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Nigeria's Merchant Shipping Bill 2024:

Key Changes and Implications for Maritime Stakeholders

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Introduction

Nearly two decades after the Merchant Shipping Act 2007 became the principal framework governing merchant shipping in Nigeria, a major legislative overhaul is now taking shape. On July 8, 2026, the House of Representatives passed the Merchant Shipping Act (Repeal and Enactment) Bill 2026, which proposes wide-ranging reforms across regulation, enforcement, vessel registration, seafarer protection, environmental compliance, maritime liability and insurance.[1] Although the Bill has not yet completed the legislative process or received presidential assent, its potential impact warrants early attention from shipowners, operators, insurers, offshore asset owners, and other maritime stakeholders. If enacted, the proposed regime will significantly reshape the legal and operational framework governing maritime and shipping activities in Nigeria.

In view of the above, this article examines the Bill's key reforms, considers their practical implications for industry stakeholders, and highlights measures businesses may need to take to prepare for the anticipated new legal regime.



What's at stake

The Bill's reforms span regulation, enforcement, vessel registration, seafarer protection, environmental compliance, maritime liability and insurance — together forming the most ambitious rewrite of Nigeria's merchant shipping framework in nearly twenty years.

A major legislative overhaul that will significantly reshape the legal and operational framework governing maritime and shipping activities in Nigeria.

Governance and Regulatory Power

The Bill entrenches the Nigerian Maritime Administration and Safety Agency (NIMASA)'s enforcement powers within the Merchant Shipping framework, marking a significant move towards institutionalising the Agency's regulatory authority under the legislation. Under the 2007 Act, NIMASA is designated as the implementing agency and operates under ministerial superintendence, but the Act does not confer equivalent general powers to impose administrative fines or charge fees for services.[2] The Bill changes this by expressly empowering NIMASA to charge fees for services rendered under the legislation and to impose administrative fines for non-compliance.

A more direct prosecution pathway complements the strengthened enforcement framework. Under the 2007 Act, except for offences relating to discipline and order on board a ship, prosecution may not be instituted or continued without the consent of the Attorney-General of the Federation.[3] The Bill removes this requirement. Instead, NIMASA is to investigate offences and refer them to the appropriate prosecuting authority. In addition, failure to pay an administrative fine within 21 days of written demand may also trigger referral for prosecution.[4] This represents an incremental step towards longstanding industry calls for NIMASA to be granted direct prosecutorial powers, a reform regularly discussed within maritime law and regulatory circles given the Agency's limited enforcement reach under the current framework.[5] For shipowners and operators, the combined effect is a potentially more immediate enforcement environment. Regulatory notices, administrative sanctions and identified compliance failures may therefore require prompt attention, particularly where failure to address them could result in referral to the prosecuting authorities. The expansion of NIMASA's enforcement powers is accompanied by changes to the sanctions applicable to regulatory breaches and the persons who may be held accountable. These changes are considered below.



What changes

NIMASA gains express powers to charge fees for services and to impose administrative fines. The Attorney-General consent requirement is removed for prosecution. The combined effect is a potentially more immediate enforcement environment.

Practical shift

Regulatory notices, administrative sanctions and identified compliance failures may require prompt attention — failure to address them could result in referral to the prosecuting authorities.

Enforcement, Penalties and Director Liability

The Bill introduces a more adaptable penalty regime by moving away from the 2007 Act's reliance on fixed monetary penalties for several offences towards a standard scale of fines.[6] Significantly, the Minister[7] is empowered to review the scale of fines from time to time by written notice.[8] This addresses the practical problem of statutory fines losing their deterrent value as economic conditions change. Rather than requiring legislative amendment whenever prescribed monetary penalties become outdated, the scale allows penalties to be adjusted to reflect prevailing economic realities. For maritime businesses, breaches that may previously have attracted relatively modest statutory fines could therefore carry more substantial financial consequences under the proposed regime.

