State and the Development of the Automotive Industry in Nigeria: Bridging the Gaps

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Abstract

Nigeria has initiated several policies and strategies to exploit the automotive industry for rapid industrialization and development. Yet, the growth of the industry has been slow. This study examined the role of the state in the development of the automotive industry in Nigeria. The study was anchored on the Dependency theory. Key informant interviews were used to obtain primary and supported with secondary sources. Data was analyzed using the qualitative descriptive method. Findings of the study implicate the ruling political elites in the lack of development of the industry. They have failed to protect the industry by initiating policies that discourage local production as evident in the 2020 Finance Act and have been inconsistent with policy implementation. Findings also revealed that most Nigerians, particularly the ruling class, have shown preference for foreign built automobiles and a disdain for those that are locally assembled. The penchant for foreign vehicles in Nigeria, which is a symptom of dependency, has denied the local industry of patronage and capacity to increase production and develop. To overcome these problems, the following recommendations are made. (1) The elite must demonstrate the political will to implement policies that favour local automotive development. (2) Implementation of prohibitive import tariffs and levies for used vehicles to discourage importation (3) Encouraging patronage of locally assembled vehicles through government patronage and affordable vehicle purchase scheme for the ordinary Nigerians.

Keywords: The state; Industrial policy; automotive industry; automotive development; dependency.

Introduction

The automotive industry has played a vital role in the economic growth and development in several countries around the world. The annual turnover of the industry is huge and comparable to the size of the sixth-largest economy in the world (ILO, 2020). When compared with other industries, the huge backward linkage associated with the automotive industry places it at a vantage position in terms of contribution to GDP, employment generation and overall contribution to economic growth and development. The industry is linked to other industrial activities which could ignite employment in the areas of welded parts, Electric parts, Plastic and rubber parts, and Radiator, cables, filters, brake pads/linings, windscreens, fibre-glass parts and paint (Olalere and Anyanwu, 2020).

The strategic and catalytic role of the automotive industry in the economic development of many developed countries has been on the backbone of successful state interventions. This is evident in the cases of the United States, Mexico, China, and the Indian automotive industries which developed on the strength of aggressive state interventions (Bennett & Sharpe, 1985; Niu, 2017; Nelson, 1994; Ranawat & Tiwari, 2009; Tachiki, 2012). The state intervenes in the industrialization process through its policies and strategies. It does this with the view to strengthening the production capacity of industries. Because the automotive industries also leverage existing industrial policies to survive, their degree of growth and development is contingent on the quality of state interventions. This study interrogates the role of the state in the development of the Nigerian automotive industry.

Conceptual Clarification

The State: The state in political science literature is vastly and variedly defined. David Easton and Klaus Beyme attempted to eliminate the use of the concept in the political science on the argument that it is nebulous, and Leon Duguit went further to declare that the state is dead (Onuoha 2020). Rather than provide satisfactory exposition of the meaning and nature of the state, according to Onuoha, contending contemporary definitions of the state have helped obfuscate the meaning and nature of the concept.

Notwithstanding, the usage of the concept has continued to gain prominence in political science literature.

The state in classical liberal scholarship is "a political organization of human society, the body politic which consists of organized aggregates of present institutions such as the legislature, the executive and the judiciary" (Hembe 2003, p. 36). The state is seen from this perspective as an institution for the orderly progress of society and an embodiment of justice for all persons. This is why Aristotle made it clear that "while the state comes into existence for the sake of life, it continues to exist for the sake of best life (Appadorai 1968, p. 39).

In contrast, the Neo-liberalist such as Thomas Hobbes, John Locke, Adam Smith and Robert Darl, among several others, see the state as a neutral and benevolent arbitrator in the society. Hobbes had argued in his "state of nature" that the state was established by social contract with a government and authority to act as an arbitrator to safeguard the security and liberty of all persons in society (Appadorai, 1968). From the Marxist perspective, as contained in the Communist Manifesto, Marx and Engels radically posited that "the executive of the modern state is but a committee for managing the common affairs of the whole bourgeoisie" (Miliband as cited in Alavi, 1972, p.60) at the expense of the poor in society.

