Journal of Political Science and Leadership Research E-ISSN 2504-883X P-ISSN 2695 2432
Vol. 11 No. 3 2025 www.iiardjournals.org online version

The State and Industrial Development Policies: A Study of Local Content Policy in Nigeria's Automotive Sector, 2014-2022

NWANGWU, Julius Obeta[1] Prof. Chike OSEGBUE[2]
[1-2] Department of Political Science, Faculty of Social Sciences, Chukwuemeka Odumegwu Ojukwu University, Igbariam Campus, Anambra State, Nigeria.
DOI: 10.56201/jpslr.vol.11.no3.2025.pg53.65

Abstract
This study investigated the effects of the local content policy on Nigeria's automotive sector from 204 to 2022. Prospects for a flourishing Nigeria automotive sector remain high and unquestionable, with its estimation to be a vital driver of the national economy. However, there is a worry as to whether the primary production processes in the Nigerian automotive sector achieve the recommended local contents incorporation so as to expect truly made-in-Nigeria vehicles, in line with the local content policy of the government. In essence, the study had the following objectives: (i) To determine how local content components have been incorporated in Nigeria's automotive sector from 2014 to 2022 and (ii) To investigate how local technology development has affected the automotive sector in Nigeria from 2014 to 2022. To achieve the objectives of this study, the following hypotheses were posed: (i) Local content components have not been effectively incorporated in Nigeria's automotive sector from 2014 to 2022 and (ii) Poor technology development adversely affected the automotive sector in Nigeria from 2014 to 2022. Anchored on the Economic Localization Theory propounded by Schumacher in 1973, the study adopted mixed method of data collection by utilizing interview mechanism and the documentary method for data collection, while qualitative descriptive method based on content analysis was mainly adopted in this study for data analysis, just as the interview responses were collated and thematic analytical approach was used to categorize the dominant codes. Among other things, the study found out that there was the inability to achieve 40 percent local content by value of the complete knocked down through in-plant manufacture and purchase of other components from local manufacturers within the period of this study. It also found out that poor local technology development created dominance of imported used components which potentially undermines any attempt at local manufacturing. In view of the findings, the study proffered some recommendations as solutions to the findings and they include the need to establish a strong automotive component industry that will produce vehicle components for locally assembled auto producers. It equally recommended the need for investment in local technology development so as to grow the sector and halt the dominance of imported components with its damaging effects on the economy.

Keywords: Local Content Policy, Local Sourcing, Production Capacity, Technology Development, Steel Development

1.1 Background to the Study

Generally speaking, states within the international system make policies directed at attaining development within their borders (Okeke, 2022). Such actions have, indeed, remained a major feature and pursuits of governments across the globe (Nnoli, cited in Ezeibe, 2015; Okeke, 2020). It is in that light that the Federal Government of Nigeria evolved policies for the development of her several sectors. This includes the local content policy for the automotive sector (Agbo, 2011). Globally, the automotive sector is a major driver of technological and social-economic development. It is the cornerstone for establishing a self-sustaining economy and by implication improvement of the standard of living of the people. In fact, in most economies, it acts as an engine of growth in national industrial development scheme, especially with regard to the catalytic role of the sector, the diverse nature of its inputs and the unlimited value of its end products (Agbo, 2011). 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). Specifically on December 12, 1975, the agreement setting up four commercial vehicles plants was signed for the establishment of Mercedes-Benz ANAMMCO at Enugu, Leyland Nigeria at Ibadan, National Trucks Manufacturers at Kano and Styr Nigeria at Bauchi. In 1982, an agreement was made for the establishment of five minibus plants for Mitsubishi, Nissan, Peugeot, Isuzu and Mazda vehicles but they did not see the light of the day (Umezuru, 2015). Also, for a period, more than 60,000 motor vehicles were imported into the country annually of which more than 85 percent were used vehicles. The situation was such that the country spent a whooping sum of N1.08 trillion to import used cars (popularly called Tokunbo) and motorcycles (Okada) in one year (October 2018 – September 2019). Used cars and motorcycle importation into Nigeria rose from N252.3 billion in the fourth quarter (Q4) 2018 to N301.8 billion in Q3 2019 (Alade, 2020).

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. Through it, Original Equipment Manufacturers (OEM) and Vehicle Component Manufacturers (VCM) are encouraged and mandated to improve on the local content development and gradually shift from Semi Knocked Down (SKD) to Completely Knocked Down (CKD) parts so as to boost indigenous local manufacturing and improve human capital development (NADDC, 2023).

