

OPPORTUNITIES FOR SRI LANKAN BOAT BUILDINGS IN NIGERIA



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1. SUMMARY

The Nigerian coastline spans about 1,000 km, with over 10,000 km of nationwide interlocked rivers, creeks, lagoons and lakes that extend to Cameroon and Benin Republic. There is an increasing demand for coastal and inland marine vessels with growing interest and investment by government and private operators. The local boat building industry of Glass Reinforced Plastic/Fiber-glass as well as Metal/Composite vessels are dominated by a few players. Imported vessels of these categories are mostly of American and European origin (contributing to the larger market share) and more recently from the Middle East- Dubai for luxury versions.

2. MARKET DESCRIPTION

2.1 Demand and Supply

With the thrust by the present government to explore fisheries and inland transportation, the demand for vessels is ever increasing. In addition, there is an increased defense spending for security of inland waterways. Government policy is aimed at encouraging local production rather than importation. Significant maritime activities in Nigeria, including business in the commercial port make up 68% of total maritime trade in West Africa.

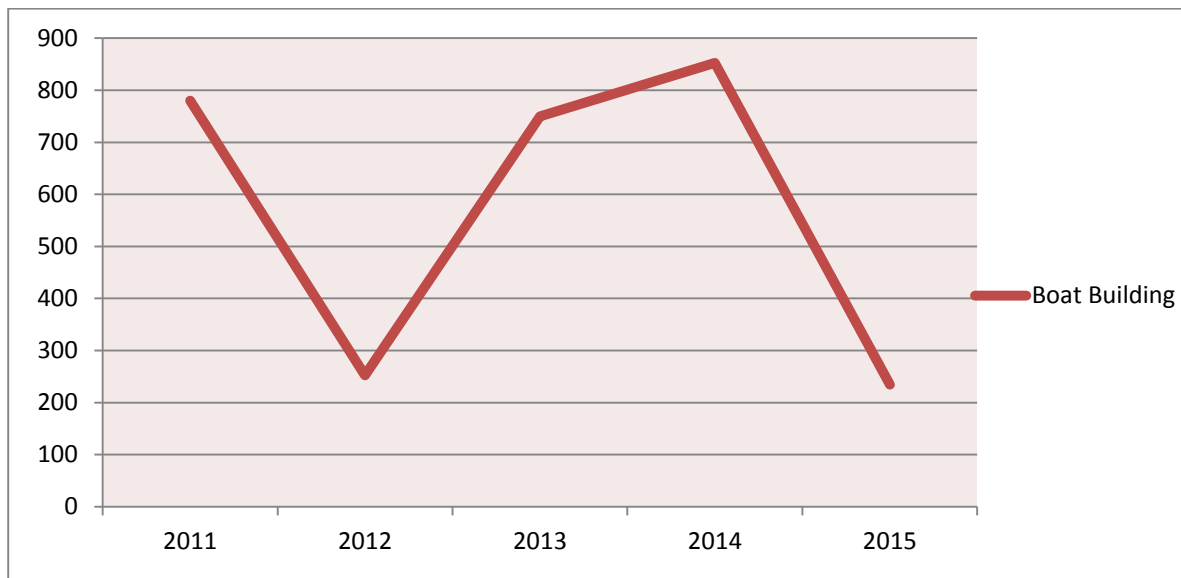
US\$ thousand

	2013	2014	2015	2016 Estimates
Total Market Size	119,000	270,000	189,000	132,300
Total Local Production	2,000	3,000	2,100	1,470
Total Exports	0	0	0	0
Total Imports	117,000	267,000	186,900	130,830
Imports from the U.S.	57,747	65,779	43,087	30,161
Exchange Rate: 1 USD	158	158	198	197

Source: www.export.gov

Figure: World Imports of Boat Building (HS 89) By Nigeria

US \$ Mn



Source: Trade map

2.2 Standards certificates and registration

Several Certifications and Registrations need to be conducted in the following institutions in stages.

CAC	-	Corporate Affairs Commission (www.new.cac.gov.ng)
NIMASA	-	Nigerian Maritime Administration and Safety Agency (www.nimasa.gov.ng)
NIWA	-	Nigerian Inland Waterways Authority (www.niwa.gov.ng)
NSC	-	Nigerian Shippers Council (www.shipperscouncil.gov.ng)
NPA	-	Nigerian Ports Authority (www.nigerianports.org)
FIRS	-	Federal Inland Revenue Service (www.firs.gov.ng)
PENCOM	-	Pensions Commission (www.pencom.gov.ng)
ITF	-	Industrial Training Fund (www.itf.gov.ng)
BPP	-	Bureau of Public Procurement (www.bpp.gov.ng)
SON	-	Standards Organization of Nigeria (www.son.gov.ng)
MAN	-	Manufacturers Association of Nigeria (www.manufacturersnigeria.org)

*(This may not be an exhaustive list)

