Industrial Development and the Implementation of Local Content Policy in Nigeria's Automotive Sector

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Abstract
This study examines industrial development and the implementation of local content policy in Nigeria's automotive sector from 2014 to 2022. The sector holds significant potential as a key driver of the national economy. However, concerns persist regarding the extent to which primary production processes in the Nigerian automotive industry align with the government's local content policy to facilitate the production of truly made-in-Nigeria vehicles. The study aimed to assess the incorporation of local content policy in Nigeria's automotive sector between 2014 and 2022. To achieve this objective, the following hypothesis was tested: Local content policy has not been effectively integrated into Nigeria's automotive sector. Grounded in Schumacher's Economic Localization Theory (1973), this research adopted a mixed-method approach, utilizing interviews and documentary analysis for data collection. A qualitative descriptive method, based on content analysis, was employed for data interpretation, while thematic analysis was used to categorize dominant themes from interview responses. The findings reveal that the necessary enabling environment has not been fully established, and a lack of legislative backing for the policy framework hinders effective implementation. The study concludes by emphasizing the need for legislation to strengthen compliance with local content policy and promote a more harmonized approach to its execution.

Keywords: *Automotive Sector, Industrial Development Policies, Local Content Policy, Technology Development, Steel Development*

Introduction

Realizing the vital role which the automotive industry could play in the economic development of the country, the Federal Government of Nigeria entered the industry in early 1970s with the establishment of two passenger car plants, Volkswagen of Nigeria and Peugeot Automobile Nigeria (Umezuru, 2015). It equally serves as an important stimulus for other types of manufacturing activities, and is the rationale for road construction as well as urban and rural development (Tukur, cited in Agbo 2011). Specifically, development of the automobile sector is a salient feature of industrialized countries of the world such as Malaysia, Indonesia, India, Brazil, Mexico and South Korea (Agbo, 2011). It is in this light that Ihua et al. (2011) and Nwosu et al. (2006) asserted that the development of indigenous companies, particularly the automotive sector based on country's own natural resources is a significant paradigm for developing diversified economies.

Historically, the automotive industry in Nigeria started local assembly production by private companies in the 1960s. Peugeot (France) and Volkswagen (Germany) started the production of passenger cars and minibuses in 1975 as state-owned factories that were led by the Nigerian Government and after that in 1980s, Leyland (British), Steyr (Austria), MB-Anammco (Mercedes Benz) and National Truck Manufactures (Fiat) started the local assembly of buses, tractors, trucks and light commercial vehicles with maximum production capacity put at around 60,000 units per year and the ratio of local contents in terms of value was 38 percent at that time (Federal Government of Nigeria, 2015). Instructively, the Nigerian automotive industry represents a strategic sector from the viewpoint of domestic automotive market scale, labour intensity and possibilities of exporting automobiles to the West Africa region. Its assembling industry is estimated to be worth around N302 billion (Egole & Ikpoto, 2023). As of 2018, the Nigerian Bureau of Statistics which was cited in Emmanuel (2020) recorded that there were a total of 11.8 million registered vehicles in Nigeria, with the then population of about 198 million people putting the vehicle per population ratio at 0.06. Of this number, 39 percent (4.6 million) were privately owned, 56 percent (6.7 million) were commercial vehicles, 1.1 percent (135,216) were registered as government-owned, while 0.4 percent (5,834) were registered for diplomats. So far, Nigeria has relied on imports to meet the massive annual demand for vehicles and cover the gaps left unfilled by its automobile industry. In 2019, Nigeria imported an estimated 1.3 million vehicles, 56 percent more than 734,000 in 2017. Nigerians spent a whopping ₦1.08 trillion ($2.7 billion) to import used cars and motorcycles between October 2018 and September 2019 (Emmanuel, 2020). It is in line with this that the National Automotive Policy was launched to ensure the survival, growth and development of the Nigerian automotive industry particularly using local human and material resources with a ten-year action plan that was started to replace imports comprising 400,000 units of automobiles worth US$3.4billion in 2012 with domestic production. It was followed up with the raising of tariffs for importing automobile products. The automotive policy is intended to transform the country’s automotive industry and attract investments into the sector. It was aimed at protecting those assembling cars locally and making importation unprofitable and totally unattractive. The policy seeks to encourage local assembly and job creation (Oputah, 2014).

