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The Political Economy of Fuel Importation and Management of Refineries for Sustainable Development in Nigeria: An Ethical Inquiry

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Abstract: The evolution and emergence of man on the planet Earth has been pre-occupied with the notion of go, subdue and dominate the things in it. Man, despite the avalanche of resources bestowed has continued to be a helpless being. Nigeria being blessed with abundant deposit of fossil fuel has dominated her economy with importation of refined fuel products. This could be linked to ineffectiveness and the state becoming under serious captivity at the expense of the refineries, resulting to high dependence on importation of petroleum products in the midst of abundant oil endowment in Nigeria. It is based on this premise that the purpose and thrust of this study tends to appreciate and examine adequately the political economy of fuel importation and management of refineries in Nigeria. Methodologically, the study adequately utilized documentary method and content-analysis to generate and analyze data . However, the theoretical frame of the study was anchored on Marxian political economy as postulated by Karl Marx. Arising from the findings, the study revealed how the ruling class advanced the precepts of capitalism and served as agents of imperialism through the use of state power to pursue global recognition and self-enrichment. The study ethically recommended among others, encouragement of technical skills and mobilization of internal experts and endowments through state initiative for human oriented development in the oil sector in order to have sufficient petroleum products in Nigeria.

Key words: Importation, petroleum products, management, refineries, elites, development

INTRODUCTION

It is conventional wisdom that, before the discovery of oil, Nigeria was known for her agrarian economy through which cash crops like palm produce such as oil and kernel, cocoa, latex and timber, groundnut, etc. were exported, thus, making her one of the major contributors in Foreign exchange and trade. However, it is very important to recall that early indication of the occurrence of crude oil in Nigeria was in 1908 when oil spillages were seen at Araromi in the present Ondo State. Encouraged by this development, a German company, "Nigeria Bitumen Corporation" was contracted to explore for oil that time. This effort was thwarted by the outbreak of World War I (1914-1918). After the war, nothing was heard of the oil industry till 1937 when an Anglo-Dutch-consortium, Shell D' Archy, the fore-runner of Shell Petroleum Development Company of Nigeria embarked on another exploration. Unfortunately like the former mining arrangement, its activities were significantly interrupted by an outbreak of an another war, the World War II (1939-1945) and exploration did not commence in Nigeria till few years later. Then, it was towards the end of the 1950's, that non-British firms were granted essential documents and license to explore for oil, Mobil in 1955, Tenneco in 1960, Gulf Oil and later Chevron in 1961, Agip in 1962 and Elf in 1962. In 1965, Shell and BP established the first refinery in Nigeria in keeping with one of the conditions of oil mining lease granted to Shell-BP at that time which mandated them to establish a refinery on the attainment of oil production capacity of 500,000 barrel per day. It is worthy to note that the first shipment of Nigerian crude oil exports ,about (8,500 tons of crude oil) arrived at Rotterdam on 8 March, 1958. It adequately represented an investment of £27 million between 1936 and 1958 for Shell/D'Arcy. This shipment of Nigerian crude oil ushered in a new dawn in the Nigerian oil industry which over time sees this industry develop into the dominant sector of the Nigerian economy.

However, it is on record that Nigeria has a total of 159 oil fields and 1481 wells in operation according to the Ministry of Petroleum Resources and its most productive region of the nation is the coastal Niger Delta Basin in the Niger Delta or "South-South" Region which encompasses 78 of the 159 oil fields. Most of Nigeria's oil fields are small and scattered and as of 1990, these small unproductive fields accounted for 62.1% of all Nigerian production. This contrasts with the sixteen largest fields which produced 37.9% of Nigeria's

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petroleum at that time. Nigeria's petroleum is classified mostly as "light" and "sweet" as the oil is largely free of sulphur. Nigeria is the largest producer of sweet oil in OPEC. This sweet oil is similar in composition to petroleum extracted from the North Sea. This crude oil is known as "Bonny light" and the names of other Nigerian crude oil, all of which are named according to export terminal are Qua Ibo, Escravos blend, Brass River, Forcados and Pennington Anfan.

Moreover, Nigeria's first refinery was built at Alesa Eleme, Port Harcourt in 1965 boasting a capacity of 38000 barrel per day which was enough to meet domestic demand at the time and it was later expanded to 60000 barrel per day in the 1970's but failed to meet demands of the rapidly growing Nigerian population. In order to meet the increasing demands as of trajectory and geometric increase in population, the Nigerian National Petroleum Corporation (NNPC) then built an additional refinery in Warri with a capacity of 10000 barrel per day which became operational in 1979.

