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Understanding Nigeria's Security through Import Control under the military, 1972-1999

Ayodele Samuel ABOLORUNDE¹

Abstract

The military as an institution has played important roles in the history of Nigeria since 1966 when it intervened in the country's politics. Scholars of various disciplines such as political science, history, philosophy, sociology and economics through their works, have examined the role of the military in governance, as well as, the management of the country's economy. Foreign policy formulation, the Civil War, creation of more states which served as transition from regionalism are typical examples of the inputs of the military to the country's nation building project. Similarly, scholars have interrogated the roles of the military in the country's history through population census, management of foreign reserves, and introduction of new currencies as well as the country's infrastructural expansion. However, comprehensive intellectual attention has not been paid to the role the military, as an institution, has played in Nigeria's import control. It is against this backdrop that this paper interrogates the nature of Nigeria's import control under the military. The paper argues in its conclusion that import control under the military reveals the extent to which the military managed the country's economy.

Key Words: Nigeria, Military Imports, Control, Economy

Introduction

Import control is a conglomeration of methods used in checkmating the kind, quality and quantity of goods entering a country.² It is a policy that sustains revenue generation, safety, security and consumers' protection as enshrined in the trade policy of a nation³. It could be defined as tariff and non-tariff barriers

¹ ay4real180@yahoo.com Ayodele Abolorunde is a lecturer at the University of Ibadan.

² Cambridge Business Dictionaries London: Cambridge University Press

³ Grainger, A. 2009. 'Customs and Trade Facilitation: From Concept to Implementation' *World Customs Journal* Vol. 2, Number, 1, p. 18

imposed on goods entering one country from another.⁴ These tariff barriers can be categorised as import duties or taxes, while non-tariff barriers can be described as import quotas that determine the total quantity of imported goods, currency controls that limit the amount of foreign exchange available for payment of imported goods and embargo that blocks the entry of illegal or harmful items.⁵ From the foregoing, one can perceive import control as a policy that speaks to the economic autonomy of nations. It could be defined as a veritable instrument for controlling trade between states, or an economic policy that regulates the influx of foreign goods and services into a country. While import control is not synonymous with trade restriction, it is one of the important instruments of trade restrictions among states. It can be defined as a tool of waging economic war in peace time and during war. It constitutes important barriers to the free flow of goods or commodities, as well as services, from one country to another.

Security, on the other hand, is the most important goal a state can have in the same way that winning a championship is presumably the goal of all teams' efforts.⁶ Security as a policy is anchored upon many values which include physical safety, economic welfare, autonomy, psychological well-being and so on.⁷ Security encompasses all political, economic and social issues enabling a life free from risk and fear.⁸ It is therefore important to state that import control as an economic tool during peace time and war is a strategic security move. The security in the context of this work therefore, is import control.

The discovery of the New World and subsequent commencement of the Trans-Atlantic slave trade by the Europeans in the sixteenth century substantially diverted trade from the Trans-Saharan trade route. This development assisted in the enthronement of mercantilism as an instrument of trade restriction between states globally. It served as post-medieval economic philosophy, designed to

⁴*Business Dictionary*. 2016. London: Web Finance Incorporation

⁵*Business Dictionary*...

⁶David Baldwin, 'The Concept of Security' *Review of International Studies* Vol. 23, 1997, p.10

⁷David Baldwin, 'The Concept of Security...p.13

⁸Karim Hussein, Donata Gnisci and Julian Wanjiru, *Security and Human Security: An Overview of Concepts and Initiatives What Implications for West Africa?* Issue Paper, 2004, p.8

sustain the prosperity and strategic survival of states globally.⁹ This prosperity was sustained through direct state involvement in the trading ventures of their citizens who were dominant merchants and producers in the early seventeenth century.¹⁰ By the late seventeenth century, the seed of free trade against mercantilism which appeared as monopolistic rules of international trade had been planted through Lockean philosophy of personal liberty.¹¹

