



# CHARTING THE COURSE FOR A POST COVID-19 WORLD: THE NIGERIAN SHIPPER'S PERSPECTIVE

---

*OBAFEMI AWOLowo UNIVERSITY*

**BY CHIJIoke JOSHUA UCHEAKONAM**

*[cjayuche@gmail.com](mailto:cjayuche@gmail.com)*

---

## **Abstract**

Following reports regarding the ravaging impact of the novel Coronavirus, the International Maritime Organization have made efforts by urging flag state authorities to adopt certain precautionary measures so as to ensure minimal disruption of shipping activities. However, the measures imposed are making it challenging for stakeholders in the shipping industry to fulfill their contractual obligations. As such, this paper makes an examination of the impact of the Covid-19 on the shipping sector. Also, it discusses some relevant issues that may be vital in charting a course for the post covid-19 era. This paper holds that where these steps are being adopted, the shipping industry will be on its way to a prolonged sustenance.

**Keywords:** *Covid-19, Shippers, Maritime*

## 1.0. Introduction

Overtime, the world has constantly been faced with various obstacles manifest in the form of global emergencies, which have sought to wreck the planet as though its mission is to wipe off the existence of humanity from the surface of the earth. In a bid to subject how much man has advanced to the test of time and strength, economies are plunged into sheer darkness by these emergencies and global trade being hampered almost beyond recovery. This is the situation in the world today with the rise of the Covid-19 pandemic - one which has held the maritime sector captive and kept it on a stand still. There is no gainsaying that trade on an international and national perspective has contributed immensely to the rise in development and economic advancement since the end of the World War II.<sup>1</sup> However, it is worthy of note that the contribution of shippers in this success is one in which silence cannot be adopted.

As of today, the Covid-19 pandemic – one with a might which have never been seen - has disrupted human activities, leaving behind questions as to how man can survive these perilous times. Nevertheless, can a discourse be whole if the root of a problem is not addressed? The Coronavirus disease also known as the (Covid-19) is an illness caused by the novel coronavirus now called Severe Acute Respiratory Coronavirus 2 (SARS-Cov-2; formerly called 2019-nCoV). First identified in the eastern Chinese city of Wuhan, and initially reported by the World Health Organization on 31<sup>st</sup> December 2019<sup>2</sup>, the virus which is found in animals and can be transmitted from person to person has today racked up 10 million cases and about 500,000 deaths<sup>3</sup>. The threat it posed forced the WHO on 30<sup>th</sup> January 2020 to declare the virus a pandemic; a Public Health Emergency of Global Concern (PHEIC). Indeed, with thousands losing their lives and various sectors being hit hard by the virus, the world with its various sectors is in need of a solution for the post-pandemic era and the maritime sector is not an exemption.<sup>4</sup>

As a result, the question which humanity seeks to unravel follows that: is there going to be a way past this wrecking ball? This is what this essay seeks to answer as it puts the shipper's point of view as the crux of this discuss with the aims of identifying the resulting effect of the virus on this sector in the present day. Overall, it hopes to chart a formidable course for the journey post covid-19 pandemic.

---

<sup>1</sup> Inga Heiland, Karen-Helene Ulltveit-Moe, 'an unintended crisis: covid-19 restrictions hit sea transportation' (VOX cepr portal, 17<sup>th</sup> may 2020) <<https://voxeu.org/article/covid-19-restrictions-hit-sea-transportation>> accessed 28<sup>th</sup> June 2020.

<sup>2</sup> David J. cennimocoronavirus disease 2019 (covid-19) (med scape medicine, 2020)

<sup>3</sup> Covid-19 Coronavirus pandemic' (Worldometer, 28<sup>th</sup> June 2020) <<https://www.worldometer.info/coronavirus/>> accessed 28<sup>th</sup> June 2020

<sup>4</sup> *Ibid*

## 1.1. A Blue Print of the Global Shipping Network

There is no objection to the fact that the shipping network credits itself with majority of internationally traded goods. Empirical evidences by the International Maritime Organization (IMO) show that container trade is highly concentrated on a small set of routes as only 6% of countries such as Singapore, China and Malaysia with container ports entertain direct shipping interconnection.<sup>5</sup> These few central ports acting as hubs in the sparse network, handle huge bulk of seaborne trade. However, other countries involve a stop in at least one other country - hence, creating a wider range of connection. As such, the negative effect of local covid-19 restrictions extend beyond the countries imposing them – affecting even more than even just its direct trading partners. The more central a port is in the shipping network, the more wide-ranging the consequences of its restriction appears to be on international trading. Truly, the far-reaching hands of the covid-19 pandemic has affected the COSCO<sup>6</sup> in China, MARAD<sup>7</sup> in the USA, and more importantly the NIMASA<sup>8</sup> in Nigeria. This effect is one worth addressing. Hence, it is to this that we shall now turn.