In this study, I defined the state as a populist organization whose capacity and determination to safeguard public interest is eroded when the relationship of its officials with other contending interests and forces in the society assume dimensions that are personal and mutually beneficial.

Theoretical Framework

The theoretical framework for this study is the dependency theory. Originally "coined by Brazilian sociologist Fernando Henrique Cardoso" (Offiong, 1980, p.15), the concept was developed in the late 1950s under the leadership of Raul Prebisch and expounded in the 1960s and 1970s by Theotonio Dos Santos, Andre Gunder Frank, Paul Baran, Samir Amin, and Immanuel Wallerstein, among others as a reaction to the modernization theory (Kufakurinani, kvangraven, Santana, & styve, 2017; Sadu, 1992). The injection of new ideas by these exponents led to the emergence of three dominant perspectives, namely; the global historical materialism school, led by Paul Baran, Samir Amin and Paul Sweezy; the dependency school (the dependencia)- a Latin American school (of Marxist extraction) associated with Ruy Mauro Marini, Theotonio Dos Santos, Andre Gunder Frank, and others; and the World Systems School which was founded by Immanuel Wallenstein and expounded by Giovanni Arrighi (Kufakurinani, 2017). While the dependency theory examines the external causes of poverty and underdevelopment in the Third World countries, the world-system theory is more concerned with a delineation of the historical processes which led to the emergence of the capitalist economy (Sadu, 1992). With Marini, Santos, and Frank at the heart of the development of the Marxist strand of dependency (Kay, 2019), the theory has gained prominence in the development literature due to its strong explanatory powers, particularly among Latin America, Africa and Caribbean scholars.

Dependency is a "clue concept" of imperialism which "simply states that crucial economic decisions are made not by the countries that are being "developed" but by the foreigners whose interests are carefully safeguarded" (Offiong, 1980, p.15). It refers to "a situation in which the economy of certain countries is conditioned by the development and expansion of another economy to which the former is subjected" (Santos, 1970, p. 231). Patrick Bond likened it to a situation in which "the North gets richer the more it exchanges with the South, which in turn gets poorer because of a value transfer" (cited in Kufakurinani, 2017, p.67). Frank (1966) posited that the contemporary underdeveloped institutions of the so-called backward areas of an underdeveloped countries are no less the product of the single historical process of capitalist development, and that the satellites experienced their greatest economic development when their ties to the metropolis were weakest. "To break away from this exploitative relationship, Nigeria must embrace industrialization without external dependence" (Oyetunde, 2022, p.4).

It has also been argued that "an economy is dependent to the extent that its position and relations to other economies in the international system and articulation of its internal structure make it incapable of auto-centric development" (Ake, 2002, p. 55). Offiong (1980) linked the underdevelopment in Africa to the fact that some of the leading elites in the continent have retired into profitable corruption, others into alliance with the international exploiters in the industrialized societies, while others into a more or less sterile defence of the status quo. these submissions are in consonance with earlier arguments that "the emergence of an elite class in the third world known as compradors who benefit from the exploitation of the third world has compounded the development crises of the satellites" (Rodney, 1972, p. 2005).

Cardoso (as cited in Egeonu, 2017) warned that the unregulated influence of the penetration of finance and technology into the third world nations from the developed capitalist countries can distort sustained growth for industrialization and self sustainable economic growth. The historical situations of dependency have shaped present day underdevelopment in Latin America, Asia and Africa by also conditioning their internal structures and development policies (Johnson, 1972). In contemporary Nigeria, dependency has reproduced itself in several dimensions. The internal dynamics of the phenomenon in Nigeria is captured in the form of decayed institutions which lack the capacity to coordinate and implement developmental policies and strategies of the state; weak, corrupt and unpatriotic bureaucracy that is incapable of safeguarding public interests; a politicized and compromising civil society; unpatriotic ruling class; gullible, docile and amenable citizenry; and absence of determined developmental elites whose preoccupation is political survival. It has oxygenated and legitimized psycho-cultural inferiority complex which, in turn, reproduces it. This is evident in the preference for foreign products as against those that are locally manufactured in the country.

