

THE PLACE OF INLAND DRY PORT IN ECONOMIC DEVELOPMENT OF NIGERIA

A PAPER PREPARED AND PRESENTED

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The Economic Development of any Nation can best be appreciated when the inhabitants of such community enjoy a buoyant and fruitful life. Consequently, the Economic Development can best be assessed by considering the degree of contributions as made by various programmes as affecting the Economic Development of that Nation. Such programmes are set up in various policies as designed and executed by the authorities of that Nation.

The Economic Development contributions can be grouped through Manufacturing, different sources of possible working materials as existing in Agricultural, Mineral Resources, Air, Water, Sunlight, Human Resources, Trade (commerce), Investment, Health, Establishment, Roads, Works, Justices, Education, Finance, Lands and Housing, Administration, Transport, Storage and other forms of resources and its application.

TRANSPORTATION AND STORAGE

Technological Development in various directions have caused the production of various products, goods, services and Human Resources and these have led to the development of various distribution network to ensure that even distribution of such commodities get to places of interest.

Transportation is the ability to move various things and objects either of verbal or physical capabilities from one place to another – irrespective of size, weight, time and distance factors. It can be sub-divided into three different stages namely – Manual, Mechanical and Electronic systems.

MANUAL MOVEMENT

This type of movement is notable among the living objects namely Human Beings and Animals. Such animals that are involved in transporting materials or otherwise include Dogs, Horses, Cows, Birds, Large Fishes and others as may be applicable through Air, Liquid (water) and land.

MECHANICAL MOVEMENT

The mechanized movement commonly referred to as automobiles include Bicycles, Motorcycles, Cars, Buses, Lorries, Juggernauts, Railways, Aeroplanes, Boats, Ships, Submarines and others in similar operations.

ELECTRONIC MOVEMENT

This include electronic mail services, telephone of various types, internets facilities such as face book, etc and others involved in information transportation services. We have thus established the importance and necessities of transportation services. Along the line, technological development have caused the increase in production of goods and services, and the need of such goods and services by other communities have caused the transportation of such goods and services from one place to another.

It has been established that all (physical) objects can be moved using manual and mechanical movements but when it is observed that some goods become larger than a particular size, then manual transportation becomes useless and we are then forced or compelled to revert to mechanical movements.

Any good and service can be moved i.e. transported to its final destination either through manual, mechanized or electronic movements, but we are interested in considering transportation through the SEAS i.e. SHIPPING PROCESSES.

Let us consider an Industrial set up with various Machinery & Equipment weighing in excess of 100 tons. We will also assume that the equipment is broken down into 5 boxes making a total of 20 boxes.

If such is to be moved from West Germany, France or Britain to Nigeria, then a total of say about 20 Trailers will have to be loaded to move these boxes to Nigeria. When we consider the risks, cost of fueling, safety, time of delivery, weather, breakdown of the transportation vehicles and other logistic factors, it

will be discovered that it will be of a logical thinking to ship the entire package rather than load them on to 20 different trailers for onward transmission to Nigeria.

We will assume that the ship arrives a Nigerian Port safely and offloaded its cargo. However, when the rate of ships arrival is less than the rate of discharge, then the possibility of a queue existing is NIL. On the other hand, if the rate of arrival exceeds the role of discharge, then a large queue will come up and such ships awaiting discharge will surcharge the Federal Government of Nigeria for wasting away its valuable time. Such payment is now classified as DEMURRAGE.

Demurrage Payments could occur as a result of different factors namely:

- (i) High rate of ships arrival
- (ii) If storage capacity is fully exhausted
 - (a) Large amount of goods arriving at the warehouse
 - (b) Inability of owners to claim their goods on time.

As a result of the above two principal factors, it becomes necessary that unless the Federal Government seeks for a solution to decongest the warehouses, then the Federal Government must continue to pay such Demurrage to the ship operators. Such payments will always waste away the nations hard earned revenue.

The idea to decongest the warehouse as an attempt to save the Nation's Revenue informed the genesis of the establishment of Inland Dry Port or Inland Container Deport towards the building of strong Economic Development

Among various ports such as air ports and sea ports, we shall concentrate on the SEA PORTS which will always handle massive quantity of goods and services.