That Nigeria has prospects of becoming a major manufacturer of motor vehicles with an advantage of a large market and projected gains translating into huge employment for the youths as well as growth for industries and technology is not in doubt. That has been established by scholars. For instance, Orjime (2023) believes that the prospects for a flourishing Nigeria automotive sector remain high with a large domestic market, growing middle class and the annual demand for vehicles in the country estimated to surpass one million per annum (Orjime, 2023). However, the automotive sector is in a state of suspended animation (Efeh, 2021). Certain challenges have

continued to confront the sector in Nigeria. The sector has not grown as expected but has rather continued to suffer (FGN, 2015), with an import bill of automotive manufacturing component put at $3.3 billion annually (Orjime, 2023). According to the Manufacturers CEOs Confidence Index released in 2023, activities of motor vehicles and miscellaneous assembly has continued to nosedive, and actually deteriorated further below the benchmark (50 points) from previous 48.6 to 46.7 points (Egole & Ikpoto, 2023). Despite investing in building vehicle assembly plants across the country, with private investors estimated to have put in over N500 billion in the development of the Nigeria's automotive manufacturing industry, the industry is still producing below capacity as many Nigerians still depend on importation to meet the demand for cars (Anagor-Ewuzie, 2023). The country currently produces less than 10 percent of the vehicles used in the country with capacity utilization in the sector dropping by 5.6 percent, thus, forcing local assemblers to cut their workforce by 5.7 percent. Other indices which have posted negative readings were volume of production (-6.1 percent), change in investment (-5.6 percent) and change in volume of sales (-6.3 percent) (Egole & Ikpoto, 2023). Since establishing an auto business in the country as well as developing complete automotives with locally-manufactured parts are capital intensive, mainly due to the poor state of national economy and lack of relevant scheme to support and encourage the upcoming and existing companies, expectation was that the government should have assisted in creating an ideal conducive environment to boost the sector through investment in technology and steel development. This is imperative, more so as full reliance on fully-built automotive imports equally constitutes a strain on the balance of payment position and missed opportunities to create employment, with potential to undermine the national economy (Orjime, 2023). In view of the development, the study seeks to examine the effects of the local content policy on Nigeria's automotive sector. Specifically, it seeks to determine how local content components have been incorporated in the automotive sector from 2014 to 2022 and how local technology development has affected the automotive sector from 2014 to 2022. Based on objective of the study, the following research questions guided the study:

1. How have local content components been incorporated in Nigeria's automotive sector from 2014 to 2022?

2. How has local technology development affected the automotive sector in Nigeria from 2014 to 2022?

2.0 Literature Review

Conceptual Review

Local Content Policy

A task which has become a major preoccupation of scholars is to put the concept of local content policy in its proper perspective. This is equally a principal concern of this study which reviews the scholarly postulations with a view to extracting a clear understanding of the concept under consideration.

Basically, the question of what constitutes local content is subject to different interpretations and varies with the context, although a common thread running through all the interpretations is "value addition" in the country. For instance, the Nigerian content under the Nigerian Oil and Gas

Industry Content Development Act 2010 is defined as the quantum of composite value added to or created in the Nigerian economy by a systematic development of capacity and capabilities through the deliberate utilization of Nigerian human, material resources and services in the Nigerian oil and gas industry. Deliberately, the Act requires that first consideration shall be given to services provided from within Nigeria, to goods manufactured in Nigeria and in matters of training and employment and that explains why to meet the Nigerian LCR, it is advocated that the indigenous company utilized or the individual employed is a Nigerian or that the raw materials used in the production of goods and services are sourced within Nigeria, regardless of which part of the country (Nwapi, 2015).

