Combating Incessant Fuel Scarcity in Nigeria with Artisanal Refineries

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ABSTRACT
Fuel, Nigeria’s most consumed commodity is occasionally scarce to the point of a litre selling for as much as N300.00 clearly above the government’s approved pump price. Due to sustained mismanagement of the Nigerian economy by successive governments, the country started experiencing serious economic crises and Nigerians are not comfortable with hardship which petrol scarcity induced. Some of the businesses owners worst hit by the crisis are barbers, hairdressers, tailors, fashion designers, business centre operators, artisans and taxi drivers among others. There were massive queues of vehicles witnessed at almost all the petrol stations in the country. These queues spilled over to major roads causing massive gridlocks in the country with Nigerians spending hours in the traffic jam. Transport fare was increased by 100 percent by transporters. Fuel scarcity also led to water scarcity because there was no availability of electricity to power pumping machines. This paper critically x-rayed the reasons for incessant fuel scarcity and its effects on the Nigerian economy. This is a theoretical paper in which we stimulated general intellectual curiously on the persist problem of fuel scarcity in Nigeria. Utilizing library research, we looked at the incessant fuel scarcity in Nigeria through the lens of “the greatest happiness of the greater member”. Findings in the study revealed that non availability of foreign exchange for marketers to import fuel; old, dilapidated and nonfunctional national refineries in Nigeria and Hoarding of fuel among others are reasons for the fuel scarcity in Nigeria. Based on the followings, it was recommended that Central Bank of Nigeria should make available foreign exchange “FOREX” to all marketers to enable them import fuel among others.

Keywords: Artisanal Refinery, Subsidy, Foreign Exchange, Fuel Marketers, Hoarding, Deregulation, Pump price.

INTRODUCTION
Scarcity is almost a socio-economic phenomenon in Nigeria as almost everything from resources to capacity appears to be short in supply. This is very unpleasant for Nigeria; a country that produces enough crude oil that could service her needs and those of her neighboring countries is in need of fuel. Fuel scarcity is somewhat worrisome and according to Nwachukwu, 2016: 8, fuel scarcity touches the labyrinth of the whole economy of Nigeria. The qualms of fuel scarcity has been on for more than two decades and there has not been any drastic action to tackle it headon. It is obviously sad that Nigeria, a member of the Organization of Petroleum Exporting Countries (OPEC) exports crude oil and imports fuel and other petrol chemicals.

Fuel scarcity throws the country into a major energy crisis, which affects all spheres of the economy thus crippled economic activities. Nigerians are not comfortable with hardships Petrol scarcity had induced. Many motorists kept vigil at filling stations to get fuel and those who could not afford the long wait simply get reprieve from the black market at very high cost. It was selling for about N300.00 per litre in the black market. Some filling stations were under lock and key during the day and sold fuel at Night (Udema, 2016: 28).

It is pertinent note that fuel scarcity has affected workers productivity adversely nation-wide. It put the Nigeria workers on unnecessary and undue pressure because salary is fixed. It deplete the available
income at the disposal of the workers. The Nigerian workers are at the receiving end. Workers came to work late and the management will not be able to issue query.

It is sad to note that this year’s world happiness report, released on March 20th, 2016, ranks Nigeria 103rd in the world and 6th in Africa. The first world happiness assessment was published in 2012 (The Nation, 2016:15) it is also unfortunate that the world Happiness Report 2016 which ranked 157 countries by their happiness levels suggested rising unhappiness in Nigeria as the country dropped from its 78th position in the world and 2nd in Africa in the 2015 happiness ranking (Ibid).

This report lacks scientific objectivity but having reasoned from above, it would appear that Nigerians generally agree that there is no objective reason Nigeria should be ranked high on the happiness index against the backdrop of unstable power supply, incessant fuel scarcity among others.

This paper critically x-rayed the reasons for incessant fuel scarcity and its effects on the Nigerian economy. This is a theoretical paper in which we stimulated general intellectual curiosity on the persistent problem of fuel scarcity in Nigeria, hoping that new and innovative strategic would emerge to arrest the problem of incessant fuel crisis in Nigeria. Utilizing library research, we critically examined the incessant fuel scarcity in Nigeria through the lens of the greatest happiness of the greatest number theory. Findings in the study revealed that non availability of foreign exchange for marketers to import fuel; old dilapidated and non functional national refineries in Nigeria, Hoarding of fuel among others are reasons for the fuel scarcity in Nigeria. Based on the followings, it was recommended that central bank should make available foreign exchange to oil marketers to enable them import fuel among others.