By the late eighteenth century, after the evolution of industrial revolution in Britain, further pressure was mounted by the Manchester School, under the leadership of Adam Smith, as the school argued that the removal of restrictions such as tariffs among nations was capable of enthroning free markets globally.¹² The school denounced the monopolistic tendencies of mercantilism and encouraged, though with high degree of moderation, that certain 'natural laws' of production and exchange be allowed to work freely in the economic markets.¹³ As mercantilism was well entrenched in the whole of continental Europe in the early nineteenth century, European governments succeeded in ensuring a favourable balance of trade through restrictions on imports, while export of goods abroad was maximized.¹⁴

By 1900, colonial rule was institutionalized in Nigeria after the Charter of the Royal Niger Company was revoked in 1899. With the advent of colonial rule, European import of goods and services was shouldered by the various trading

⁹McCusker, J.J. 1995. 'British Mercantilist Policies and the American Colonies' *The Cambridge Economic History of the United States* Stanley Engerman and Robert Gallman Eds. London: Cambridge University Press, p.337

¹⁰James, B. and Barbara, J. 1985. 'Export Subsidies and international Market Share Rivalry' *Journal of International Economy* Vol. 16, p.55.

¹¹Mokyr, J.2003 *Mercantilism, the Enlightenment and Industrial Revolution* Being a Paper presented in Honour of Eli Heckscher in the Department of Economics and History North Western University, p.14

¹²Woloch, I and Brown, G.S. 1982. *Eighteenth Century Europe Tradition and Progress, 1715-1789* New York: W.W. Norton and Company Incorporation p.207

¹³Palmer, R.R., Colton, J, and Kramer, L. 2007. *A History of the Modern World Since 1815 Tenth Edition* New York: McGraw Hill Companies Incorporation, p.442

¹⁴Woloch, I and Brown, G.S. 1982. *Eighteenth Century Europe Tradition and Progress, 1715-1789....* p.207

firms under the supervision of the British colonial administration.¹⁵The outbreak of First and Second World Wars necessitated the need for the implementation of import control policies in Nigeria.¹⁶ The end of the Second World War in 1945 did not also put an end to the enactment of import control ordinances up to the Country's independence in 1960.¹⁷ At the attainment of independence in 1960, the Tafawa Balewa government intensified efforts at establishing industries such as the Nigerian Security *Printing and Mining Plant, Jebba Paper Mill and Bacita Sugar Company under the policy instrument of First Development of 1962¹⁸with the aim curbing importation of products and materials produced by these industries.¹⁹ With the termination of the First Republic and subsequent

¹⁵See, Adu Boahen, *African Perspectives on Colonialism* Maryland: John Hopkins University Press, 1987. See also, N. Njoku, 'Trade with the Metropolis: An Unequal Exchange'. *Britain and Nigeria: Exploitation or Development?* Toyin Falola Ed. London: Zed Books Limited 1987.

¹⁶The outbreak of the First War led to the enactment of import control policies such as the Explosive Ordinance and Petroleum Ordinance of 1915 and 1918 respectively. See, NAI, Explosive Ordinance of 1915. The Nigerian Gazette of 1915. See also, NAI, Petroleum Ordinance of 1918. The Nigerian Gazette of 1918. It must be noted that the outbreak of the Second World War in 1939 also accelerated the formulation and implementation import control policies such as the Defence Control on imports, Programmed Licence Ordinance of February 1943 and Open General Licence of June 1943. See, NAI DCI 1/1/4032/ S: 13 Import Control: Power to Impose Penalties without Recourse to a Court, 1940-1941NAI DCI 1/4032/S.98, Import Control: Electric Dry Batteries, 1942-1943, NAI, DCI 1/1/4032/S:75 Import Control: Equipment for Rubber Production, 1942-1943.