United Nations Industrial Development Organization (2016) which appears to align with the perspective on local content policies as offered by Fred and Evans went ahead to advance reasons why local content is of paramount importance to governments by first admitting that governments have been using local content requirements for quite some time, and despite what it regarded as highly controversial debate in the literature about their success or failure, the popularity of local contents has increased since the economic crisis of 2008. Furthermore, it contended that the concept represents policies usually designed by policymakers to pursue targets such as industrial development, job creation, value addition, linkage creation and better value chain incorporation. Its key argument is that the measures help the government to achieve a variety of policy objectives that target employment, industrial and technological development goals.
Principally, local content policies usually target (local) industrial and technological development, value creation or addition, wealth increase, employment creation and the development of backward, forward and sideways linkages along the value chain (Stone et al., 2015). This further means that the priority lies in stimulating the development of domestic industrial development, supply chains, local sourcing and increased participation of local and locally owned companies (for example, through preferential treatment during bidding processes, indigenization policies where the owners, managers and employees are nationals of the respective country), joint ventures between foreign investors and domestic entities as well as state equity participation to scale up local capital participation and foster domestic firms to become internationally competitive. It is obviously in agreement with that fact that Ovadia (2014) and Heum (2008) defined local content as a requirement that the investor purchases a certain amount of local materials for incorporation on the investor's product which indicates the extent of involvement and participation of the human and material resources of the host country. According to them, the fundamental task is to involve and enhance the domestic knowledge base through arrangements that allow for a dynamic industrial and technological development that gradually expands domestic competence and capabilities to competitive level.

Be that as it may, local content policies can be classified in several ways, including according to their objective and according to the benefits granted such as licensing, government procurement, financial incentives and informal requirements (Hestermeyer & Nielsen, 2015).
Essentially, the concept of local content is about providing direct and indirect opportunities for service and procurement to citizens at the same time and fostering the progress of local skills, technology transfer, and utilization of local manpower and local manufacturing in capital projects.

In order to benefit from their natural resources, some African states have introduced local content laws and policies in which foreign companies are legally required or encouraged to actively purchase a certain percentage of goods and services from indigenous companies (Owusu & Vaaland, 2016).

Primarily, the purpose of the local content law in Nigeria is essentially to ensure the application of indigenous people (Nigerians) to execute certain assignments where they have the requisite skill and competence (The Nigerian Oil and Gas Industry Content Development Act, 2010). The leading standpoint on the regulatory role of local content law is that it serves as an instrument by which the gains of Nigeria's endowed resources on economic development could be increased and also for trickling the material goods generated to Nigerian citizens; it is a way of promoting self-sufficiency (Okoro & Ndukwe, 2022). Veloso (2006) as well as Owusu and Vaaland (2016) share the same belief when they intimated that the rationale behind local content policies in states is to nurture local industry to push their economies towards a higher economic level of industrial development, while maintaining that the assumption is that linkages between IOCs and the host country's industry create spillover effects in terms of knowledge transfer among others.

An avid supporter of this position is Abdulkabir et al. (2016) who, in tracing the history of the local content policy action said to have started in 1971 through the establishment of the Nigerian National Oil Corporation, maintained that the purpose of the law is essentially to ensure the use of indigenous people (Nigerians) to execute certain assignments where they have the requisite skill and competence. According to them, the policy is intended to build the capability of native firms and to provide more opportunities for partaking in trade and commerce. In line with the position, it is, thus, expected that in order for most investments to be retained within local businesses, it is necessary to ensure active involvement of local firms. The adoption of Local Content law is therefore seen as a strategy to add to the participation of indigenous firms to create more employment opportunities for the domestic labor force (Abdulkabir, et al. 2016).

Local content requirement laws may achieve definite temporary goals; they weaken industrialized competitiveness and general employment over the long-run. (Okoro & Ndukwe, 2022). The Federal Government of Nigeria (2015) in its evaluation of the partnership between the Nigerian Government and foreign assemblers by the National Office for Technological Acquisition and Promotion (NOTAP) identified key indicators that dot the automobile manufacturing sector of the country. For instance, it recognized that technology transfer between foreign assemblers and local manufacturers was limited, particularly as licensing agreements did not cover design and engineering capabilities that underline the ability to modify and innovate. It equally noted that assembly operations did not address the ability to manufacture major components of vehicles such as engine, chassis and transmission, just as the cost of local components and substitution for imported CKD parts was higher than the original CKD parts. Also, it was able to establish that there was no concrete plan on how to achieve the deletion target of 30 percent for local contents, in the same manner that the assembly plants refused to incorporate the majority of auto parts locally produced as they did not meet the quality standards. As such, it was the finding that the foreign assemblers did not give advice to the auto parts manufacturers on how they would improve the quality of their products.

In response to the situation, Federal Government of Nigeria (2014), Agbo (2011) and Usman and Daniel (2020) observed that smooth development of local content in Nigeria's automotive sector

will depend on an automobile industry with adequate sales of at least 5,000 units per model; an accessibility of needed raw material locally; the handiness of other engineering infrastructure like forge and foundry shops, precision machine shops and heat treatment facilities; centres to test the quality of automobile safety parts, undertake vehicles ratification and assist in research and development; establishment of a local content development program with the industry and providing appropriate incentives, as well as charging of import duty of 35 percent on automobile component that are locally produced at competitive prices and of good quality.

