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LEGAL REGIME FOR TAXING THE BLUE ECONOMY IN NIGERIA: RECONCILING ENVIRONMENTAL SUSTAINABILITY WITH FISCAL OBJECTIVES

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Abstract

The strategic integration of ocean-based economic sectors into national development planning, commonly framed within the paradigm of the blue economy, has gained prominence as a viable pathway for advancing sustainable growth, enhancing revenue generation, and promoting marine conservation in coastal states like Nigeria. However, Nigeria faces the challenge of designing a taxation regime that effectively mobilizes revenue from its marine sectors without compromising ecological sustainability. This study critically examined the intersection of taxation and environmental governance within Nigeria's blue economy, assessing whether existing legal and institutional frameworks adequately support the dual pursuit of fiscal and environmental objectives. Adopting a doctrinal methodology with analytical and comparative perspectives, the research relied on key legal instruments such as the 1999 Constitution (as amended), the Federal Inland Revenue Service (Establishment) Act, the Petroleum Industry Act 2021, the Nigerian Maritime Administration and Safety Agency Act, 2007 and relevant international frameworks, particularly SDG 14. Findings revealed a lack of sector-specific tax policies and weak integration of environmental concerns. The study recommends, amongst others, institutionalizing environmental fiscal reforms in Nigeria's Tax Regime, enacting a comprehensive Blue Economy Tax Framework, empowering subnational governments to leverage marine taxation autonomously and enhancing data access and transparency in marine industries.

Keywords: Blue Economy, Environmental Sustainability, Fiscal Governance, Sustainable Development, Taxation

1.0 Introduction

The blue economy has emerged as a focal frontier in global development discourse, representing the sustainable use of oceanic and aquatic resources for economic growth, improved livelihoods, and environmental protection.[1] For a maritime-rich nation like

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Nigeria, with vast coastal lines, inland waterways, and a significant maritime population,[2] the blue economy presents a unique opportunity to diversify revenue streams beyond oil dependency. Sectors such as offshore fisheries, marine tourism, shipping, oil and gas exploration, and renewable energy generation possess untapped fiscal potential.[3] However, the absence of a structured and environmentally sensitive taxation framework continues to hinder the effective harnessing of this potential, raising critical questions about how fiscal tools can be used to advance ecological balance while optimizing revenue.

The intersection of fiscal policy and environmental sustainability forms the normative core of this inquiry. Taxation, when strategically designed, can serve as both a revenue-generating and regulatory instrument, internalizing environmental costs, incentivizing eco-friendly practices, and disincentivizing harmful exploitation of marine resources.[4]

Yet, in Nigeria, the integration of environmental concerns into tax policy remains fragmented and underdeveloped. Existing tax regimes are often detached from ecological realities, thereby failing to promote responsible marine stewardship or adequately address issues such as pollution, overfishing, coastal degradation, and biodiversity loss. The challenge, therefore, lies in reconciling the dual imperatives of economic productivity and ecological protection within the governance architecture of the blue economy.

K Lee, J Noh and JS Knim, 'The Blue Economy and the United Nations' sustainable development goals: Challenges and opportunities' <https://www.sciencedirect.com/science/article/pii/S0160412019338255 > Accessed 17th July, 2025.

2 ME Ateme, 'Developing marine and coastal resources in Nigeria: Prospects and challenges' *Maritime Technology and Research* (2021) 3(4), 335-347.

3 CC Nweke and DA Ali, 'Harnessing the Potential of Nigeria's Blue Economy Opportunities, Challenges, and Policy Frameworks for Sustainable Development' *International Journal of Multidisciplinary Research and Analysis* (2025) 8)3), 1116-1123.

4 X Guan, A Hassan and AA Nassani, 'Investigating the Role of Environmental Taxes, Green Finance, Natural Resources, Human Capital, and Economic Growth on Environmental Pollution Using Panel Quantile Regression' *Sustainability* (2025) 17(3), 1-20.

2.0 Legal Regime for Taxing the Blue Economy in Nigeria vis-à-vis Environmental Sustainability.

The blue economy, as it applies to Nigeria, refers to the sustainable use of ocean resources for economic growth, improved livelihoods, and ecosystem health.[5] Nigeria's coastal and marine assets, including fisheries, offshore hydrocarbons, shipping lanes, and tourism potential, form the foundation of its blue economy.[6] However, the fiscal policy landscape governing these sectors is primarily revenue-centric, with insufficient integration of environmental sustainability imperatives. Taxation mechanisms such as the Petroleum Profit Tax Act 1958, the Companies Income Tax Act 1961, and the Value Added Tax Act 1993 apply broadly to commercial actors in the marine environment, yet these laws do not embed environmental conditionalities or sustainability-linked tax obligations. Consequently, the current tax framework neither reflects the true environmental costs of marine-based economic activities nor incentivizes ecologically responsible behavior.[7]