Automotive Development Policies and Strategies in Nigeria

The state of growth and development of the automobile industry in Nigeria is a reflection of the policies and sundry interventions that spanned over the years, beginning from the 1960s when the industry was first powered by private entrepreneurs who established assembly plants in the country Though there was a lack of a clear-cut automobile policy development plan from the 1960s to the 1980s (JICA, 2015), the industry was loosely operating in a regime of the import substitution industrialization strategy and the structural adjustment programme.

During these periods, it was thought that the entry of the government into the industry through partnership with foreign multinational automobile companies such as Volkswagen (France) and Peugeot Automobile (Germany) in 1975; Leyland (British), Steyr (Austria), MB Anamco (Mercedes-Benz) and National Trucks Manufacturers (Fiat) in the 1980s was going to define a new path for the industry in terms of policy direction and development of the industry. However, the industry did not grow as anticipated due to a lack of automotive industry development policy for the country, a drop in the demand for automobiles due to the harsh economic conditions of the period, inadequate supporting policy measures by the government and inconsistency in the protection policy (JICA, 2015). Olalere and Anyanwu (2020) linked the declining state of the industry during the period to include the economic recession that accompanied the structural adjustment programme of the 1980s, the disappearance of the middle class, the preference for imported vehicles, and the lack of consistent policy guidelines for the industry.

In 1990, the federal government embarked on the resuscitation of the standing technical committee on the national automotive industry with the view to revitalizing the industry. By 1993, the technical committee was eventually transmuted into the National Automotive Council (NAC) which, together with the Nigerian Automobile Manufacturers Association (NAMA) and other stakeholders in the industry, drafted the National Automotive Policy (NAP) with the view "to ensure the survival, growth and development of the Nigerian automotive industry using local human and material resources" (JICA 2015, p.7). But production output the industry continued to plummet.

In 2007, the federal government commenced the privatizing the moribund government-owned assembly plants - ANAMMCO, Leyland, PAN, Styr, VON and National Truck Manufacturing. This decision marked the turning point in the history of the industry in Nigeria as witnessed in the emergence of the first wholly indigenous automobile manufacturing company (Innoson Vehicle Manufacturing) into the industry space in 2010 and the launching of its first locally manufactured brand in 2013 (Ugwueze et al, 2020).

In October 2013, a new policy framework for the automobile industry, known as the New Automotive Industry Development Plan (NAIDP), was introduced by the NAC and gazetted by the federal government in January 2014 with the view to revitalizing the industry (JICA, 2015; Ngara and Ejalonibu, 2021). This meant a successful transition from the NAP to the NAIDP. In February 2014, the Nigerian Industrial Revolution Plan (NIRP) was launched to diversify Nigeria's economy and revenues through industry (JICA, 2015). This was followed by the unveiling the National Automotive Design and Development Council (NADDC) in May 2014 as the new institutional framework for the industry. It is imperative to examine in greater details how the combination of these policies, strategies and sundry interventions has impacted the industry in the country.

The State of the Automotive Industry in Nigeria

The state of development of the Nigerian automotive industry is a reflection of how the state has intervened in the industry over the years. Although Nigeria has the potentials in terms of the size of its economy and population (Agarwal, Abudu, Calabrese, & Chukwurah, 2023) to become the centre of Africa's automotive industry, despite the application of various policies and strategies by the state, the industry is largely underdeveloped and the market is heavily dependent on imported automobiles (PricewaterhouseCoopers, 2016).

Beginning from 2007 when the government had commenced the liberalization of the industry through the privatization of the state-owned companies to its complete liberalization in 2012, Nigeria's spending on the importation of vehicles for the transport of goods and persons alone amounted to a total of $17.767 billion (Jalal, 2014). From 2012 upwards, the importation of vehicles into the country, particularly used vehicles has continued to increase. This is illustrated in Figure 1 below.