¹⁷Orders in Council Customs Ordinance of 1945, import control regulation of 1947, control on import Order in Council, 1950, Industrial Development Import Duties Relief Ordinance of 1957 and Income Tax Relief Act of 1958 were some of the policies formulated to restrict imports into Nigeria up to the country's independence in 1960. See,NAI DCI 1/1/CS411A Import Control Procedure Country of Origin, 1949-1956, NAI DCI 1/1/4032/S.5 Volume 1 Import Control Open Licences, 1947-1949, NAI, Pioneer Industries Ordinance of 1952 Published in the Gazette of 1952, NAI, PR/C8 The Role of the Federal Government in Promoting Industrial Development in Nigeria Sessional Paper No 3 of 1958 and NAE, PR/X16 Investment Possibilities in the Eastern Region of the Federation of Nigeria, 1957-1958

¹⁸G.EKHATOR, *Issues in Nigeria's Economic Development in the Pre- and Post- Independence Periods*. Being a Paper Delivered in the Post-Graduate Class Department of History, University of Ibadan, 2011, p.2.

¹⁹T. A. OLAIYA, Examining the Political-Economy of Cocoa Exports in Nigeria, in:*The International Journal of Applied Economics and Finance*, 13, 1, 2016, p.2.

intervention of the military in the country's politics in 1966, import control took another dimension.

Thus, literature abounds on the various roles the military played in Nigeria's history in terms of politics and management of the country's economy,²⁰ crises of political transition,²¹ states and local governments creation,²² nation building,²³ international economic relations,²⁴ Foreign policy²⁵ and population census.²⁶ This

²⁰See, Said Adejumobi and Abubakar Momoh Eds. *The Political Economy of Nigeria Under Military Rule: 1984-1993* Harare: Sapes Books 1995. See also, Adewale Ademoyega, *Why We Struck The Story of the First Nigerian Coup* Ibadan: Evans Brothers Nigeria Publishers Limited, 1981.

²¹See also, William Tordoff, *Government and Politics in ssAfrica* London: Macmillan Press Ltd, 1984, Julius Ihonvbere, 'The Military and the Nigerian Society: The Abacha Coup' Eboe Hutchful and Abdoulaye Bathily Eds. *The Military and Militarism in Africa* Dakar: CODESRIA Publication, 1998, Abubakar Momoh and Said Adejumobi, *The Nigerian Military and the Crisis of Democratic Transition: A Study in the Monopoly of Power* Lagos: Civil Liberties Organization, 1989.

²²See also, Omolade Adejuyigbe, 'Creation of States in 1967 and 1976' Peter, P. Ekeh, Patrick Dele-Cole and Gabriel O. Olusanya Eds. *Nigeria Since Independence The First 25 Years Volume V Politics and Constitutions* Ibadan: Heinemann Educational Books Nigeria Ltd, 1989, pp. 206-232, A.D Yahaya, 'Local Government: The Military Initiative' Peter, P. Ekeh, Patrick Dele-Cole and Gabriel O. Olusanya Eds. *Nigeria Since Independence The First 25 Years Volume V Politics and Constitutions* Ibadan: Heinemann Educational Books Nigeria Ltd, 1989, pp.233-260

²³See, O.B.C. Nwoli, 'The Nigerian Military in Nation Building (1960-1985)' Uma Eleazu Ed. *Nigeria The First Twenty Five Years* Lagos: Infodata Limited and Ibadan: Heinemann Educational Books Nigeria Limited, 1988, pp.52-60, O.B.C. Nwoli, 'Nigeria's Defence and Security System Today' Uma Eleazu Ed. *Nigeria The First Twenty Five Years* Lagos: Infodata Limited and Ibadan: Heinemann Educational Books Nigeria Limited, 1988, pp.61-71

²⁴See, Olajide Aluko, 'Oil at Concessionary Prices for Africa: A Case Study in Nigerian Decision Making' *African Affairs, Journal of the Royal African Society*, Vol. 75, No 301, 1976, Ayodele Samuel Aborisade, 'A Historical Survey of the Strategic Dimensions in Nigeria-Brazil Relations During the Oil Boom Years' *Nigerian Journal of International Studies NSIA* Vol. 41 No.1 2016, pp.188-212

²⁵See, Alade Fawole, *Nigeria's External Relations and Foreign Policy under Military Rule, 1966-1999* Ile-Ife: Obafemi Awolowo University Press, 2003, Tunde Adeniran, 'Nigeria and Great Britain' A.B. Akinyemi, S.O. Agbi and A.O. Otubanjo Eds. *Nigeria Since Independence: The First Twenty Five Years Volume X International Relations* Ibadan: Heinemann Educational Books Nigeria Limited, 1989.