With respect to the automotive industry, local content is the value addition that is done during vehicle assembly where Completely Knocked Down parts, CKD, are used for assembly. These parts are joined, welded, primed and painted. In addition to the above, the local components that are fabricated or sourced from indigenous companies are also added to the list of local content. Labour that is put into the assembly operations is also local content. Accordingly, Local Content Development Programme is one of the core programmes of the National Automotive Design and Development Council (NADDC) where Original Equipment Manufacturers (OEMs) and Vehicle component manufacturers are encouraged and mandated through policies to improve on the local content development and gradually shift from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) parts. The aim is to boost indigenous local manufacturing and improve human capital development (National Automotive Design and Development Council, 2023). The National Automotive Council (NAC) now known as the National Automotive Design and Development Council (NADDC) was set up as a body to implement the national automotive policy. Part of its responsibilities is to evolve a local content programme specifying which components and parts are to be continually deleted from the imported Completely Knocked Down (CKD) parts. The Council further formulated the Nigerian Automotive Industry Development Plan aimed at fostering the automotive industry and implementing various measures to attract investment, specifically developing automotive supplier parks in three regions, attracting foreign automobile manufacturers, supporting the development of local content manufacturing industry, achieving human resources development in the automobile industry through up-to-date curriculum, and establishing industrial standards for certification of safety and quality of products (Federal Government of Nigeria, 2015).

According to the National Automotive Design and Development Council (2023), requirements for the establishment of auto assembly plants in Nigeria include duly endorsed technical agreement for assembling, with a clearly defined local content clause or provision with Original Equipment Manufacturer (direct investment by OEM as lead partner is preferred) among others. Also, in order to drive the realization of the vision for the Nigerian automotive sector, the revised National Automotive Industry Development Plan sets key development targets which include transition from Semi Knocked Down (SKD) to Complete Knocked Down (CKD)/Complete Built Units (CBU) mode of manufacturing and an increase in the local content of assembled vehicles to 40 percent.

There are currently 37 accredited automotive manufacturers/assemblers in Nigeria. These include PAN Nigeria Ltd, Innoson Vehicle Manufacturing Co Ltd, Dana Motors Ltd, Koncept Autocare Nig Ltd, Iron Product Industries Ltd and Coscharis Motors Assembly Ltd. Others are Perfection Motors Co Ltd, Stallion Nissan Nig Ltd, Hyundai Motors Nig Ltd, VON Automobile Nig. Ltd, Zahav Automobile Nig Ltd, Proforce Ltd and Hinda Automobile Western Africa Ltd. Yet others are Elizade Nigeria Ltd, Dangote Sinotruk West Africa Limited, Toyota Nigeria Ltd, Tata Africa Services Nig Ltd and Mikano International.

Despite the introduction of the National Automotive Policy encapsulated in the Nigerian Automobile Industry Development Plan, the production capacity of the automotive sector in Nigeria is still low. Basically, the Nigerian metal sub-sector of the economy which should have assisted in the growth of the automotive sector is in a comatose state regardless of the abundance of mineral resources with which the country is endowed. The poor performance of the country's steel industry is affecting the production of parts needed to manufacture automotive spare parts in the country, such that assembly plants prefer to bring in fully built units than assemble in Nigeria (Anagor-Ewuzie, 2023). The sad reality was that the automobile industry went through a decline with the increasing acceptance of smaller and technologically-advanced cars from all over the world which was made worst by the influence of second hand cars popularly known as Tokumbo that rendered Nigeria's assembly plants uncompetitive. The situation was such that modern automobiles which are characterized by standardization, fuel economy, and the use of computer-aided design quickly displaced the larger, less functional and less fanciful cars churned out from the Nigeria automobile plants which had become antiques (Usman & Daniel, 2020).