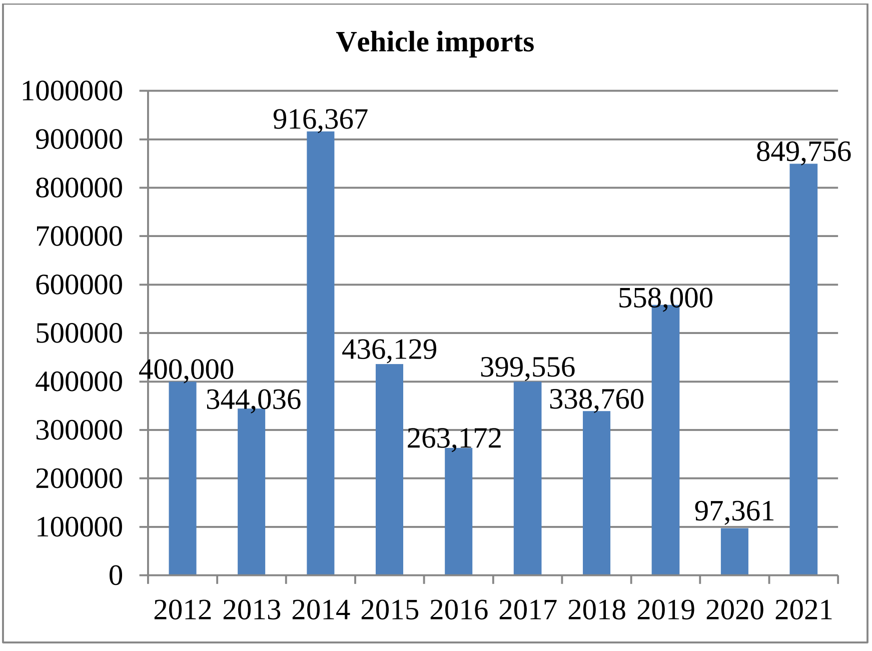

Figure 1: Imported Vehicles in Nigeria: 2012-2021 (units)
Source: Researcher's compilation based on Achiv, 2019; Akomolafe, 2022; Aliyu, 2022; Galal, 2018

Used vehicles, also called tokunbo (Ugwueze, 2020), pre-owned vehicles, previously owned vehicles, or secondhand vehicles are defined by Ghana's Automobile policy as automobiles that have previously been registered and their odometer readings are above 5000 km (MOTI, as cited in Ayetor, Mbonigaba, Sackey, Andoh, 2021). The vehicles come with relatively low prices when compared with new cars. "The low prices of these vehicles create high demand for them in Africa and other developing regions, but there is a trade-off to the low cost: they are often poor quality and would fail roadworthiness tests in exporting countries" (Madden, 2020, para.1). Yet Nigeria continues to serve as a sales outlet for these vehicles, importing up to 400,000 units in 2012; 344,036 in 2013; 916,367 in 2014; 436,129 in 2015; 263,172 in 2016; 399,555 in 2017 (Achiv, 2019); 238,760 units in 2018 (Galal, 2023); 558000 units in 2019; 97,361 in 2020 (Akomolafe, 2022), and as high as 849,756 units of used vehicles in 2021 (Aliyu, 2022) as seen in figure 1 above.

When compared to other African countries, Nigeria remains the highest importer of used automobiles. Of a total of 1,042,812 units of used Light-Duty Vehicles (LDVs) that were imported into Africa by 15 selected countries in 2019, Nigeria ranked highest with a total of 171,248 units, representing 19% of used LDV imports valued at US $2.7 billion. The country's import regulation is believed to be an incentive for exporters of used vehicles because the age for used vehicles imported into the country can be as high as 12 years from the date of manufacture (Onyenucheya, 2022). Nigeria alongside Malawi, Zimbabwe, and Burundi has been identified in a UNEP report (2020) as some of the countries in the developing countries with extremely weak used vehicle import policies.