Empirical Review

Abdulkabir, et al. (2016) studied the Role of Local content Policy in Local Value Creation in Nigeria's Oil Industry: A Structural Equation Modeling (SEM) Approach. To address the issue of how adopting local content policy profits the economic expansion of emergent oil-rich countries in order to determine the level to which Local Content Act can achieve this goal in some of the oil rich third world countries was the objective of the paper. To address this gap, the study examined the effect of Local Content Law in influencing local value formation with particular reference to indigenous oil firms' involvement, backward linkages and job creation. To analyze the data obtained from a survey of 209 local oil and gas firms in the Niger Delta, Structural Equation Modeling (SEM) technique was applied. Findings from the study confirm that Local Content Act implementation has had a positive and significant effect on local value formation. However, the paper concluded that as against the anticipated objective, local value created in the Nigerian oil industry as a consequence of Local Content Law (LCL) is lower. By way of recommendation, the study was of the view that in order to ensure the efficacy of local content law towards increasing economic progress, the execution of the Act needs to be monitored strictly.

Ayonmike and Okeke (2015) investigated the Nigerian Local Content Act and its Implication on Technical and Vocational Education and Training (TVET) and The Nation's Economy. Using secondary data, the paper examined the Nigerian local content Act, Technical and Vocational Education Training (TVET) and the implication of Local Content Act on TVET and the Nigerian economy. The paper observed that in Nigeria, Technical and Vocational Education and Training (TVET) has received a lot of value from Nigerian local Content Act. The position of the paper is that for Nigeria to achieve the intended goals and objectives of the Local Content Act, the government, stakeholders, and the board in charge of implementation and monitoring of the Local Content Act must first of all revitalize Technical and Vocational Education and Training (TVET) institutions. There should also be instituted training and retraining of Technical and Vocational Education professionals, that will help produce the skilled work force needed to implement the Nigerian Local Content Act.

3.0 Methodology

Theoretical Framework

This study adopted 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. Economic localization is an attempt to develop a potential alternative trajectory to economic globalization. Its proponents consider economic localization to be one of the most important strategies for developing sustainable means of satisfying human needs (Owen, 2009).

Economic localization is both the process and the result of moral, political and practical support of as many localized aspects of production and consumption as possible and desirable (Frankova & Johanisova, 2012). It entails support for locally-owned businesses which use local resources, employ locals and serve primarily local consumers. It includes preferring local factors of production, their local ownership as well as local capital flows and orientation primarily on satisfaction of local needs. Other integral aspects include emphasis on and for sustainability of production and consumption, the development of local communities, democratic decision-making, strengthening local economies and self- reliance, and building relationships to place (Frankova and Johanisova, 2012).

Economic localization does not, however, mean attempts at absolute outarky or any other type of isolation from the outside world. Going local does not mean walling off the outside world but nurturing locally-owned businesses which use local resources sustainably, employ local workers at decent wages and serve primarily local consumers. It means becoming more self sufficient and less dependent on imports. The main principles of the theory are stopping the destruction of local quality of life to satisfy mobile corporations and developing instead community corporations which aim at enhancing local quality of life (Shuman, 2006).

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).

Theory Application

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. The task of presentation and analysis of data which is to be anchored with the Economic Localization Theory in perspective is heavily to be guided by the formulated research hypotheses.

Research Hypotheses

The study was guided by the following hypotheses:

1. Local content components have not been effectively incorporated in Nigeria's automotive sector from 2014 to 2022.

2. Poor technology development adversely affected the automotive sector in Nigeria from 2014 to 2022.

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 Components and Nigeria's Automotive Sector

