



SECTION FOURTEEN

NATIONAL SHIPPING POLICY

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NATIONAL SHIPPING POLICY ACT
ARRANGEMENT OF SECTIONS
SECTION

1.	Establishment of the National Maritime Authority	535
2.	Composition of the Authority	535
3.	Aims and objects of the "Authority	535
4.	Functions of the Authority	536
5.	Special functions of the Authority	537
6.	Appointment of Director General and other staff of the Authority	538
7.	Conditions for granting of national, carrier statue to shipping companies	539
8.	Use of chartered vessels.	540
9	Carriage of cargo	540
10.	Payments for services rendered in Nigerian seaports.	541
11.	Foreign exchange defray cost incurred in evacuating export produce.	541
12.	Maintenance of national carrier vessels and other Nigerian flag ships.	541
13.	Ship acquisition and ship building.	541
14.	Exports and imports	542
15.	Shipping services, etc.	542
16.	Foreign exchange earnings from ships.	542
17.	Payment to Federal Government on earnings from ships.	543
18.	Cargo control and shading.	543
19.	Revocation of national carrier status.	543
20.	Establishment of a Joint Booking Office.	544
21.	Establishment of Booking Centres.	544
22.	Commission payable to Booking Centres.	544
23.	Fund of the Authority.	544
24.	Annual estimates, accounts and audit.	545
25.	Annual reports.	545
26.	Offence and penalty.	545
27.	Power to make regulations.	545
28.	Interpretation.	546
29.	Short title.	546

National Shipping Policy Act 1987 No. 10

An Act to establish a National Maritime Authority, to amongst other things, co-ordinate and implement Nigeria's national shipping policy and matters incidental thereto.

Commencement 30th April, 1987

SECTION-1

ESTABLISHMENT OF THE NATIONAL MARITIME AUTHORITY

- (1) There is hereby established a body to-be known as the National Maritime Authority (hereinafter in this Act referred to as "the Authority").
- (2) The Authority shall be a body corporate with perpetual succession and a common seal and shall be able to sue and be sued in its corporate name.
- (3) The Authority shall exercise such- functions and achieve such objectives as may be conferred upon it by this Act.

SECTION -3

COMPOSITION OF THE AUTHORITY

- (1) The Authority shall consist of-
 - (a) a Chairman and five other members with :wide experience in shipping and commercial matters to be appointed by the President, Commander-in-Chief of the Armed Forces on the recommendation of the Minister;
 - (b) a representative of the Federal Ministry of Transport;.
 - (c) a representative of me Federal Ministry of Finance and Economic Development;
 - (d) a representative of the Federal Ministry of Justice;
 - (e) a representative of the Federal Ministry of Trade and Tourism; and
 - (f) a representative of the Nigerian Navy.
- (2) The provisions of the Schedule to this Act shall have effect with respect to the matters therein mentioned.

SECTION 3

AIMS AND OBJECTS OF THE AUTHORITY

It shall be the objective of the Authority to-

- (a) correct any imbalance in the Nigerian shipping trade for the purpose of

- implementing the provisions of UNCTAD Code of Conduct for Liner Conference, especially to observe the ratio of 40:40:20 in respect of carriage of goods to Nigerian ports;
- (b) improve Nigeria's balance of payments position by enhancing the earning and conservation of foreign ex-change from the shipping industry;
 - (c) use the national shipping policy as instrument of promoting the export trade of Nigeria and thus accelerate the rate of growth of the national economy;
 - (d) ensure the greater participation of indigenous shipping lines in liner conferences thereby influencing the decision making processes of such liner conferences serving Nigerian international sea-borne trade;
 - (e) promote the acquisition of shipping technology by creating and diversifying employment opportunities in the shipping industry, through the stimulation and protection of indigenous shipping companies;
 - (f) assist in the economic integration of the West African sub-region;
 - (g) offer protection to Nigerian vessels flying the nation's flag on the high seas and world seaports;
 - (h) increase the participation by indigenous Nigerian shipping lines in ocean shipping through the application of the provisions of the UNCTAD Code On General Cargo and by entering into bilateral agreements, or other suitable arrangements;
 - (i) encourage the increase of ownership of ships and the achievement of indigenous skills in maritime transport technology;
 - (j) achieve a systematic control of the mechanics of sea transportation; and
 - (k) promote the training of Nigerians in maritime transport technology and as seafarers.