Environmental sustainability in the context of the blue economy necessitates the internalization of environmental externalities through fiscal instruments. Nigeria's Environmental Impact Assessment Act[8] mandates prior environmental assessments for activities likely to impact the environment, including coastal and offshore operations. However, this obligation functions independently of the fiscal regime and does not translate into differential tax treatment for environmentally harmful versus sustainable

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5 DK Kip, 'The Blue Economy in Nigeria: Harnessing Its Potentials While Mitigating Climate Change' < https://lawpavilion.com/blog/the-blue-economy-in-nigeria-harnessing-its-potentials-while-mitigating-climate-change/#:~:text=According%20to%20the%20World%20Bank,Marine%20Transport%2C%20Tourism%2C%20etc.> Accessed 17th July, 2025.

6 O Yusuf, I Obe and K Yusuf, 'Blue Economy in Nigeria: Focus Areas, Potentials and Challenges' *International Journal of Women in Technical Education and Employment* (2024) 5(1), 161-169.

7 CA Umah, CL Umeh and EF Ogar, 'Economic Impacts of Marine Pollution in Nigeria and the Need for Sustainable Policy Interventions' *International Journal of Social Science and Management Research* (2024) 4(4), 441-449.

8 Nigeria's Environmental Impact Assessment Act 1992, s2.

practices. Moreover, the National Environmental Standards and Regulations Enforcement Agency (NESREA) Act,[9] which empowers the agency to regulate and

enforce environmental quality standards, operates largely within the administrative domain, lacking fiscal enforcement tools to support compliance through economic disincentives or sanctions integrated into tax structures.

Furthermore, the Environmental Guidelines and Standards for the Petroleum Industry in Nigeria (EGASPIN), issued by the Department of Petroleum Resources which is now the Nigerian Upstream Petroleum Regulatory Commission, impose sector-specific obligations on marine operators, particularly in offshore oil and gas.[10] Yet, these guidelines remain largely technical and do not translate into structured tax differentials or environmental levies anchored in primary tax statutes. Similarly, provisions under the Nigerian Maritime Administration and Safety Agency (NIMASA) Act,[11] which impose levies on maritime operations, are directed more at administrative financing and regulatory oversight than environmental sustainability. As such, despite the existence of environmental obligations across multiple regulatory frameworks, there is a disconnect between ecological standards and fiscal policy in Nigeria's marine sectors.

Additionally, Nigeria's National Tax Policy[12] briefly recognizes the potential role of environmental taxation in promoting sustainable development but lacks specificity regarding its application in the marine context. The policy framework does not establish a coherent link between ecological sustainability and tax policy outcomes for blue economy sectors.[13] This results in an underdeveloped nexus between revenue generation and marine conservation, creating a fiscal blind spot in environmental governance. Without express statutory mandates integrating environmental considerations into tax administration, marine-based industries are largely assessed without regard to their environmental footprint. Thus, the challenge lies in the absence of a harmonized, statutory approach that recognizes environmental sustainability as an integral component of the taxation architecture applicable to Nigeria's blue economy.

[9] National Environmental Standards and Regulations Enforcement Agency Act 2007, s7.
[10] International Energy Agency, 'Environmental Guidelines and Standards for the Petroleum Industry in Nigeria' < https://www.iea.org/policies/8676-environmental-guidelines-and-standards-for-the-petroleum-industry-in-nigeria-egaspin> Accessed 20th July, 2025.
[11] Nigeria; Maritime Administration and Safety Agency Act 2007, s26.
[12] National Tax Policy 2017, Chapter Two.
[13] *Ibid.*

Notably, the Sustainable Development Goal 14, which aims to conserve and sustainably use the oceans, seas, and marine resources for sustainable development,[14] provides a normative foundation for balancing Nigeria's fiscal interests in the blue economy with environmental stewardship. As Nigeria intensifies its exploitation of marine resources, ranging from offshore hydrocarbons and maritime trade to fisheries and coastal tourism, the relevance of SDG 14 becomes increasingly pronounced.[15] The goal mandates a systemic reduction in marine pollution, the regulation of unsustainable exploitation, and the protection of critical marine biodiversity, all of which imperiled by unchecked economic activity.[16] However, existing tax regimes within Nigeria's blue economy are largely revenue-centric, with little integration of environmental performance indicators or ecological thresholds. This disjuncture undermines the core of SDG 14, which demands that economic incentives and regulatory framework including taxation should be deployed as tools to reinforce marine conservation.[17] In this context, SDG 14 not only elevates the imperative of environmental sustainability but also compels a rethinking of tax policy design to ensure that fiscal objectives do not operate at the expense of Nigeria's maritime ecological integrity.