Local Sourcing of Component Parts in Nigeria's Automotive Sector

The issue of local sourcing of component parts in Nigeria's automotive sector has remained a crucial factor of automotive manufacturing in the country. It dates back to decades ago. For instance, Ekere and Nnanna (2009) recalled that as part of the setting up of the first passenger vehicle manufacturing plants in Nigeria in 1975, the essential features of the technology agreement between the federal government and PAN/VWON were to assemble/manufacture passenger cars using CKD components supplied by their parent companies but were subject to progressive replacement with such parts, components and elements made under license in Nigeria or purchased from Nigerian suppliers. PAN and VWON, according to them were to procure necessary equipment from their parent companies. In the first three years, the plants were to achieve 30 percent local content by value of the CKD, that is 5 percent through in-plant manufacture and another 5 percent through purchases from local manufacturers, while the plants were to achieve 50 percent local content after five years and 00 percent after 3 years. Also, the initial capacity of each plant was to be a minimum of 40, 000 vehicles annually whereas indigenous managerial and technical staff were to be recruited and trained locally in all essential activities such as design and procurement of equipment, planning, installing and maintaining assembly machinery, tools and jigs. However, a review of the actual implementation and operation of the agreement show that the most important single issue is yet to be attained (Ekere & Nnanna, 2009). At the moment, only a few local components are being manufactured locally and these include air filters, oil filters, brake shoes for heavy vehicles and auto vanishes (Egole & Ikpoto, 2023). 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. The space remained dominated by used imports and cheap substandard new parts (Orjime, 2023).

Production Capacity of Nigeria's Automotive Manufacturers

A general consensus is that local production in Nigeria's automotive sector has not grown as much as many hoped, while vehicles have increasingly become expensive. Although several licences have been issued, the number of companies assembling vehicles in Nigeria is somewhat unclear. Only a few players in the industry have vehicle manufacturing plants (Emmanuel, 2020). However, the former Acting Director-General of the National Automotive Design and Development Council (NADDC) and Managing Director, Transtech Industrial Consulting, Luqman Mamudu notes that Nigeria's automotive industry is not backward if one pushes back and examines the status in 2012/13, the eve of the NAIDP launch. He said, "From a mere installed capacity of less than 80,000 vehicle units per annum and 1% capacity utilization, it rose to about 500,000 installed capacity and 10% capacity utilization by 2017. Although it dropped to 6% by 2022, installed capacity remains high. As of 2017/18, nearly 3000 Nigerians were employed in the industry which witnessed over $2 billion in investment between 2014 and 2017".

5.0 Technology Development and Automotive Sector in Nigeria

Nigeria and Technology Development Programmes

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. This follows the realization that actualizing industrial development in the country, regardless of how lofty and comprehensive such a plan sounds, would remain a mirage if not complemented and driven by development of the technology sub-sector. However, a review of the actual implementation and operation of the agreement shows that the most important single issue has been the inability of the automotive plants in particular, deliberate or otherwise, to achieve a level of local content anywhere near contractual provisions (Ekere & Nnanna, 2009). The consequence is that the country relies on imports of used parts and substandard new ones with an import bill of $3.3 billion annually.

Apart from the lack of technology advancement, many reasons have also been advanced to justify the prevailing dominance of imported automotive parts in the market with its outlandish consequences. For instance, Onajide (2023) has contended that the dominance of used parts potentially undermines any attempt at local manufacturing as they are far cheaper than the original new ones and are perceived as OEM (original equipment manufacturer) standard. What this means is that when such perception works in preference for imported parts, especially coupled with lack of technological development, making necessary investments to achieve the latter becomes relegated. In fact, several factors come to further undermine any policy aimed at developing the technology sub-sector which include the self interest of some of the political and economic elites and cabals.

Technology and Local Content Manufacturers' Capacity in the Automotive Sector

According to Onajide (2023), the local content manufacturers must be in place first before any one can talk of having car assembly plants. Emphasizing on this, the Group Managing Director of R. T. Briscoe Plc, Mr. Seyi Onajide attributed the failure of the thriving auto industry in the 1970s

and 80s in Nigeria to the challenges faced by the local content manufacturers. He said that, "If the local content manufacturers are not on the ground, then we are deceiving ourselves. I believe there was not sufficient protection for the pioneer assembly plants. Nigeria's average tariff was the lowest among all countries that adopted automotive policy as a strategy to develop their industry at the time most emerging economies did. The adoption of free trade policy by Nigeria in the early eighties without the need to protect the critical industrial sectors finally undermined the industry.