There and then when ship arrives at any destination/port and its cargo cannot be emptied within a specified period of time after arrival, it becomes compulsory for

the Government of such country to pay financial remuneration to the shipping operation as a compensation for keeping such ship waiting. The total financial remuneration are a function of the number of days spent in awaiting the discharge of his cargo.

There and then in an attempt to stop the waste payment, it is necessary to decongest the central warehouse so that irrespective of the number of ships arriving, the available warehouse space is large enough to accommodate the cargo coming in as at that time.

In addition, whether the rightful owners come to claim their wares or not, the central warehouse is decongested that the rightful owners can come at any convenient time to claim their goods without affecting the space of the warehouse in readiness for cargos coming from ship arriving daily at the ports.

Let us consider a small case study, whereby we have 50 different companies importing different items that arrive at say Lagos Port or Port Harcourt or any other recognized port in Nigeria.

We shall also assume that these 50 different companies do not reside within or near the Ports in question. In addition, these companies reside in different destinations ranging from 200 kms to 800 kilometers from the Port of destination. On average we will also assume that it will cost each company an average of about ~~N~~100,000 to get their wares from the port to their company yards. It is obvious that a few may be near enough to the port that it may not cost more than N20,000 while a few may be so far that it will cost about ~~N~~250,000 to move their wares from the port to their company yards.

We shall generously accept ~~N~~100,000 as cost per each company to move their wares from the port to their locations. Therefore, it will cost the 50 companies an average of ~~N~~100,000 x 50 = ~~N~~5,000,000 per unit time such goods are moved. If such occur three times a month, then an average of 5,000,000 x 3 = ~~N~~15,000,000 will be used in moving per month. Let us consider the table below.

One period = 1 move will cost ~~N~~5,000,00

One month = 3 periods = $3 \times 5,000,000 = \text{N}15,000,000$

One year = 12 monthly periods = $15,000,000 \times 12 = \text{N}180,000,000$

Approximately ~~N~~180 million will always be used to carry the goods from the sea port to its destination.

But if the port is brought down to a close proximity of the company site, it is possible to reduce such cost from ~~N~~180 million to say ~~N~~18 million only. What a fantastic saving and it will corresponding create more jobs for the citizens on one hand while on the other hand it will reduce the selling price of the products in question making life more comfortable to the citizens.

If the transportation cost of the goods run to above ~~N~~18 million, then it is possible for the cost of the goods to run to say between ~~N~~180 million and ~~N~~18 billion. The average sum of ~~N~~180 million and ~~N~~18 billion which is the cost of goods stand a lot of risk to the company as a result of a few factors e.g. If

- (i) the conveying vehicles got damaged on the road (valuable days are lost and sometimes goods may outlive their usefulness)
- (ii) the goods may be vandalized
- (iii) the vehicle may have serious accident causing the entire goods to become wasted.
- (iv) compounded lost of money may be recorded in terms of money paid for goods. Money paid for transport and possible profit to keep the company going will also be wasted.

However, all the above risk and many more will be avoided if the collection centre is made closer to such company's destination. Various attempts are being generated to bring the collection centre's i.e. the port nearer to the company's yards and a typical of such attempts informed the genesis of "INLAND DRY PORTS" (IDP).

Inland Dry Ports (IDP) are specifically made to allow the official decongestion of the main warehouse at the sea port of the nation so as to reduce the huge and wasteful spending of what is commercially known and recognized as DEMURRAGE.

Whenever such Inland Dry Ports (IDP) are to be constructed they are located using the principles behind location of industries and can best be handled by Industrial Statisticians. Such locations will satisfy many factors principally to reduce lots of wastages in terms of finance, time, goods, and other forms of unclassified wastages and in addition to the generation of lots of employment opportunities.

INLAND DRY PORT (IDP)

An Inland Dry Port (IDP), Inland Container Depot (ICD), Container Freight Station (CFS) may be defined as a port of final destination for import and port of origin for export. Also, it is a common user facility with public authority status equipped with fixed installations and offering services for handling and temporary storage of import/export laden and empty containers carried under customs control and with Customs and other agencies competent to clear goods for house use, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export. Trans-shipment of cargo can also take place from such stations.

GOVERNMENT POLICY OBJECTIVES ON THE INLAND DRY PORT PROJECT

The Inland Dry Port is a Federal Government project drawn at a point the Government felt it has no business in business. The private sector is to become the engine of growth for the economy through the Federal Government's privatization programme.