3.0 Challenges in Reconciling Fiscal and Environmental Objectives

3.1 Policy Fragmentation and Institutional Overlap

A key challenge in reconciling fiscal and environmental objectives in Nigeria's blue economy is policy fragmentation and institutional overlap, which undermines coordinated governance. Agencies such as the Federal Inland Revenue Service,[18] Nigerian Maritime Administration and Safety Agency,[19] Nigerian Ports Authority,[20] and the National Environmental Standards and Regulations Enforcement Agency[21] often operate with overlapping or poorly defined mandates. This leads to conflicting policies, regulatory gaps, and enforcement inefficiencies. For instance, while NIMASA

14 UN, 'Goal 14: Conserve and sustainably use the oceans, seas and marine resources' < https://www.un.org/sustainabledevelopment/oceans/> Accessed 20th July, 2025.

15 ME Ateme, 'Developing marine and coastal resources in Nigeria: Prospects and challenges' *Maritime Technology and Research* (2021) 3(4), 335-347.

16 UNDP, 'What are Sustainable Development Goals' < https://www.undp.org/sustainable-development-goals/below-water> Accessed 20th July, 2025.

17 *Ibid.*

18 Federal Inland Revenue Service (Establishment) Act, 2007, s1.

19 Nigerian Maritime Administration and Safety Agency Act 2007, s3.

20 Nigerian Ports Authority Act 1999, s1.

21 National Environmental Standards and Regulations Enforcement Agency Act, s1.

may regulate marine pollution, FIRS may lack the tools or mandates to implement pollution-related taxes due to weak inter-agency collaboration. The absence of a unified blue economy framework hinders the alignment of fiscal instruments with sustainability goals, weakening both revenue mobilization and environmental protection efforts.

3.2 Revenue-Driven Taxation without Environmental Internalization.

A significant challenge in taxing Nigeria's blue economy lies in its revenue-driven taxation model, which lacks environmental internalization.[22] Existing tax structures, such as those under the Companies Income Tax Act (CITA), Petroleum Profit Tax Act (PPTA), and Value Added Tax Act (VATA) are primarily designed to optimize government revenue without accounting for the environmental costs of marine-based activities. This approach neglects the ecological externalities associated with sectors like offshore oil exploration, fisheries, and maritime transport, where pollution, biodiversity loss, and habitat degradation are common outcomes.[23] The absence of environmental taxes, carbon pricing, or eco-levies means that the true cost of environmental damage is not reflected in the tax liabilities of marine operators.[24] This disconnect violates the "polluter pays" principle and weakens the role of fiscal instruments as tools for environmental regulation. Consequently, economic actors in the blue economy are neither penalized for unsustainable practices nor incentivized to adopt cleaner technologies, limiting the effectiveness of taxation in promoting long-term ecological sustainability.

3.3 Lack of Reliable Environmental Valuation Mechanisms

Another major challenge in reconciling fiscal and environmental objectives in Nigeria's blue economy is the lack of reliable environmental valuation mechanisms. Effective taxation for environmental sustainability relies on accurately quantifying the ecological costs of marine resource exploitation, such as pollution, habitat degradation, and

[22] GC Nwakoby, K Bielu and V Ezeudo, 'Taxation of the Blue Economy in Nigeria and a Quest for Economic Renaissance' *Nnamdi Azikiwe Awka Journal of Private and Property Law* (2025) 2(1), 63-75.
[23] OJ Bayode, EA Adewunmi and S Odunwole, 'Environmental implications of oil exploration and exploitation in the coastal region of Ondo State, Nigeria: A regional planning appraisal' *Journal of Geography and Regional Planning* (2011) 4(3), 110-121.
[24] I Perry *et al*, 'Carbon Taxation for International Maritime Fuels: Assessing the Options' < https://www.imf.org/-/media/Files/Publications/WP/2018/wp18203.ashx> Accessed 22nd July, 2025.

biodiversity loss.[25] However, in Nigeria, there is a significant absence of standardized methodologies and institutional capacity to assess these environmental externalities.[26]

Without credible data on the economic value of ecosystem services or the environmental impact of blue economy activities, policymakers struggle to design targeted fiscal instruments like pollution taxes, resource royalties, or eco-levies. This valuation gap not only hampers the justification for environmentally linked taxation but also weakens cost-benefit analyses needed for sustainable marine policy planning.

3.4 Weak Legal and Institutional Enforcement Capacity

Weak legal and institutional enforcement capacity poses another significant challenge to aligning taxation with environmental sustainability in Nigeria's blue economy. Although various laws exist such as the Environmental Impact Assessment Act, the NESREA Act, and the Inland Fisheries Act they are often inadequately enforced due to limited institutional resources, corruption, lack of technical expertise, and bureaucratic inertia.[27] Regulatory bodies tasked with monitoring compliance, prosecuting offenders, or implementing eco-fiscal policies frequently face logistical and operational constraints, especially in remote or offshore areas.[28] This weak enforcement not only emboldens environmentally harmful practices within maritime industries but also erodes the effectiveness of environmental taxes, levies, and penalties intended to drive sustainable practices.