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

Vehicle Purchase Scheme and Policy Review

Obviously, Nigeria's automotive sector is in a state of suspended animation (Efeh, 2021). From every indication, achieving the 40 percent benchmark local content in automotive manufacturing remains a mirage (Aliyu, 2023). This is regardless of the fact that prospects for a flourishing Nigeria automotive industry remain high. For instance, it has a large domestic market of a population of 220 million people and the middle class is growing. Also, there are cheering convictions indicating that with a proper vehicle purchase scheme in place, annual demand for vehicles in Nigeria will surpass one million per annum despite the fact that at the moment, average annual imports from official sources is estimated at 400,000 units. In addition, the recorded 14 million vehicle stock on Nigeria roads remains a huge opportunity for the aftermarket. Nigeria has a strong raw material base especially of petrochemicals (Ekere & Nnanna, 2009).

Making a contribution on the strategies for achieving the implementa1tion of local content in the automotive sector of the country, the former Managing Director of NADDC, Luqman Mamudu said there was need to undertake a mid-term policy review as provided for in the NAIDP. He said, "This was to involve the engagement of all stakeholders. Secondly, policy implementation monitoring and evaluation exercises should have been sustained. Thirdly, the NAIDP programmes which included automotive supplier park, safety standards laboratory, and automotive credit purchase scheme to drive demand for made-in-Nigeria automobiles, should not have been abandoned while the automotive safety laboratory for emissions in Lagos, the components and parts laboratory in Enugu, and the materials laboratory in Zaria should be completed and made functional. This is critical for homologation in the industry".

Steel Development and Nigeria's Automotive Sector

It has been discovered that most developed economies of the world are top steel producers and consumers. A number of reasons have been advanced for this. First is that steel has been adjudged the most commonly used metal in the world and key to sustainable technology advancement(Bamidele et al, 2014). As Adetula and Marindoti (2019) put it, the world has been divided by technology into developed and developing/underdeveloped nations, the developed nations being exemplified by the G8 nations which include Canada, France, Germany, Great Britain, Italy, Japan, the United States, and Russia (Smil, 2016). Basically, the Nigerian metal sub-sector of the economy 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. It is responsible for

why only less than six assembly plants are currently operational in the country (Anagor-Ewuzie, 2023). This situation has persisted also regardless of the abundance of the necessary raw materials needed for steel development including iron ore, coal, natural gas and limestone. Including 3 billion tons of iron ore, 3 billion tons of coal, and limestone in excess of 700 million tones and 187 billion SCF of natural gas.

7.0 Summary, Conclusion and Recommendations

The study established that there is the inability to achieve 40 percent local content by value of the CKD through in-plant manufacture and purchase of other components from local manufacturers which affected the actualization of capacity of each manufacturing plant. It also found out that poor local technology development created dominance of imported used components which potentially undermines any attempt at local manufacturing.

Based on the findings of the study, it was concluded that the lack of integrated plans to develop local content components was found to be one of the reasons for the failure of automotive industry. Equally, poor local technology development creates dominance of imported used parts which potentially undermines any attempt at local manufacturing. In view of the findings, the study proffered some recommendations as solutions to the findings and they include the need to establish a strong automotive component industry that will produce vehicle components for locally assembled auto producers. It equally recommended the need for investment in local technology development so as to grow the sector and halt the dominance of imported components with its damaging effects on the economy.

References

Abdulkabir, N. et al (2016). *The role of local content policy in local value creation in Nigeria's oil industry: A Structural Equation Modeling (SEM) approach.* Retrieved from www.elsevier.com/locate/resourpo Retrieved on December 30, 2022 at 2:05am.

Adetula, Y. & Marindoti, D. (2019). Iron and steel industries: A strategic sector for techno-economic development and nerve centre for industrialization in Nigeria. *International Journal of New Economics and Social Sciences, 2*(10), 75-83.

Agbo, C. (2011). A critical evaluation of motor vehicle manufacturing in Nigeria. *Nigerian Journal of Technology, 30*(1), 8-16.

Aliyu, A. (2023). How auto industry can contribute 12% to GDP Under Tinubu – Ex-NADDC Boss. Retrieved from https://dailytrust.com/how-auto-industry-can-contribute-12-to-gdp-under-tinubu-ex-naddc-boss/ Retrieved on August 2, 2023 at 10:12pm.

Anagor-Ewuzie, A. (2023). Nigeria's auto assembly plants struggle despite over N500bn investment. Retrieved from https://businessday.ng/transport/article/nigerias-auto-assembly-plants-struggle-despite-over-n500bn-

investment/?amp=1#aoh=16972698437464&referrer=https%3A%2F%2Fwww.google.com&amp_tf=From%20%251%24s Retrieved on August 3, 2023 at 12:12pm.