The NNPC had to transport considerable amounts of oil to be refined abroad to make up for the short-fall in the late 1970s and early 1980s, some the oil were processed in neighboring countries Ghana, Cameroon and Ivory Coast. A third refinery with a capacity of 100t/bpd, began operations at Kaduna but did not produce at maximum until the mid-1980s. A fourth refinery was completed in March, 1989 at Alesa Eleme (known as PH II as it is joined with the first refinery); increasing Nigeria's refining capacity to 445,000 barrels per day. At this time, domestic petroleum demand was below production, so, a portion of the output of the four refineries could now be exported.

However, by the early 1990s petroleum output was sufficiently short of the growing domestic demand to require that the NNPC still revert to refining some petroleum abroad. By 1988, about 96% of the oil Nigeria produced came from companies in which the NNPC held at least 60% of the equity. The NNPC also was responsible for 75% of total investment in petroleum. In the late 1980s, the major Western oil companies exploring oil resources in Nigeria were Shell, Chevron, Mobil, Agip, Elf Aquitaine, Phillips, Texaco and Ashland. In 1985-88, 11% of all extracted oil (about 66% of domestic requirements) was refined in Nigerian refineries where the NNPC owned majority equity shares. The nation's four refineries (Old Port Harcourt Refinery, New Port Harcourt refinery, Warri Refining and Petrochemicals Company (WRPC) and Kaduna Refining and Petrochemicals Company (KRPC)) with a capacity of refining 445t/bpd of crude were established years ago. But the barrage of corruption, poor management, fire, sabotage and lack of the mandatory Turn Around Maintenance (TAM) every 2 years has made all the four refineries inefficient, thereby operating annually at about 40% of full capacity; 214t/bpd at best.

In 1997 a major contract valued at $215 million was awarded to total international to handle repair of specific parts of the refinery and to build the depleted spare parts inventory. This project was fraught with difficulties for total resulting from exaggerated expectations, diversion of funds and numerous local problems. However there has been no regular sour crude supply, since, 1992 and since, 1998 the sour crude unit has not operated due to lack of crude feed. A 500 km pipeline from Warri refinery supplies the crude to KRPC. Most of the sweet crude are sourced from the Chevron Texaco Escravos fields but about 20,000 bpd come from the Ughelli field that are supplied via. a spur that joins the line north of Warri refinery. The pipeline crosses a number of rivers and other obstacles and is constantly being ruptured by both natural and man-made causes. The Arab light sour crude is imported through an SBM at Escravos (currently out of service) into NNPC constructed storage tanks behind the Chevron Texaco facilities. Prior to 1992, the supply of Arab light crude was supplied in exchange for forcados and this contract was much sought after by traders.

The management and activities of both the upstream and the downstream are dominated by the state-owned oil corporations; Nigerian National Petroleum Corporation (NNPC) which acts both as regulator and competitor within the industry (Onyishi *et al*., 2012). The existence of both regulatory and commercial participatory roles in two different companies operated by government created some problems, especially in the operations of the joint ventures. The government decided to resolve this problem in 1977 by establishing the Nigerian National Petroleum Company (NNPC) which has both the regulatory and commercial interest. It is argued that Nigeria is the largest oil producing country in Africa but despite the abundance oil resources, Nigeria depends largely on importation of fuel. No wonder Ploch (2013), observed that Nigeria imports an estimated $10 billion worth of fuel annually for domestic consumption. Notwithstanding the increase in fuel importation, we still experience fuel scarcity and poor state of the refineries in Nigeria. It has now become obvious that a stable and consistent economy could only be attained through the development of broad and versatile economic and political bases for sustainable development. In other to achieve this, we must tacitly focus on interface of political economy of fuel importation and management of nation's refineries.

Literature review: The appreciation of the extant literature in the area of petrol-politics and marketization of petroleum products for sustainable development in Nigeria, the review of available literature will be investigated and analyzed thematically.

Domination by Foreigners, importation and negligence of refineries in Nigeria: Nigeria having been blessed with abundant oil resources and attention been paid to actual exploration, production and marketization of fuel, by the persistent ruling economic class interests in Nigeria. According to Ake (1981), he captured these concerns and interests, thus:

> Multinational oil companies such as Shell BP, AGIP, Gulf, Mobil, Texaco, Elf, Ashaland and Safrap have dominated the exploration and exploitation of the petroleum resources in Nigeria. The fact that they possess what is called superior and appropriate technological know-how has made their domination of the oil sector and Nigeria's dependence on them inevitable. Consequently, these multinational corporations have been appropriating most of the surpluses from this sector and correspondingly de-capitalizing the economy.