3.5 Limited Political Will and Stakeholder Resistance

Limited political will and stakeholder resistance present formidable obstacles to harmonizing fiscal policies with environmental sustainability in Nigeria's blue economy.[29] Despite the growing recognition of the ocean's economic and ecological significance, political commitment to implementing environmentally responsive tax regimes remains weak. Policymakers often prioritize short-term revenue generation and

[25] F Meng, 'Driving sustainable development: Fiscal policy and the promotion of natural resource efficiency' *Resources Policy* (2024) 90(1) < https://www.sciencedirect.com/science/article/abs/pii/S0301420724000540> Accessed 22nd July, 2025.

[26] S Ibrahim, SA Danbatta, KI Dandago, **'**Environmental Accounting and Sustainability Reporting in Nigeria' < https://rsisinternational.org/journals/ijriss/articles/environmental-accounting-and-sustainability-reporting-in-nigeria/> Accessed 22nd July, 2025.

[27] CA Obiorah *et al*, 'The Role of Law in Environmental Conservation: Regulation, Enforcement and Compliance' *International Journal of Innovative Environmental Studies Research* (2025) 13(1), 156-166.

[28] *Ibid.*

[29] R Agunsoye, C Okoye and Z Sankey, 'Blue Economy, Sustainable Development and Economic Growth in Nigeria' *International Journal of Development and Economic Sustainability* (2025) 13(1), 1-17.

economic growth over long-term ecological preservation, resulting in underdeveloped or poorly enforced fiscal measures for marine protection. Compounding this is the resistance from influential stakeholders such as large-scale fishing enterprises, oil and gas operators, and shipping interests, who view environmental taxation as a threat to profit margins.[30] Their lobbying power can stall or dilute regulatory reforms, while inadequate public awareness and consultation further erode consensus around sustainable fiscal interventions. This confluence of political inertia and vested opposition impedes the development of coherent, enforceable policies that balance revenue imperatives with the stewardship of marine resources.

4.0 Comparative Insights from Other Coastal Jurisdictions

4.1 Norway

Norway stands as a global benchmark in successfully integrating fiscal policy with environmental stewardship in the blue economy.[31] As a country with an extensive coastline and a thriving maritime sector, Norway has developed a highly structured and regulated framework that allows it to extract substantial fiscal revenue from ocean-based industries, particularly offshore oil and gas while maintaining robust environmental safeguards.[32] At the heart of this system is the Petroleum Tax Act, which imposes a special petroleum tax (SPT) in addition to the ordinary corporate income tax, effectively capturing a high percentage of rent from petroleum activities.[33] This dual-taxation system ensures that the state derives significant fiscal benefit without compromising long-term ecological integrity. The revenues are channeled into the Government Pension Fund Global (GPFG),[34] often referred to as the sovereign wealth fund part of which is invested in environmental protection and research. This fiscal prudence is coupled with Norway's strong commitment to international environmental protocols, such as the United Nations Convention on the Law of the Sea (UNCLOS)

[30] M Keen, 'Taxation and the environment: an overview of key issues for developing countries' < https://ferdi.fr/dl/df-kg6okxyJB2PFfrxT2HJzuxRt/booklet-taxation-and-the-environment-an-overview-of-key-issues-for.pdf> Accessed 22nd July, 2025.

[31] Norwegian Ministry of Climate and Environment, 'Norway places Marine Ecosystems at the Heart of Plans for a Sustainable Ocean Economy' < https://oceanpanel.org/sustainable-ocean-plans/norway-places-marine-ecosystems-at-the-heart-of-plans-for-a-sustainable-ocean-economy/> Accessed 24th July, 2025.

[32] OECD, 'OECD Environmental Performance Reviews: Norway 2011' <https://www.oecd.org/content/dam/oecd/en/publications/reports/2011/05/oecd-environmental-performance-reviews-norway-2011_g1g12dce/9789264098473-en.pdf > Accessed 24th July, 2025.

[33] Petroleum Tax Act of 1975, s5.

[34] Government Pension Fund **(**Act No. 123 of 21 December 2005**)** s3.

and the Paris Agreement, underlining the country's alignment of economic and ecological interests.