SECTION 4

FUNCTIONS OF THE AUTHORITY

The functions of the Authority shall be

- (a) to co-ordinate the implementation of the national policy on shipping as may be formulated from time to time by the Federal Government;
- (b) to ensure that Nigerian national carriers exercise fully Nigeria's carrying rights of at least forty per cent of the freight in revenue and volume of the

- total trade to and from Nigeria;
- (c) to grant national carrier status to indigenous shipping lines;
 - (d) to monitor the activities of vessels of the companies granted national carrier status;
 - (e) to grant assistance to indigenous companies for fleet expansion and ship ownership;
 - (f) to regulate liner conferences and national carriers; and
 - (g) to perform such other functions as may be required to achieve the aims and objects of this Act or any national shipping policy as may be formulated by the Federal Government pursuant to this Act.

SECTION 5

SPECIAL FUNCTIONS OF THE AUTHORITY

- (1) The Authority shall investigate, determine and keep current records of-
 - (a) ocean services, routes and lines from Nigerian ports to Foreign markets as may be determined by the Minister to be essential for the promotion, development, expansion and maintenance of the foreign commerce of Nigeria;
 - (b) bulk cargo carrying services for the purposes of promotion, development, expansion and maintenance of the foreign commerce of Nigeria, the national defence and other national requirements provided by Nigerian flag vessel whether or not operating on a particular ocean service, route or line;
 - (c) the type, size, speed, method of propulsion and other requirements of vessels which should be employed-
 - (i) in such services or on such routes or lines and the frequency and regularity of the sailings of such vessels, with a view to furnishing adequate, regular, certain and permanent service, or
 - (ii) to provide the bulk cargo carrying services necessary for the promotion, maintenance and expansion of foreign commerce of the Federal Republic of Nigeria and its national defence or other national requirements whether or not such vessel operates on a particular service, route or line;
 - (d) the relative cost of construction of comparable vessels in Nigeria and in foreign countries;

- (e) the relative cost of managing the commercial aspects of the shipping industry such as scheduling, chartering in or chartering out of vessels, allotment of cargo space, cargo pricing and cargo soliciting, marine insurance, maintenance, repairs, wages and subsistence of officers and crew, and all other items of expense, in the operation of comparable vessels under the laws, rules and regulations of Nigeria and under those foreign countries whose vessels are substantially competitors of any such Nigerian vessels;
 - (f) the extent and character of aid and subsidies granted by foreign governments to their merchant marine;
 - (g) the number, location and efficiency of shipyards existing on the date of the promulgation of this Act or thereafter built in Nigeria;
 - (h) new designs, methods of construction and types of equipment for vessels;
 - (i) the possibilities of promoting the carrying of the foreign trade of Nigeria in Nigerian vessels; and
 - (j) inland water transportation including their relation to the transportation by land and air.
- (2) The Authority shall for the purpose of subsection 1(a) of this section consider and give due weight to-
- (a) the cost of maintaining the ocean lines;
 - (b) the probability that the ocean lines cannot be maintained except at a heavy loss disproportionate to the benefit accruing to foreign trade;
 - (c) the numbers of sailings and the types of vessels that should be employed in the ocean lines;
 - (d) the benefit the maintenance of the ocean line may afford to the foreign trade of Nigeria; and
 - (e) any other facts or conditions which the Authority may from time to time determine as necessary

SECTION 6.

APPOINTMENT OF DIRECTOR GENERAL AND OTHER STAFF OF THE AUTHORITY

- (1) There shall be for the Authority a Director General who shall be the Chief Executive and who shall be appointed by the President. Commander-in-Chief of Armed Forces.

- (2) The Director General shall be responsible for the day-to-day administration of the Authority.
- (3) The Authority shall appoint a Secretary to the Authority who shall keep the records and conduct the correspondence of the Authority and perform such other duties as the Authority or the Director General may from time to time assign to him.
- (4) Without prejudice to the generality of sub-section (1) of this section, the Authority shall have power-
 - (a) to appoint such other staff as it may determine.
 - (b) to pay its staff such remuneration and allowances as it may, with the approval of the Minister, determine;
 - (c) to pay in respect of any such pensions and gratuities as are payable to persons of equivalent grade in the civil service of the Federation and
 - (d) to give loans to its staff for purposes approved by the Minister

SECTION 7

CONDITIONS FOR GRANTING OF NATIONAL CARRIER STATUS TO SHIPPING COMPANIES.