About 90% of automobiles imported into Benin are meant for re-export into Nigeria (Ezeoha, Okoyeuzu, Onah, Uche, 2019). Because Nigeria has a large automotive market and its policies encourage the importation of used vehicles, Benin and Togo have not only lowered their import tariffs to enable re-export into the country, they have removed import age restrictions for used vehicles (Ayetor et al, 2021).

The Nigerian automotive market is also oxygenated by high patronage of imported new vehicles, particularly expensive Sports Utility Vehicles (SUVs) by the government. In December 2015, the National Assembly ordered cars worth N4.7; in August 2017, the House of Representatives ordered N6.1 billion worth of new Peugeot 508 cars for its members, and in 2018, the National Assembly paid out a total of N6.6 billion for the purchase of exotic cars for its members (Abdulaziz, 2018). In 2021, the Nigerian Army took delivery of 60 new Armoured Personnel Carriers manufactured in China (Igwe, 2021). In 2022, the Federal Government awarded contracts for the supply of 82 Toyota operational vehicles for the Nigerian Police at a total cost of N2.2 billion (Anuku, 2022). According to PricewaterhouseCoopers (2016), 37,000; 46,000; and 90,840 new vehicles were imported into Nigeria in 2010, 2014 and 2015 respectively.

While imported vehicles constitute the pillar of the Nigerian automotive market, 36 automotive companies have been accredited to assemble vehicles in the country (Bureau of Public Procurement, 2023). By 2022, only six were said to be in operation and producing at an extremely low capacity (Alade, 2022). Production output the industry has been low. As at 2015, only 30,200 vehicles were assembled in Nigeria (PricewaterhouseCoopers, 2016). As shown in Figure 2, local vehicle assembling in the country exhibits a declining trend (Agarwal et al, 2023).

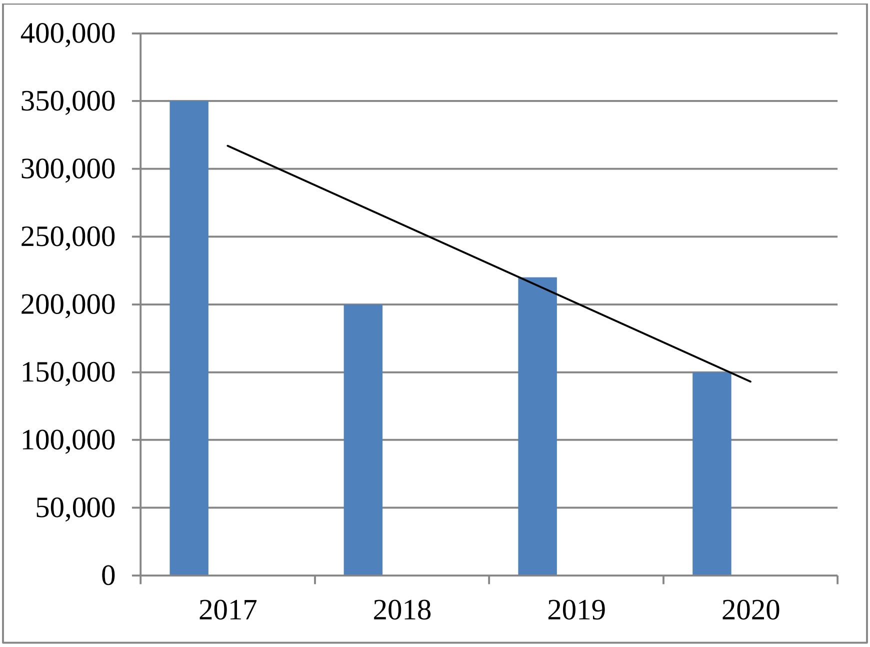

Figure 2: Domestic Vehicle Production in Nigeria: 2017-2020
Source: Researcher's modification of Agarwal et al, 2023.