The Bill also extends potential liability beyond the corporate entity to individuals responsible for its affairs. Where an offence is committed by a company, a person who was, at the relevant time, in charge of and responsible for the conduct of the company's business may also be proceeded against. In addition, where the offence resulted from the consent, connivance or neglect of a director, manager, secretary or other officer, that individual may also be liable for the offence.[9] This provision qualifies the principle of separate corporate personality and lifting the veil by extending liability beyond the company to individuals responsible for its affairs or involved in the commission of the offence. It thereby prevents individuals from using the company's separate legal personality to evade accountability for corporate wrongdoing.

This also raises the compliance stakes for directors and senior management, who may need to ensure that appropriate systems, oversight and controls are in place to prevent regulatory breaches.

Registration, Ownership and Offshore Assets

The Bill modernises Nigeria's ship registration framework by establishing the *Nigerian International Ship Registry,* under which admitted ships may fly the Nigerian flag and are subject to Nigerian law.[10] The Registry creates a distinct statutory platform for ships engaged in international operations and is complemented by provisions addressing ownership and participation in the regime. While Nigerian registration generally remains available to Nigerian citizens and locally established bodies corporate and partnerships, the Bill also contemplates admitting ships owned by foreign-registered companies to the International Registry, provided the relevant company maintains a representative in Nigeria.[11]

The framework also responds more directly to Nigeria's offshore maritime industry. The Registrar is expressly required to maintain registers covering Floating Production Storage and Offloading Units (FPSOs), Floating Storage and Offloading Units (FSOs) and Mobile Offshore Drilling Units (MODUs).[12] This is reinforced by the Bill's broad definition of "ship", which extends to vessels not permanently attached to the seabed and expressly includes unmanned vessels, FPSOs, FSOs, Floating Storage Units and MODUs.[13] Together, these provisions bring a wider range of conventional, offshore, and emerging maritime assets into the statutory registration framework and may give owners and operators clearer routes to registration and regulatory compliance in Nigeria.

For stakeholders, the proposed framework could have significant implications as follows:

01

Shipowners & Offshore Operators

Shipowners and offshore operators may need to assess whether their vessels or offshore units fall within the expanded registration regime and whether the Nigerian International Ship Registry offers a viable registration option.

02

Foreign-Owned Operators

Foreign-owned operators, in particular, will need to consider the requirements applicable to participation in the International Registry, including the requirement to maintain a representative in Nigeria.

03

Expanded Definition of "Ship"

The expanded definition of "ship" may also bring assets that have not traditionally been treated as ships for registration purposes within a more clearly defined regulatory framework, potentially creating new registration, compliance and operational considerations.

Domesticating International Maritime Standards

Beyond revising ship ownership, registration and nationality, the Bill significantly expands the range of international maritime conventions given effect under Nigerian law. The Bill gives domestic effect to the Maritime Labour Convention 2006 (MLC 2006), introducing a broader statutory framework for seafarers' employment conditions, medical care, hours of work and rest, accommodation, welfare and social security. This represents a significant development from the comparatively narrower labour standards reflected in the Maritime Shipping Act 2007 and brings Nigeria's maritime labour framework into closer alignment with international standards.

The Bill's domestication of the MLC 2006 includes specific protections intended to improve seafarers' welfare and working conditions. These include provisions addressing employment agreements, repatriation, financial security, access to medical care and protection against workplace harassment and bullying. The Bill takes a similarly expansive approach to environmental regulation and also supplements existing instruments, including MARPOL and the Basel Convention, with more recent conventions such as the International Convention for the Control and Management of Ships' Ballast Water and Sediments 2004.[14] The Bill also introduces ballast-water management, certification and onboard system requirements absent from the 2007 Act, with potential technical, operational and capital implications for shipowners and operators. These requirements will be particularly relevant to vessels engaged in international trade and those calling at Nigerian ports.

Seafarer Rights and Welfare

The Bill significantly strengthens Nigeria's proposed seafarer protection regime by expressly incorporating the Maritime Labour Convention 2006, as amended, and placing responsibility for seafarer employment agreements on the shipowner or its representative.[15] This is complemented by a broader repatriation framework, under which seafarers may be entitled to repatriation in circumstances including illness or injury, shipwreck, shipowner insolvency, sale or change of registration of the ship, and refusal to proceed to a war zone. The shipowner would be responsible for the associated costs, including passage, accommodation, food, allowances, luggage transportation and necessary medical treatment.[16]

The Bill also introduces enhanced financial security requirements, through insurance or similar arrangements, for abandonment and certain contractual claims involving death or long-term disability.[17] It further strengthens access to shore-based medical and dental treatment and requires investigation of occupational accidents and incidents arising from harassment or bullying.[18] For shipowners and operators, these reforms would translate into significant compliance obligations. Existing crew employment agreements, repatriation arrangements, insurance and financial-security arrangements, medical-care provisions and onboard workplace policies may need to be reviewed to ensure alignment with the proposed framework. Ship managers and crewing companies may likewise need to update their procedures for crew welfare, incident reporting and emergency response.