- (1) The Authority may grant national carrier status to a shipping company if.
 - (a) Nigerian individuals or enterprises fully owned by Nigerian individuals have at least 60 per cent of its equity shares and the company is registered in Nigeria.
 - (b) the vessels owned by the company operate on the deep sea and not on the Nigerian coastal or inland waterways;
 - (c) the head office of the company is located in Nigeria and its management and control is directed from its Nigerian head office;
 - (d) the company owns at least one ocean-going vessel of not less than 5,000 net registered tonnage;
 - (e) the terms and conditions of the employment of seafarers engaged by the company are in conformity with Nigerian laws and accepted international rules and standards;
 - (f) the vessels of the company are registered in the Nigerian Register of Ships and the vessels satisfy all conditions stipulated in the Nigerian Merchant Shipping Act; and
 - (g) one hundred per cent of the crew and at least seventy five per cent of the

shipboard officers including captain and chief officer and wherever possible chief engineers, are Nigerians.

SECTION 8 USE OF CHARTERED VESSELS

- (1) The Authority may allow national carriers to use chartered vessels when vessels belonging to the national carriers are insufficient for the cargo available.
- (2) Nigerian operators wishing to charter vessels shall make national carriers operating National flag vessels their first choice and consider other vessels only when vessels are not available as stipulated in subsection (1) of this section.

SECTION 9 CARRIAGE OF CARGO

- (1) Subject to subsection (2) of this section, and in addition to cargo as defined under the UNCTAD Code of Conduct for liner Conference, national carriers shall have the right to participate in the carriage of bulk cargo (dry or wet)
- (2) The participation of national carriers in the carriage of bulk cargoes to and from Nigeria shall be subject to carriage right of not less than 50 per cent of such cargoes.
- (3) All other cargo to and from Nigeria outside the jurisdiction of liner conferences shall be subject to the same principles of cargo sharing as stipulated in subsection (2) of this section and subject to such exceptions as the Federal Military Government may from time to time determine.
- (4) Cargo sharing shall cover the totality of available trade including bulk dry and wet cargo and shall not be limited to the UNCTAD 40:40:20 formula.
- (5) Ships owned or hired by Nigerian national carriers shall carry at least 50 per cent of the cargoes generated through technical assistance or international aid.
- (6) The Authority shall determine ways and means of involving national carriers in the carriage of crude petroleum in Nigerian vessels.

SECTION 10
PAYMENTS FOR SERVICES RENDERED
IN NIGERIAN SEAPORTS

- (1) All payments for services offered and rendered to foreign vessels at Nigerian seaports shall be paid for in foreign exchange transferred into Nigeria through the Central Bank of Nigeria.
- (2) It shall be mandatory on the companies operating foreign vessels to show evidence of transfer of the funds at the point of entry.
- (3) Nothing in sub-section (1) of this section shall be construed as compelling national carriers to make payments for services offered and rendered to national carriers vessels at Nigerian seaports in foreign exchange.

SECTION 11
FOREIGN EXCHANGE TO DEFRAY COST INCURRED IN
EVACUATING EXPORT PRODUCE

- (1) Nigerian shipping companies may apply, to the Authority for approval for the foreign exchange component to defray the cost legitimately incurred by them in the evacuation of export produce.

SECTION 12
MAINTENANCE OF THE NATIONAL CARRIER VESSELS AND
OTHER NIGERIAN FLAG SHIPS

- (1) All national carrier vessels and other Nigerian flag ships shall be serviced, repaired and maintained, where practicable, in Nigeria.
- (2) Where it is not practicable for a national carrier vessel or any other Nigerian flag ship to be serviced, repaired or maintained in Nigeria the owners of such vessel shall obtain a certificate to that effect from the Authority.
- (3) Foreign ships participating in the carriage of Nigerian trade may avail themselves of the Nigerian facilities in the maintenance and repairs of their vessels.

SECTION 13
SHIP ACQUISITION AND SHIP BUILDING

- (1) There is hereby established a fund to be known as the Ship Acquisition and Building Fund (hereafter referred to as "the Fund"),

- (2) The fund shall be administered by a committee composed of members of the Authority.
- (3) The fund shall be applied to assist Nigerians in the development and expansion of a national fleet.
- (4) The minister shall lay down the general procedure and guidelines for the administration and the carrying into effect the purposes of the Fund.

