



Trend Analysis of the Shipping Industry Contribution to the Development of the Nigerian Economy

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Abstract

The maritime industry occupies a very prominent position in the economy of nations all over the world. shipping activities stands out as the greatest boost to a nation's economic growth and development. The study examined the contribution of shipping industry to the development of Nigeria economy. Secondary data was collected on shipping trade, Nigerian Gross Domestic Product (GDP), export and import trade volume/value, external debts and reserves from Central Bank of Nigeria Statistical Bulletins between the year 2014-2024. The finding revealed that the total shipping trading between the year 2014-2024 was N29863.64 billion. The shipping activities which is based on the export and import trade indicated that the negative in trading was recorded in 2020, 2021 and 2024. The lowest trading activities was recorded in 2020 with deficit of -2230.91billion while 2013 recorded the highest earning based on shipping activities of 5822.59billion. Considering the contribution to the GDP of the country, shipping activities contributed 3.2% between the 2014-2020. Nigerian government efforts toward combating smuggling (both in and out the country) should be intensified, to encourage meaningful impact of sales made on export items and duty collected on import items on the economy especially her external reserve.

Keywords: Maritime, Nigeria Economy, Shipping, Gross Domestic Product (GDP), Central Bank of Nigeria (CBN)

Introduction

The maritime industry occupies a very prominent position in the economy of nations worldwide (Lloyd *et al.*, 2020) ^[6]. In its strict sense, the industry embraces all maritime-related business activities within the country's maritime environment. These include offshore economic activities such as fishing, salvage, towage, and underwater resources and on-shore economic activities such as port, naval transport (shipping), ship construction, and repairs and maintenance (Ekpo, 2012; Vasilopoulos, 2013). Of all these activities, shipping stands out as the most significant boost to a nation's economic growth and development. This is so because all other maritime activities revolve around shipping (Ekpo, 2012). Shipping has long been recognised as one of the string catalysts for socio-economic development. Navigating or engaging in commerce through various types of navigable waters introduces the related concept of shipping (Njoku *et al.*, 2020) ^[7]. Shipping involves transporting goods, often cargo, from one point to another on any stretch of water. The shipping industry plays a vital role in the global economy, considering that approximately 90% of the worldwide trade in terms of volume is carried on ships, and the selected dry-bulk segment, the backbone of the international Maritime trade, absorbed 2013 70.2% (Angeliki, 2015; Osadume & Okuoyibo, 2020) ^[1, 9]. Maritime transportation accounts for about 95% of the vehicular movement of Nigeria's international trade. It is revealed that 70% of industrial activities in Nigeria are sited around the port cities of Lagos, Warri, Port- Harcourt and Calabar (Lloyd *et al.*, 2020) ^[6]. Shipping constitutes an indispensable component of the Nigerian maritime sector and an essential driver of the economy (Ugwu, 2006; Ege *et al.*, 2020) ^[13, 3]. Between 2000 and 2005, the GDP growth was about 5.7 per cent, and the non-oil sector increased about 5.9 per cent of the GDP (Ege *et al.*, 2020) ^[3]. World economic growth decelerated in 2016, with GDP expanding by 2.2 per cent; global GDP is expected to grow by more than 3.0 per cent over the 2018–2023 period (UNCTAD 2018, International Monetary Fund, 2018; Ege *et al.*, 2020) ^[12, 5, 3].

The Nigerian economy has persistently depended on exports, especially oil, as the primary source of foreign exchange earnings and a significant contributor to the external reserve since the 1970s (Nwachuckwuet al, 2016; Ege *et al.*, 2020) [3]. Studies such as Nze and Okeudo (2013) [8], Christiana and Matthew (2013) [2], Osadume and Uzoma (2020) [10], Ege *et al.* (2020) [3], and Raji *et al.* (2021) [11] have contributed to the empirical assessment of the role and influence of maritime and shipping activities on Nigeria economy; however, the present study examines the contribution of shipping industry to the development of Nigeria economy.

Materials and Method

Research Design and Data Source

The research method adopted for this study was a descriptive research approach. The population for this study is concentrated on the Nigerian maritime industry's shipping sector and the nation's economy sector for the period between 2009 and 2019 using secondary data sources. The data for the study was obtained from the Central Bank of Nigeria Statistical Bulletins. Data was collected on shipping trade, Nigerian GDP, export and import trade volume/value, external debts, and reserves between the years 2009 and

2019.