²⁶See also, A. Ebigbola, 'Politics and Population Enumeration in Nigeria, 1960-1973' *Journal of West African Studies*, No 21, 1981, S.O. Adamu, 'Population and Planning in Nigeria' in Tekena N.

paper therefore focuses on Nigeria's import control under the military, starting from 1972, when the indigenization decree was promulgated up to 1999 when the military disengaged from the country's politics. The study notes that discussions on Nigeria's post-independence history, especially the military factor, have been centered on political-economy, democratic transition and population census. Scholars have therefore paid adequate attention to Nigeria's international economic relations, foreign policy and military contributions to nation building. However, there has not been a comprehensive interrogation of Nigeria's import control under the military during the period 1972-1999. This exclusion makes this discourse important to us, because import control in the period under study reveals how the military used import control policies as instruments for managing the Nigerian economy. The conventional wisdom on the subject matter of the role of the military in Nigeria's post-independence history places emphases on the preservation of Nigeria as one indivisible entity,²⁷ comprehensive management of the country's economy²⁸ as well as foreign policy.²⁹

However, O. Aboyade drawing on the strength of the effects of influx of foreign goods on the Nigerian economy in the 1970s, challenged the conventional wisdom by maintaining that the influx of foreign goods and services compelled the federal military government to initiate a restriction against foreign dominance of the Nigerian economy in terms of goods and services through Nigeria Enterprise²⁸ Promotion Decree.³⁰ Adebayo Olukoshi corroborates this evidence by arguing that the economic quagmire of the Nigerian state in the 1980s under the military

Tamuno and J.A. Atanda Eds. *Nigeria Since Independence The First Twenty Five Years Volume IV Government and Public Policy* Ibadan: Heinemann Educational Books Nigeria Ltd, 1989.

²⁷Ahmed R. Mohammed, 'The Nigerian Civil War 1967-1970- A Critical Look at the Developments that Led to It' Uma Eleazu Ed. *Nigeria The First Twenty Five Years* Lagos: Infodata Limited and Ibadan: Heinemann Educational Books Nigeria Limited, 1988, pp.73-77

²⁸Wale Are Olaitan, 'The State and the Economy: A Conceptualization' Said Adejumo and Abubakar Momoh Eds. *The Political Economy of Nigeria Under Military Rule: 1984-1993* Harare: Sapes Books 1995, pp.124-137

²⁹Oladapo Fafowora, *Pressure Groups and Foreign Policy A Comparative Study of British Attitudes and Policy towards Secessionist Moves in Congo (1960-1963) and in Nigeria (1966-1969)* Ibadan: Heinemann Educational Books Nigeria Limited, 1990

³⁰Aboyade O. 'Indigenizing Foreign Enterprises: Some Lessons from the Nigerian Enterprises Promotion Decree' O. Teriba and M.O. Kayode Eds. *Industrial Development in Nigeria Patterns, Problems and Prospects* Ibadan: Ibadan University Press, p.379

necessitated the need for reduction of deficit budget, public expenditure and balance of payments deficits³¹ recorded through high import profile. In a similar vein, Uma Eleazu notes that the manufacturing sector which was characterized by low technology without substantial increase in volume of income compelled the military to enact the Enterprises Promotion Act of 1977 with the aim of enhancing the country's iron and steel as well as petrochemical industries in order to raise the level of capital goods for home consumption and exports.³² O. Aboyade postulates that the enactment of Enterprise Promotion Decree of 1972 helped in reducing the reliance of Nigerian economy on imported capital as well as the importation of services of expatriates who were brought into the country for the purpose of controlling managing and dominance of the Nigerian economy.³³

