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ABSTRACT
This article attempts to take a critical look at the current deregulation policy of the present administration. It examines the main components of the reform policy programme. The article notes that the current policy just like the previous ones will fail because they are based on erroneous assumption of the failure of the previous policies without identifying and addressing the fundamental problems why the previous one failed. The paper contends that the prevailing neo capitalist political economy for better or for worse continues to influence what happens in the public sector. It therefore concludes that the policy or programme will only succeed when the aforementioned problems are radically restructured or addressed.

INTRODUCTION
Many keen observer of the Nigerian Government policy scene have often wondered at the sources of confusion and inefficiency in the nation development policies and programmes. Most people are equally surprised that despite the astronomical increase in the number of government reforms policies their output and products at all and various levels are not encouraging. The Nigerian economy is still yearning for policies and ways to tackle the monumental problem of development.

It is against this backdrop that the study attempts a critical preview of the government policy of Deregulation of the Downstream Sector of the Nigerian Petroleum Industry. It is one contentious issue that had generated heated debates and arguments from its protagonists and antagonist. Expectedly, the organized labour is in the forefront, the Nigerian masses of queued up behind it in opposition to the annoying matter. The study is therefore a contribution to state the arguments for and against deregulation as a combination of facts, fallacies and emotions from, both sides of the divide. The issue had led to a rise in adrenaline in both camps.

This paper is in five segments, the first is an introduction, conceptual clarifications, the case for deregulation and the expected
benefits, the case against deregulation and the consequences is discusses in the fourth segments, and conclusion.

CONCEPTUAL CLARIFICATION
Before we go into detail examination of protagonist and antagonist argument on the deregulation policy. It is meaningful to conceptualize deregulation and other related concepts. As would be expected it’s meaning, cover a wide spectrum and opinions. According to Braide (2003) it is desirable freeing government of its concurrent control and involvement in the business of refining, importation and distribution of refined petroleum product in the Nigerian market hence dismantling states owned enterprises. While Cowie (1993) simply sees it as removing regulation from something. Ayozie, (2004) ultimately view deregulation as reducing production process more specifically in the oil and gas industry.

Other related concepts of deregulation which is gathering currency in the oil and gas industry are privatization, commercialization, liberalization and social enterprises. For purposes of this study we adopt the enabling Privatization Decree 25 of 1988 (section 14) definition of privatization as “The relinquishment of part or all of the equity and other interests held by the Federal Government or its agency in enterprise whether wholly or partly owned by the Federal Government”. It went further to define commercialization as “the re-organization of enterprises wholly or partly owned by the Federal Government in which such enterprises shall operate as profit making commercial ventures, and without subvention from the Federal Government” Odife Dennis (1988) in the article “Privatization in Nigeria” ultimately sees it as the transfer or sale of government interest in companies, corporations and/or parastatals to individuals or organizations. While subsidy exists according to economic principles when consumers are assisted by the government to pay less than the market price for the product they are consuming example is payment for medicine by the government for poor citizens, payment for food items that the populace can not afford but are required for their subsistence etc.

All the concepts are leading to one fact, and that is that the federal government business these days it to govern and it is learning how not to involve itself in other diversionary activities capable of keeping it out of the track of good governance. Good governance involves the maintenance of law and order, aspiring to maintain political stability and provision of basic infrastructure conducive for business investment for local, national and foreign entrepreneur to guarantee productive activities for the economic and social well being of the citizenry (Ayozie, 2004).

Therefore, the concept of deregulation allows the private sector to provide those goods and services normally monopolized by the
government. The success or failure of the private individual will depend solely on their ability to serve the members of the public better. This will lead to competition and choice, which will be of benefit to the consuming public. It will lead to reduction or halt in government budget and relieves her of the burden of undertaking those ventures. (Ibid). It is important to note that Nigeria had operated free market price system in the oil sector between 1960 and 1973. Also in 1986 after the abolition of marketing board, the commodity was totally deregulated. In 1997 after General Sani Abacha, then Head of State joined the World Trade Organization (WTO) he deregulated. As in the previous free price era of 1960-1973, then 1997, deregulation did not achieve the expected result because parity prices of the imported petroleum products made importation unprofitable and the marketers stopped importation.

THE CASE FOR DEREGULATION AND POSSIBLE BENEFITS

According to allafrica.com (2003) the petroleum products are being smuggled out through the porous borders and if the prices is raised to the price at the border countries, then incentives to smuggle will cease; petroleum products that are in short supply will be sufficient and perhaps more than needed in Nigeria. This will lead to competitive prices and possibly lower prices after the initial high prices and, the profit margin shall be enhanced, and that will invite investors to the sectors to the over all benefit of the economy.