Operational Measures of Variables

The operationality of the identified variables for the study was achieved through identification of dependent and independent variables. For this study, GDP was the dependent variable, while shipping trade, export and import trade volume/value and external debts represent the independent variable.

Methods of Data Analysis

This research applies quantitative, descriptive, trend analysis, and econometrics analysis approaches to investigate the shipping trade's contribution to the Nigerian economy's development between 2014 and 2024. A statistical program-Statistical Package for the Social Sciences [SPSS]) was adopted to analyse the time series data and various objectives and hypotheses. For this study, shipping trade, export and import trade volume/value and external debts represent the Independent Variables, while GDP represents the dependent variables. Various variables adopted for the study and their abbreviations (use hereafter) are presented in Table 1.

Table 1: Study Variables and their Abbreviation

S/N	Study Variables	Abbreviation	Period of Data Collection
1	Shipping Trade	ST	2014-2024
2	Gross Domestic Product	GDP	
3	Agricultural Sector	AS	
4	Industry Sector	IS	
5	Construction Sector	CS	
6	Trade Sector	TS	
7	Services Sector	SS	

Result

Trend in Shipping Activities in Nigeria

Trends in shipping activities based on export and import trading are presented in Figure 1. For the export activities, the lowest return in trading activities was reported in 2014, which was 8,606.32 billion, while the highest trading activities were reported in 2024, which recorded 19,909.75. The export activities between 2014 and 2024 recorded a total trading of 149504.460 billion based on a mean of 13591.32 and a standard deviation of 3834.57. For the import activities, the lowest return in trading activities was reported in 2014, which was 5480.660 billion, while the highest trading activities

were reported in 2024 and recorded 20,448.92 billion. Overall, the import activities between 2014 and 2024 recorded a total trading of 119640.82 billion based on a mean of 10876.44 and a standard deviation 3743.29. Based on the export and import trade, the shipping activities indicated a negative in trading, recorded in 2020, 2021, and 2024. The lowest trading activities were recorded in 2020, with a deficit of -2230.91 billion, while 2018 recorded the highest earnings based on shipping activities of 5822.59 billion. The total shipping trading between 2014 and 2024 was 29863.64 billion at a mean of 2714.88 and a standard deviation of 2713.58.

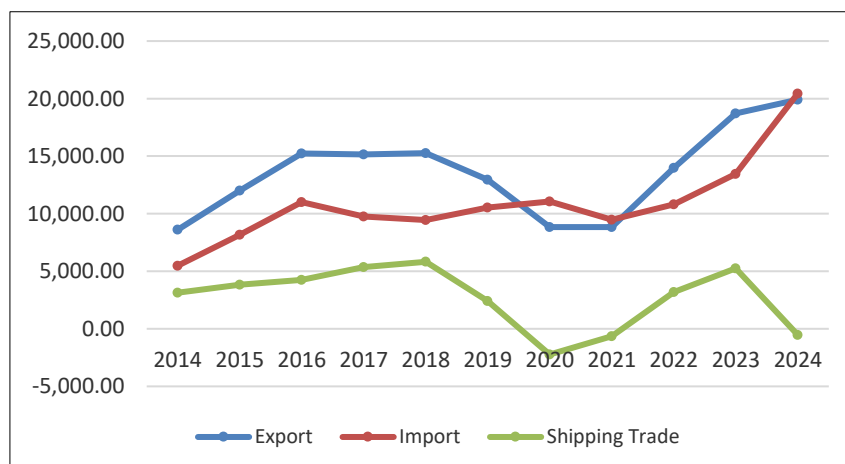


Fig 1: Trend Analysis of Shipping Activities (Trade) of Nigeria 2014-2024

Contribution of Shipping-Related Activities to the GDP

The contribution of shipping-related activities to Nigeria's GDP is presented in Figure 2. From the outcome, the lowest shipping activities were recorded in 2020, with a deficit of -2230.91 billion, while 2013 recorded the highest earning based on shipping activities of 5822.59 billion. The total shipping trading between 2014 and 2024 was 29863.64

billion at a mean of 2714.88 and a standard deviation of 2713.58. For the GDP, the lowest was recorded in 2009 at 44,285.56 billion, and the highest was recorded in 2024 at 144,210.49 billion. Considering the contribution to the country's GDP, shipping activities contributed 3.2% between 2014 and 2024.