Apart from Aboyade, Olukoshi and Eleazu's analyses that examine the regulation of influx of foreign capital and services of expatriates into Nigeria, the quest for public expenditure that ensured balance of payment deficit and the objective of domestic production for consumption and export, extant studies have not paid adequate attention to comprehensive history of Nigeria's import control under the military. This neglect reduces our comprehensive understanding of Nigeria's post-independence history. The main thesis is to demonstrate that import control was used by the military to manage the Nigerian economy during the period under study. It is a contribution to the study of Nigeria's post-independence history and moves discussions in new directions. The study is divided into four sections: the first section deals with the introduction, the military and the management of Nigeria's import control during the oil boom of the 1970s, The Management of Nigeria's Economic Turbulent through Import Control in the 1980s and conclusion.

The Military and the Management of Nigeria's Security through Import Control during the Oil Boom of the 1970s

³¹Adebayo O. Olukoshi, 'The Political Economy of Structural Adjustment Programme' Said Adejumo and Abubakar Momoh Eds. *The Political Economy of Nigeria Under Military Rule: 1984-1993* Harare: Sapes Books 1995, p.143

³²Uma Eleazu, 'Government and Economy' Uma Eleazu Ed *Nigeria The First Twenty Five Years* Lagos: Infodata Limited and Ibadan: Heinemann Educational Books Nigeria Limited, 1988, p.102

³³Aboyade O. 'Indigenizing Foreign Enterprises: Some Lessons from the Nigerian Enterprises Promotion Decree' ...p.379.

Military intervention in Nigerian politics in January 1966 was not unconnected with the myriad of political crises that enveloped the country's political space after the attainment of independence in 1960. The imminent collapse of the country's leadership, coupled with general atmosphere of dissatisfaction among the major stakeholders of the Nigerian project, necessitated the intervention of the military.³⁴ The attendant consequence of this intervention was the outbreak of the civil war from 1967 to 1970. This unstable political atmosphere which accompanied military intervention in the country's politics has been described by Luckham as the laying of the foundation for incessant political instability, arms acquisition and factional rebel groups that emerged in Africa's post-independence history: including Nigeria.³⁵ The post-civil war era in Nigeria ushered in an era of economic rethinking by the country's leadership. Economic prosperity and active involvement of Nigerians in the economy was capable of erasing ethnic polarisation as well as the unpleasant experiences of the civil war. To this end, the federal military government of General Yakubu Gowon put in place measures that regulated imports into the country in order to boost domestic production that will involve active participation of Nigerians in the economy.

One of such measures was the promulgation of Customs Tariff Amendment Decree of 1972 with nationwide applicability.³⁶ The decree restricted the importation of certain items into the country through high import duties. Goods such as live animals, animal products, fish, vegetable products, edible fruits, oil seeds, beverages, spirits tobacco, pharmaceutical products, fertilisers, matches, photographic and cinematographic goods, synthetic rubber, leather, raw hides and skins, wood and articles of wood, paper making materials, textile materials such as silk, wool, cotton, carpet, mats, woven fabrics, footwear, umbrella, cement,

³⁴Adewale Ademoyega, *Why We struck The Story of the First Nigerian Coup* Ibadan: Evans Brothers Nigeria Publishers Limited, 1981, p.21

³⁵Robin Luckham, 'The Military, Militarism and Democratisation in Africa: A Survey of Literature and Issues' Eboe Hutchful and Abdoulaye Bathily Eds. *The Military and Militarism in Africa* Dakar: CODESRIA Publication, 1998, p.1

³⁶NAI, Customs Tariff Amendment Decree 1972 supplement to Official Gazette Extraordinary No 15, Vol. 59, 30th March, 1972

asbestos, glassware, iron, steel, zinc, aluminum, selected machinery and electrical appliances arms and ammunition.³⁷