However, corrobating the above idea, Aigbedion and Iyayi (2007), further observed that despite the nation's huge endowment of crude oil and gas and the extensive infrastructures available in the sector for distribution and marketing of petroleum products, the downstream sector has been hit by increased instability, hallmarked by a dearth of product to supply. This has brought to bear the massive importation of petroleum products by government and major oil marketers in Nigeria. It is essential keep at breastplate that recently, the sector was heavily regulated with government maintaining a monopoly of supply of petroleum products.

Furthermore, in line with the nation's economic reform agenda which was launched in the 1980 and 1990s, respectively, policy makers had re-strategized and systematically embarked on a regime of deregulation of the oil sector, allowing private stakeholders to complement the government efforts in developing the ailing industry. The poor maintenance of Nigeria three refineries located in Warri, Port Harcourt and Kaduna with a combined installed capacity of 445,000 barrel per day, led to an unimaginable and drastic fall in production level to 15% of the total installed capacity in 2004. The sudden closure of the Kaduna and Warri refineries during this period to allow for the Turn Around Maintenance (TAM) contributed to the decrease in production. During this period, sharp practices thrived in the industry with independent marketers arbitrarily hiking prices beyond approved rates, also, product adulteration, diversion, bunkering and other illegal acts was very common. Indeed, official prices rose sharply from 26-75 (naira) per liter between 2002 and 2007. The incessant instability of the downstream sector inspired a radical policy shift on the part of the federal government.

It quite important to appreciate that poor management, sabotage, harsh operating environment and high cost of Turn Around Maintenance (TAM), made domestic production became low to the extent that demand within the country had to be substituted through imports. In this regards, Tinuola (2002), noted that the Nigerian National Petroleum Corporation (NNPC) is a state owned enterprise that is little guided by the principle of economic pricing. Similarly, being a parastatal of government, it is influenced by political considerations in the choice of labour recruitment and distribution of refined petroleum products. By implication, this often results in inefficient management, corruption and fraudulent practices which made Premium Motor Spirit (PMS) to be scarce. The transporters are forced to buy fuel from black markets and the passengers are made to pay higher fares. It is equally observed that large scale smuggling of petroleum products is enhanced partly by the government officials and to a large extent by the smugglers who contribute to the persistent fuel crisis in the country.

However, Nigeria's admit in the Organization of Petroleum Exporting Countries (OPEC) has two noticeable effects on the country's political economy. First, OPEC required member states to nationalize the oil industry. More far-reaching than that Nigeria in fact, came up with a sweeping, economy-wide nationalization program, requiring all investment in the economy to have a minimum of 60% Nigeria equity participation (Nwokeji, 2007). Secondly, it gave rise to the establishment of the Nigeria National Oil Company (NNOC) which effectively ensured direct marketing of its share of crude oil in 1971 and also direct importation of fuel from any country of her choice. It was noted that, mutual suspicion of corruption in importing and selling of crude oil led to the dissolution and replacement of NNOC by the General Olusegun Obasanjo military regime (1976-79) with Nigeria National Petroleum Corporation (NNPC) in 1977, following the recommendations of the panel set up by him to probe the company.

Furthermore, with the establishment of NNPC by Decree 33, the corporation has since, then been saddled with full control of the activities covering the upstream, midstream and downstream sectors of the petroleum industry in Nigeria.

Accordingly Isine (2007), succinctly observed that problems ranging from sabotage, poor management and endemic corruption ensured that these refineries operate far below their capacities, at times as low as 30% of installed capacity. He further noted that between 1999 and 2007, Funsho Kupolokun, Group Managing Director (GMD), NNPC then, reportedly testified to the Nigerian

House of Representative in January, 2007 that NNPC had spent over $16b on its refineries over the previous 8 years. Alexander oil and Gas (2004), argued that:

> The current prices of fuel in Nigeria cover the cost of producing it. It observed that previous upward review of price have not done the magic expected; rather they cause the government considerable loss of credibility. Nigerian has come to regard cheap petroleum products as the only benefit from a state that has been unable to meet their basic needs. It is however, this entitlement mentality of the people that the supporters of government regulation have used as the basis of and rationale for their argument against deregulation. A common argument in the literature is that Nigeria has one of the highest prices for petroleum products. While this is true, it does not reflect the fact that most of the OPEC members countries have low population with high crude oil production quota and can therefore, afford to subsidize petroleum products. For highly populated OPEC members like Nigeria and Iran, this may be difficult because of low oil production per capital.