Regardless of government's efforts, there are worries over the automotive sector, in terms of whether it has achieved the expected local content quota. There are concerns as to whether vehicles in Nigeria are being produced or assembled with completely knocked down parts and whether their components are manufactured in the country. In essence, there is need to ascertain if the primary production processes in the Nigerian automotive sector evolve local contents so as to expect truly made-in-Nigeria vehicles.

In the context of this development and with the debate on the effect of local content policy on Nigeria's automotive sector remaining inconclusive, this study seeks to examine how This study examines industrial development and the implementation of local content policy in Nigeria's automotive sector from 2014-2022. Based on the aim of the study, the following research question guides the study.

1. How can local content policy be effectively implemented in automotive sector in Nigeria?

2.0 Literature Review

Conceptual Review

Development and its Theories

The concept of development has become a central theme in intellectual discourses within the sphere of political economy and development studies. Many scholars have continued to focus their attention towards the unraveling and interrogation of development. This is because every nation seeks development (Ezeibe, 2015). Also, performance in the area of development, particularly the demands of the people and responses of governments towards such demands, has become the best way to assess African States (Ijomah, 2008; Okeke, 2022).

Unarguably, development presupposes an increase in human capacity to conquer his immediate environment by rational and sustainable use of natural resources with the aid of indigenous technology rather than a mere increase in the quantity of artifacts that a nation acquires (Ezeibe, 2015). The import and implication of the perspective is instructive, particularly the emphasis on the utilization of local natural resources and with the aid of indigenous technology. It is in that light that Rodney 1972 (cited in Ezeibe, 2015) defined development from the prism of increased skill and capacity.

To further put the concept in its proper perspective, Okereke and Ekpe (2002) and Udenigwe (2010) outlined economic, political and socio-cultural aspects as the features and indicators of development in any given society. According to them, the economic indicators of development include the growth rate in the areas of the gross national product, the measure and levels at which incomes are equitably distributed in any given society, the high rate of poverty reduction and eradication, the level and natural labour output per man and the extent and level of agricultural development. Others are the level of industrialization, the amount and level of steel and iron consumption in any country, the growth rate of technological development, advancement and transformation; the growth rate of capital formation, the extent to which the economy is diversified, increasing physical infrastructure (example: improvement in its transportation system, increase in electricity supply, extent of its telecommunications system, increase in water supply and waste management system), increasing industrial production and increasing agricultural production.

Political indicators of development, on its own, include a clearly-defined process of power succession, the level of integration, the level of political tolerance and compromise, the extent to which fundamental human rights are recognized and enforced, and the level of mass mobilization and participation in policies. Socio-cultural indicators entail the level of social mobilization, the extent of cultural socialization, the prevalence of universalistic norms and the extent to which recruitment is based on achievement rather than ascription (Okeke, 2022; Okereke & Ekpe; 2002; Udenigwe, 2010).

Industrial Development Policies

Industrial policy has long been a controversial issue among researchers and policymakers (Higuchi & Chimada, 2019). The reason behind the rising interest in industrial policy include the general recognition of the importance of job creation in the developing world, particularly after the Arab Spring when unemployed educated youths started an economically motivated riot that ignited a political movement. In addition, a recent sign of successful industrialization in Ethiopia and Rwanda illustrated that industrial policy can promote structural transformation from the agricultural to the non-agricultural sector in Africa (World Bank, 2012; Norman & Stiglitz, 2015). For Nigeria, as the import substitution strategy for industrialization developed, it became clearer that the sustainability of the policy depends largely on more foreign earnings from the state for the importation of raw materials, spare parts and machinery, even though the policy could not be sustained due largely to the collapse of crude oil prices in the international oil market in the early 1980s, thereby triggering major crises in the industry and the entire economy (Adam, 2005). However, it is on records that rapid industrialization received priority in Nigeria's development goals right from the first development plan which spanned from 1962 to 1968, up to the fourth national development plan of 1981 to 1985.