Similarly, the former Group Managing Director of Nigerian National Petroleum Company (NNPC) Jackson Gaius Obaseki as cited in Ogbodo (2003) explain that the NNPC had almost exhausted all known methods to end the scarcity but saboteurs within the industry would not allow solution to work because of their selfish interests” He asserts that high level hoarding and smuggling by unpatriotic Nigerians and Foreign collaborators made non-sense of NNPC strategies and endorsed deregulation as the enduring solution.

More so, the former Minister of Information and National Orientation Prof. Gana in Ogbodo (2003) gave reason for deregulation. According to him, contrary to the interpretation from certain quarters, deregulation does not mean increase in pump price of petroleum products but in a deregulated regime, the price might be cheaper as there would be many producers of the product and the market would become the buyers market as against the present situation where sellers of the product have both the bread and the knife. The current situation Prof. Gana further contends has tilted the burden on government since government pays heavily on subsides. The former Minister further stated that Government lost N 160 million to subsidy of the product in the year 2002. This kind of burden, Prof. Gana maintained, government wants to do away with and that no amount of increase in pump price by the
government in the face of effective monopoly enjoyed by the NNPC would put to rest the perennial scarcity of the petroleum products other than deregulation.

The protagonist further argues generally that deregulation will make the economy virile and able to promote competitiveness among different competitors that will resultantly lead to positive reduction in initial high price of goods and services hence increase in the purchasing power of consumers and better welfare of the citizenry.

Deregulation of the down stream sector of the petroleum industry in Nigeria will also attract foreign investors which could add value to the national currency, diversify the economy as new and old investors will now look for newer opportunities to create revenue that will enhance provision of infrastructural facilities in the economy to the benefit of all. Besides the policy will assist government to concentrate in other social/economic endeavor like security, in addition to having time and considerable funds to embark on other meaningful projects that are to encourage efficiency, specialization and break the negative effect of monopoly in the petroleum industry of the nation.

THE CASE AGAINST Deregulation
The government reason does not hold water, and therefore calls for criticism. It is not only lacks persuasion but is fallacious on the argument that deregulation will lead to reduction of smuggling through porous borders, even with all sorts of security personnel on guard. These include the customs officers, the immigration officers, the police, armed forces personnel among other services. They are paid from taxes paid by Nigerians. The government seems to be admitting that these employees are not doing their work and still should keep such jobs and continue to be paid from the taxes paid by Nigerians. The government is also saying Nigeria should pay border prices so as to prevent smuggling. Therefore, Nigerians are being invited to undertake double expenditure- one to keep ineffective security officers who cannot protect the borders- and the other, pay for that failure in high prices of petroleum products that are being smuggled. There must be a way to eliminate one of these two expenditures, for Nigerians should not be invited to pay the two bills (Mundir, 2003).

The factors that are responsible for smuggling of oil products is not price differentials between Nigeria and her neighbours. But the craze for dollars which encourages smuggling of oil and any other exportable products. Experience from the cocoa trade is classical evidence that price increases has no role in smuggling. For after the abolition of the marketing boards, the commodity trade in Nigeria was totally deregulated in 1986. Cocoa was bought from the former at the Naira price that was higher than world price in cocoa at the exchange rate of Naira to dollar or British pound sterling.
Foreigners who were determined to repatriate their investment in Nigeria bought cocoa at the price they could not sell in export market. They were desperate to repatriate their investment. Capital flight then and at this uncertain period of the Naira exchange rate was responsible and will continue to facilitate the smuggling of petroleum products. Many Nigerians of substance who want to keep their wealth in foreign currency will not stop smuggling oil, no matter the deregulation and high price that will follow. They will continue to raise the poverty level and hardship of Nigerians.

The second argument that petroleum products will be made abundantly available by deregulation is not supported by the experience of 1960-1973 and 1997, when petroleum products were deregulated nor is it supported by the current experience in domestic cooking gas which should not sell for more than N600 per 12.5kg cylinder but which now sells for N2,500 or more. The third point of the deregulations is higher profit margin. That was not the experience in the two periods when the market price operated.

The former Senate President, Dr. Chuba Okadigbo in his submission against deregulation cited in Ogodo (2003) argued that what is often referred to as subsidy does not exist because the “money belongs to Nigerian and not any entity from mars called executive”. It is the people’s oil. It is the people’s money. So give it to them and let them enjoy it. Senator Gbenga Aluko also condemns the government moves on deregulation on the ground that it is ill-timed. In his view, what matters now is for the government to find means of putting the indigenous companies in a position where they would have financial wherewithal to compete with foreign companies. He asserted that any attempt to deregulate or further deregulate would transfer monopoly of the market to foreigners to the detriment of the nation. He added that Nigeria is rather in a hurry to deregulate, while Britain and United State of America embraced deregulation after almost 200 years of nationhood.