Moreover, corrobating the above, Fanimo (2009), noted that the government is only paying lip service because government is actively collaborating with MNCs in sideling Nigerians in the oil industry. He quoted the Senior Staff Association of Workers in the industry, PENGASSAN who accused the government of colluding with the oil companies to marginalize Nigerians, thus:

> The attainment of local content policy has continue to elude Nigeria due to the lackadaisical manner and official compromises of the weak and indulging legal and institutional frameworks coupled with official compromises of the immigration departments in the expatriate registration and renewal services. It took exception to the way government agencies and immigration aided by the encouragement of frivolous and absurd monthly returns filed by some oil and gas companies to continually justify expatriates applications which in most cases creates a lot of disconnect with the Department of Petroleum Resources (DPR) and National Petroleum Investment Management Service (NAPIMS), adding: ‘Don’t be surprise that some of the understudy names in such monthly returns employees are low cadre, ghost workers and ex-employees of the company whereas there are qualified Nigerians being denied opportunities in such company.

This phenomenon implies that the total dependence of Nigeria on oil multinationals for decades conscripted her technological development and made Nigeria on step one-two steps backward according to the ladder of its economic development. Also, different researchers have also expressed concerns on the negative implications of MNOCs domination of Nigeria’s oil and gas sector. Peter (2003), observed that some Nigerians vandalize pipeline in order to steal refined petroleum products which they sell to motorist. This attitude of some unpatriotic Nigerians is on the increase despite all measures put in place to check this attitude of sabotage. In some situation when pipeline are vandalized, the supply of PMO to petroleum depots is cut-off. When this occurs, it causes artificial scarcity as the depots would be forced to depend on fuel tankers to lift PMO. This vandalization acts also waste fuel because spillage will occur on land and within the land leading to environmental pollution.

Independent petroleum marketers and infrastructural deficits in the oil sector: Appreciating the importation of petroleum and infra structural development in the oil sector, Wheeler and Mody (1992), noted that infra structural development in developing countries has not been given adequate attention by successive government in Africa and Nigerian government cannot be exonerated for this. Some scholars have even acknowledged the important role of infrastructure in stimulating Foreign direct investment. Infra structural development is a necessary condition for investors to operate successfully and increases productivity and thereby attracts higher reward with more investments.

Addressing the technological and infrastructural development in the Nigerian petroleum industry, Adiele (2009), noted that rather than NNPC being preoccupied with capabilities building in skilled personnel, equipment, materials and know-how to operate, maintain and repair the technologies and keep them functioning efficiently and indefinitely, rather attention is focused on awarding contracts, collecting rent and sharing output from oil companies and other operators in the petroleum industry. He further noted that Petroleum Technology Development Fund (PTDF) is not properly organized or focused for the job it is intended to do. It suggests that PTDF is an arm of the Ministry of Education that facilitates acquisition of knowledge in the relevant fields by Nigerians. Whereas the fund as its name indicates is supposed to facilitate petroleum technology development in Nigeria. In other words, PTDF focuses on building capacity in Nigerians instead of its intended objective of capability-building in Nigerians in the petroleum industry. It assists Nigerians to acquire knowledge whereas technology development is about application of knowledge. Proficiency is more of application than acquisition of knowledge.

A close examination of happenings and developmental programme of the PTDF in some areas in Nigeria indicates that some of the development programmes are focused on tangible or material aspects of development such as roads, bridges, schools (without reference to the quality of education), hospitals and so on. However, Onyishi *et al*. (2012), examining PTDF's programmes in the Niger-Delta area for example, clearly maintained that its arrangement in development planning leaves the area grossly underdeveloped. Further, employment generation and poverty reduction is at the core of human resources development and these objectives have not been achieved to satisfactory stage. According to Ibaba (2008) he blames this phenomenon on a number of reasons which include: faults in implementation strategy; inadequate training; sharp practices by the operators of the agency, among others.