Norway's blue economy taxation regime is also characterized by stringent regulatory oversight and institutional coordination. The Norwegian Petroleum Directorate (NPD) and the Ministry of Finance, in collaboration with the Ministry of Climate and Environment, operate under a unified framework that harmonizes tax policy with environmental objectives.[35] This synergy prevents policy fragmentation and promotes accountability across the board. The country's Carbon Tax Act on Offshore Petroleum Activities, introduced in 1991, is a pertinent statutory example that directly links taxation to environmental impact. Under this law, companies operating in offshore oil and gas are taxed per tonne of CO_2 emitted,[36] thereby creating a fiscal disincentive for pollution and encouraging the adoption of cleaner technologies. Such mechanisms exemplify the innovative use of taxation not merely for revenue generation, but as a strategic lever to achieve sustainability. In contrast, Nigeria's blue economy taxation framework remains relatively underdeveloped and uncoordinated, with no robust environmental tax regime tailored to marine and coastal industries, and minimal integration between tax authorities and environmental regulators.[37]

Furthermore, Norway has institutionalized participatory governance mechanisms and legal recourse for environmental protection through a functional judicial system. Although case law on blue economy taxation is limited due to the high level of compliance, decisions such as *People v Arctic Oil*[38] affirm the constitutional imperative that environmental considerations must inform economic decision-making, including offshore petroleum licensing. The case emphasized the legal obligation of state institutions to conduct thorough climate impact assessments, particularly in fragile marine ecosystems like the Barents Sea prior to authorizing extractive activities.[39] This jurisprudential stance indirectly supports the rationale for fiscal disincentives such as carbon taxes in marine industries by embedding ecological accountability within the legal framework of economic governance.

[35] Petroleum Activities Act 1996, s1-s2.

[36] Act (Act No 72 of 21 December 1990) relating to tax on discharge of CO_2 in the petroleum activities on the continental shelf, s2.

[37] GC Nwakoby, K Bielu and V Ezeudo, *Op. Cit.*

[38] HR-2020-2472-P.

[39] *Ibid.*

Additionally, the Norway Environmental Information Act empowers citizens and civil society organizations with access to environmental data, fostering transparency and enhancing the accountability of marine-based industries.[40] This comprehensive legal and fiscal ecosystem supports Norway's ability to reconcile fiscal objectives with marine environmental sustainability, a balance Nigeria struggles to achieve due to weak enforcement, legal bottlenecks, and poor transparency.

In essence, Norway's experience provides Nigeria with a verifiable, adaptable, and top-tier model for reforming its blue economy governance. The integration of environmental taxes into mainstream fiscal policy, the allocation of marine resource rents into future-oriented funds, and the harmonization of institutional roles form the backbone of Norway's success.

4.2 Australia

Australia presents a compelling case study in the integration of fiscal policy with marine environmental protection, especially in its taxation and regulatory approach to the blue economy. As a nation endowed with the world's largest coral reef system, the Great Barrier Reef,[41] Australia has institutionalized a sophisticated tax and fee framework that strategically aligns economic activity within its marine space with sustainable ecological management. Central to this framework is the Environment Protection and Biodiversity Conservation Act, which provides the legal backbone for environmental assessment and conservation efforts related to coastal and marine ecosystems.[42] This legislation is augmented by economic instruments such as the Environmental Management Charge (EMC) levied on tourism operators utilizing the Great Barrier Reef Marine Park, directly channeling funds into reef conservation, scientific research, and ecosystem monitoring.[43] The EMC not only generates revenue but also functions as a mechanism for environmental accountability, ensuring that commercial users contribute proportionally to the maintenance of marine biodiversity.

Australia's model further illustrates how fiscal incentives and taxation can be designed to support environmental outcomes without stifling blue economic productivity. For instance, the Reef Trust, an innovative financing mechanism underpinned by both

[40] Environmental Information Act 2003, s1.

[41] UNESCO, 'Great Barrier Reef' < https://whc.unesco.org/en/list/154/> Accessed 26th July, 2025.

[42] Environment Protection and Biodiversity Conservation Act 1999, s12.

[43] Great Barrier Reef Marine Park Authority, 'What is the environmental management charge?' <https://www2.gbrmpa.gov.au/access/environmental-management-charge > Accessed 26th July, 2025.

public funding and private donations including revenue from penalties and taxes, is deployed to address key threats such as runoff, overfishing, and habitat loss.[44] This blend of command-and-control regulation with fiscal stimuli exemplifies a pragmatic approach to balancing national revenue interests with ecological preservation. Importantly, Australia has adopted marine spatial planning and ecosystem-based management strategies, which are directly supported by fiscal appropriations and tax-financed programs. This integrated framework reflects a conscious effort to align sectoral development with marine conservation, a model largely missing in Nigeria's fragmented approach to its blue economy.

Institutionally, Australia benefits from strong inter-agency collaboration and federal-state coordination in the governance of its marine assets. The Great Barrier Reef Marine Park Authority (GBRMPA) serves as a quasi-autonomous institution overseeing taxation, environmental compliance, and ecosystem monitoring.[45] The Australian Taxation Office (ATO) works in synergy with environmental agencies to administer relevant levies and incentives.[46] These institutions enforce compliance through a transparent legal regime backed by both administrative and judicial mechanisms. In *Australian Conservation Foundation Incorporated v. Minister for the Environment*,[47] the court reaffirmed the legitimacy of tying fiscal policy to environmental mandates, thus reinforcing the normative strength of Australia's blue economy model. By contrast, Nigeria suffers from policy incoherence and overlapping institutional mandates, with no centralized authority coordinating marine taxation and sustainability measures. This hampers efficient revenue collection, environmental accountability, and long-term marine policy coherence.