## 1.2 The Impact of Covid-19 on the Nigerian Shipping Industry

An evaluation of global trade on a broad scale reveals that it is one which is facilitated through a worldwide transport network. These networks are the main catalysts for production linkages which allow for an efficient allocation of resources through the exploitation of comparative advantages and economies of scale. In the past few decades, two distinct factors have threatened any improvement in the shipping sector. Firstly, the shipping industry had not recovered from the 2008 financial crisis yet. The Baltic Dry Index (BDI) had collapsed from the height of 10,844 points in May 2008 to 747 points in December 2008 in just half a year. It further reached a point of 290 - the lowest point recorded in history at that time. Secondly, the unpredictable policies of President Donald trump had impacted global trade immensely. At the end of 2019, the US and China concluded a Phase One trade agreement and the shipping industry was meant to witness an abating uncertainty.<sup>9</sup>

In a bid to capture the impact of the virus, three (3) perspectives viz: Production, Consumption and Transportation are considered. With the outbreak of the virus, the emergence of strict isolation policies and lockdown caused the halting of production. More so, consumption was also hampered with people ordered to stay at home. The result of this is that the freezing of production and consumption has led to the decline in shipping demand and supply; thereby affecting transport and trade.<sup>10</sup> According to data from the Ministry of transport of China, 9 out of 11 Chinese coastal provinces have recorded negative growth in container throughput with a 10.6% shrinkage in February 2020 - a contrast to 2019. In Nigeria, the Nigeria Custom Service in 2019 generated N1.341 trillion exceeding its target of N937 billion. In 2018, it also generated N1.20 trillion.<sup>11</sup> However, the 2020 plan to generate

<sup>5</sup>Hongxiang Feng, ManelGrifoll and Pengjun Zheng, 'New Coronavirus (COVID-19) Making Global Shipping Worse' [2020] Journal of Nautical Studies

<sup>6</sup> China Ocean Shipping Company Limited (1961)

<sup>7</sup> United States Maritime Administration

<sup>8</sup> The Nigerian Maritime Administration and Safety Agency (2007)

<sup>9</sup>Hongxiang Feng, Manuel Grifoll and Pengjun Zheng, 'New Coronavirus (COVID-19) making global shipping worse' [2020] journal of nautical studies

<sup>10</sup>Hongxiang Feng, Manuel Grifoll and Pengjun Zheng, 'New Coronavirus (COVID-19) making global shipping worse' [2020] journal of nautical studies

<sup>11</sup>Inga Heiland, Karen-Helene Ulltveit-Moe, 'an unintended crisis: covid-19 restrictions hit sea transportation' (VOX cepr portal, 17<sup>th</sup> may 2020) <<https://voxeu.org/article/covid-19-restrictions-hit-sea-transportation>> accessed 28<sup>th</sup> June 2020.

N2 trillion from the maritime industry has being threatened by the outbreak and reduced to a mirage.<sup>12</sup> Again, with more than 50% of Nigeria's import coming from china – the perceived hub of the coronavirus – market demand is declining rapidly. Conversely, stakeholders have described this as dealing a heavy blow to the Nigerian economy. This is because a majority of its import are from Asia where there is a huge fear to take consignments from.<sup>13</sup>

Moving further, with more and more countries like China and US imposing a 14-day self-isolation on international ships, more ships are being forced to wait on the anchorage. In the same vein, seafarers are prohibited from disembarking upon arrival. In addition, is the existing fact that 100,000 seafarers need to be changed constantly from the ship in which they operate in order to comply with International Maritime Regulations.<sup>14</sup> However, this is now impossible. With NIMASA directing all passengers and crew members to fill the self-reporting form as prescribed by the Nigerian Port Health Authority, no one is being allowed ashore until clearance is given.<sup>15</sup> Sadly, with this and the shutting down of ports, the rise of economic decline and abating of trade is emerging stronger. Nevertheless, this essay makes a proposal for the future – the post-pandemic era.

### **1.3. Charting a Course for the Post-Pandemic Era and Recommendations**

Experience has shown that one of the very essences of human existence is the need to discover a problem and map out solutions to such a problem. While seeking to chart out a course for the nearest future, it is borne in mind that these solutions would only limit the negative impact and risk of the pandemic.

