

REPORT OF ONE- DAY NATIONAL AIRFREIGHT SUMMIT ON DIVERSIFICATION OF NIGERIAN ECONOMY, "ROLE OF CARGO AIRPORT FOR PERISHABLES": KWARA STATE IN FOCUS HELD AT KWARA HOTEL, ILORIN, KWARA STATE ON 4TH FEBRUARY, 2016

1.0 INTRODUCTION

The Nigerian Shippers' Council (NSC) and the Airfreight Stakeholders' Forum (ASF) in collaboration with the Kwara State Government organised a one day Summit titled "Diversification of Nigerian Economy; Role of Cargo Airport for Perishables: Kwara State in Focus" on 4th February, 2016 at Kwara Hotel, Ilorin, Kwara State.

The objectives of the summit were to:

- Highlight the potentials of Kwara State for a vibrant Airfreight industry.
- Critically analyse the challenges and problems confronting the Airfreight sector in Nigeria and proffer solutions to them.
- Examine the experience of shippers in airfreight and inform them of the best practices to enhance the success of their businesses.
- Articulate the necessary interventions required from Government to boost the airfreight sector.

2.0 PARTICIPANTS

Present at the Summit were the Kwara State Governor and his entourage, government agencies, private companies, airline operators, ground-handlers, shippers, courier operators, farmers, institutions of learning, freight forwarders, press etc.

3.0 OPENING

The opening ceremony was marked with speeches by:

- The Executive Secretary/CEO of the Nigerian Shippers' Council, Mr. Hassan Bello.
- Goodwill Messages by FAAN, NCAA, ASF Chairman, President of Kwara State Shippers' Association.
- Address by the Executive Governor of Kwara State, Dr. Abdulfatah Ahmed. The Governor in his address welcomed all the participants and also expressed appreciation to the organisers for the choice of Kwara State as the venue for the Summit.

4.0 PAPER PRESENTATION:

Six key position papers were presented at the summit.

4.1 STRATEGIC IMPORTANCE OF ILORIN AIRPORT AS HUB TO THE DEVELOPMENT OF PERISHABLE EXPORTS

The paper was presented by Mr. Tope Daramola of Shonga Farms Holding Ltd. In his presentation, he gave a general overview of the current production of perishable export in Nigeria and its challenges.

He stated that perishable goods, especially from the northern part of Nigeria are transported to many parts of the country and most times when damaged, become unsafe for human consumption by the time they get to their final destinations as a result of time factor. This could have been airlifted to different domestic locations if domestic air cargo operation was adequate.

Highlight of the challenges of export in Nigeria include:

- Nigeria's airports were not set up for exports of perishables, with the result that export commodities often get damaged,
- There were no cold rooms,
- The number of days required for export transactions from the time of initiating a deal up to loading of the goods at the port,
- Involvement of too many players in the sector reduces efficiency and increasing costs,
- Cumbersome documentation and handling,
- High costs of transactions.

In conclusion, the paper suggested that Nigeria would improve in exportation of perishables, by:

- i. Engaging professionals along the perishable value chain and the marketing structure as airport cargo terminal cannot be operational in isolation
- ii. Collective efforts should be directed towards addressing the challenges limiting the sustainability of domestic airport cargo transport which include:
 - High cost of aircraft and maintenance, Lack of incentives and government's quality regulations to safeguard the money and resources of investors,
 - Lack of adequate infrastructure,

- Government agencies' undue interference and unfriendly approach to processes and procedures,
- Lack of adequate volume of cargo to justify huge investment in cargo aircraft for local operations,
- Inadequate cargo security, and storage (warehousing, cold room, etc.) and technology

4.2 DOCUMENTATION REQUIREMENTS AND LOGISTICS FOR AIRFREIGHTING IN NIGERIA

4.2.1 NAFFAC/ANCLA

The presentation was made by Mr. Chukwuka A. T. Agubamah and Prince Olayiwola Shittu, the National Presidents of NAFFAC & ANCLA respectively. Their paper focussed mostly on documentation requirements and logistics in Airfreight Cargo carriage of goods.

The papers explained that for export to take place, the exporter must undergo the export processes in order to satisfy the requirements of domestic fiscal and product/produce safety laws in addition to laws at foreign destinations of goods to ensure that the product are safe for human consumption.

The resource person emphasised that the basic requirement for export must be duly completed with the agencies and banks involved.

It also enumerated the following challenges militating against the growth of agro based product:

- a. Poor funding of the sector;
- b. Lack of proper knowledge of modern agricultural techniques;
- c. Lack of adequate information and education on the processing and contemporary biotechnology prevalent in agriculture;
- d. Lack of basic capacity, understanding and implementation of agriculture policies; and
- e. Lack of political will on the side of the Government to pursue essential agricultural policies and promotions

Suggested way forward:

1. There should be immediate policy that will promote enabling environment for farmers/traders;

2. Regular enlightenment campaign should be organised for farmers and exporters
3. Access to farm land should be made easy for farmers
4. Basic infrastructure like good transportation networks, e.g. road, rail and airport should be provided
5. Incentives like access to funds, tax reduction and subsidies

4.2.2. AIR FRANCE/KLM

The paper was presented by the Country Manager of Air France/KLM, Mr. Gabriel Lalande. The presentation focussed on the emerging opportunities for cargo carriage in the air freight sector which had positive impact to the development of the nation's economy.

