

PROPOSED BAN ON THE IMPORTATION OF FOREIGN BUILT VESSELS INTO NIGERIA

Overview

In January 2020, the Nigerian Maritime Administration and Safety Agency (“NIMASA”), through its Director General, Dr Dakuku Peterside, announced the Federal Government of Nigeria’s (“FGN”) proposed plan to ban the importation of certain categories of foreign built vessels into Nigeria from December 2022 (the “Ban on Importation”). In support of the foregoing proposed plan, it was also announced that the Central Bank of Nigeria (“CBN”) would prohibit the provision of foreign exchange for the purchase and importation of vessels affected by the Ban on Importation and the Nigerian Customs Services (“NCS”) would stop the issuance of import waivers (i.e. Temporary Import Permits (“TIPs”)) in respect of the banned vessels.

The Ban on Importation is one of a number of measures being proposed by NIMASA as part of a five-year strategic plan to end the Cabotage waiver regime. The ultimate aim is to promote the building of vessels in Nigeria which is one of the key objectives of the Coastal and Inland Shipping (Cabotage) Act, 2003. Dr. Peterside also expressed NIMASA’s intentions to partner with the Nigerian Content Development and Monitoring Board in relation to joint ship building initiatives.

Comments

It is imperative to note that the Ban on Importation remains a *proposed plan*. More importantly, the type of vessels to be affected by the Ban on Importation, and their effective ban date(s) are yet to be announced by NIMASA. Notwithstanding the foregoing, we understand, as gleaned from news reports¹, that (i) barges and tug boats, will be banned from the end of December 2020; and (ii) offshore support vessels, including anchor handling tugs larger than 5,000BHP, platform supply vessels, offshore construction vessels, derrick crane vessels, pipe/cable laying vessels, surf laying vessels, and dive support vessels, will be banned from December 2023. Other vessels are affected.

Furthermore, there has been no CBN directive prohibiting the provision of foreign exchange for the purchase and importation of foreign built vessels, nor has the NCS issued a directive ending the grant of TIPs to importers of foreign built and foreign owned vessels.

As laudable as the Ban on Importation may be, the devil is in the detail. As such, NIMASA should ensure that the process for developing the policy documentation is inclusive so as to guarantee compliance by all stakeholders. FGN also needs to ensure that there is, inter alia, adequate provision for the (i) essential materials (such as steel and aluminium) required for building vessels in Nigeria, and (ii) requisite fiscal regime that would attract the desired foreign direct investment as well as encourage local financing for shipbuilding companies.

¹ In the event that there is an official release, statement, and/or notification from NIMASA detailing the affected vessels, we will update this Briefing accordingly.

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