As the trend line indicates, the local vehicle production in the country has been declining, slopping from 350,000 units in 2017 to 120, 000 in 2020. A vehicle assembler cautioned that figures of locally assembled vehicles are likely to be overstated as a number of assemblers either only assemble a very limited number of 'test vehicles', or overstate the degree of value added in the assembling process in order to gain access to benefits under the NAIDP (Oluwooke, 2015).

The State and Protection of the Automotive Industry in Nigeria

The state protects its industries through the array of policies and strategies it pursues and how they are implemented. In "the politics of industrial policy: ruling elites and their alliances", Whitfield and Buur (2014) drew attention to the political survival of the ruling elites' approach in the making and implementation of industrial policies. They argued that "economic transformation is driven by successfully implemented industrial policy, but industrial policy is inherently political.

According to the JICA (2015), the NAP failed as a result of policy inconsistency and a lack of determination by the federal government to fund the NAC, the implementing body. The JICA noted stated that government inconsistency in the protection policy, especially the devaluation of the Naira, deregulation and reduction in import tariffs crashed profits for the domestic automotive manufacturers and led to declining productivity in the industry. The Senior Manager, Research and Economic Policy, Manufacturers Association of Nigeria (MAN), O. Omojolaibi (personal communication, May 8, 2023) argued that the Federal Government's poor and inconsistent policies have tremendously affected the manufacturing sector and are responsible for the stagnation in capacity utilization of industries and declining growth in the nation's manufacturing sector. She noted that the neglect of other sectors of the economy due to oil discovery affected the automotive industry, leading to declining productivity of the local assembly plants to about 20% in early 90s.

In 1994, the federal government introduced a policy that made it mandatory for government at all levels and their agencies to source all their vehicles locally (Enimola, 2019). Unfortunately, the policy lacked appropriate implementation measures to the extent that it was disregarded by the government officials themselves, leading to massive importation of vehicles into the country (O. Omojolaibi, personal communication, May 8, 2023). Olaofe (as cited in Onwuamaeze, 2021) noted that the implementation of the executive order that made it mandatory for the government to patronize locally assembled vehicles were observed in the breach as government agencies and parastatals failed to patronize locally assembled vehicles.

In 2013, the automotive sector was under the wings of the NAIDP. The policy framework placed 0% duty and levy for capital equipment used for automotive assembly and completely knocked-down kits; 5% duty and 0% levy for semi-knocked-down kits category 1; 10% duty and 0% levy for semi knocked-down kits category 2, and hiked import duty and levy for fully built vehicles to 70% (Deloitte, 2016) to boost local manufacturing capacity and patronage in the country. According to Deloitte, the increase in import tariffs for vehicles attracted the interest of multinational automotive manufacturers and led to the resumption of small-scale SKD assembling activities in the country, but with a limited degree of local content. It has been argued that "since the launch of the NAIDP in 2013, the industry has recorded over 380% growth in install capacity with 71 assemblers currently in operation. According to the Director Research Design and Development, NADDC, F. Achiv (Personal communication, June 21, 2023), the sector currently has a total install capacity of over 600,000 units per annum creating over 4000 direct jobs representing an increase of nearly 2000% from 2013.

Notwithstanding that it is a well-intended policy, its real implementation and sustainability is in doubt, given the insincerity of the Nigerian government Asaju (2015). It is argued that there are inherent implementation issues and that the policy it is too weak to protect the local industry. O. Omojolaibi (personal communication, May 8, 2023) acknowledged that the introduction of the new automotive policy brought renewed hope for the sector but its mode of implementation would not achieve anything meaningful result for the local industry. According to him, "various auto producers in their home countries get protection because their countries understand that they need it to grow" (Alaka 2019, para.4)