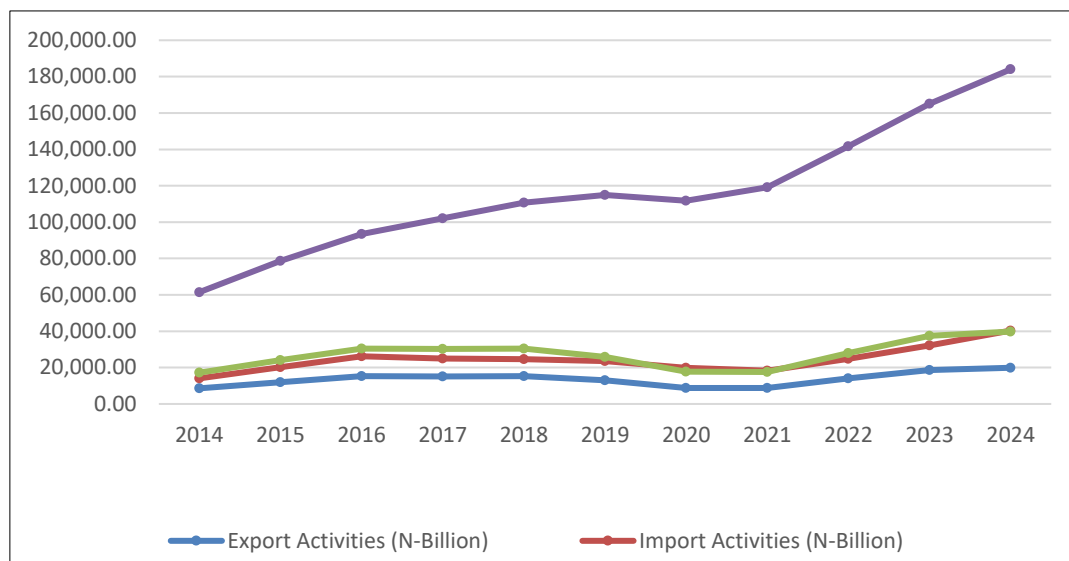


Fig 2: Contribution of Shipping-Related Activities to the GDP

Discussion

The outcome showed an imbalance in the trend of shipping activities (2009-2019), which could be attributed to various internal and external factors. Moving forward from 2009 showed tremendous and stable growth in the industry, while the dwindling effect of 2015 could be due to changes in the nation's political sphere, among other things. This outcome corroborated with that of Njoku *et al.* (2020) [7], who stated that the trend of shipping trade in Nigeria from 2006 to 2016 experienced geometric progression. This achievement could be attributed to better coordination and improved efficiency. Also, the government's decision to enable public-private partnerships has started yielding positive results. On the other hand, Osadume and Okuoyibo (2020) [9] posited that political disturbances in the form of interparty violence, wars, revolutions, coups, hostilities, political nationalisation of foreign assets, electoral violence and chronic large-scale electoral malpractices, non-recognition of ruling parties by shipping giant nations etc affects the readiness and willingness of vessel owners to ply such navigational routes and thus the development of such country's maritime sector and invariably its Maritime trade business volume.

Considering the contribution to the country's GDP, shipping activities contributed 3.2% between 2009 and 2019. Many experts in the industry and political sphere think that Nigeria's shipping/maritime industry can contribute significantly to the country's GDP if fully explored. This was backed by Lloyd *et al.* (2020) [6], who asserted that the importance of maritime transportation to Nigeria's economy can be measured through its contribution to the country's Gross Domestic Product (GDP) annually. The impact could be direct, indirect and induced. The direct effects involve the value added to GDP, industry revenue and profits. The indirect impact is caused by purchases occurring through direct demands on goods and services needed in the sector. The induced demand refers to

demands created in the larger economy through multiplier effects such as increased purchasing power in the hands of citizens employed by the industry. However, due to several challenges, Nigeria cannot harness its full potential in the sector (Lloyd *et al.*, 2020) [6].

Conclusion

The study examined the shipping industry's contribution to Nigeria's development by considering related shipping activities between 2009 and 2019. Based on the study's outcome, it was concluded that shipping activities have insignificant contributions to the Nigerian economy compared to other industries. However, it contributed 3.2% of the Nigerian GDP during the year under study. Nigerian government efforts toward combating smuggling (both in and out of the country) should be intensified to encourage meaningful impact of sales made on export items and duty collected on import items on the economy, especially her external reserve.

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