Theoretical framework of analysis: The theoretical framework adopted in the study is the Marxian political economy theory propounded by Karl Marx. The theory appropriates the most popular strands of political economy. According to Marx (1970) he noted that the relations of production constitute the economic structure of the society which significantly influences and determines the character of the superstructures including socio-political cum cultural superstructures which correspond definite forms of social consciousness. He continued to assumed a radical posture in interpretation of economic stance. Marx observed that man and nature is determined by forces of production and men not only act on nature in order to produce but also on one another which involves relations of production. Such relations often assume the nature of exploitation and exploration, oppression and repression, domination and subordination. Furthermore, he established the evidence of antagonistic contradiction in every economic epoch from slavery to capitalism and as such the existence of class struggle in each epoch. Accordingly Marx (1970) noted that:

> In the social production of their existence, men inevitably enter into definite relations which are independent of their will namely relations of production appropriate to a given stage in their development of material forces of production. The totality of these relations of production constitutes the economic structure of society, the real foundation, on which arises a legal and political superstructure and to which correspond definite forms of social consciousness. The mode of production of material life conditions the general process of social, political and intellectual life.

The above view reveals that relations of production are both complementary and contradictory. Ake (1981) noted that: once we understand what the material assets and constraints of society are how the society produces goods to meet its material needs how the goods are distributed and what types of social relations arise from the organization of production, we have come a long way to understanding the culture of that society, its law, its religious system, its political system and even its modes of thought.

Theoretical exposition: The emerging Nigeria as a creation of British colonial state was swiftly conscripted in to exogenous hegemonic and political structure to sustain and maintain British economic cum political interests. The acquisition of the embattled flag independence did not alter the exploitative character of the state; the only change was the leadership personnel which became indigenized. Having cultivated the petit bourgeoisie, the colonialist inculcated in them the genetics of exploitative tendencies and the use of state as a means of capital accumulation. Therefore, the Nigerian State and its apparatuses became the medium for who gets what when and how (Ifesinachi, 2006).

However in the context of this study, the Marxian political theory unravels how importation of fuel has become a drain-pipe for primitive capital accumulation by the dominant economic and ruling class, oil multinationals and individuals who have common interest and sabotage all vested efforts at the building of new refineries in Nigeria. The framework emphasizes the place and centrality of the state and its apparatuses as the main instrument of primitive accumulation, especially by the dominant class and their collaborators in a capitalist society. Nigeria as a creation of British Colonial State, was primarily geopolitical and an admixture of heterogeneous ethnic groups, forced into a political structure to preserve and maintain British economic interests (Ibaba, 2008). The acquisition of formal political independence did not alter the exploitative and corruptive nature of the contemporary Nigerian political economy; the political class continued to use state power as a means of primitive accumulation and self-reproduction.

Moreover, Ifesinachi (2006), argued that at independence the emergent ruling class was more interested in reproducing the neo-colonial character of the state and the conditions for their domination and continued the use of state power for primitive capital accumulation. In this way, the Nigerian Colonial State served the interests of global accumulation at the periphery through the local extraction and transfer of resources to the metropolis. With the above privatization of the state by Nigerian ruling class for primitive accumulation, the state becomes an object for violent political competition. The Nigerian state over the years through various laws that are non-democratic in nature have taken over the revenue accrual from different sectors of the economy especially oil which is the mainstay of

Nigerian economy. Therefore, the state becomes the medium for the allocation of resources. The result is the aggressive intensification of political struggles for the control of federal power for allocation of resources ranging from oil lifting licenses for primitive accumulation. In other words, the state becomes the custodians of power at all levels of governance and its consequent utilization for the pursuit of individual, sectional and ethno-regional interests; as against the pursuit of common interest or good (Nwokeji, 2007).

Furthermore, Obi (2003) noted that the federal government as the very vortex of power became the ultimate prize in politics and all attention shifted to the contest for access to power and the capacity to authoritatively allocate resources at the centre. Consequently such conflicts that are conventionally referred to as ethnic conflicts are actually democratic conflicts that is attempts to capture political power for primitive accumulation. Thus, with the abundance and dominance of oil in Nigeria's economy, the Nigerian State becomes only interested in primitive accumulation in collaboration with MNOCs without any interest in refineries development to manage huge oil resources for public interest. Its role was largely limited to the issuance of oil lifting licenses (importation of fuel/exportation of crude oil) and the collection of rents.