Theoretical Framework
The theoretical framework applied for this paper is the theory of “the greatest happiness of the greatest number”. The best known exponents of this theory were Jeremy Bentham (1743-1832) and John Stuart Mill (1806-1873). They belonged to the utilitarian school. The central of this theory is that all men deserve happiness which may be defined as the surplus of pleasure over pains. In dealing with a group, the number of person affected is another factor summing up pleasures and pains in any particular case and balancing the pleasures against the pains, considering the number of persons affected and seeing whether the law contemplated produces the greatest happiness of the greatest number. In any case, the formula of the greatest happiness of the greatest number remains useful and helpful in politics and it is a parameter to measure state’s action. This theory explains why the 2016 petrol scarcity in Nigeria has not brought greatest happiness of the greatest number. Instead the scarcity of fuel has caused undue hardship among the citizenry and brought the nation economy to a grinding halt. Some motorists who could not afford the astronomical prices of fuel simply abandoned their vehicle to their destinations. Also, the scarcity of fuel has encouraged many civil servants to skip work and could not take their children to school and the management will not be able to issue query.

Why Fuel Scarcity Persists In Nigeria
One of the fundamental reasons for fuel scarcity in Nigeria was the suspension of fuel subsidy payments. The federal government of Nigeria suspended subsidy payments in January, 2016, a development that made fuel importation unattractive to marketers. Nigerian National Petroleum Corporation (NNPC) could not meet the consumption demand of fuel in Nigeria. The marketers stopped importation since the stoppage of subsidy also ended their access to foreign exchange (forex) differentials (Ofikhenua, 2016:3)

Another reason for fuel scarcity in Nigeria was the leadership crisis which threatened the survival of Petroleum Products Pricing Regulatory Agency (PPPRA). In February, 2016, the federal government sacked the heads of parasitals and directed the most senior officers to take charge. All complied, except (PPPRA) which had two acting executive secretaries. The Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN) was against the staff of operating marketing companies who were drafted as executive secretaries of PPPRA, a regulatory agency, when there are competent hands. A meeting between PENGASSAN and Minister of State for Petroleum Resources to resolve the problem failed. PENGASSAN also approached the National Assembly, and the house of representatives committee on Petroleum (Down stream) invited the Secretary to Government of the Federation, the
Acting Executive secretaries, PPPRA to appear before it. The bone of contention is naming a manager on Grade level 14 over about eight level 16 officers without first redeploying or retiring them. Another issue was that the new existing Executive Secretary is a green horn in PPPRA’S operations and that the Acting Executive secretary runs a referral system of Administration where she relies, consults and takes instructions from big wigs operating outside PPPRA.

Also, that her appointment as Acting Executive secretary has rubbed PPPRA and made it a stooge and rubber stamp of marketing companies. The Senate President also intervened in the crisis and referred PENGASSAN to the Senate Committee on Downstream.

It was alleged by PENGASSAN that the fuel crisis, lopsided allocation and unlevel operating environment are the antithesis of what PPPRA was set up to do. This crisis in PPPRA affected the fuel scarcity in Nigeria (Ugwuanyi, 2016:35)

The state of the national refineries contributed to incessant fuel scarcity in Nigeria. The four refineries in Port-Harcourt, Warri, and Kaduna which saw same buzz in operation after the turn Around Maintenance that ended in November, 2015 have gone quiet again. Since January, 2016 when pipeline vandals blew some of the pipelines, the refineries have been shutdown and this compounded the fuel scarcity (Suleiman, 2016:28-31). Besides, the refineries are old, dilapidated and not functional. The Federal Government of Nigeria refused to throw open refinery business for people who have the capacity to refine and set up refineries. Small refineries are not allowed to operate in Nigeria. The government restricted refinery business. Government refused to sell crude oil directly to Nigerians to refine. Nigerian National Petroleum Corporation has no reservoir for fuel. Refineries are not functional and the little fuel that the old refineries managed to refine locally are not reserved to boost supply and availability of fuel when there is scarcity of fuel. Fuel scarcity is caused by the gap on delay in supply. When the imported fuel finished, there is nothing to fall back on because there was no locally refined fuel.

In addition, there was the incidence of hoarding fuel in most parts of the country which was exacerbating the fuel crisis. Despite the increment of truck loads to Lagos to about 300 trucks daily at the peak of the fuel scarcity up from 200 trucks as it were and Abuja 268 trucks daily from 180 trucks, yet Nigerians could not get fuel to buy. Some unscrupulous marketers continued to sabotage Nigerian National Petroleum Corporation by hoarding fuel. (Nwachukwu, Obasi & Ejoh, 206: 5). The scarcity bite harder amid increase in fuel supply. Some faceless forces were bent on sustaining the scarcity. In a statement, Children and Women’s Right Network, a coalition of civil society group drew the attention of President Muhammadu Buhari and the Minister for state of Petroleum to the activities of some faceless forces whom it said were bent on sustaining the prevailing scarcity (Ibid).

