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TRANSPORTATION



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Minister Orders Grounding of Arik Airline Following Court Ruling on Debt Settlement

The Minister of Aviation and Aerospace Development, Festus Keyamo, SAN on 3 August 2024 ordered the grounding of Arik Airline's operations. This decision follows a court judgment aimed at preventing the airline's aircraft from being taken out of the country. The sale of Arik Air's assets, including several aircrafts, had been ordered by court to offset debts owed to Arthur Eze and others. The Nigerian Airspace Management Agency (NAMA) explained that this move is consonance with a Supreme Court ruling that dismissed Arik Air's appeals.

Arik Air, currently under receivership by the Asset Management Corporation of Nigeria (AMCON), criticized the grounding, stating that it negatively impacts passengers, employees, and the economy. They argued that the decision disregarded ongoing judicial processes and sets a dangerous precedent. However, it has been reported that the airline has resumed flight operations after resolving the $2.5 million debt dispute with Atlas Petroleum.

Comment: Arik Airline has since resumed operations a few days after the grounding by the minister. However, the grounding caused some disruptions in air travel. The legal ramifications may set a precedent for handling financial disputes involving major assets.

For more information, please click here.



Court Nullifies Nigeria Air Agreement with Ethiopian Airlines, Impacting National Carrier Project

The Federal High Court in Lagos, presided over by Justice Ambrose Lewis-Allagoa, has invalidated the agreement between the Nigerian government and Ethiopian Airlines, which had handed over the management of Nigeria Air to the foreign airline. The court also ordered the revocation of the Air Transport Licence (ATL) issued to Nigeria Air and mandated a new, transparent bidding process that includes Indigenous Nigerian Airline Operators.

The claimants, comprising several Nigerian airlines, argued that the bidding process was unfairly biased in favour of Ethiopian Airlines, a state-owned entity, and that they were wrongfully excluded from participating. Although the court granted most of the reliefs sought, it declined to award ₦2 billion in damages, stating that the airlines had not proven that they suffered damages requiring compensation.

Comment: The court's ruling to void the Nigeria Air agreement with Ethiopian Airlines delays the national carrier's launch, raises concerns about transparency in government deals, and may deter foreign investment. It could benefit domestic airlines by offering them a fairer chance to participate, while also setting a legal precedent for challenging government contracts on fairness grounds.

For more information, please click here.



NITT And PCNGI Partnership Set to Reduce Fuel Costs and Emissions in Nigeria's Transport Sector

The Nigerian Institute of Transport Technology (NITT) signed an agreement with the Presidential CNG Initiative (PCNGI) to collaborate on converting vehicles to Compressed Natural Gas (CNG). This partnership aims to reduce emissions, ensure energy security, and lower fuel costs in line with the government's objectives.

During a meeting at NITT's Abuja office on 15 July 2024, the Director General of NITT, Dr. Bayero Salih Farah, highlighted the Institute's role in supporting the transport and logistics industry and its involvement in the Autogas project. He expressed satisfaction with the collaboration, noting NITT's readiness to contribute through its nationwide CNG conversion centres.

Ms. Hadiza Lawal, CFO of PCNGI, emphasized that this partnership would provide Nigerians with cheaper transportation alternatives. The event also featured a demonstration of vehicle conversion at one of NITT's centres.

Comment: The collaboration between NITT and PCNGI on CNG vehicle conversions is likely to have a positive impact on Nigeria's transportation sector by reducing fuel costs, lowering emissions, and enhancing energy security. This initiative is part of the government's push for cleaner energy and could lead to wider adoption of CNG as an alternative fuel, ultimately making transportation more affordable for Nigerians.

For more information, please click here.

Nigeria and Tunisia to Launch Direct Flights in 2026, Strengthening Economic and Cultural Ties

Nigeria and Tunisia are set to begin direct flights in 2026 as part of efforts to strengthen bilateral relations. The Tunisian Ambassador to Nigeria, Moshen Antit, announced that the direct flights will enhance business, political, and cultural ties between the two countries, improving travel for both businesspeople and tourists. Currently, flights between the two nations are operated mostly by non-African airlines, with only Morocco's Royal Air Maroc offering direct flights.