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Liability, Insurance and Maritime Claims

The bill proposes significant changes to Nigeria's limitation of liability regime under the Merchant Shipping Act, 2007 by giving more explicit effect to the 1996 Protocol to the Convention on Limitation of Liability for Maritime Claims (LLMC 1996 Protocol) and addressing the uncertainties surrounding Section 336 of the 2007 Act.

Sections 321–328 of the proposed Bill establish revised tonnage-based limits for maritime claims, including limits of 2 million Special Drawing Rights (SDR)[19] for claims involving loss of life or personal injury for a ship with a tonnage of not exceeding 2,000 tons and 1 million SDR for property claims on ships not exceeding 2,000 tons. The revised limits may directly affect the level of financial exposure faced by shipowners and operators following a maritime accident or casualty. They also warrant a review of existing Protection and Indemnity (P&I) arrangements to determine whether current cover limits remain appropriate under the proposed regime.

Section 327 of the proposed Bill also provides a limit for passenger claims based on the ship's authorised passenger capacity. For ferry and coastal operators, this may require a review of existing insurance arrangements, passenger terms and contractual provisions to ensure consistency with the applicable statutory liability regime and to identify any provisions that may be unenforceable or ineffective.

A further development concerns wreck-removal security. Section 335(3) of the proposed Bill requires financial security for the Receiver of Wreck, adding an additional compliance and risk-management consideration for shipowners and operators. The requirement may have implications for insurance and other forms of financial security, particularly for operators whose vessels trade in or regularly call at Nigerian ports. Stakeholders should therefore assess the availability and cost of appropriate security arrangements and factor the proposed requirement into their existing casualty-response and risk-management frameworks. The proposed changes have implications across the maritime value chain. Shipowners and operators will need to assess whether their existing liability limits, P&I arrangements and financial-security structures remain appropriate. Insurers and P&I providers may need to review the products and limits available to cover the proposed exposures. Passenger vessel operators should also review their passenger terms and insurance arrangements, while financiers and charterers may wish to consider whether existing contractual allocation of maritime risks remains appropriate. More broadly, the proposed wreck-removal security requirement could become an additional consideration in vessel deployment, port calls and casualty-response planning.

Loss of Life / Injury

2 million

Special Drawing Rights
For ships not exceeding 2,000 tons

Property Claims

1 million

Special Drawing Rights
For ships not exceeding 2,000 tons

Section 327

Passenger Capacity Limit

Limit based on the ship's authorised passenger capacity.

Practical Implications for Maritime Industry Stakeholders

Although the Bill has not yet been enacted, stakeholders need not wait for assent before preparing. The proposed changes will require more than a review of statutory obligations, because several of them carry lead times, such as equipment procurement, certification, insurance renegotiation and contract amendments. The table below sets out steps that different categories of stakeholders can begin to take.

Stakeholder	Environmental & Safety Compliance	Practical steps to take
Shipowners and Operators	**Environmental & Safety Compliance**	▪ Review existing environmental and safety management systems against the Bill's requirements. ▪ Assess the cost and time for equipment upgrades and budget for them. ▪ Identify certification requirements, particularly for vessels in international trade or calling at Nigerian ports.
Offshore asset owners and foreign-owned operators	**Offshore Asset Owners & Foreign-Owned Operators**	▪ Consider whether the Nigerian International Ship Registry is a viable option and possible requirements for admission, including appointing a representative in Nigeria
Ferry and coastal passenger operators	**Passenger claims**	▪ Review insurance arrangements, passenger terms and contractual provisions against limits based on authorised passenger capacity. ▪ Identify any terms that may be unenforceable or ineffective under the proposed regime.
Shipowners, ship managers and P&I providers	**Repatriation and financial security**	▪ Confirm that repatriation arrangements cover the proposed triggers (illness or injury, shipwreck, insolvency, sale or change of registration, refusal to proceed to a war zone) and the associated costs. ▪ Check that insurance or other financial security covers abandonment and contractual claims for death or long-term disability.
Ship managers and employers of seafarers	**Seafarer rights and welfare (MLC 2006**	▪ Review existing employment contracts and seafarer employment agreements against the proposed MLC 2006 requirements. ▪ Audit welfare policies, accommodation arrangements, hours of work and rest, and working conditions. ▪ Update procedures for crew welfare, incident reporting and emergency response.