The Nigerian government restricted the importation of these items with the aim of boosting the country's agricultural sector through domestic production of these items with the capacity for curbing their importation. However, the importance of some of these items to the expansion of Nigeria's agricultural sector that was positioned as the strategic source of raw materials to the local industries compelled the Nigerian government to adopt a strategy of importing certain raw materials for the expansion of industries as well as the sophistication of the country's agricultural sector. This realization led to the promulgation of Import Prohibition Amendment Order 1972 which stated that:

In exercise of the powers conferred by section 22 of the Customs and Excise Management Act 1958 and of all other powers, the Import Prohibition Order is hereby amended for the importation of petroleum products such as gas or diesel or diesel oils, illuminating oils including kerosene and other refined burning oils lubricating oils, motor spirits, benzene, bensoline, naphtha gasoline, petroleum, shale and coal tar spirits, bicycle tyres and tubes, duplicating paper, maize and stockfish. This Order may be cited as the Import Prohibition (Amendment) Order 1972 and shall apply throughout the federation.³⁸

A critical examination of this flexible position depicts the sensitivity of the Nigerian government to gradual replacement of imported goods with the locally produced ones. Since the importation of some of the goods hitherto restricted through high import tariff was essential to the expansion of the country's industries, it was natural that the restriction on the importation of the goods stated in the above Amendment Order would enjoy a considerable degree of flexibility. In order to ease the burden of payment of some of these imported raw materials needed for the expansion of the country's industries against imports, the Federal

³⁷NAI, Customs Tariff Amendment Decree 1972 supplement to Official Gazette Extraordinary No 15, Vol. 59, 30th March, 1972

³⁸NAI, Customs Tariff Amendment Decree 1972 supplement to Official Gazette Extraordinary No 15, Vol. 59, 30th March, 1972

Military Government promulgated the Exchange Control (Payments for Import) Order 1972 with the provision that:

There shall be exempted from the provisions of section 7 of the Exchange Control Act 1962, anything done by the Central Bank of Nigeria (hereinafter referred to as "the Bank") for the purpose of any payment for imports, provided that the periods and conditions stipulated hereunder are strictly adhere to: Goods classified by the Bank as "capital goods" in accordance with the supplier credit terms arranged by the importers and authorized by the Bank. Payment shall be made at the expiration of 90 days from the date of arrival in Nigeria. Payment shall be made at the sight of essential spare parts for emergency maintenance; Emergency official imports by the Federal Government and State Governments as certified by the Federal Ministry of Finance; scientific equipment and construction equipment required by indigenous companies for approved government projects.³⁹

The boost given to local production through the above decree did not only boost the production of consumer goods, it also encouraged the importation of semi-finished goods into the country. Goods placed under this categorisation were goods whose final production in terms of composition and character were altered in Nigeria before they were classified as finished products.⁴⁰ The essence in the estimation of the Federal Military Government was to launch the country on the path of sustainable local production against unhindered importation of finished goods. It must be stated that the Nigerian government was careful enough, in terms of this arrangement as it was unambiguously stated that, goods imported under the arrangement of considerable alteration in terms of composition and character in Nigeria must take into cognisance in terms of additional cost, freight charges and insurance as all these determined the extent of tariff imposed on such goods by the customs.⁴¹ It is plausible to argue that the increase in import tariff of this category of goods was designed to check the influx of goods under the disguise of re-export into the Nigerian economy by unscrupulous importers.

³⁹NAI, Customs Tariff Amendment Decree 1972 supplement to Official Gazette Extraordinary No 15, Vol. 59, 1st April, 1972

⁴⁰NAI, Notice By the Board of Customs and Excise Official Nigerian Gazette of No 15, Vol. 59, 30th March, 1972

⁴¹NAI, Notice By the Board of Customs and Excise Official Nigerian Gazette of No 15, Vol. 59, 30th March, 1972

Comprehensive alteration of the composition of the goods as enshrined in the Exchange Control Decree provided the platform for comprehensive assessment of goods imported into Nigeria while the tariff barrier equally reduced the tendencies for indiscriminate importation.