In contrast to Australia's legally entrenched and operationally cohesive framework, Nigeria's approach to taxing its blue economy remains underdeveloped and

[44] Australian Governemnt, 'Our investments' < https://www.dcceew.gov.au/parks-heritage/great-barrier-reef/protecting/our-investments > Accessed 26th July, 2025.
[45] Great Barrier Reef Marine Park Authority, 'What is the Great Barrier Reef Marine Monitoring Program?' < https://www2.gbrmpa.gov.au/our-work/programs-and-projects/marine-monitoring-program> Accessed 26th July, 2025.
[46] Australian Government, 'ATO Environmental Policy Statement' < https://www.ato.gov.au/about-ato/commitments-and-reporting/service-commitments/ato-environmental-policy-statement> Accessed 26th July, 2025.
[47] [2017] FCAFC 134 (2).

insufficiently aligned with environmental sustainability goals.[48] While statutory instruments like the Petroleum Industry Act[49] and Environmental Impact Assessment Act[50] exist, their enforcement in coastal and marine contexts is inconsistent and largely extractivist in outlook. Unlike Australia's model where taxes serve both fiscal and conservationist roles, Nigeria's current tax regime lacks clear marine-specific environmental linkages. Drawing lessons from Australia, Nigeria could consider enacting targeted marine environmental taxes, establishing a central blue economy authority, and institutionalizing tax-financed conservation frameworks to enhance fiscal returns while safeguarding its coastal and marine ecosystems.

4.3 Canada

Canada stands out as a global exemplar in aligning blue economy taxation with environmental sustainability and robust fiscal outcomes.[51] With the world's longest coastline and a maritime economy encompassing fisheries, offshore energy, marine transport, and tourism, Canada has strategically harnessed fiscal mechanisms to regulate marine activities while ensuring the protection of its aquatic ecosystems.[52] Central to its approach is the Oceans Act, which provides the legislative framework for the development and implementation of integrated management plans for marine areas, ensuring ecological protection is harmonized with economic utilization.[53] The Marine Liability Act[54] and the Canada Shipping Act[55] further underscore the nation's commitment to using legal instruments, including levies, taxes, and penalties, to internalize the environmental costs of marine-related industries and support ocean conservation. In practical terms, environmental fees and targeted taxes, such as vessel-source pollution charges and carbon taxes applied to offshore energy sectors, are employed to deter environmental degradation while generating revenue.

[48] GC Nwakoby, K Bielu and V Ezeudo, *Op. Cit.*

[49] Petroleum Industry Act 2021

[50] Cap E12 LFN 2004.

[51] Government of Canada, 'Blue economy assessment framework for Atlantic Canada' < https://nrc.canada.ca/en/stories/blue-economy-assessment-framework-atlantic-canada> Accessed 26th July, 2025.

[52] Government of Canada, 'Engaging on Canada's Blue Economy Strategy- What we heard' <https://www.dfo-mpo.gc.ca/about-notre-sujet/blue-economy-economie-bleue/engagement-paper-document-mobilisation/heard-entendu-eng.html > Accessed 27th July, 2025.

[53] Oceans Act 1996, Preamble.

[54] Marine Liability Act 2001, s51.

[55] Canada Shipping Act, 2001, s191.

A significant example of Canada's taxation-environment nexus is the Marine Conservation Target Fund, supported by fiscal revenues from marine-related sectors and applied to the establishment and maintenance of Marine Protected Areas (MPAs).[56] Additionally, Canada's carbon pricing regime, legislated under the Greenhouse Gas Pollution Pricing Act, 2018, applies to marine industries, including offshore oil and shipping, incentivizing cleaner operations. These funds are transparently redirected into ocean protection programs such as the Ocean Protection Plan, launched in 2016, which is a multi-billion-dollar federal initiative aimed at protecting Canada's coasts through better surveillance, emergency response capacity, and Indigenous-led conservation.[57] The use of environmental taxes as a fiscal tool has therefore evolved from a punitive measure to a strategic instrument for both resource mobilization and environmental stewardship.