Today, we have six (6) IDP/ICD/CFS across the nation. These commenced with NSC's involvement with the promotion of IDP/ICD/CFS as a component of transport infrastructure for hinterland shippers as well as the several

Government development policies on port reforms that today the IDP are being established on a Build, Own, Operate and Transfer (BOOT) model.

The emphasis is on reduction of all forms of cost in order to boost profitability and viability as well as increased efficiency hence the recommendation and acceptance of the BOOT model for implementation of the Inland Dry Port projects. Six concessionaires emerged for the six (6) IDP/ICD/CFS locations approved so far by the Federal Government. It is important to note that three major selection processes were employed to ensure Due Processes, World Bank Quality Standards (WBS) and Transparency. The following are the preferred Bidders, site, capacity, zone and status of the IDP/ICD/CFS.

No	Preferred Bidders	Site	Capacity	Zone	Status
1.	Catamaran Logistics	Erunmu, Ibadan	50,000 TEUS	South West	IDP
2.	East Gate Terminal	Isiala Ngwa (Abia)	50,000 “	South East	IDP
3.	Dala Inland Dry Port Ltd.	Kano	20,000 “	North West	IDP
4.	Duncan Maritime	Jos	20,000 “	North Central	ICD
5.	Equatorial Marine Ltd.	Funtua	10,000 “	North West	CFS
6.	Migfo Nigeria Ltd.	Maiduguri	10,000 “	North East	CFS

The Nigerian Shippers' Council is the monitoring and supervisory agency acting on behalf of the Federal Government of Nigeria.

ADVANTAGES OF IDP/ICD/CFS

The advantages of an IDP/ICD/CFS in any particular location are so enormous but include the following.

- i. Establishment of Customs clearance facility close to production and consumption centers. This implies that shippers will be able to clear their cargo closer to their base of operation. This will save them the cost, inconvenience and risks of travelling to the seaports for cargo clearance.
- ii. Improved container usage and reduction in the movement of empty containers on the roads, thus leading to reduced freight and haulage rates as shipping companies and hauliers are assured of return cargo.

- iii. Improved turn around time of ships thereby reducing demurrage and avoiding pilferage.
- iv. Issuance of “Through Bill of Lading” by shipping lines and thereby assuming liability from dispatch to destination ports.
- v. Reduced cost of business resulting from enhanced safety and security measures at the ports.
- vi. Optimal use of surface transport and the decongestion of the sea ports.
- vii. Reduction in marine pollution activities around to seaport.

ECONOMIC BENEFITS OF IDP/ICD/CFS

- i) It will facilitate the integration of multi-modal transport system and global logistic chain.
- ii) Revitalization of our agricultural exports leading to a diversification of the nation’s export products’ base.
- iii) Increased potential for stimulating industrial growth and job creation in and around the areas where the IDP/ICD/CFS are located.
- iv) Reduced rural/urban population drifts with the usual social and other problems that tend to accompany such drifts.
- v) Increased revenue to the Government through accelerated development of other supportive economic and transport infrastructure.
- vi) Reduced travel distances and cost of goods and services to consumers.
- vii) Increased transport services from the IDP/ICD/CFS to the neighbouring land-locked countries like Republic of Benin, Chad, Niger, Burkina Faso, etc.

Furthermore, the establishment of the IDP/ICD/CFS would compel the government to rehabilitate and strengthen the nation’s transport infrastructures/system. This is expected to positively impact on the overall economy thereby making every one of us a beneficiary of the IDP/ICD/CFS initiative.

CONCLUSION

The Nigerian Shippers' Council, as the facilitator of the IDP/ICD/CFS on behalf of the Federal Government has developed strategies to ensure increased awareness of the project among all the stakeholders. The Council is also to put in place systems and structures that would ensure effective management of the Inland Dry Ports/Inland Container Depot/Container Freight Stations. Though, this is very much in the pipeline, shippers and other stakeholders fervently appeal to the Federal Government to remove all bottlenecks for the take-off of Inland Dry Ports in Nigeria.

Long Live Oyo State Shippers Association (OYSSA)

Long Live National Union of Journalists (NUJ)

Long Live Federal Republic of Nigeria (FRN)

Thank you for listening and God bless you all.