The restrictive measures of the Nigerian government against imports were applauded by the business community, especially the organized private sector and other stakeholders of the Nigerian economy. One of such accolades on the Federal Military Government manifested at the meeting between the representatives of Lagos Chambers of Commerce and Industry: under the leadership Chief (Dr) Henry Fajemirokun and the officials of Federal Ministry of Trade under the leadership of Mr. I. Ciroma Permanent Secretary of the ministry and one Mr G.A. Fatoye a senior official of the ministry in early 1972.⁴² The representative of that body enjoined the Nigerian government to intensify restrictions against the importation of goods produced in Nigeria in sufficient quantities, through effective tariff wall that would prevent the growth of Nigerian industries from being stunted through imports.⁴³ The representatives prevailed on the Nigerian government to ensure the evolvement of friendly business climate in order to ameliorate the difficulties experienced by the investors and prospective investors in Nigeria through the establishment of Industrial Advisory Council with the capacity to regulate the influx foreign business interests into the country while that of Nigerians would be protected.⁴⁴

More than that, the leadership of the Lagos Chamber of Commerce and Industry equally carpeted the activities of Nigerian Industrial Development Bank that appeared to have favoured foreign business interests in the estimation of members of Chamber of Commerce, against Nigerian investors and therefore called for the allocation of 80 percent of loans emanating from the banking sector to Nigerian industrialists while 35 percent of ownership of industries in Nigeria should be allocated to indigenous investors.⁴⁵ The plea and expectations of the stakeholders of the business community in Nigeria received a boost when the Federal Military

⁴²Anon: There is Need for Import Control. See, *Daily Times* of Wednesday October 18, 1972, p.18

⁴³Anon: There is Need for Import Control. See, *Daily Times* of Wednesday October 18, 1972, p.18

⁴⁴Anon: There is Need for Import Control. See, *Daily Times* of Wednesday October 18, 1972, p.18

⁴⁵Anon: There is Need for Import Control. See, *Daily Times* of Wednesday October 18, 1972, p.19

Government few months after the agitations mounted on it by investors through Lagos Chamber of Commerce and Industry promulgated the Nigerian Enterprises Promotion Decree through the Nigerian Enterprises Promotion Board in 1972 with the provision that:

Pursuant to section 7 of the Nigerian Enterprises Promotion Decree No 4/1972, the Nigerian Enterprises Promotion Board hereby directs that all enterprises, wholly or partly owned by aliens, incorporated under the Companies Decree 1968 or registered under the Registration of Business Names Act 1961 as the case may be, should in their own interests abide by the Nigerian Enterprises Promotion Decree as stipulated in the Nigerian Enterprises Promotion Date form 1 of the Federal Ministry of Industries.⁴⁶

The decree divided business and industrial interests into two spheres. The first category comprised 22 businesses, or investments, while the second category comprised 33 businesses: with each mandated to have a capital of at least 400, 000 naira or £20,000 with a turnover of one million naira or £500,000; this second category incorporated both indigenous and alien business interests provided 40% participating shares of Nigerians were allowed as enshrined in the 1970-1974 Four Year Development Plan.⁴⁷ The decree further entrenched indigenous business interests in the Nigerian economy,⁴⁸ while the importation of foreign business interests into the country was curbed. The whittling down of foreign investments in favour of indigenous businesses in the country's economy was further given a boost through the establishment of institutions such as the Nigerian Enterprises Promotion Board (NEPB), the Capital Issues Commission (CIC) and the Nigerian Bank for Commerce and Industry.⁴⁹

As the Enterprise Promotion Decree or indigenization decree was promulgated, most stakeholders in the Nigerian economy, especially indigenous industrialists,

⁴⁶NAI, Government Notice No 1405 Customs Tariff Amendment Decree 1972 supplement to Official Gazette Extraordinary No 15, Vol. 59, 1st April, 1972

⁴⁷NAI, Ox/D54 Indigenization Decree Explained Government Publication of Ministry of Home Affairs, Midwest, Benin City of 1972, p.10