Ake (1981) had earlier attested to the above notion by stating that "this group of political elites are in a rather 'slick alliance', their principal interest knowingly or not is in the perpetuation of the international capitalist system of inequality". In fact, it is in the oil sector that the ruling class conspicuously recycled the import licenses to their relatives and cronies for primitive accumulation. According to Tinuola (2002). The allocation through NNPC of 'lifting licenses for exporting crude oil and importing products is opaque and highly discretionary, the gap between market prices and subsidized official prices for both crude oil and products creates enormous profit opportunities for holders of these licenses.

However, It is alleged that NNPC officials in collaboration with politicians distribute such licenses both for individual gain and to buy support of politicians in the legislature who in turn use the proceeds for patronage among their home constituencies (Adelabu, 2012). Consequently, refined oil importing licenses become instruments of politics. Successive regimes could buy political support through the award of these licenses which has drained Nigerian treasury. Yet, it often leads to high prices of this refine oil, frequent shortages with long queues and rationing at gas stations nearly every day because of their interest in maximizing profit. Despite the fact, Adelabu (2012), opined that these so-called 'cartel's of fuel importers determine volume of importation and the proportion that should be released to the market. This at various times has been met with widespread public criticism and controversy.

Furthermore, there are manifesting indicators and variables to show that the ruling elites distribute these import licenses to their relatives and cronies with the accompanying huge resources which make them to be the power base of the society and therefore, in a prebendal mode of behavior determine who gets what when and how Ezirim (2013). This is exemplified by the HRACR on fuel importation probe which indicted the Former Chairman (Senator Dr. Ahmadu Ali) of Petroleum Product Pricing Regulatory Authority (PPPRA) from 2009-2011 of arbitrarily proliferating marketers to protect their private interest (Chinedu *et al*., 2010). According to the HRACR, it succinctly claims that the Petroleum Support Fund (PSF) guidelines on prequalification and monitoring completely broke down and the scheme became an avenue for all forms of patronage. Apparently, The HRACR, recommended that the chairman of the Board of PPPRA from 2009-2011 and the entire members of the board during the period are hereby reprimanded and their decision which opened the floodgate for the bazaar is condemned in the strongest term.

It is enormous that the above report clearly shows as well that government officials revolve majorly on the fuel import licenses given among PDP sponsors and political loyalist. The HRACR probing the management of fuel subsidy regime in the country reeled out different names of some companies purportedly benefiting wrongly from the fuel subsidy. Among the names which include the sons of the past and immediate Chairmen of PDP are a clear indication that those in authority want to maintain their hold in power and protect their vast economic interests which usually are at variance with the interests of ordinary masses Oluwajuyitan (2011) asserted that:

> The list contains names of those we have been told control the economy of the nation. And as it has turned out, many on the list are well known financiers, supporters and sympathizers of PDP". He further noted that "as a result of Yar'Adua's failing health, the PDP greedy buccaneers had a field day. Licenses for fuel importation were freely shared among the members and sympathizers. Under Jonathan's husbandry, the number of approved fuel importers/marketers jumped to about a hundred. They even managed to smuggle into their list some construction firm.

This was further attested to by the major opposition parties-Action Congress of Nigeria (ACN) and Congress for Political Change (CPC) now merged as All Progressives Congress (APC) who alleged that there was apprehension on PDP based on the indictment of major contributors to the PDP party's campaign coffers of 2011 by the House Probe Panel (Onyishi *et al*., 2012). Aside from the above issue, the attracting report of allocation of fuel import licenses to those companies that did not meet established guidelines by the house of representatives, speak volumes of patronage which ruled the operations of the downstream sectors of the country's oil and gas industry, since, 1999. These patronages are orchestrated by the indigenous ruling class who strives to maintain and consolidate the capitalist mode of production based on prebendal and patron-client networks.

The most annoying thing is that there are marketers that did not make first application to PPPRA for supplies before they got their first allocation (HRACR). This as well, shows the degree the Nigerian ruling elites apportioned to themselves the largesse that trickles down from the rentier dynamics of the state. The allocation of fuel import licenses to marketers without storage facilities and had no through-put agreement with any other Depots (HRACR) is yet another avenue opened up by the indigenous ruling class to drain Nigeria treasury and buy political support among their relations and cronies. In fact, the PSF scheme became a free for-all as all manner of companies engaged in every conceivable business and not necessarily oil marketing. The lack of storage facilities is not the only issue here, as some political actors and state officials colluded with PPPRA and some marketers to collect fuel import allocations and disappear into thin air without supplying the product.