SECTION 14 EXPORTS AND IMPORTS

1. National carriers shall have exclusive right to the freight belonging to the Federal State and Local Governments including Federal and State owned companies and parastatals except where such freight is exempted by the Minister.
2. The Federal Government shall from time to time issue guidelines on incentives to be granted to Nigerian shippers who use the national carrier vessels for the carriage of their cargoes.
3. All public sector contracts for the importation and exportation of goods shall respectively be on F.O.B. and C and F basis.
4. The Minister may from time to time grant exceptions on certain imports and exports from the operation of subsection (1) of this section.
5. Shipping companies benefiting from the provisions of this Decree shall provide regular services on their respective route to ensure adequate coverage of Nigeria's export trade.

SECTION 15 SHIPPING SERVICES ETC.

- (1) The Authority may make recommendations to the Federal Government in respect of the ownership structure of vessels and other facilities for off-shore support services,

SECTION 16 FOREIGN EXCHANGE EARNINGS FROM SHIPS

- (1) Notwithstanding anything to the contrary in any other enactment, as from the commencement of this Act, the Federal Government shall allow indigenous shipping companies to keep twenty five percent of their net foreign exchange

Earnings abroad to enable them offset handling charges and any other costs incurred in re of shipping services rendered by them.

- (2) The remaining seventy five per cent of the net foreign exchange earnings of indigenous shipping companies shall be remitted through the Central Bank of Nigeria.

SECTION 17

PAYMENT TO FEDERAL GOVERNMENT ON EARNINGS FROM SHIPS.

- (1) Every shipping company operating in Nigeria shall be liable to a charge at the rate of two percent of gross earnings in respect of every outward or inward cargo carried by it.
- (2) The charge referred to in-subsection (1) of its section shall be collected by the Authority on behalf of the Federal Military Government.
- (3) The Minister may, after consultation with the Minister of Finance and economic development make regulations for the implementation of this section.

SECTION 18

CARGO CONTROL AND SHARING

- (1) The Authority shall ensure that Nigerian vessels carry Nigeria's share of cargo in volume and earnings in accordance with the provisions of this Act or any other form of cargo sharing arrangement entered or agreed to by the Authority or by the Federal Military Government.
- (2) For the purpose of cargo sharing, all Nigerian national carriers in a trade route shall be regarded as a single group of shipping lines.
- (3) The choice of Cargo control and sharing methods desired by this section shall be achieved by administrative arrangements.

SECTION 19

REVOCAION OF NATIONAL CARRIER STATUS

The Ministers on the recommendation of the Authority may suspend, or revoke the national carrier status of a company if the company fails to meet any of the conditions (including the training of Nigerian seafarers) or is inefficient and fails to correct the position within six months after receiving a notice in writing from the Authority.

SECTION 20 ESTABLISHMENT OF A JOINT BOOKING OFFICE

- (1) The Authority shall establish a Joint Booking Office in any part of the world as the Authority may deem necessary for the purpose of co-ordinating the activities of the Authority abroad and to provide facilities for national carriers and other conference lines.
- (2) Except otherwise directed by the Minister, the Authority shall appoint a Nigerian to be the administrative head of the Joint Booking Office.
- (3) The administrative head of the Joint Booking Office shall be responsible to the Authority.

SECTION 21 ESTABLISHMENT OF BOOKING CENTRES

The Authority may establish such other Booking Centres abroad as may permit the effective coverage of the Authority's functions under this Act.

SECTION 22 COMMISSION PAYABLE TO BOOKING CENTRES

The Minister shall, from time to time fix the commission payable to the Booking Centres established pursuant to section 21 of this Act after consultation with the Authority.

SECTION 23 FUND OF THE AUTHORITY

The Authority shall establish a fund which shall consist of

- (a) such sums as may be provided to it by the Federal Government for the running expenses of the Authority and all other assets from time to time accruing to the Authority
- (b) such sums as may from time to time be lent to the Authority by any person and
- (c) such sums as may be collected or received by the Authority from other sources either in the execution of its functions or in respect of any property vested in the Authority or otherwise howsoever.

SECTION 24

ANNUAL ESTIMATES, ACCOUNTS AND AUDIT

The Authority shall submit to the Minister not later than 30th June in each financial year an estimate of its expenditure and income during the next succeeding financial year.

The Authority shall keep proper accounts and proper records in relation thereto and shall prepare in respect of each financial year statement of accounts in such form as the Minister may direct.

The Authority shall within six months after the end of the financial year to which the accounts relate cause its accounts to be audited by auditors appointed from the list and in accordance with guidelines supplied by the Auditor-General of the Federation.