The paper explained the reasons why products from Nigeria have not been on high demand at the international market. This was because of the high cost of products. Practical case of yam export was given, where one single yam from Ghana cost \$1.7 cheaper than the one from Nigeria. He therefore suggested that for Nigeria product to gain edge in the global market, the volume must be high at a reasonable cost.

The challenges of Nigerian products were highlighted include:

- Careful use of pesticides and chemicals in line with International regulation and standards
- Higher cost of production
- Higher cost of supply
- Higher charges by government agencies

Suggesting way forward as follows:

1. Setting up of a private/public trade facilitation group
2. Implementation of a business friendly policy (i.e. flat inspection fees on perishables export, speed up paperwork for perishable export, well organised private/public storage facility and reduced cost of handling and air freight of perishable)
3. Inspection and certification from the farm
4. Link shippers with international buyers
5. Were there any new trends, and how are we adapting?

4.3 NAHCO PRESENTATION

The paper was presented by Mrs. Joke of Nigerian Aviation Handling Co. Ltd (NAHCO). The paper discussed the

documentation requirements of the airfreight sector and suggested ways forward for the industry.

Documentation requirements were highlighted as follows:

- The exporter must be registered with CAC and NEPC
- The exporter can also act as an agent or appoint a freight agent that will provide the following documents:
 - a. Business Registration Certificate (CAC, NEPC)
 - b. Customs Brokerage License
 - c. Registered with any freight forwarder associations (e.g. NAFFAC, ANCLA, NAGAFF)
- Air cargo travels on an Air waybill (AWB)
- Supporting documents to process the export and import
 - Export Permit
 - Packing List
 - Commercial Invoice
 - Phytosanitary Certificate (Fruits and Vegetables)
 - Veterinary Health Certificate (Meat, Fish, Poultry)
- In all Cases regulations must be complied with when it comes to permitted exports.
- Notification to Captain (NOTOC) for correct onboard temperature control

In the case of Cargo Acceptance and Quality Control:

- Carrier books cargo space for exporters' agent and advises booking list/loading instruction to Ground Handling Agent.
- Once delivered to the GHA, Cargo is palletized or loaded into containers in the cold room.
- Packaging and loading must withstand the rigors of transportation by air.
- Weatherproofing on ground / Removed once loaded on board so that product does not accumulate condensation.

4.4 THE ROLE OF NIGERIAN SHIPPERS' COUNCIL IN FACILITATING TRADE IN THE AIRFREIGHT SECTOR

The paper was presented by the Director, Commercial Shipping Services of NSC, Mrs. D. Shall-Holma. The paper focussed on the opportunities in the airfreight sector, as well as involvement of NSC in the industry.

4.3.1 Highlights of the Presentation

- The paper portrayed air transportation as a key engine of economic growth and development of every country as it supports trade and investment, promotes connectivity, and improves efficiency and competitiveness.
- The need to promote the exportation of perishable commodities to the international market in order to expand trade and reap the enormous benefits therein.
- Highlighted types of air freight cargoes: emergency cargo, High-value, low density shipments, perishable cargoes and rapid replenishment shipments.
- Other opportunities outlined are: Strategic diversification, guaranteeing continued supply, promoting industrialisation and technological development of the economy.
- That ASF was established in 2004 as a platform for bringing all the actors in the industry together to foster collaboration, cooperation and dialoguing for development and growth of the industry.
- It was informed that in line with the functions and practice of Shippers' Council's all over the world, the NSC protects, defends and represents the interest of Nigerian shippers on all issues relating to the shipment of their cargo to and from Nigeria on issues relating to freight rates, charges and surcharges, the quality of service provided, shipment delays, cargo loss or damage etc.

Highlighted further were the challenges facing the airfreight sector in Nigeria which includes:

- demand for airfreight was limited by cost
- Low volume of exports
- Poor packaging of cargoes
- Poor standards and quality of exported goods and other logistics factors

4.4 PACKING & PACKAGING FOR AIRFREIGHT EXPORT: INTERNATIONAL PRACTICES BY NIGERIAN EXPORT PROMOTION COUNCIL

The paper was delivered by Barrister Olusegun Awolowo of the Nigerian Export Promotion Council (NEPC). His presentation centred on packing and packaging of export products.

The resource person opined that non oil export was vital in the expansion of the economy as it would enhance foreign exchange earnings and employment generation. He opined that the current administration was encouraging Nigerian shippers to explore the opportunities of the export sector of the economy.

The bulk of Nigerian exports that can be air freighted are time and temperature sensitive. Noted that the packaging was key issue in handling perishable cargoes.

Highlighted the following as key objectives of packaging:

1. Physical protection of enclosed object.
2. Atmospheric barrier protection.
3. Containment or agglomeration to avoid spillage.
4. Information transmission from package and label.
5. Marketing via package graphics and designs.
6. Reduction in risk and shipment etc.