However, a crystal clear example was the startling revelation by the HRACR that discovered two promoters allegedly received an e-mail and came in from the USA with a proposal of waste management with NNPC. Later, the two promoters changed their mind, came together and incorporated ECO-Regan Ltd on 3rd floor, UAC building, Central Business District, Wuse, Abuja, applied for PPPRA registration on the 11th September 2011, got its first allocation of 15,000 mt on 20th January, 2011 and was paid one Billion, Nine hundred and eight-eight million, one hundred and forty-one thousand, ninety-one naira, ten kobo (N1,988,141,091.00) as subsidy for products not supplied (Onyishi *et al*., 2012). The above firm grip of these import licenses by the successive regime heads in Nigeria either directly or by proxy in the country's energy sector to protect their interest has scared genuine local and international investors who wanted to invest in the development of refineries in Nigeria. For instance, the Chinese (CSCEC) and India (ONGC/Mittal) companies that offered to build refineries in Nigeria were frustrated by Nigerian government officials to promote fuel importation benefits. Also, the 18 local Nigerian companies which will be detailed in the analysis, secured licenses on June 14th, 2004 and was revoked in 2006 by the Department of Petroleum Resources (DPR) as a result of government hostile investment conditions in the downstream oil sector to protect importation benefits to their cronies.

According to the US Government released secret Memo, Femi Otedola, President and CEO of Zenon Petroleum and Gas, the largest supplier of diesel fuel in Nigeria, confessed to the US embassy in Abuja, Nigeria that "he initially bid to purchase the Port-Harcourt refinery offered for privatization but he later told President Obasanjo he will not invest in the refinery so long as NNPC purchases fuel from traders in other countries and leasing ships itself to deliver fuel to Nigeria". He further observed that the activities of these "international fuel traders "Mafias" are behind the failure to bring Nigeria's refineries back on-line and to capacity (Onimode, 1981).

The above indices go a long way to show that the domination of Foreigners in the importation and distribution of petroleum products account for the negligence of refineries in Nigeria. The second proposition of the political economy concerned first and foremost with power and interests. It analyses social and political processes as the outcome of struggle for control over resources positions. The dominant class interest is on importation of fuel. Therefore, they manipulated the legislatures and other agencies on fuel related probes to make sure their core interests are protected. For instance, there was fraud and criminality unraveled by the audits into importation of fuel commissioned by NNPC in 2008; the KPMG professional and the house of representatives Ad-hoc Committee Tagged Resolution No (HR1/2012) which militating against the development of refineries in Nigeria. Those expositions, among other things include "some companies following 2008 audit in importation of fuel presented invoices twice for the payment of subsidies". There was also the report of federal government paying as much as N230,184,605,691.00 billion annually to 71 fuel marketers for disallowed claims to discharges on subsidy from 2010 -2011 (HRACR).

Furthermore, the attracting high rate of petroleum products to countries surrounding Nigeria such as Benin ($1.04), Niger ($1.07), Cameroon ($1.2), Chad ($1.32 L^{-1}), compared to Nigeria ($0.44 L^{-1}) has propelled most of these corrupt marketers to divert most of these subsidized fuel to the above neighbouring countries. There was also the report of "non-utilization of NNPC storage facilities of 18,8000 m^3 (KPMG); report of marketers instructing their Foreign sellers: Vitol SA, Trafigura, etc., to berth off-shore Cotonou or Lome" (HRACR). Report of a marketer declaring fake bills of laden and those discharging PMS into unapproved tank forms (HRACR), speak volume of rot in the downstream oil sector of Nigeria. This made the president to mandate Economic and Financial Crime Commission (EFCC) and the Independent Corrupt Practices and other Related Offences Commission (ICPC) to prosecute these corrupt fuel marketers.

The nature of Nigeria's fuel import-dependent economy and consequent integration into the global capitalist economy has ensured the existence of international structures and ties that facilitates MNOCs management not encouraging and adopting innovations generated by Nigeria research institutions. Since, there is no law in Nigeria requiring MNOCs to adopt innovations generated by research institutions, this implies that indigenous business companies dream of acquiring petroleum technological development in Nigeria will be farfetched including fuel importation licenses and they collaborate with the MNOCs and pursue global recognition and self aggrandizement at the expense of our refineries.

It is important to note that since, 1999, the importation of petroleum products by independent marketers has disenabled infrastructural development in the oil sector. The management has not been able to provide the required funds needed to place it at priority. Consequently, undermines the sector's competitiveness globally. This is as a result of the erosion of the legitimacy of the Nigerian State. To buttress this, Ezirim, (2013), observed that the Nigerian State has rather than, serving as a vehicle for development, been hijacked by a group who have turned the national economy into a tool for capital accumulation. Due to private interest of its leaders, the state has no credible legitimacy to define properly Petroleum Technological Development Fund (PTDF).

