

BUILDING RESILIENT PORT AND TRADE LOGISTICS: LESSONS FOR NIGERIA AMID GLOBAL TRADE VOLATILITY

In an era of rising global trade disruptions, from the COVID-19 pandemic to the Ukraine war and Red Sea shipping crisis, port resilience and trade logistics are now at the forefront of Africa's trade competitiveness. Nigeria's ports handle over 80% of its international trade. Therefore, strengthening port efficiency, digitalization, and logistics networks is crucial to fully leverage the African Continental Free Trade Area (AfCFTA) and position the country as a regional trade hub. The BACITI examines global lessons in port resilience and offers data-driven recommendations for Nigeria's policymakers, trade stakeholders, and industry players.



AGE OF TRADE DISRUPTION

In the past five years, global trade has entered a period of heightened volatility. For Africa, such disruptions have exposed vulnerabilities such as long turnaround times, port congestion, limited intermodal connections, and over-reliance on few trade routes.

- 2020: COVID-19 triggered a 9.2% drop in global trade volumes. Freight rates for routes involving Africa skyrocketed in 2022 up to 248% year-on-year, due to imbalances in supply and demand.
- 2022-2023: The war in Ukraine added \$25 billion in extra shipping costs globally, and a 14.9% decline in African grain imports from Ukraine
- 2023/early 2025: Increased uncertainty in global supply chain. Houthi attacks in the Red Sea forced over 20% of global container traffic to reroute around the Cape of Good Hope. African countries like Kenya, relying on the route have experienced increased shipping times and costs.

AfCFTA: A FRAMEWORK FOR RESILIENCE AND INTEGRATION

AfCFTA aims to boost intra-African trade by 53% by 2035. UN Trade and Development (UNCTAD) estimates suggest that if fully implemented, AfCFTA could;

- Increase intra-African freight by 28% and
- Spur a 62% rise in demand for maritime transport.

In practical terms, a more integrated Africa means countries can source more goods from each other and depend relatively less on distant suppliers, building buffers against global disruptions. For example, regional supply networks in food or pharmaceuticals could mitigate the impact of global crises by ensuring essential goods are produced and traded within the continent.

The potential benefits are enormous. The International Monetary Fund (IMF) projects that the AfCFTA has the potential to lift 30 million people out of extreme poverty and raise Africa's income by \$450 billion by 2035. In West Africa, a traditionally fragmented trade region, AfCFTA is driving efforts to fix the "potholes, bottlenecks, and barriers" that have long plagued commerce. The message is clear – a united African market can be a foundation for economic resilience in a turbulent world.



WHY NIGERIA'S PORT RESILIENCE MATTERS

- **Nigeria is West Africa's trade gateway.** According to the **Nigerian Ports Authority (NPA, 2024)**, Nigerian ports handle over 80% of national trade volume.

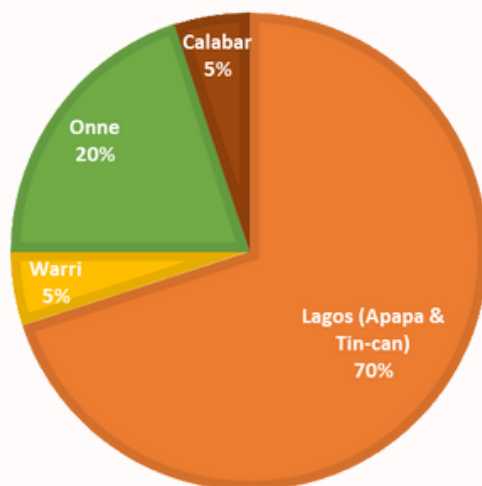
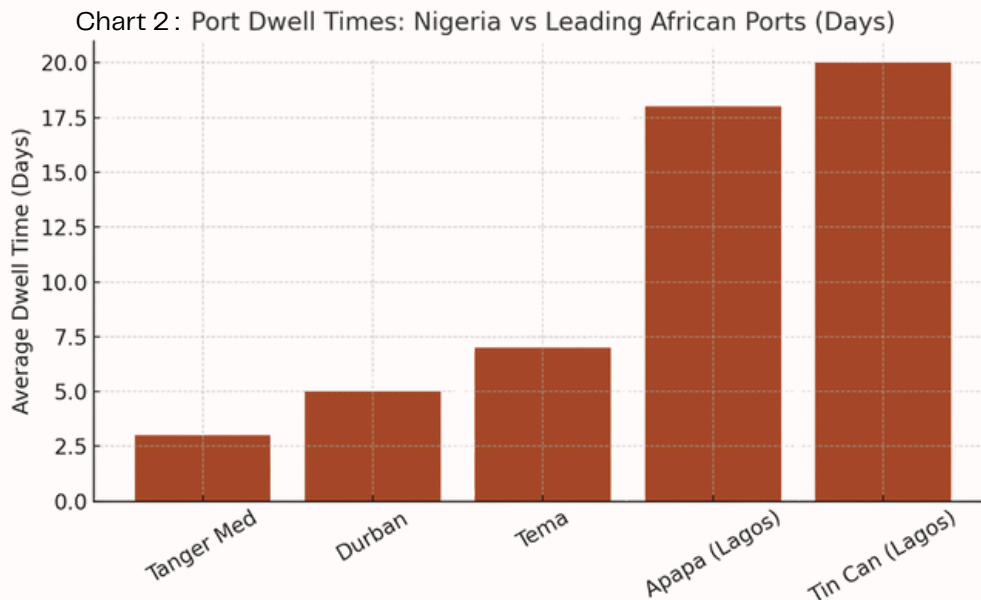


Chart 1: Nigeria Container Traffic Share by Port

- In 2023, Lagos ports alone processed **1.5 million TEUs** (Twenty-foot Equivalent Units) — **about 70% of Nigeria's container trade**.
- However, Nigerian ports rank low in port efficiency: the World Bank (2023) ranked Lagos ports at 311 out of 370 ports globally in its Container Port Performance Index (CPPI).