Sources said allocation to some of the independent marketers were diverted and hoarded (Ajiboye, Akinrinade & Ofikhenua, 2016: 5) saboteurs, who caught in on the scarcity undermined the system and made fortune from black marketing of fuel were at their best to ensure frustration of the fuel distribution chain.

Furthermore, the Nigerian National Petroleum Corporation and its down stream subsidiary Pipelines and Products Marketing Company, (PPMC) are being blamed for the fuel scarcity in Nigeria because of a loading directive not exceeding 50 trucks daily given to the depots. This compounded the fuel shortage situation, development that some depot operators cashed in to sell at N105/Litre ex refineries are old, dilapidated and not functional. The Federal Government of Nigeria refused to throw open refinery business for people who have the capacity to refine and set up refineries. Small refineries are not allowed to operate in Nigeria. The government restricted refinery business. Government refused to sell crude oil directly to Nigerians to refine. Nigerian National Petroleum Corporation has no reservoir for fuel. Refineries are not functional and the little fuel that the old refineries managed to refine locally are not reserved to boost supply and availability of fuel when there is scarcity of fuel. Fuel scarcity is caused by the gap on delay in supply. When the imported fuel finished, there is nothing to fall back on because there was no locally refined fuel.

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The suspension of products allocation to some oil marketers by Nigerian National Petroleum Corporation aggravated the fuel scarcity. Members of Association of Credit Marketers of Petroleum Products in Nigeria (ACMPPN) said that they were not allocated product since March, 2016 and they were not indebted to Nigerian National Petroleum corporation. The suspension of Petrol allocation to the members of the Association of Credit Marketers by Nigerian National Petroleum Corporation increased the acute fuel scarcity in Nigeria. The credit marketers have the best distribution chain of petroleum products in all nooks and crannies of Nigeria (Vanguard, April 10, 2016:25).

Fundamentally, non availability of foreign exchange to oil marketers to enable them to import fuel was another reason for fuel scarcity in Nigeria.
Nigerian National Petroleum Corporation (NNPC) had its own 445,000 barrels of crude oil allocation. It met up with its own 60% of delivery. The individuals who should have provided the balance of 40% component were not meeting up. They were not bringing any product. This made Nigerian National Petroleum to provide 100% of fuel in Nigeria. Nigerian National Petroleum Corporation could not sustain the 100% provision of the product because NNPC did not have the capacity, funding and access to the products because there was no foreign exchange (Ibid).

Moreover, when General Muhammadu Buhari regime came in on the 29th day of May, 2015, subsidy of close to N600,000,000,000.00 (Six Hundred Billion Naira) had not been paid over one year period. So the major marketers who were importers reduced their level of importation allotted to them. In November 2015, a good portion of the N600,000,000,000.00 (Six Hundred Billion Naira) subsidy was paid but it was too late. It was late in the sense that when the major marketers got the money they had no access to foreign exchange and therefore could not import fuel. This fuelled the fuel scarcity (Ibid).

Again, Nigerian National Petroleum Corporation does not have the capacity and the facilities to distribute the product adequately to end users. Therefore, after importing fuel, NNPC still makes use of independent oil marketers to distribute the product across the country. Against this backdrop, the independent oil marketers often capitalize on this situation to sell the product above the official pump price. (Udeme, 2016:41).

It is interesting to note that the fuel scarcity flourished as a result of non reeregulation of down stream oil industry. The federal government refused to regulate the down stream sector. The down stream sector is not properly monitored with a view to stopping marketers from engaging in profiteering. Private companies are not allowed to build refineries and this discourages local and foreign investors to came to the dawn stream sector. It is instructive to note that the destruction of over 2000 artisanal refineries by government affected the availability of fuel in Nigeria. The Niger Delta boys have shown us that there is no big deal in building refineries, they have built so many refineries and they are refining oil. The other day the government destroyed over 2000 of such refineries (Essiet, 2016: 27).

**Challenges of Fuel Scarcity in Nigeria**

Fuel scarcity in Nigeria is more or less like a cancer of the brain which affects every other parts of the body. In the same vein, fuel scarcity affects all the spheres of the Nigerian economy. The Nigerian economy was plunged deeper into massive queues of vehicles witnessed at almost all the petrol stations in the country. The queues spilled over to major roads causing massive gridlocks across major roads in the country with Nigerians spending hours in the traffic jam.