Conclusion

The Merchant Shipping (Repeal and Enactment) Bill 2026 represents a significant step towards modernising Nigeria's maritime regulatory framework and aligning it more closely with international standards. Its proposed reforms span ship registration, seafarer welfare, environmental protection, liability, insurance and enforcement, with potentially far-reaching implications for shipowners, operators, insurers, financiers and other maritime stakeholders. At the same time, areas such as cargo liability remain outside the Bill's broader reform agenda, underscoring that further legislative development may still be required.

If enacted, the new framework will require stakeholders to assess their existing contractual, operational, insurance and compliance arrangements and identify areas requiring adjustment. For businesses operating in or through Nigeria's maritime sector, early assessment and preparation will be critical to managing the risks and opportunities presented by this proposed new era of maritime regulation.

In summary

A new era of maritime regulation — one worth preparing for.

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Endnotes

1. Oscar Yakwen, 'Plenary Highlights: House Passes Key Bills on Merchant Shipping, Climate-Resilient Commerce, Pension Reforms and Professional Regulation' (National Assembly Library Trust Fund, 8 July 2026) https://naltf.gov.ng/plenaryhighlightshouse-passes-key-bills-on-merchant-shipping-climate-resilient-commerce-pension-reforms-and-professional-regulation/ accessed 22 August 2026.
2. Merchant Shipping Act 2007, ss 1–2; Merchant Shipping Bill 2024 (HB 1592), cls 1–3.
3. Merchant Shipping Act 2007, s 405.
4. Merchant Shipping Bill 2024 (HB 1592), cls 376–377.
5. 'Indigenous Shipping: Reps Seek Amendments of NIMASA Act' Tribune Online (Lagos, 2 August 2024) https://tribuneonlineng.com/indigenous-shipping-reps-seek-amendments-of-nimasa-act/ accessed 11 November 2026.
6. Merchant Shipping Act 2007, s 6(2); Merchant Shipping Bill 2024 (HB 1592), see, eg, cl 6(2).
7. means the Federal Minister in charge of matters relating to maritime;
8. Merchant Shipping Bill 2024 (HB 1592), cl 405(2).
9. Merchant Shipping Bill 2024 (HB 1592), clause 3(2)– (3).
10. Merchant Shipping Bill 2024 (HB 1592), clause 16(2).
11. Merchant Shipping Bill 2024 (HB 1592), clause 18(1)– (2).
12. Merchant Shipping Bill 2024 (HB 1592), clause 17(1)(f)–(g).
13. Merchant Shipping Bill 2024 (HB 1592), clause 415.
14. Merchant Shipping Bill 2024 (HB 1592), clause 319
15. Merchant Shipping Bill 2024 (HB 1592), clauses 89(1)(c) and 92(1)–(3).
16. Merchant Shipping Bill 2024 (HB 1592), clause 94(1)–(4).
17. Merchant Shipping Bill 2024 (HB 1592), clause 94(5).
18. Merchant Shipping Bill 2024 (HB 1592), clauses 163 and 165.
19. Special Drawing Rights (SDRs) are a form of international currency created and managed by the International Monetary Fund (IMF). In shipping, SDRs are often used as a unit of account for contracts, particularly those involving international trade. SDRs are considered to be a stable and predictable currency, which makes them an attractive option for parties looking to avoid exchange rate fluctuations and other financial risks. https://heavycargologistics.com/sdrs-in-shipping-insurance/ <accessed August 2026>



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