Bamidele E. et al. (2014) Revitalization of Nigeria iron of iron and steel industry; a sine qua non for `national techno-economic development and defence. Book of Abstract of the Nigerian Metallurgical Society 30th Annual Conference.

Bookchin, M. (1962). Our synthetic environment. in J. Biehl (ed), *The Murray Bookchin Reader.* Cassell: London.

Efeh, H. (2021). There is little investment in Nigeria's automotive industry due to policy somersault - Managing partner, Transtech. Received from https://www.icirnigeria.org/there-is-little-investment-in-nigerias-automotive-industry-due-to-policy-somersault-managing-partner-transtech/

Ekere, N. & Nnanna,G. (2009). Developing local capacity for automotive manufacture in Nigeria. Retrieved from https://businessday.ng/analysis/article/developing-local-capacity-for-automotive-manufacture-in-nigeria-ii/ Retrieved on August 8, 2023 at 2:09pm.

Emmanuel, P. (2020). The state of Nigeria's automotive industry and its far-reaching effects. Retrieved from https://techpoint.africa/2020/12/22/nigerias-automotive-industry/ Retrieved on August 2, 2023 at 7:05pm.

Federal Government of Nigeria. (2015). *Data collection survey on automotive sector in the Federal Republic of Nigeria, final report.* Abuja: National Automotive Council.

Frankova, E. & Johanisova, N. (2012). Economic localization revisited, *Environmental Policy and Governance*, 22, 307-321.

Gandhi, M. (1995). *Village industries.* Navajivan Mudranalaya: Ahmedabad, India.

Hestermeyer, H. & Nielsen, L. (2015): The legality of local content measures under WTO law. *Legal Studies Research Paper Series No. 4.*

Nwapi, C. (2015). Defining the "local" in local content requirements in the oil and gas and mining sectors in developing countries. *Law and Development Review*, *8*(1), 187-216.

Okeke, C. (2020). Open government and Nigeria's national development: A critical evaluation. *Journal of Poverty, Investment and Development*, 55, 11-20.

Okeke, C. (2022). Internal insecurity and national development in Nigeria: Problematizing herdsmen and farmers' conflicts in Anambra State. *Asian Research Journal of Arts and Social Sciences*, *17*(1), 1-21.

Okoro, V. & Ndukwe, O. (2022). Local content act implementation and its impact on Nigeria's economy: An appraisal. *Journal of Policy and Developmental Studies*, *13*(2), 99-105.

Onajide, S. (2023). Local content suppliers hold key to nation's auto sector — Briscoe boss. Retrieved from https://www.vanguardngr.com/2023/03/local-content-suppliers-hold-key-to-nations-auto-sector-briscoe-boss/ Retrieved on August 2, 2023 at 6:36am.

Orjime, M. (2023). Nigeria spends $3.3billion on auto parts annually. Retrieved from https://leadership.ng/nigeria-spends-3-3billion-on-auto-parts-annually/ Retrieved on July 5, 2023 at 4:27pm.

Owen, D. (2009). *Green metropolis. Why living smaller, living closer, and driving less are the keys to sustainability.* Riverhead Books: New York.

Owusu, R. & Vaaland, T. (2016). A business network perspective on local content in emerging African petroleum nations. *International Journal of Energy Sector Management, 10* (4), 594-616.

National Automotive Design and Development Council (2023). *Programme auto industry research*. Retrieved from https://naddc.gov.ng/programme/auto-industry-research-dev/#1675549533725-b8d11650-dcb5 Retrieved on July 2, 2023 at 8:58pm.

Norberg-Hodge, H., et al. (2002). *Bringing the food economy home: The social, ecological and economic benefits of local food.* International Society for Ecology and Culture*:* Dartington.

Umezuru, U. (2015). *Prospects and challenges of the Nigerian automobile industry*. Kaduna: Nigerian Defence Academy.

Usman, Y. & Daniel, C. (2020). Impact of government policies on the development of automotive industry in Nigeria. *IOSR Journal of Business and Management, 22*(6), 1-6.

Shuman, M. (2006). *The small-mart revolution: How local businesses are beating the global competition.* Berrett-Koehler Publishers: San Francisco.

Smil, V, (2016). Still the Iron Age: Iron and steel in the modern world. Butterworth-Heinemann: Woburn, United Kingdom.

Veloso, F. (2006). Understanding local content decisions: Economic analysis and an application to the automotive industry. *Journal of Regional Science, 46*(4), 747-772.