Industrial policy is of two forms, which are functional and selective policies where the former aims at improving markets in a generic manner such as improving education, infrastructure or capital markets while the latter promotes specific industries or economic agent. World Bank (2005) went further to term functional policies as market friendly and selective policies as market-unfriendly policies.

Local Content Policy

Notably and from the scholarly lens of Fred and Evans (cited in Okoro and Ndukwe, 2022), local content policies are policies imposed by governments that require firms to use domestically-manufactured goods or domestically-supplied services in order to operate in an economy. Basically, this perspective highlights and prioritizes crucial elements. First is that local content policies are creations of government. What this entails is that they are creations of government and have its backing. Second is the fact that such policies are not mere creations or appeals but are rather enforced by government, regardless of the fact that Fred and Evans are not explicit in the sense of whether such policies are legislatively backed or superimposed by executive orders or decrees. However, a major take from their perspective is that local content policies are taken serious by governments. Besides those facts, it is clear that the policies favour indigenous goods and services in the context of their utilization, although without categorical opposition to the existence and utilization of foreign components in a given economy.

Similarly, Ramdoo (cited in United Nations Industrial Development Organization, 2016) maintained that the concept is generally understood to be a set of policy instruments put in place by national governments to ensure that a certain share of factors of production (such as labour, supplies, technology, knowledge) required at each stage of the value chain is sourced from the domestic economy. The implication is that Ramdoo equally share same scholarly lens on the concept with the previously-mentioned scholars. It shows that despite the fact that there is no agreed definition about local contents, scholars are undivided with the elements therein. What this clearly implies is that local content policies mostly target the product, labour and capital market as well as the technology domain. However, its target covers the common instruments for the product, labour and capital market ranging from import tariffs, export subsidies, duty drawbacks, tax

credits, investment incentives and local employee training or employment to public procurement, joint ventures and loan subsidies among others. In fact, Kuntze and Moerenhout (cited in UNIDO, 2016) put it clearer and elaborately when they stated that local content policies are policy measures implemented at the state, sub-state or regional level which require foreign or domestic investors to source a certain percentage of intermediate goods from local manufacturers or producers.
Instructively, local contents are not only critical but require deliberate tact at implementation stage. For instance, Ramdoo (cited in UNIDO, 2016) outlines three critical factors which policymakers must consider before implementing local content policies. First, according to him are the potential risks and opportunities that need to be assessed in order to mitigate or minimize the potential costs associated with those policies. By implication, the overall economic and political costs of having no local content policies need to be weighed against the costs of implementing them. Second, they contended that stakeholders need to have a profound understanding of the political economy and the habitat of their industrial sectors. Moreover, a certain level of institutional readiness and a country's capacity need to be fulfilled and transparency guaranteed. Third is that the local consumption patterns need to be targeted, realistic and specific enough to be successful. Besides, the types of intervention need to be adapted to a country's level of development, resource endowments and sector maturity. However, Lockström et al. (2010) and Haley (2012) aptly argued that corruption, inconsistent law enforcement, counterfeiting, weak intellectual property rights and a shortage of research and development capabilities, skills and capacity of domestic entrepreneurs as well as underdeveloped industrial competence can play a major role in limiting the success of local content policies. In line with the above review the following null hypotheses was formulated to guide the study. *H_{O1}: Local content policy has not been effectively incorporated in Nigeria's automotive sector.*

