

NIGERIA: The Cement Block

Like the greedy little boy whose eyes were bigger than his stomach, oil-rich Nigeria, thanks to a colossal spending binge, is in one dreadful financial mess. The most visible sign of it was outside Apapa, port for the capital city of Lagos. Last week no fewer than 406 ships of all shapes and sizes were backed up waiting their turn for dock space. At least one vessel has been stuck outside Apapa since last February. Maritime experts call it the worst shipping jam in modern history.

Nigeria last year earned \$8 billion from oil revenues, prompting the government of former Head of State Yakubu Gowon to embark on a gargantuan program to develop and modernize Black Africa's most populous country. Unfortunately, no one stopped to figure what would happen when all the goodies arrived. One item in desperate need of modernization was the port of Apapa itself; the ordered machinery and parts are stuck in ships unable to dock.

More than half the waiting ships are loaded down with cement, 2.4 million tons of it. And that's only a part of the order. In all, Nigeria somehow managed to contract for 21 million tons of cement, about ten times the total amount that the lagoon port could handle in a year even without other cargo to unload. Because of the chemical makeup of the cement, much of it may not be usable for building after six months. Last week Brigadier Murtala Mohammed, who ousted Gowon in a coup last July, ordered an official inquiry to see whether the cement purchase was made to "sabotage the economy through a deliberate embarrassment of riches."

Nigeria's economy, as one official puts it, is "suddenly encased in a wave of cement." The country is paying a demurrage charge of \$4,000 a day to many of the backed-up ships; total cost in the past six months: \$18 million. Unscrupulous shipowners, the government believes, have added to the shambles by putting old tubs into line to collect demurrage, since it is more than they can make on the high seas. Paperwork is so fouled up that one shipper collected for demurrage and for cargo, even though he docked with nothing in his hold. In a desperate effort to find relief, Nigeria has tried to revoke the supposedly irrevocable letters of credit from the Nigerian Central Bank that backed the purchases in the first place. That move is wreaking havoc among international traders, and may cause some producers and shippers to be bankrupted.

Last week the Nigerian government belatedly requested a halt to the shipping of any cargo to its ports until further notice. If the request is honored, it should help matters some, but at least 50 more ships are already en route to Apapa and will join the line within the next month. If nothing is done, a large London shipping group estimates, the latest arrivals will have to wait ten years before unloading. At best, the port is not expected to be unscrambled for a year.

Nigeria is not the only oil-rich country with cargo headaches. In Iran, ships wait up to three months to dock at Persian Gulf ports, trucks are backed up at border customs checkpoints and valuable military supplies are rusting away out on the sand or in warehouses while authorities try to process them. "It resembles a chaotic flea market," says one U.S. Pentagon officer. An aide to Defense Secretary James Schlesinger has been sent to Tehran to help unclog the backlog in order to make way for still more supplies, including the first of 80 F-14 Tomcats, that are on the way.

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