To begin with, world experts at the present time cannot predict when the pandemic would end, hence making the hope for a vaccine to seem far from actual realization. Considering the response to the outbreak, the anti-crisis measures have not really been verified and it is believed that the worst is yet to come. However, this essay recommends that the Nigerian Maritime Administration and Safety Agency as well as other shipping industries comply to and implement marine related strategies similar to the 2008 anti-crisis policies while creating a formidable shipping cycle which would go in tune with the times.<sup>16</sup> For instance, while the US was faced with double digit inflation in 2008, the four point economic agenda program introduced by President Reagan fundamentally changed the course of the American economic atmosphere and revived it once more.<sup>17</sup> This approach can be adopted with new policies created toward the post-covid-19 shipping reality in Nigeria.<sup>18</sup>

---

<sup>12</sup> 'Nigeria: coronavirus threatens N2trn revenue target from maritime sector' (hellenicshippingnews, February 2020) <<https://www.hellenicshippingnews.com/nigeria-coronavirus-threatens-n2trn-revenue-target-from-maritime-sector/amp/>> accessed 28<sup>th</sup> June 2020

<sup>13</sup> Inga Heiland, Karen-Helene Ulltveit-Moe, 'an unintended crisis: covid-19 restrictions hit sea transportation' (VOX cepr portal, 17<sup>th</sup> may 2020) <<https://voxeu.org/article/covid-19-restrictions-hit-sea-transportation>> accessed 28<sup>th</sup> June 2020.

<sup>14</sup> Hongxiang Feng, Manuel Grifoll and Pengjun Zheng, 'new coronavirus (COVID-19) making global shipping worse' [2020] journal of nautical studies

<sup>15</sup> Adetayoadetuyi, *covid-19: understanding contractual issues in africa's maritime industry* (brooks & knight, April 2020)

<sup>16</sup> *Ibid*

<sup>17</sup> Peter Ferrara, 'How the Government Created a Financial Crisis' (Forbes, Mar 2011) <<https://www.forbes.com/sites/peterferrara/2011/05/19/how-the-government-created-a-financial-crisis/amp/>> accessed 28<sup>th</sup> June 2020

<sup>18</sup> *Ibid*

More so, Nigeria needs to adopt the development of automation and information technologies. The covid-19 has confirmed its potency through its human to human spread. Thus, it is best to shut it off through the creation of automatic and semi-automatic technologies. With the development of semi-automatic cranes and visual remote operation technologies, the possibility of accurate positioning, real time loading and unloading of goods would be born. International trade such as custom declarations, storage, logistics and consignment involve the manual submission of document which increases man-man contact.<sup>19</sup> Therefore, it is recommended that integrate trade, logistics, port and shipping realize the value in online declarations and information sharing. This will reduce the risk of physical contacts post-pandemic.

Moving ahead, there is a need to push-forward the G20 Leader's summit as well as the high-level meeting of UN member countries into discussing the fight against the pandemic. There is no falsity in saying that the pandemic is now a common threat to every nation in the world. Shipping is the bridge that links the world together.<sup>20</sup> Therefore, the need to discuss shipping interconnectedness is important. This will help to facilitate movement of not only relief goods, but also good in general. In line with the provisions contained in the UN model regulations for sea transport, there should be a revision of these regulations which would create an adjustment to the current reality and further enable sea transportation in the future.<sup>21</sup>

Furthermore, satellite data for ships show that sailings to destinations with crew-change restrictions are down by 20% for container ships as compared to 2019. By implication, the workforce for the processing of export and import is on a downward slope.<sup>22</sup> Hence, heavy restrictions on seafarers worldwide and by the regulations of the Nigerian Maritime Administration and Safety Agency (NIMASA) should be peddled down. They are key workers and therefore should be afforded the same flexibilities given to the aircrew. If this can be tackled during the pandemic, it would make the preparedness for the post-pandemic era more fit and proper.

Proceeding, ocean tourism was valued at \$390 billion globally before the pandemic and comprised a large portion of the GDP of many countries.<sup>23</sup> From 2015-2016, it added 73,000 jobs and grew faster than the US economy as a whole.<sup>24</sup> It is no doubt that workforce has depleted through the shortage of man power and the invoking of forced majeure contracts. It is therefore recommended that Nigeria adopts the *Bluer tourism*.