Automotive Sector

Principally, scholars regard the automotive sector in any economy as a major instrument for technological and social-economic development as well as the cornerstone for establishing a self-sustaining economy and upgrading of the standard of living of the people. It is very symbolic in a lot of countries and is such a large employer and source of pride in many local economies that a lot of countries are building regulatory frameworks for its development (Usman & Daniel, 2021). In fact, in most economies, it acts as an engine of growth in national industrial development scheme (Agbo, 2011). This explains why (Tukur, cited in Agbo 2011) emphasize, along with the belief of other scholars, that the sector serves as an important stimulus for other types of manufacturing activities. It is equally the reason Oputah (2014) noted that the automotive sector development plan is specifically implemented to transform the nation's automotive industry and attract investments into the sector. The aim of this, according to him, is to protect those assembling cars locally and make importation unprofitable and totally unattractive while encouraging local assembly and job creation and stopping unnecessary pressure on foreign reserves.

Empirical Review

Local Content Policy and Nigeria's Automotive Sector

Okoro and Ndukwe (2022) who carried out a study on local content act implementation and its impact on Nigeria economy: The objective of the study was to assess the local content act implementation in Nigeria in order to ascertain its impact on the Nigeria economy. The study followed a qualitative research design to gain insight into the nature and implementation of local content law in Nigeria. Descriptive and observation methods were used to critically examine local content and its implementation in Nigeria. The study was theoretical in nature and basically draws its arguments from content analysis of secondary data. Observations from the study revealed that high cost of funds is a factor that jeopardizes indigenous service companies' ability to compete effectively with most of their foreign counterparts who are well endowed with capital; despite the extant local content Act, there is little involvement of local firms in the oil and other industries and this is often attributed to lack of facility to compete and the failure to meet industry requirements, and there is high level of non-compliance to the local content regulations by some multinationals. Oguagha (2017) carried out a critical evaluation of the effectiveness of Local Content Policy (LCP) and transparency practices in LCP implementation in the Nigerian oil and gas business. The study critically examined how effective the local content policy and the transparency practices associated with its implementation have fared. A conceptual framework based on accountability was developed and used in the design of the research instrument. Methodologically, the study was qualitative and data was gathered through in-depth semi-structured interviews with respondents drawn from twenty-three indigenous oil and gas companies, international oil and gas companies, non-governmental organizations, and regulatory bodies. Observations from the study demonstrated that there are different significant views on the definition and objective of local content policy by stakeholders. These diverse opinions determine the way in which the local content policy is perceived and implemented in the oil and gas industry. It was further revealed from the study that the local content law has been enforced despite the absence of full local capacity and capability for its accomplishment. The findings therefore, highlight a number of challenges associated with local content act implementation including deficient money and manpower, shortage of infrastructure; mistrust; and the poor coordination between the regulatory agencies in the industry.

3.0 Methodology

Theoretical Framework

This study employed the economic localization theory as the framework of analysis. The theory was propounded and discussed by Schumacher (1973), seen as one of the basic works of localization thinking of ecological economics and of environmentalism in general, as well as Bookchin (1962) and Gandhi (1995) who pushed the concept of local embeddedness in a community and the natural environment. The Economic Localization Theory proposes that each country satisfies its basic everyday needs from local resources as much as possible (Desai & Riddlestone, 2002). Accordingly, economic localization is a process which reverses the trend of globalization by discriminating in favour of the local. It advocates change of the rules of international trade and development aid towards the actualization of positive discrimination in favour of the local. Principally, it seeks the protection of national and regional economies against imports of goods and services which can be produced locally. Thus, the creeds of the theory include setting of rules for industry in such a manner that requires local production for local selling, local competition policies to ensure high quality of goods and services, as well as transformation of trade and aid policies so that they contribute to the regeneration of local economies rather than to international competition (Hines, 2000).

The crux of the Economic Localization Theory is higher resilience and stronger local economies meant to be better prepared for a leaner future, to be more self-sufficient and prefer the local to the imported. It is also building the ability to produce locally those things which we can. Thus, its primary or central argument is reduction of dependency, and building resilience (Hopkins, 2008). Centrally, the Economic Localization Theory does not presuppose producing everything locally, nor does it mean the end of trade. It si1mply advocates creating a better balance between local, regional, national and international markets. Basically, it requires that big (foreign) corporations have less, but communities more control over what is produced, where and how. In other words, it advocates use of local resources for satisfying the needs of community rather than desires of distant markets (Douthwaite, 1996).