Institutionally, Canada's model is also distinguished by inter-agency coordination between the Department of Fisheries and Oceans (DFO), Environment and Climate Change Canada, and Revenue Canada, ensuring that environmental taxes are coherently designed and effectively implemented.[58] This synergy facilitates accountability in the disbursement of tax revenues and fosters public trust in the system. For example, the Polluter Pays Principle, deeply entrenched in Canadian environmental law and policy, obliges marine industries to pay for pollution damage, a norm upheld in cases such as *Imperial Oil Ltd. v Quebec (Minister of the Environment)*,[59] where the Supreme Court of Canada reaffirmed that environmental protection justifies fiscal burdens on polluters. Such jurisprudence reinforces the legitimacy of taxation as a tool for ecological preservation in the maritime sector. Canada's approach offers vital lessons for Nigeria, which is in the early stages of designing a coherent framework for taxing its blue economy.

[56] Government of Canada, 'Reaching Canada's marine conservation targets' < https://www.dfo-mpo.gc.ca/oceans/conservation/plan/index-eng.html> Accessed 27th July, 2025.
[57] Government of Canada, 'Oceans Protection Plan' <https://tc.canada.ca/en/campaigns/oceans-protection-plan > Accessed 29th July, 2025.
[58] Government of Canada, 'Canada's 2030 Nature Strategy: Halting and Reversing Biodiversity Loss in Canada' < https://www.canada.ca/en/environment-climate-change/services/biodiversity/canada-2030-nature-strategy.html#toc5> Accessed 29th July, 2025
[59] [2003] 2 SCR 624.

4.4 Indonesia

Indonesia, the world's largest archipelagic state,[60] presents an instructive model for Nigeria in leveraging the blue economy through a taxation regime that balances fiscal imperatives with environmental sustainability. With over 17,000 islands and a coastline spanning more than 80,000 kilometers, Indonesia's marine economy contributes significantly to its national income, particularly in sectors such as fisheries, marine tourism, offshore mining, and maritime transport.[61] In recognition of the environmental pressures posed by economic exploitation of marine resources, the Indonesian government has enacted a suite of legal and policy instruments designed to generate revenue while conserving the coastal and marine ecosystem. Central to this framework is Law No. 32/2014 on Marine Affairs, which mandates the integrated management of marine zones and requires that marine resource utilization be environmentally sound and economically beneficial.[62] Nigeria, with a similarly resource-rich coastline, could draw parallels from this legislative approach, especially in creating integrated, enforceable frameworks that tax marine-based activities without undermining ecological integrity.

A key innovation in Indonesia's fiscal strategy is its use of environmental taxation and levies to incentivize sustainable marine resource use. The Ministry of Marine Affairs and Fisheries (MMAF) imposes user fees on fisheries licenses, marine conservation areas, and tourism concessions.[63] Additionally, the country has implemented "blue carbon" financing instruments, including taxes on carbon-emitting activities in mangrove and seagrass zones, which are essential carbon sinks.[64] These mechanisms are underpinned by the National Medium-Term Development Plan (RPJMN 2020–2024), which identifies the blue economy as a critical pillar for sustainable economic development.[65]

[60] R Cribb and M Ford, 'Indonesia beyond the Water's Edge: Managing an Archipelagic State' < https://bookshop.iseas.edu.sg/publication/400> Accessed 29th July, 2025

[61] H Hastuti *et al*, 'Indonesia's Marine Economic Potential As A Maritime Country' *International Journal of Science, Technology & Management* (2015) 1(1), 813-825.

[62] Law No. 32 of 2014 on Marine Affairs, Article 42.

[63] Law No. 31/2004 on Fisheries (as amended by Law No. 45/2009).

[64] M Zaid, R Ricky and RM Sedera, 'Blue Carbon Regulations and Implementation in Several Countries: Lessons for Indonesia' *Journal of Law Environmental and Justice* (2025) 3(1), 30-78.

[65] LA Sambodo, *et al*, 'Blue Economy Development Framework for Indonesias Economic Transformation' < https://www.researchgate.net/publication/370756915_Blue_Economy_Development_Framework_for_Indonesias_Economic_Transformation> Accessed 29th July, 2025

Furthermore, Indonesia's success in integrating fiscal policy with marine protection is also facilitated by its robust institutional coordination. The Indonesia Ocean Policy[66] provides a legal basis for inter-agency collaboration across the ministries of finance, environment, marine affairs, and tourism, ensuring coherence between tax regimes and sustainability targets.[67] This contrasts sharply with the fragmented institutional landscape in Nigeria. Furthermore, Indonesia has embraced decentralization by empowering local governments to impose region-specific taxes on marine activities.[68] This enhances local environmental accountability and revenue generation, an approach Nigeria might emulate through state-level blue economy fiscal policies in its coastal states like Lagos, Rivers, Bayelsa, and Akwa Ibom.