Unlike what was obtained in China and South Africa, a senior staff of Transguinea Nigeria Limited, G. Morawo (personal communication, April 15, 2023) noted that the Nigerian automotive industry enjoys limited protection against foreign competition. To him, what the industry needs urgently from the political leadership is a prohibitive tariff system that discourages the importation of FBVs and promotes local manufacturing and marketing of products. Such a policy, in his opinion, has long-term benefits for the economy albeit the short-term costs. But the Marketing Manager, Coscharis Nigeria Motors (C. Aregbesola, personal communication, June 27, 2023) stated the industry enjoys protection in form of tax waivers. F. Achiv (Personal communication, June 21, 2023) stated that licensed automobile manufacturing companies in Nigeria receive protection against foreign competition such as infrastructural support, incentive packages, legal environment, and market, tariff barriers and tax holidays. However, the Assembling Head, Kewakram, H. Ijeh (Personal communication, March 7, 2023) categorically stated that rather than protect the industry, the federal government makes policies that tend to favour foreign manufacturers of automobiles.

The General Manager, of Transit Support Service (TSS) was more assertive when he submitted that "what we have in Nigeria is short of a policy. The policy is not geared to development; it is geared to promote private interest" (D. Chukwudulue, personal communication, April 19, 2023). This lack of sincerity in policy, according to him, is evident in the lack of tariff discrimination between the local automotive assemblers and importers of FBVs especially since the tariff margin is not wide enough to accommodate the cost that local assemblers incur as compared to importers of FBVs. H. Ijeh (Personal communication, March 7, 2023) confirmed that those in production and those merely importing are made to pay almost the same duty charges. The General Manager, Innoson Vehicle Manufacturing Company, O. Nnamdi (personal communication, April 15, 2023) equally stated that the policy does not discriminate between importing of vehicles and actual manufacturing. This justifies the conclusions of the General Manager, National Trucks Manufacturers Limited, F. Samaila (personal communication, March 27, 2023) that local automotive manufacturing would continue to suffer because the local assemblers are not under any form of protection against foreign multinational automotive manufacturers.

The Senior Strategy Officer, PAN, F. Orji (personal communication, March 9, 2023) agrees that the state has failed to protect the local industry by introducing tariffs that are not favourable to the local assemblers. Orji posited that the policies are meant to satisfy certain classes of people thereby affecting the industry negatively. He asserted that with the introduction of a policy that gave the same tariffs for the importation of FBVs and for assembling of vehicles, it is completely unreasonable for the MD of an automotive company to continue to incur costs ranging from salaries, electricity and sundry expenditures that run into millions of Naira when the MD can conveniently import and save such costs.

While there were expectations that the NADDC would see to a favourable adjustment in the tariff system under the NAIDP, the federal government further lowered import tariffs for vehicles in the 2020 Financial Act. The Finance Act 2020 (Federal Republic of Nigeria Official Gazette (2021) lowered duty on Tractors from 35% to 5%; duty on motor vehicles for the transport of more than ten persons from 35% to 10%; levy on motor vehicles for the transport of persons (cars) from 30% to 5%; and duty for motor vehicles for the transport of goods from 35% to I0%. The government argued that the policy was designed to cushion the impact of Covid-19 and fuel subsidy removal on the transportation sector and by implication the transportation cost to individuals and businesses, and to discourage smuggling and improve government revenue (PricewaterhouseCoopers 2021). According to PricewaterhouseCoopers, the new fiscal measures would as well serve as disincentives to local assembly manufacturing because import tariff alone may not be sufficient to protect the local assembly companies. These fears were sooner to be confirmed as "all assemblers simply resorted to outright importation of FBUs" (Aliyu 2022, para. 6, 7) as they were forced under the new policy.

It was strongly argued that the 2020 Financial Act reversed all the gains of the last seven years in developing a virile auto manufacturing sector in favor of importation of fully built vehicles from abroad, creating jobs and prosperities for other OEM's countries while depleting Nigeria's foreign reserves with imports that add no economic value to the nation (F. Achiv, personal communication, June 21, 2023).