Transport fare was increased by 100% by transporters. In addition, Area boys and hoodlums were selling fuel with jerry cans in front of filling stations and seen collecting money from people before allowing them access to filling stations. (Udeme, 2016:41, Supra). Petrol stations would rather sell to the area boys, hoodlums and fuel hawkers and left Nigerians at their mercies. Security agents and members of the Nigerian armed forces who ought to protect the citizens against exploitation did not also help matters as they allegedly connived with the petrol stations owners to exploit consumers.

Most petrol stations were selling fuel at Night to the detriment of Nigerians who used to buy fuel at day time. Fuel scarcity also led to water scarcity because there was no availability of electricity to power pumping machines, the alternative to electricity which is fuel was not available to power pumping machine with a view to pumping water for domestic use. There is no availability of electricity supply in homes and businesses. It makes Nigerians to generate their own power with fuel. With scarcity of fuel, Nigerians generate their own power at almost triple amount in view of fuel shortages. Also, foreign exchange crises and scarcity of fuel gave rise to cost of foods and transport fare. They combine to stress up Nigerians and stoke up Nigeria’s inflation rate. Besides, man hours were lost on queue. Nigerians could not exercise their franchise. For example, there was abundant political apathy in the Rivers state RERUN election, as Rivers citizens could not exercise their franchise because of fuel scarcity.

Fuel scarcity affects workers’ productivity adversely nation-wide. It put the Nigeria workers an unnecessary and undue pressure because salary is fixed. It depletes the available income at the disposal of
the workers. The Nigerian workers are at the receiving end. Workers came to work late and the management will not be able to issue query and commuters were stranded as fuel price hit N250.00 (Ojo, 2016:7).

Fuel scarcity affected economic and industrial activities in the country as many shops were locked up over the inability of their owners to get petrol to operate as the supply of electricity has been epileptic.

CONCLUSION
We have come to the conclusion that incessant fuel, Premium Motor Spirit (PMS) or petrol scarcity in Nigeria is premised on the suspension of fuel subsidy payment, the leadership crisis in Petroleum Products Pricing Regulatory Agency (PPPRA), old, dilapidated and non functional National refineries, non availability of reservoirs for fuel by NNPC; hoarding of fuel; non availability of foreign exchange, non deregulation of the down stream sector, and destruction of artisanal refineries among others.

RECOMMENDATIONS
Incessant fuel scarcity in Nigeria should not be handled with kid’s gloves. It requires a surgical operation and the causative factors should be addressed more holistically.

1. Department of Petroleum Resources (DPR), Petroleum Products Pricing, Regulatory Agency (PPPRA) and Pipeline and Products Marketing Company (PPMC) should ensure and enforce compliance to the laid down laws and regulations governing the supply and distribution of fuel in Nigeria.

2. Fuel subsidy payment in Nigeria should be abolished. The stoppage of fuel subsidy will fetch the nation One Trillion Naira, in a year (Omofolarin, 2016:23).

3. Central Bank of Nigeria should make available foreign exchange “FOREIGN” to oil marketers to enable them import fuel.

4. The aged Nigerian refineries, with appropriate fund and refooling should be revived to full capacity by the government.

5. Government should allow both foreign and local investors to build modular refineries to support the main National refineries.

6. The artisanal refineries built by the Niger-Delta boys should be allowed to operate by the government to support the nation’s refineries and create jobs opportunities in the region (Okwelum, 2014:7-17).

7. The government should provide guidelines for the artisanal refineries rather than bombing and destroying them. The best idea is for such refineries to be licensed to pay appropriate taxes (Biakpara, 2012).

8. Government should sell crude oil directly to artisanal refineries. If the government does this, fuel scarcity will be reduced because the artisanal refineries will support the mega refineries.

9. Locally refined products should be left unsold in the reservoirs to boost supply and availability of fuel when there is a supply gap.

10. Fuel tankers should be compelled to install scanners and trackers in their vehicle so that every fuel loaded from the depots could be monitored.

11. The government should set up standing intra-ministerial joint monitoring task force in all the local government Areas in Nigeria with a view to monitoring the effective and efficient fuel distribution in Nigeria. The task force should also apprehend saboteurs and hand over them to police for prosecution.

12. The long-term solution to the perennial fuel shorting is deregulation of the down stream sector with proper monitoring with a view to stopping marketers from engaging in profiteering.
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