In essence, the theory pushes for limiting all unnecessary trade and strengthening and diversifying economies at the local and national level (Norberg-Hodge et al, 2002). In fact, the theory is all about preference for locally-sourced factors of production whereas know-how and innovations are globally shared; it is about lowering import dependencies (Frankova & Johanisova, 2012). This takes into proper consideration the broad objective of the study which is to examine the effects of state policy on Nigeria's automobile sector, with emphasis on the local content policy. The task not only aligns with the stated broad objective but is equally in tandem with the specific objectives which are to determine how the local content technology has aided Nigeria's automobile sector, to investigate how the challenges of the automobile sector have affected local content manufacturers, and to examine how the National Automotive Design and Development Council has addressed the challenges of the local content manufacturers in the automobile sector.

Research Design

This study adopted survey and ex-post facto research designs. The survey took into account the interview instrument which was used to extract first-hand information (primary data) from the sampled respondents. This study adopted mixed method of data collection by utilizing interview mechanism and the documentary method, particularly for collating data from secondary sources. These secondary sources of data comprised institutional documents from the Federal Ministry of Industry, Trade and Investment and the National Automotive Design and Development Council. Qualitative descriptive method based on content analysis was adopted for the analysis of secondary data. Essentially, the technique was applied in the thorough examination and interpretation of collated research data

4.0 Local Content Policy and Nigeria's Automotive Sector

The situation is worrisome for a number of reasons. Principally, for a country to be manufacturing automobiles, it must be able to produce at least 85 percent of the components locally (Shonaike, 2021). However, a local manufacturer in Innoson incorporates local content not exceeding 65 percent. Speaking on this in an interview with the researcher, the Chief Executive Officer of Innoson Vehicle Manufacturing Company Limited located at Nnewi, Anambra state, Chief Innocent Chukwuma stated that "the local content used in my vehicles is not less than 65 percent. What we import is not everything we are using in the manufacturing of our vehicles. We import a few items and use local materials to complete our needs. We source the items we use locally and we import some. We get all of them together. For example, we produce plastic components of the vehicles like bumper, dashboard, front grille at our Innoson Technical and Industrial Company Limited in Emene, Enugu. We are in a position to buy any item that anybody can produce locally. We don't need to import any of the items we can get in Nigeria. But we are still importing engines and gearboxes. The country they come from depends on the model we are doing. I don't produce tyres but when we need tyres we reach out to tyres dealers and tell them what we want. The National Environmental Standards and Regulations Enforcement Agency (NESREA) said we cannot produce it. So we shut down despite having invested a massive part of our resources in the project and imported some heavy equipment", he said.

Components of vehicles are manufactured mainly by small and medium scale industries for the main manufacturers which in the case of Nigeria will serve the spare parts market estimated at N30 billion yearly. In that light and going by the fact that there are about 2,000 component parts in a single vehicle, expectation is that the policy, if well implemented, could lead to the development of small-scale local content manufacturers (Ekere & Nnanna, 2009). In fact, there is the need to support the creation of additional car manufacturing plants, following the examples set by India, Egypt and Brazil (Ewuzie, 2023). However, the policy has attracted marginal investment to the auto sector as there is no corresponding investment in the local component-manufacturing segment, which is very critical to the success of the policy (Ogah, 205).

5.0 Technology Development and Automotive Sector in Nigeria

Technology remains the most important part of any meaningful development (Adetula & Marindoti (2019). That explains why the Industrial Policy of Nigeria makes it clear that the Government of Nigeria was putting in place a system that would ensure, in the long-term, permanent resolution of the problems impeding industrial development including the issue of technology advancement. Be that as it may, another adverse impact of the full reliance on fully-built automotive imports is that it certainly constitutes a strain on the balance of payment position and missed opportunities to create employment. What this implies is that it robs a country the opportunity of growing her balance of payment and solving the unemployment challenge which could have been the case if local technological capacity for component parts is developed locally. This inadvertently has the potential to undermine the country's economy (Onajide, 2023).