SECTION 25

ANNUAL REPORTS

The Authority shall prepare and submit to the National Council of Ministers, through the Minister, not later than 30th September in each financial year a report in such form as he may direct on the activities of the Authority during the immediately preceding financial year, and shall include in such report a copy of the audited accounts of the Authority for that year and the auditors report thereon.

SECTION 26

OFFENCE AND PENALTY

- (1) It shall be an offence punishable under this Act for any company to fail to comply with any provisions of this Act.
- (2) Any company which fails to comply with the provisions of this Decree shall be liable to a fine of not less than fifty thousand naira or fifteen per cent of the C.I.F. value of the freight transported or loaded, whichever is higher.
- (3) Any fine imposed pursuant to this section shall be paid to the Federal Government

SECTION 27

POWER TO MAKE REGULATIONS

The Minister may make regulations for the effective implementation of this Act.

SECTION 28 INTERPRETATION

In this Act except context otherwise requires-

- "Authority" means the National Maritime Authority established pursuant to section 1 of this Act
- "Minister" means the Minister charged with responsibility for transport matters;
- "Ship" means a sea-going vessel not less than five thousand gross registered tonnage.

SECTION 29 SHORT TITLE

This Act may be cited as the National Shipping Policy Act.

SCHEDULE

Tenure of Office

- (1) Subject to the provisions of this paragraph, a member of the Board, other than a public officer shall hold office for a period of three years from the date of this appointment and shall be eligible for re-appointment for a further period off three years; thereafter he shall no longer be eligible for re-appointment.
- (2) A member of the Board other than a public officer may resign his appointment by a letter addressed to the Minister and the resignation shall take effect from the date of fee receipt of fee letter by fee Minister.
- (3) The Minister may appoint any person who is a registered member of the relevant profession to be a temporary member during a long absence or fee temporary incapacity from illness of any member; and that person, may while the appointment subsists, exercise the functions of a member under this Act.
- (4) The foregoing provisions of this section shall be without prejudice to the provisions of section 11 of the interpretation Act

PROCEEDINGS OF THE AUTHORITY

2. Subject to the provisions of this Act and of section 27 of the Interpretation Act, the Authority may make standing orders regulating the proceedings of the Authority or of any committee thereof.
3. The quorum of the Authority shall be three and quorum of any committee of the

- Authority shall be determined by the Authority.
4. At any time while the office of the Chairman is vacant or the Chairman is in the opinion of the Minister temporarily or permanently unable to perform the functions of his office, the Minister may appoint a member of the Authority to perform the function of the Chairman during his absence.
5. (1) Subject to the provisions of any applicable standing orders the Authority shall meet whenever summoned by the Chairman; and if the Chairman is required so to do by notice given to him by not less than four other members, he shall summon a meeting of the Authority to be held within twenty-one days from the date on which the notice is given.
- (2) At any meeting of the Authority, the Chairman or, in his absence, the person appointed pursuant to paragraph 4 of this Schedule shall preside but if both are absent the members present at the meeting shall appoint one of their members to preside at that meeting.
- (3) Where the Authority wishes to obtain the advice of any person on a particular matter, the Authority may co-opt him as a member for such period as it thinks fit, but a person who is a member by virtue of this sub paragraph shall not be entitled to vote at any meeting of the Authority and shall not count towards a quorum.
- (4) Notwithstanding anything to the contrary, the first meeting of the Authority shall be summoned by the minister who may give such directions as to the procedure to be followed at that meeting as he may deem fit.

COMMITTEES

6. (1) The Authority may appoint one or more committees to carry out, on behalf of the Authority, such of its functions as the Authority may determine.
- (2) A committee appointed under this paragraph shall consist of the number of persons determined by the Authority and not more than one-third of those persons may be persons who are not members of the authority; and person other than a member of the Authority shall hold office on the committee in accordance with the terms of the instrument by which he is appointed.
- (3) A decision of a committee of the Authority shall be of no effect until he is confirmed by the Authority.

MISCELLANEOUS

7. (1) The fixing of the seal of the Authority shall be authenticated by the signature of the Chairman or of some other member authorised generally, or specially by the Authority to act for that purpose.
- (2) Any contract or instrument which if made or executed by a person not being a body corporate, would not be required to be under seal may be made or executed on behalf of the Authority by any person generally or specially authorised to act for that purpose by the Authority.