The antagonist ultimately criticized the deregulation policy in that it will free the government of its basic responsibilities which stimulate the government to spend unnecessarily huge sums of money on non-vital large scale capital projects. It would shift monopoly from national government to the hands of foreign investors that would make government to embark on a transition from the ideology of developmentalism to that of non-intervention thereby negating the constitutional provisions and the feeling of many Nigerians as summarized in section 16 of the 1999 constitution. Here, the federal government is directed to ensure that it maintains the major sections of the economy while allowing private individuals a role.

Section 16(4)(b) of the constitution explains the major sectors of the economy to include activities directly concerned with the production, distribution and exchange of wealth or of goods and services. From the
aforesaid provision of 1999 constitution, the wholesale deregulation as the Petroleum Product Pricing Regulatory Agency (PPRRA) is advertising as good for the health of the economy is unconstitutional (FGN, 1999).

And this is why past administration in the country decided to tread very cautiously on the issue of privatization, deregulation, commercialization and subsidy removal despite the pressure from International Monetary Fund (IMF) and its twin sister International Bank for Reconstruction and Development (World Bank) (Orluwene, 2003).

The Muhammadu Buhari’s administration rebuffed the overtures of both bodies to take loans, devalue the national currency and embark on wholesale privatization. They rather set up the Ali-al Hakin study groups to examine all state owned parastatals critically and make recommendations to the administration (ibid). The group submitted its report in November, 1984 and recommended among other things that: In embarking on privatization and its related concepts the government should always ensure that it does so selectively in order to ginger other public enterprises to be more efficient and its implementation of the programme should always ensure that national interest and national security is always given paramount consideration.

It is against this background that many now view that the activities of PPRRA and National Council on Privatization (NCP) with veritable trepidation. Government is at the root of the recurring unrest in the downstream sector of the petroleum industry. Nigeria is probably the only major oil producing country that can not refine enough product for domestic consumption. And the present administration has stayed long enough in office to take full responsibility for the senseless dependence on imported fuel to power the Nigerian petroleum (transport) system.

In the past years, since the inception of the present administration, Nigeria government has washed the sum of $700 million down the drain in the name of trying to effect Turn Around Maintenance (TRM) on the country’s four refineries. Today, they remain as useless as they were at the beginning (Uwah, 2004).

The truth is that the civilian administration has had enough time to enhance the country’s refining capacity some of its policies were truncated because it benefited some of the financiers of the ruling party. About six years ago, the federal government issued provisional license to eighteen (18) companies to build private refineries. Today, no one has gone beyond the endless search for technical or financial partners. The signal from the industry is that most of the firms so licensed can not pass the rudimentary test of bank ability. In other words, no financier would stake his money because they lack the necessary performance track record. The question is, why did government license firms that lack performance track record to embark on “project that would require a minimum of $50 million to execute? Does it mean that due diligence
(process) was not conducted on them? In the final analysis, even those capable of attracting financiers have failed to execute the project because foreign investors consider Nigeria’s risk rather unbearably high. Seven years and more of civil administration has failed to reduce the high risk attached to investing in the country.

**CONCLUSION**

In conclusion, the rating of arguments for and against deregulation is valid depending on the side of the coin or divide. For deregulation of the downstream sector of oil industry to be good for the economy it must be done in phases after the complete turn around of the nations existing four (4) refineries. For it is then it could be arguably manage that deregulation will ensure a steady flow of product supply in most part of the country. But the hard fact is that so long as import remain the corner stone of deregulation, some one either the government or the people of Nigeria, would continue to bear the brunt of the uncertainties of the international market for refined products. For it could be stupidly silly for a nation to export refined products when local demand has not been met. A producer exports the excess of his need, a farmer will feed first from his maize or yam before selling the balance. This is not a theoretical economic principle, it accords with human behaviour and experience. A farmer will not first sell his yam to Europe and re-import it for his own consumption at the price that will now include freight, import duty, port surcharge and other government payment including handling and transportation cost. This then is not deregulation and it should not be. For empirical evidence has shown that purported deregulation of the downstream sector of the petroleum industry is a failure. For sure the introduction of the reform policy of deregulation in Nigeria, no month passes without Nigeria queuing up or search for one product of the petroleum sectors viz petrol, diesel, kerosene and cooking gas. Hence, deregulation policy is another failed reform policy of this administration because of the existence of the prevailing neo-capitalist political economy.

**REFERENCES**


