



Foreign Agricultural Service

**GAIN Report**

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## **Nigeria**

### **Market Development Reports**

## **Destination Inspection in Nigeria - Update 1999**

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#### **Report Highlights:**

**Port reforms announced by the Nigerian government at the beginning of the year are up to a slow start. The replacement of pre-Shipment inspection with destination inspection which was scheduled to commence on April 1, 1999 is yet to be implemented due to administrative bottlenecks.**

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
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In its 1999 budget, the Government of Nigeria (GON) announced measures to reform the nation's air and seaports. One of these was the replacement of pre-shipment inspection (PSI) for imports with destination inspection (DI). If properly implemented, DI has the potential to reduce the port clearance time and cost of U.S. food and agricultural exports to Nigeria.

DI for imports into Nigeria was scheduled to replace pre-shipment inspection on April 1, 1999. Two international firms - **Bureau Veritas** and **Cotecna** were appointed by GON as the Destination Inspection Agents (DIAs) to work in close collaboration with the officers of the Nigeria Customs Service (NCS) especially in these areas:-

- Tallying of imported goods to ensure that the correct containers/volumes of goods are actually tallied, accounted for and assessed for duty
- Reconciliation of details on the manifests, bills of lading, tallying records, etc.
- Ensure that payment of duties and other relevant charges for all goods released have been made

Another highlight of the import reforms announced by the GON in the 1999 budget was the reduction in the number of agencies operating in the ports to eliminate bureaucratic bottlenecks. The following agencies are, according to the GON, the only official authorities entitled to inspect goods at the seaports under the overall supervision of the Nigeria Ports Authority:-

- a. Nigeria Customs Service(NCS)
- b. The Ports Police
- c. Nigerian Immigration Service
- d. authorized DIAs/Licensed Customs Agents.

For air cargo, only the Federal Aviation Authority of Nigeria (FAAN), Customs, Immigration and authorized DIAs/Licensed Customs Agents are authorized to inspect imported goods.

Some trade sources indicate that NCS officials are unhappy with the prospect of DIAs being appointed, and there are also reports that the NCS officials are deliberately frustrating the full implementation of DI in the hope that this aspect of the port reforms would be canceled by the new GON. DI was expected to be fully operational by mid-May 1999, when the NCS was also expected to have completed computer, additional cargo handling and cargo inspection equipment installation at the ports. As at today - June 28, 1999, the DIAs have not started operations.

The new democratic GON - three weeks old today, has already set up a panel to review all contracts awarded by the preceding government since January, 1999. Although, no specific mention has been made regarding the review of the DIA contract, it falls within the definitions of such contracts.

Opinions are high towards reverting to the old pre-shipment inspection procedures which for the past twenty years has remained a major source of revenue to the government. About 90% of the containerized goods imported since the DI scheme commenced last April were undervalued and falsely declared by

importers conniving with the customs agents to evade tariff payments .

Although the DI guidelines mandate the NCS to seize such falsely and under-declared goods, they are not, probably because impounding such cargoes would paralyze trade. NCS have however, been issuing Debit Notes for payment of extra import duties on such goods.

Meanwhile, there are delays in releasing goods at the Nigerian ports which have resulted to heavy build up of imported goods already at the ports. Much of this is however, connected to the severed relationship between the NCS and the DIAs - two different organizations crashing into executing the same job at the same time. NCS ignore the DIAs and the DIA contract, and have continued to examine and release imported goods at the ports.

US food product exporters intending to ship products to Nigeria should confirm the ability of their importer to process the clearing and release of imported goods with the NCS. Such food products must still comply with the requirements of National Agency for Food and Drugs Administration and Control (NAFDAC) which is the regulatory body for food manufacturing, importation, advertisement and distribution in Nigeria.

Exporters to Nigeria are advised to insist on confirmed irrevocable letters of credit from Nigerian banks with correspondent banks in U.S. prior to shipment to avoid payment default. Exporters may also wish to contact the Agricultural Affairs Office of the USDA in Lagos, Nigeria(e-mail: [aglagos@fas.usda.gov](mailto:aglagos@fas.usda.gov)) for assistance in locating representatives and/or importers for their products.