In conclusion, he informed exporters and potential exporters to ensure that necessary measures were taken on packaging products in compliance with international standard before exporting to the global market.

4.5 THE ROLE OF NAFDAC IN FACILITATION OF AIRFREIGHT EXPORT IN NIGERIA

The paper was delivered by Mr. Oluremi Afolabi of NAFDAC. The discussion focussed on the role of NAFDAC in facilitation of airfreight export in Nigeria.

Highlighted were challenges of trade facilitation which include:

- Lack of trust between stakeholders
- Lack of means to assess and ensure compliance to reforms
- Inadequate and insufficient coordination between various government agencies
- Difficulties in meeting requirements of international standards.
- Resistance to change
- Corruption
- Lack of funds and competing demands

Concluding, the participants were implored to comply with international best practice when exporting commodities to international market in order to avoid embarrassment.

4.6 THE ROLE OF CUSTOMS IN FACILITATION OF AIRFREIGHT EXPORT IN NIGERIA

The presenter commented that trade facilitation need to be defined in the light of destination objectives and purpose in simplifying trade.

He emphasized the need for adequate enlightenment programmes for both public and private agencies in the industry which according to him will empower such to understand their critical roles as facilitators and be repositioned to assist indigenous importers/exporters. Then he drew the attention of participants to the need of collaboration among stakeholders with the aim of complementing each other.

Highlighted were Export guidelines in Nigeria:

- i. Goods for exports are subject to inspection by three inspection agencies namely; Cobalt (North), Carmine Assayer (Southwest & Lagos) and Leroly technologies (South/South & South East)
- ii. Inspection agent to verify the quality and quantity of all exports as well as true value. Issue clean certificate of Inspection (CCI) within 72 hours of inspection
- iii. Non Negotiable Certificate of Inspection (NNCI) to be issued in the event of uncovering discrepancies pending ratification by the exporter, etc.

4.7 COMMENTS

1. A participant asked what government was doing towards reducing the cumbersome documentation procedure and processes.

In response, Director, Commercial Shipping Services of Nigerian Shippers' Council informed the participants that the adoption of electronic documentation procedure is imperative. She said, for effective control and centralised procedures, single window shop declaration is a key.

2. The participants were also curious about communiqués which were usually dumped after such fruitful events.

The DCSS ensured the Summit that there would be a follow up on the communiqué that would be issued. She also stated that issues that involved policy decision would be channelled to the appropriate quarter through the Federal Ministry of Transportation.

5.0 CLOSING:

The summit came to a close with eleven (11) point's communiqué as raised by the participants. (See attached)

6.0 OBSERVATIONS

The ASF Summit recorded a huge success considering the calibre of participants who attended and in terms of the quality of presentations which were apt. This resulted in achieving the objectives of the summit.

Some of the observations made were as follows:

- a.** Participants were highly delighted and full of commendations for the Councils' initiative in organising the programme at this period of the dwindling oil revenue and the promotion of non-oil export by the Federal Government;
- b.** Nigeria's mono-sector economy is being seriously threatened and it has therefore become very pertinent to diversify the economy and the export of Agricultural products and solid minerals could be a veritable alternative;
- c.** There are abundance of exportable perishable agricultural products in Kwara State and indeed all over Nigeria that are in high demand abroad but are being neglected to the detriment of the nation's economic growth and development and its correspondent GDP;
- d.** Compared with some sister African and West African countries, Nigeria does not have a well articulated policy for supporting and promoting the export of the nation's abundant perishable agricultural products by air to the international market;
- e.** Support for perishable agro produce exporters in terms of finance, infrastructures, road, rail, refrigerated warehouses, modern cargo shed etc are lacking and this is a major discouragement for would-be exporters of perishables in the hinterlands of the country;

- f. Cumbersome procedures and multiplicity of charges and agencies give rise to prohibitive costs which discourage exporters and make their products uncompetitive at the international market;
- g. Most exporters of perishable agricultural goods lack the required high volume and sustainable supply that could bring down the cost of freighting the products to the international market;
- h. The youth that constituted the largest section of the nation's population are not often being involved in agriculture and export sector of the economy;
- i. There is a general knowledge gap among shippers, handlers, airline staff and other stakeholders about standards and requirements for successfully export by air; and
- j. There is a distributing trend of the proliferation of cargo airports all over the country, especially by State Governments most of which are not viable and are mere duplication of efforts.

7.0 RECOMMENDATIONS

In the light of the above, we wish to recommend that:

- i. A strategic plan should be mapped out by the officers of CSSD/SSD to follow up with the issues identified in the communiqué on the organisations concerned for their actions, while the policy issues will be channelled through the Honourable Minister of Transportation to the appropriate Ministries.
- ii. The ASF should come up with a draft policy that will be favourable to the sector through NSC to the Ministry of Transportation
- iii. Seminar as proposed should be taken to the six geo-political zones of the country as proposed in the ASF activity plan for 2016, thereby sustaining the steam.
- iv. NSC should sustain its activities and collaborative effort to meet the yearning of the shippers and other stakeholders thereby fulfilling her obligations.