Ambassador Antit emphasised the importance of cultural exchanges and business collaborations, noting that a Tunisian delegation of over twenty businessmen will visit Nigeria for a multisectoral economic forum. The forum will create opportunities for face-to-face business interactions between Nigerian and Tunisian investors, further boosting economic ties. Both countries see great potential in strengthening cooperation in various economic sectors.

Comment: The introduction of direct flights between Nigeria and Tunisia in 2026 will improve travel to enhance economic, diplomatic, and cultural relations between the two nations.
It will facilitate easier travel for businesspeople and tourists, opening more opportunities for trade, investment, and collaboration.

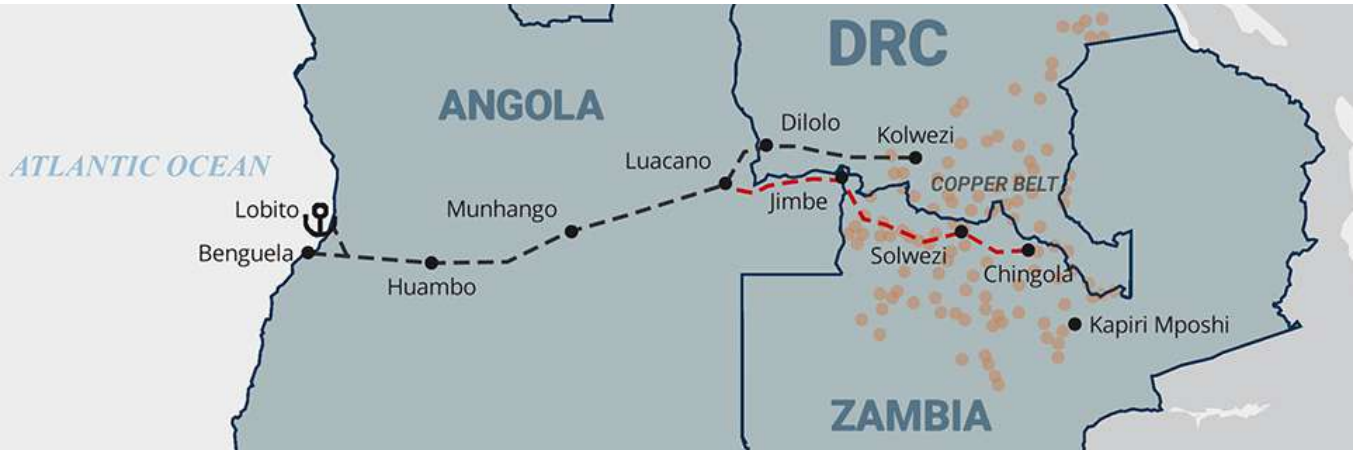
The planned economic forum and business interactions could further strengthen ties, fostering mutual growth in key sectors. Additionally, improved air connectivity may boost tourism and encourage greater cultural exchanges, contributing to a deeper bilateral relationship.

It could benefit domestic airlines by offering them a fairer chance to participate, while also setting a legal precedent for challenging government contracts on fairness grounds.

For more information, please click here.



U.S. To Extend Lobito Corridor Railway Through Tanzania, Boosting African Trade and Connectivity



The U.S. government plans to extend the Lobito Corridor, a railway project that currently runs from Angola to Zambia via the Democratic Republic of Congo (DRC), to Tanzania, connecting African countries to global markets through the Indian Ocean. This extension aims to enhance regional trade, lead to economic growth and reduce transportation times.

The project, financed by $250 million from the U.S. International Development Finance Corporation, is supported by the U.S., the European Union, and African governments. However, there were concerns about adopting the colonial approach of exporting raw materials without adding any value. The railway extension is expected to be completed by 2029 and could improve African trade networks and private sector development.

Comment: The likely implications of this news include enhanced regional trade and economic growth in Africa, improved transportation networks, and stronger connections to global markets. It could reduce transportation costs and time, boosting intra-African trade.

However, the model of raw material export without value addition, could limit the potential benefits for African economies. The project may also foster U.S.-Africa economic relations and infrastructure development.

For more information, please click here.

CONTACT US:

Lagos
15 Military Street, Onikan, Lagos

+234 201 700 2570-9

Abuja
3 Lobito Crescent, Wuse 2, Abuja

+234 209 700 2570-9

www.alp.company

alp@alp.company

ALP NG & Co

alpng.co

ALPNigeria

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