Therefore, lack of attention to infrastructural development in Nigeria has given the MNOCs leverage to dominate in the oil sector and leaves Nigeria with no option, than to depend on them for production, importation and distribution, since her independence in 1960.

MATERIALS AND METHODS

The appreciation of the oil exploration, importation and marketization in Nigeria for her sustainable development has remained in vague following unidentified intricacies surrounding the management of the available refineries. The volatile nature of the study has made the study to rely on documentary method and analyzed in content. The identified lacuna while in the course of reviewing of extant literature and discourse has provoked the study with the befitting findings.

RESULTS AND DISCUSSION

Arising from the investigation so far, the study arrived at the following findings: the domination of Foreigners in the importation and distribution of petroleum products accounted for the negligence of refineries in Nigeria. Extant literature showed that the expectations of Nigerians were that the enthronement of democratic rule and regimes would mark a major departure of fuel import-dependent economy to fuel export-dependent economy through the effective and efficient management of our refineries.

On the contrary, the mutual economic interest of the governing class and MNOCs in the Nigerian oil sector could not allow the dream come true. Capitalist networking provided for the allocation of fuel import licenses to Foreigners by the Nigerian governing class to consolidate their hold on power and thus, acquire many advantages over and above others. Also, the increasing importation of petroleum products to satisfy private economic interest was detrimental to the production capacity of these refineries. Again, the huge amount of profit made by the ruling class in the importation and distribution of petroleum products was rationale for the negligence of the refineries in Nigeria. This validated our first hypothesis which stated that the domination of Foreigners in the importation and distribution of petroleum products accounts for the negligence of refineries in Nigeria (Ploch, 2013).

It revealed that clientele appointments and recruitment, patronage and contractual, account for inefficiency of refineries which has manifested in their refining capacity and volume of production (Thurber *et al*., 2010).

The importation of petroleum products by independent marketers has failed to stimulate infrastructural development in the oil sector. The study discovered that the independent marketers faced a lot of challenges mainly for lack of government support coupled with the activities of MNOCs (such as Shell, Chevron, Total, Texaco, Exxon Mobil and AGIP) in the upstream sector that want to maintain, at all cost, the huge capital they are earning through exploitation of raw materials (crude oil) from Nigeria and bringing back finished product (fuel) to Nigeria.

CONCLUSION

Arising from the investigations and findings in the study, the study concludes and ethically recommends the following: Since, large scale production from the nation's refineries still remain a mirage, it behooves on government to review its policies and laws on the refining of crude oil to incorporate the interests of locale as against perceived domination by the Foreigners. The proposed Petroleum Industry Bill (PIB) should also be re-visited and re-worked to recognize the operations of these artisans as stakeholders accommodate their needs and incorporate them into the scheme of things. They should be brought together, study what they are doing how it is done and improve on that. Reward of hard work and inventions, encouragement of technical skills and mobilization of internal experts and endowments through state initiative for human oriented development should be in place.

A radical approach should be taken to sanitizing the management of the refineries and revoke the fuel import licenses and oil blocs issued arbitrarily in Nigeria with the aim of retrieving those oil blocs acquired. Similarly, fuel subsidy scam should be investigated and all the money proved to have been stolen in the process must be returned and prosecution of the culprits to serve as deterrents to others. The money recovered should be used to build more refineries and maintain the existing ones for steady and maximum capacity production of fuel.

RECOMMENDATION

Government should be innovative and ingenuous in formulating policies that regulate the extractive industries. The local content policy which has been passed into law, since, 2010 to stimulate the development of indigenous capabilities in the petroleum oil industry should be enforced. Effective security is imperative to guarantee the confidence of investors. Incentives should also be given to independent marketers to boost their capacity in refining operation. Again, government should guarantee any ingenious company wishing to set up refinery Foreign loans and grant them tax-exemption for 3 years from the date of commencement of operation. Memorandum of Understanding (MOU) backed up by law to ensure absence of arbitration will attract more investors which will transform Nigeria economy into fuel export-dependent economy as well as employment generation, wealth creation and of course, a gigantic leap in our Gross Domestic Product (GDP). Unless these recommendations are implemented, the crisis in the oil sector in Nigeria will remain.

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