In protecting local industries, state patronage is essential. It has been found that one of the reasons why the Nigerian automotive industry has failed to develop is a lack of patronage of locally produced automobiles by the government and the private sector (JICA, 2015; Nigerian Investment Promotion Commission, 2014). The federal government of Nigeria's Executive Order 003 of 2017 (Nigerian Investment Promotion Commission, n.d) mandated all MDAs of the federal government to grant preference to local manufacturers of goods and services providers in their procurement of goods and services. Regardless of government directives in favour of locally manufactured goods, the lack of government patronage of locally manufactured vehicles has persisted in the country (D. Chukwudulue, personal communication, April 19, 2023). According to him, a lack of government patronage of locally produced automobiles exists because government officials benefit from the importation of automobiles through the activities of lobbyists. H. Ijeh (personal communication, March 7, 2023) contend that the government seem not to know what it wants because it advocates for patronage of locally assembled vehicles but refuses to lead the way. O. Omojolaibi (personal communication, May 8, 2023) linked the lack of government patronage of locally produced automobiles to the quest for consumption of foreign products.

According to General Manager, National Trucks Manufacturers Limited, F. Samaila (personal communication, March 27, 2023), the political leadership has yet to demonstrate a genuine commitment to developing the Nigerian automotive industry. To him, it is an irony that government goes outside the country to buy its vehicles but at the same time expects other Nigerians to buy the locally produced ones, stating instances where the same brands of vehicles produced at NTM were being ordered by the Kano state government from other countries. He also noted that the Military which was initially patronizing National Trucks suddenly stopped patronizing the company with a change in political leadership, going directly to China to buy the same vehicles produced at National Trucks from the same Chinese company that supplied CKDs to them. In his opinion, "Styr is not working today because of lack of patronage, of which the politicians are the major culprits" (F. Samaila, personal communication, March 27, 2023).

Conclusion

Offiong (1980) had identified the factors accounting for underdevelopment in Africa to include the fact that some of the leading elites in the continent have retired into profitable corruption, others into alliance with the international exploiters in the industrialized societies, while others into a more or less sterile defence of the status quo. Findings of this study show that the ruling elites in are complicit in undermining the development of the local industry. They have done so by initiating policies that favour vehicle import and discourage local automotive production as evident in the 2020 Finance Act.

One of the core assumptions of the dependency theory is that the unregulated influence of the penetration of finance and technology into the third world nations from the developed capitalist countries can distort sustained growth for industrialization and self sustainable economic growth (Cardoso, as cited in Egeonu, 2017). Indeed, the dominance of multinational automotive manufacturers (the OEMs) in the country as licensed assemblers has not translated into any form of technology transfer in the local industry and the importation of FBVs, particularly the used type, have come to define the current state of the Nigerian automotive market.

Johnson (1972) argued that historical situations of dependency have shaped present day underdevelopment in Latin America, Asia and Africa by conditioning not only the international relations between the core and the periphery but also their internal structures and development policies. This clearly manifested in the lack of commitment to implement policies and the policy inconsistency that characterize the automotive industry in the country.

It was also found that most Nigerians, particularly the ruling class, have shown preference for foreign built automobiles and a disdain for the locally assembled ones. The penchant for foreign vehicles in Nigeria, which is a symptom of dependency, has denied the local industry of patronage which adversely impacts production output and capacity to develop.

To surmountable these challenges, the following recommendations are made.

Firstly, the elite must demonstrate the political will to make and implement policies that favour local automotive development. Developing local industries involves the application of protective policies. Granting Tax waivers and holiday to the local assemblers, and compelling the licensed multinational automotive manufacturing companies in the country to locally assemble vehicles would go a long way in developing the local industry.

Secondly, the state should introduce and implement prohibitive import tariffs and levies for used vehicles to discourage importation. The existing tariff regime in the country incentivizes, rather than discourage importation of used vehicles in the country. Nigeria can learn some lessons from South Africa which completely banned importation of used vehicles into the country.

Thirdly, the government should encourage patronage of locally assembled vehicles. This can be achieved by enacting laws that make it mandatory for government at all levels to patronize locally produced vehicles and by putting in place affordable vehicle purchase scheme for the ordinary Nigerians who may otherwise be financially constrained.

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