2.3 Business practices relating to product

Inquiries need to be made through these organizations and others for such information

- NISA: Nigerian Ship Owners Association of Nigeria (www.nigeriashipowners.org), formerly ISAN – Indigenous Ship Owners Association of Nigeria (www.isan.org.ng).
- SOAN: Ship owners Association of Nigeria (www.soan.com.ng)
- SAN- Shipping Association of Nigeria (for shipping agents) (www.san-ng.org).
- NCS: Nigerian Chamber of Shipping (www.nigerian-shipping.org).
- NSC-Nigerian Shippers Council- Maritime Library and Trade Hubs

2.4 Buyer preferences

Information on the Fair Trade, sustainable production processes, eco friendly/green etc. can be accessed through the following

- NIMASA
- SON
- MAN
- Federal Ministry of Transport
- Federal Ministry of Environment (environment.gov.ng/)

2.5 Price Situation

For a survey on pricing, the following institutions would be useful.

- NISA
- SOAN
- Nigerian Maritime Expo (NIMAREX) - www.nigeriamaritimeexpo.com

Also, independent market surveys can be carried out.

2.6 Import Tariffs FTA/PTA concessions/regulations/ and NTBs

It would be necessary to identify what components or materials need to be imported into Nigeria for boat building before determining the regulations and tariffs. Concessions including access to foreign exchange will depend on terms of engagement.

Nigerian Customs Service- (www.customs.gov.ng)

3. POSITION OF SRI LANKAN GOODS

Sri Lanka boat building exports to Nigeria in 2016

US\$ Mn

HS Code	Product Label	2016	
		Quantity	Value
H.890690	Other vessels, including warships and lifeboats other than rowing boats	9 No	1
	Total :	9	1

Source: Sri Lanka Export Development Board

4. ACTIVITIES OF COMPETITION

4.1 Major suppliers

John Holt- Almarine -Multinational (www.jhplc.com),

Aluminumnow – Multinational (www.aluminumnow.com)

Applause Yacht Africa, Limited- Nigerian

Epenal Boat Builders Limited -Nigerian (www.epenalgroup.com)

Touchstone Boat Builders Nigerian (www.touchstoneboatbuilders.com)

These are the major operators. It is understood that over 150 such fabricators are to be in operation.

Table: Top 10 exporters of Boat building to Nigeria

Exporters	US \$ mn				
	2010	2011	2012	2013	2014
Korea, Republic of	689	663	6	523,781	524,707
United States of America	51,688	73,604	58,046	73,679	134,909
China	7,172	93,130	32,990	310,694	62,276
Netherlands	782	2,886	1,593	84,447	22,872
Turkey	5	657	3,248	1,062	15,140
France	20,226	56,368	12,537	2,118	13,836
Indonesia	0	0	0	916	13,124
Romania	0	0	0	19	12,549
Singapore	14,930	5,717	10,048	3,196	10,156
United Kingdom	2,378	24,944	3,702	4,273	9,295

Source: Trade map

4.2 Competitive advantages

- Look for (quality, packaging, labeling, transportation, duty free access through agreements etc)
- Low pricing, consistency of quality, smaller and more versatile options may be considered advantageous.

4.3 Special market tools applied by the competitors

To be researched

Incentives if factories are to be set up in Nigeria

Inquiries to be made at the

Ministry of Trade and Investment,

MAN

NIMASA

4.4 Advantages and disadvantages of setting up factories in Nigeria

Advantages

- The increase in demand for vessels for transportation, fisheries, security and recreational purposes
- Government is at present showing interest in encouraging local production for local consumption and export from Nigeria to the West African region.
- Relatively few competitors and an open attitude of populace for foreign or products manufactured by foreign companies is an advantage.
- Labor and land are relatively cheap.
- There are also seven new planned port projects, including two deep seaports, the earliest of which is expected to be operational by 2018.
- The Federal Government also indicates it will allocate an estimated \$301.3 million to refurbish and create new inland waterways infrastructure across the country through the National Inland Waterways Authority (NIWA).
- With a view to increase in productivity, the Government of Nigeria (GON) also intends to concession/privatize the Nigerian Ports Authority (NPA) Plc's marine services to private operators.

Disadvantages

- falling rate of the naira to the dollar
- epileptic power supply
- Government bureaucracy and in certain cases security (depending on the area concerned)

5. CONCLUSIONS AND RECOMMENDATIONS

- A thorough market survey is always a key to an economy such as Nigeria.
- A good knowledge of the government/civil service and contacts within and outside the system are crucial. Patronage is almost a cultural norm. Hence knowing whom to approach rather than following set protocols can make a big difference.
- It is also advisable to cover all legal considerations from the onset.
- Aggressive marketing is the key as opportunities abound and competition is building.

6. REFERENCES

<http://www.euromonitor.com/nigeria/country-factfile>

<http://luxurysociety.com/en/articles/2014/04/is-nigeria-the-luxury-industrys-next-big-opportunity/>

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