The Indonesian courts has also contributed to marine environmental governance by upholding environmental protection as a legal obligation of both the state and actors. Notably, in *WALHI v. PT Gema Kreasi Perdana,*[69] the court affirmed the revocation of a nickel mining license due to its projected impact on coral ecosystems and mangrove zones, reinforcing that economic activities in the marine domain must adhere to sustainability standards. Although Nigeria has seen environmental litigation such as *Gbemre v Shell Petroleum Development Company Nigeria Ltd*[70] where gas flaring was deemed unconstitutional, such judgments are not yet sufficiently applied to marine-based industries. Therefore, a comparative analysis with Indonesia reveals that judicial activism, targeted blue economy taxation, and institutional integration form the backbone of Indonesia's effort to reconcile fiscal objectives with environmental sustainability.

5.0 Conclusion

While Nigeria has made strides in integrating ocean-based sectors into national development planning under the blue economy paradigm, its current tax regime remains ill-equipped to balance revenue generation with marine environmental sustainability. Despite a rich legal framework, stretching from the Constitution to the Petroleum Industry Act, NIMASA Act, and Nigeria's National Tax Policy, there is no coherent, environmentally linked fiscal architecture that internalizes ecological externalities or rewards sustainable marine stewardship. Unlike international exemplars such as Norway, Australia, Canada, and Indonesia, where carbon taxes, environmental levies, inter-agency coordination, and participatory governance support both fiscal and

[66] Indonesia Ocean Policy (Presidential Regulation No. 16/2017),
[67] *Ibid*, Article 8.
[68] Law of the Republic of Indonesia No. 23 of 2014 about Regional Government, Article 27.
[69] No. 403 K/TUN/TF/2024.
[70] FHC/B/CS/53/05.

sustainability objectives, Nigeria suffers from policy fragmentation, weak data infrastructure, and enforcement deficits.

6.0 Recommendations

1. **Institutionalize Environmental Fiscal Reforms in Nigeria's Tax Regime**: Nigeria should introduce legislative reforms to ensure that ecological costs are reflected in fiscal instruments. Environmental taxes, pollution levies, and carbon pricing mechanisms should be incorporated into the marine sector tax regime. Drawing from Canada's Marine Liability Act and Greenhouse Gas Pollution Pricing Act, such instruments would enhance the "polluter pays" principle and promote internalization of externalities in marine-related activities.

2.Enact a Comprehensive Blue Economy Tax Framework: There is a compelling need for a unified legal framework specifically targeting the taxation of marine activities in Nigeria. This framework should harmonize fiscal policies with ocean governance, sustainability, and biodiversity conservation. Indonesia's Law No. 32/2014 on Marine Affairs and the Indonesian Ocean Policy (Presidential Regulation No. 16/2017) provide a model for how tax policy can be integrated with marine spatial planning, fisheries, and coastal protection.

3. Empower Subnational Governments to Leverage Marine Taxation Autonomously: Nigeria should amend its fiscal federalism structure to allow coastal states to impose region-specific levies and taxes on marine activities within their territorial waters. Indonesia's decentralization under Law No. 23/2014 on Regional Government enables local governments to generate marine-based revenue while tailoring conservation efforts to local ecological and economic needs, a model adaptable to Nigeria's federal structure.

4. Enhance Data Access and Transparency in Marine Industries: Legal frameworks should mandate that environmental and fiscal data related to marine industries be publicly accessible. This would empower stakeholders to monitor the ecological impact of maritime operations and the effectiveness of taxation policies. Norway's Environmental Information Act 2003 exemplifies how access to information can be legally enforced to strengthen transparency and accountability.

5.Introduce Tax Incentives for Sustainable Marine Practices: To encourage compliance and corporate responsibility, the Nigerian government should offer tax deductions, exemptions, or credits to companies that invest in sustainable marine

practices, such as mangrove restoration, marine pollution control, or clean shipping technologies.

6.Mainstream Climate-Linked Marine Taxation Policies: Nigeria should integrate marine taxation with national climate change mitigation strategies. Carbon pricing or pollution levies on offshore oil and gas platforms, maritime shipping, and industrial fisheries should be introduced. Canada's Greenhouse Gas Pollution Pricing Act, 2018 applies to marine industries and serves as a viable model for climate-responsive blue economy taxation.

7.Develop a Justiciable Marine Environmental Rights Regime: Environmental taxation must be reinforced with judicial oversight. Nigeria should strengthen its constitutional and statutory framework to allow courts to enforce marine-related environmental rights through public interest litigation. Drawing from the Norwegian Supreme Court's decision in *Nature* and *Youth v. Ministry of Petroleum*[71] courts can play a vital role in reviewing marine licensing and taxation decisions that threaten ecological integrity.

8. Align National Development Plans with Blue Economy Taxation: Nigeria's national development plans should explicitly prioritize the blue economy and provide a roadmap for fiscal interventions in marine sectors. Indonesia's RPJMN 2020–2024 offers a concrete example of how blue economy taxation can be mainstreamed into broader development objectives, ensuring policy coherence, cross-sectoral collaboration, and long-term ecological sustainability.

[71] HR-2020-2472-P.