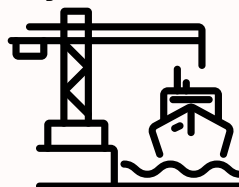


Nigeria's port resilience will determine its ability to benefit — or lose out — from regional trade expansion.

LESSONS IN BUILDING PORT RESILIENCE

Digitalization and Smart Ports

- Singapore and Rotterdam lead the way: over 95% of port transactions are fully digital.
- In Africa, Tanger Med (Morocco) has become a continental model, reducing dwell times from 12 days to 3 days through Port Community Systems (PCS).



Diversification of Corridors

- East Africa's Northern Corridor (Mombasa-Kampala-Kigali) and Central Corridor (Dar es Salaam-Dodoma-Kigali) show how multiple inland routes reduce over-reliance and risks.

Public-Private Partnerships (PPPs)

- Successful PPP port models (e.g. Tanger Med, Durban, Maputo) have driven \$8 billion in private port investments across Africa in the last decade (AfDB, 2023).

NIGERIA: PROGRESS AND GAPS

Nigeria has made commendable strides:

- **DIGITALIZATION:** NPA's Port Community System (PCS) is under development, with a target launch by late 2025.
- **PORT DEVELOPMENT & PPPs:** The Lekki Deep Sea Port, launched in 2023, is Nigeria's first automated port, expected to handle 2.7 million TEUs annually at full capacity.
- **DIVERSIFICATION OF CORRIDORS:** The Federal Government's push for rail-linked ports (e.g. Apapa rail corridor) is critical for improving hinterland connectivity.

However,

- Average port dwell time in Lagos remains 18–20 days.
- An over-reliance of 80%+ of Nigeria's container traffic flows through Lagos, causing congestion.
- Inland Dry Ports and multimodal logistics corridors are still underdeveloped.

indicating that challenges persist...

CHALLENGES TO AFRICA'S TRADE LOGISTICS

Aging Infrastructure & Limited Capacity

Outdated infrastructure, and poor road and rail links slow movement. An estimated \$130–170 billion in annual infrastructure investment is needed continent-wide, yet a \$108 billion financing gap persists. Without upgrades, the full promise of AfCFTA remains out of reach.

Inefficiencies and Bureaucracy

Cumbersome customs, multiple inspections, and inconsistent cross-border regulations significantly delay trade. Such non-tariff barriers (NTBs) function as hidden trade taxes. In Nigeria, long port dwell times further raise costs, undermining the competitiveness of African businesses.

Security Risks

The Gulf of Guinea became the world's piracy hotspot, though considerably improved, it still raises insurance premiums and operational costs. On land, insurgencies and conflict zones force trade rerouting and increase logistics risks.

Supply Chain Shocks

Africa's dependency on imported essentials leaves it vulnerable to global crises. Volatile commodity prices also threaten economies like Nigeria, where government revenue and currency stability are tightly linked to global markets.

RECOMMENDATIONS FOR BUILDING RESILIENT PORT & TRADE LOGISTICS IN NIGERIA

Accelerate Full Digitalization

- Fast-track the PCS across all major ports by 2025, learning from Morocco and Kenya.
- Adopt blockchain-based cargo tracking, already piloted in some parts of Africa.

Strengthen Multimodal Connectivity

- Complete Lagos-Ibadan rail link to Lekki and Apapa ports.
- Invest in hinterland dry ports (e.g. Kaduna, Kano, Funtua) to decongest seaports.

Foster PPP Investment

- Expand PPP frameworks to modernize ports like Warri, Calabar, and Onne.
- Attract private port investment.

Develop Resilience Protocols

- Establish National Port Contingency Plans to handle global disruptions (pandemics, climate shocks, geopolitical tensions).
- Diversify trade routes beyond Lagos-centric corridors.

Improve Security and Risk Management

- Improve collaboration on Gulf of Guinea security; anti-piracy patrols and intelligence-sharing, enhanced regional cooperation, and strengthened legal frameworks to ensure safety and stability.
- Invest in climate-resilient infrastructure
- Engage in strategic stockpiling e.g. maintain reserves of critical goods.

CONCLUSION

In a world of unpredictable shocks, Africa's best defense is a strong, flexible continental trading system. Building resilient port and trade logistics in Africa will not happen overnight, but the trajectory is set. Nigeria, with its immense economic weight, has a leading role to play in this journey.

By modernizing its ports, investing in infrastructure, embracing digital efficiency, and championing the tenets of AfCFTA, Nigeria can transform to a powerhouse of regional trade. This transformation is already underway – seen in projects like the Lekki Deep Sea Port and initiatives to streamline port operations.

The ripple effects of a more efficient Nigeria will be felt across the continent: smoother supply chains, more robust intra-African commerce, and better insulation from global turbulence.

A production of the Bashir Adeniyi Centre for International Trade and Investment (BACITI) of the Nigerian Institute of International Affairs (NIIA).

- All charts and graphs were produced by the BACITI team, using data from the World Bank.
- Image sourced from Cancerwrold Images

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