This would help create more jobs and also recover funds through the hiring of people to restore the coastal ecosystem.<sup>25</sup>

---

<sup>19</sup>*ibid*

<sup>20</sup>*ibid*

<sup>21</sup> Douglas McCauley & Kristaian Teleki & Gloria Fluxa Thienemann '8 ways to rebuild a stronger ocean economy after covid-19' (greenbiz, 2<sup>nd</sup> June 2020)

<<https://www.greenbiz.com/article/8-ways-rebuild-stronger-ocean-economy-after-covid-19>> accessed 28<sup>th</sup> June 2020.

<sup>22</sup> Inga Heiland, Karen-Helene Ulltveit-Moe, 'an unintended crisis: covid-19 restrictions hit sea transportation' (VOX cepr portal, 17<sup>th</sup> may 2020) <<https://voxeu.org/article/covid-19-restrictions-hit-sea-transportation>> accessed 28<sup>th</sup> June 2020.

<sup>23</sup> Douglas McCauley & Kristaian Teleki & Gloria Fluxa Thienemann '8 ways to rebuild a stronger ocean economy after covid-19' (greenbiz, 2<sup>nd</sup> June 2020)

<<https://www.greenbiz.com/article/8-ways-rebuild-stronger-ocean-economy-after-covid-19>> accessed 28<sup>th</sup> June 2020.

<sup>24</sup> Office for coastal management, national oceanic and atmospheric administration' (NOAA, 2017) <<https://coast.noaa.gov/states/fast-facts/tourism-and-recreation.html>> accessed 28<sup>th</sup> June 2020

<sup>25</sup> Douglas McCauley & Kristaian Teleki & Gloria Fluxa Thienemann '8 ways to rebuild a stronger ocean economy after covid-19' (greenbiz, 2<sup>nd</sup> June 2020)

<<https://www.greenbiz.com/article/8-ways-rebuild-stronger-ocean-economy-after-covid-19>> accessed 28<sup>th</sup> June 2020.

## Conclusion

There is a consensus of the mind when it is being said that world economies and the shipping industry have not fully recovered from 2008 financial crisis. Now, they are being struck by the covid-19 pandemic once again. The situation and varying prospects are worrisome. The shipping industry, ports and shipping companies are currently bleeding from the cuts of the pandemic. As fear looms around, the reoccurring questioning the shipper's mind is: what does the incoming future hold? Regardless, with the recommendations being proffered above, it is believed that the future will overcome the present.

## REFERENCES

- Inga Heiland, Karen-Helene Ulltveit-Moe, 'an unintended crisis: covid-19 restrictions hit sea transportation' (VOX cepr portal, 17<sup>th</sup> may 2020) <<https://voxeu.org/article/covid-19-restrictions-hit-sea-transportation>> accessed 28<sup>th</sup> June 2020.
- David J. cennimocoronavirus disease 2019 (covid-19) (med scape medicine, 2020)
- Covid-19 Coronavirus pandemic' (Worldometer, 28<sup>th</sup> June 2020) <<https://www.worldometer.info/coronavirus/>> accessed 28<sup>th</sup> June 2020
- Hongxiang Feng, ManelGrifoll and Pengjun Zheng, 'New Coronavirus (COVID-19) Making Global Shipping Worse' [2020] Journal of Nautical Studies <<https://voxeu.org/article/covid-19-restrictions-hit-sea-transportation>> accessed 28<sup>th</sup> June 2020.
- 'Nigeria: coronavirus threatens N2trn revenue target from maritime sector' (hellenicshippingnews, February 2020) <<https://www.hellenicshippingnews.com/nigeria-coronavirus-threatens-n2trn-revenue-target-from-maritime-sector/amp/>> accessed 28<sup>th</sup> June 2020
- Adetayo adetuyi, *covid-19: understanding contractual issues in africa's maritime industry* (brooks & knight, April 2020)
- Peter Ferrara, 'How the Government Created a Financial Crisis' (Forbes, Mar 2011) <<https://www.forbes.com/sites/peterferrara/2011/05/19/how-the-government-created-a-financial-crisis/amp/>> accessed 28<sup>th</sup> June 2020
- Office for coastal management, national oceanic and atmospheric administration' (NOAA, 2017) <<https://coast.noaa.gov/states/fast-facts/tourism-and-recreation.html>> accessed 28<sup>th</sup> June 2020
- Douglas McCauley & Kristaian Teleki & Gloria FluxaThienemann '8 ways to rebuild a stronger ocean economy after covid-19' (greenbiz, 2<sup>nd</sup> June 2020) <<https://www.greenbiz.com/article/8-ways-rebuild-stronger-ocean-economy-after-covid-19>> accessed 28<sup>th</sup> June 2020.