It is instructive to note that at its height in the late 1970s and early 1980s, Nigeria's automotive industry had an installed capacity of over 140,000 units and 80 percent utilization, with over 180 local components and parts suppliers under their local content programme. A downturn led to the launch of the National Automotive Industry Development Plan (NAIDP) in 2013/14 (FGN, 2015). The plan was designed to revitalize the existing but largely moribund automotive assembly capacity which stood at less than 60,000 installed capacity and below 2% capacity utilization. By 2017 the NAIDP through a combination of fiscal incentives and protective measures grew installed assembly capacity to above 400,000 units per annum, but only 10 percent capacity utilization has been recorded due to weak policy implementation. But due to defects in the implementation process of the NAIDP, capacity utilization of assembly plants never really gained the critical mass essential to attract traditional parts manufacturers to locate in Nigeria. It grew rapidly and stunted at about 10 percent by 2016. The result is that components and parts manufacturing could not even emerge as the space remained dominated by used imports and cheap substandard new parts (Orjime, 2023).

6.0 Strategies for Achieving Implementation of Local Content in Nigeria's Automotive Sector

Vehicle Purchase Scheme and Policy Review

Orjime (2023) believes that providing the enabling environment and legislating the policy plan to avoid future somersault is key, as the policy and all the component programmes should be implemented fully. Speaking further on this, Luqman stated that "Fortunately, NAIDP has an inbuilt provision for resources to develop the programmes. These include levies on imported fully-built automobiles which have practically been removed vide Finance Act 2020, Section 38. This should be reinstated and properly managed with whatever has been accumulated over the years. Let these resources not be frittered away for meaningless purposes aimed to give the impression that the industry's concern is being addressed. For now, the industry is in a state of suspended animation".

Steel Development and Nigeria's Automotive Sector

A fact which has remain incontrovertible is that sustainable iron and steel production is imperative for industrialization The implication is that the iron and steel sub-sector of the economy can only be ignored at a terrible prices to sustainable national growth. It is in this regard that development is partly determined by the per capita consumption of iron and steel products. Thus, in 2017 out of 93.3 percent of steel raw material, 66.3 percent were converted to steel products, 32.7 into co-product and only 3.7 is waste (James, 2004; Adetula & Marindoti, 2019).

Unarguably, with the national development plan between 1976 and 1978, Nigeria commenced the construction of two integrated iron and steel plants located at Ajaokuta (Ajaokuta steel company-ASC) and Aladja (Delta steel company-DSC) and three rolling mills at Oshogbo, Jos and Katsina. The 1.3 mtpa ASC is based on blast furnace/basic oxygen furnace (BF/BOF) technology with a rolling product capacity of 5.2 mtpa. DSC has a 1.0 mtpa steel melting plant for the production of 0.96 mtpa of billets and 0.32 mtpa of rolled products while supplying 210,000 tones of billets each to Oshogbo, Jos and Kastina rolling mills. With this, Adetula and Marindoti (2019) argue that a vibrant iron and steel sector projects were expected to kick start but was not due to several factors including logistical, managerial, technical and political influence.

7.0 Summary, Conclusion and Recommendations

The study was necessitated by the contestation that the automotive sector in Nigeria has not grown as expected and consequently has often been described to be in a state of suspended animation with certain challenges confronting it. Although the local content policy has attracted marginal investment to the auto sector, there is no corresponding investment in the local component-manufacturing segment, which is very critical to the success of the local content policy. The study concluded that, the enabling environment has not been provided, just as there is a lack of legislation for the policy plan which is necessary for the implementation of the policy. Finally, the study suggests that, there is need to legislate on the local content policy for improved compliance and for harmony.

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