCOL

I wish to thank the organizers of this event for the invitation and appreciation of the vital role of the seaports in business growth and development in Nigeria. I am honoured to be invited to speak on the topic “THE PORTS AND THE COST OF RETAIL TRADE IN NIGERIA”.

Retail involves the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Retailing as a sector includes subordinated services, such as delivery.

The retail industry generated nearly \$22 trillion in sales worldwide in 2014, making it responsible for roughly 28.4% of total global GDP. Some figures dispute that amount, claiming direct retail companies are only responsible for 9 to 10% of total GDP, while the rest is indirectly generated because of retail activity. Even at that, the figures are still staggering.

The global retail market continues to grow, year after year, regardless of the economic conditions or consumption trends. Most estimates suggest total retail sales grew by at least 6% per year for every year between 2010 and 2015, topping more than \$22.5 trillion in the latter year. E-commerce is growing even faster, possibly as much as 17% per year.

The Port industry is a major catalyst for economic growth by virtue of its position as the gateway to the nation's economy in the following ways among many others:

1. Global economic integration relies upon efficient maritime transport due to its unparalleled physical capacity and ability to carry freight over long distances and at *low costs*.
2. Maritime transportation plays a major role in national and international trade and is a key factor of economic growth, since seaborne trade represents more than 90% of the world merchandise trade.
3. Seaports represent a complex structure in a country's transportation system providing ship-harbour interface services such as pilotage, dredging, provision of berths, maintenance of channels and aids to navigation, etc. as well as ship-port interface in terms of loading and unloading of cargoes and port-land interface in delivering cargo to and from the hinterland.
4. Maritime activities have a key role to play in the alleviation of poverty and creating wealth because they constitute an important source of income and employment for many people in maritime nations of the developing world, including Nigeria.

The Maritime Industry is therefore the primary facilitator for world trade, which includes retail trade even at its lowest level. The advantage of transporting goods by sea is huge all over the world because transportation cost has a great impact in final retail prices of goods. Most items are affordable today because they are transported by sea. This means that transport cost over volume is low thereby considerably lowering the unit cost of the items as opposed to goods transported by any other means.

CLV has distinguished itself as a force to be reckoned with in the area of building much needed leadership capital crucial to national development. We all know that at this time of economic challenges in our nation, sound leadership is key to finding our way back to economic boom. I therefore join my fellow industry leaders to laud your efforts and contributions in this regard.

The theme of this year's celebration – "UNLOCKING THE POTENTIALS OF RETAIL TRADE IN NIGERIA" is germane and is applicable to every level of our nation's social strata. This is because any one can engage in retail trade at whatever level he or she can without much complications. As a matter of fact, many families in our nation today depend on the retail trade for their daily sustenance.

The present Administration of President Muhammadu Buhari is committed to building a vibrant and sustainable economy that will thrive on increased exports and booming micro and small scale industries. Certainly retail trade will play a prominent role in this dispensation, being at the bottom of goods exchange whether export or import.

Several factors have been responsible for making our ports one of the most expensive in the world, which negate the advantage of maritime transport as the cheapest form of transportation of goods:

- 1. Insecurity – Though this has reduced in frequency, it had been a very worrisome phenomenon in the shipping business as it pertains to us in this part of the world. Freight/insurance charges go up the moment the cargo is declared for Nigeria.**
- 2. Cumbersome documentation processes – This encourages sharp practices resulting to un-receipted charges, which are not accounted for, loss of revenue and increased cost of goods.**
- 3. Multiplicity of Agencies – The presence of several agencies in the port add to port cost and delay in clearing of cargo.**
- 4. Inconsistency of Government policy - This can adversely affect cost of certain cargo in a significant way. For example the Auto Policy has caused significant increase in cost of clearing used vehicles and as a result, retail prices of both old and new vehicles have increased because Nigeria is not yet self- sufficient in local manufacturing.**
- 5. Lack of inter-modalism – Poorly maintained port access roads bring about traffic gridlocks, which impede rapid movement of good out of the ports. For example, Apapa and Tin Can ports. This is used as an occasion by transporters to hike cost of haulage since other means (rail, and barges) of evacuating goods out of the ports are scarcely functional or non-existent.**

To tackle the above issues, the Federal Government has embarked on the following projects among many others:

- 1. Port Reforms - As a result of the port concession programme, there is more private sector participation than ever before since cargo handling operation in the ports was ceded to terminal operators in 2006. This has brought significant**

improvement and expansion of port infrastructure as well as increase in cargo throughput and revenue.

2. Deepening of our channels and berths to accommodate bigger vessels. The Authority is also currently involved in the process of developing deep sea ports at Lekki in Lagos State and Ibaka in Akwa Ibom State. This is in response to global developments in sizes of ships, which are getting bigger. The current trend is in favour of economies of scale. The bigger the ship, the more the cargo it can carry at a time, the lower the cost of freight and the lower the unit cost of individual goods.
3. Intermodality - Efforts are being made at improving port access roads. Rehabilitation and expansion work are currently on-going on the Tin Can Port/Oshodi access road. The rail network in Lagos port and Rivers Port are also being revived.
4. The Nigerian Ports Authority is also working on automation of all its processes and has established Command and Control, Communication and Intelligence system, E-SEN, RIMS, Oracle HR and financial, e-payment. It is in the process of integrating all these systems into a single platform that will interface with the National Single Window when it is deployed.

All these are part of Federal Government's efforts to encourage and facilitate trade by reducing cost, and exercise of discretion thereby boosting confidence in port users and economic growth.

Without doubt, the support of advocacy organisations such as yours is invaluable in publicizing and showcasing on-going and already established programmes and projects by the Government and the Private sector that promote development.

CONCLUSION

The retail trade is an employment driven industry and in many most developed nations, is the highest private sector employer. It is therefore an industry that cannot be ignored.

The Nigerian Ports Authority will continue to support developments and growth in the retail trade as far as its role as the gate way to the nation's economy goes.

Thank you.