⁴⁸F.Ugbor, 'Twenty- Five Years of Industrial Growth in Nigeria' in Uma Eleazu ed. *Nigeria The First Twenty Five Years* Ibadan: Heinemann Educational Books Nigeria Limited, 1988, p.119

⁴⁹F.Ugbor, 'Twenty- Five Years of Industrial Growth in Nigeria'...p.19

saw it as a welcome development while others became critical of the decree due to its inherent loopholes. One of the loopholes, according to some of these keen observers of the decree, was the exclusion of the banking sector from the indigenization: which by implication sustained the dominance of the foreign business interests in the Nigerian economy.⁵⁰ They posited that the control of the banking sector by the Central Bank of Nigeria (CBN) through mere credit guidelines were inadequate: as this will further accentuate the spreading of tentacles of foreign investors in this sensitive sector of the country's economy.⁵¹ The criticism of the decree appeared to have attracted the attention of the federal government, due to its assertiveness, in terms of policy implementation in that sector. The government, through the CBN, directed that 45 percent of loans emanating from the banking sector to businessmen and investor must be disbursed to manufacturers and owners of industries.⁵² In order to give various industries in the economy the capacity to function maximally, the federal military government gave tax relief incentive to 31 industries that had between £25,000 and £75,000 expenditure as this assisted the production capacity of these industries as well as processing of raw materials for local production.⁵³

The impact of extraction of raw materials for local production against imports boosted the cement industries, as the country, through the incentives to some mining industries, was able to mine over 54 million tons of limestone while the government equally spent over £1.4 million to rehabilitate the three war-affected cement factories in the Eastern states.⁵⁴ Adequate attention was equally paid to the rehabilitation of other cement factories, such as the Northern Nigeria Cement Company Ltd., the Ukpilla Cement Company Ltd., the Nigerian Cement

⁵⁰Anon: Financing the Indigenization Scheme. See, *Daily Times* of Saturday, September 2, 1972, p.16

⁵¹Anon: Financing the Indigenization Scheme. See, *Daily Times* of Saturday, September 2, 1972, p.16

⁵²Anon: Financing the Indigenization Scheme. See, *Daily Times* of Saturday, September 2, 1972, p.17

⁵³Anon: Government Gives Tax Relief Incentive to 31 Industries. See, *Daily Times* of Friday November 3, 1972, p.1

⁵⁴Anon: The Nigerian Cement industry with Reference to Ewekoro. *Daily Times* of Thursday November 23, 1972, p.16

Company Ltd and Calabar Cement Company.⁵⁵The rehabilitation of these cement factories across the country leapfrogged local production against imports, as this saved the country from unnecessary reduction of £10 million of her foreign reserves.⁵⁶ The government also intensified its local production against imports through the setting up of shoe-making and woodworking factories as well as the erection of assembly plant for machine tools needed for the production of goods.⁵⁷ This initiative was further given a boost when the then country's Commissioner for Economic Development and Reconstruction, Dr Adebayo Adedeji enjoined Nigerians to collaborate with the federal government in the curbing of importation through huge patronage of made in Nigeria goods.⁵⁸ This appeal appeared to have worked because Nigerians subsequently invested in the economy while patronage of Nigerian products was equally palpable. A good example of this was the massive investment in the production of fabricated door by Nigerian investors while the patronage of the same product was demonstrated by Nigerians.⁵⁹ Both the Nigerian government and the investors faced daunting challenges of producing raw materials and machinery locally for local production against imports.⁶⁰

This position was reiterated by the then Permanent Secretary, Ministry of Trade, Mr P.C. Asiodu, who pinpointed the major problems concerning the country's lack of capacity to curb the importation of raw materials, machinery and equipment through domestic production.⁶¹ This lack of capacity further compelled the country to depend on the importation of foreign services of expatriates, which cut into Nigeria's foreign exchange earnings.⁶² As the country intensified her

⁵⁵Anon: The Nigerian Cement industry with Reference to Ewekoro. *Daily Times* of Thursday November 23, 1972, p.16

⁵⁶Anon: The Nigerian Cement industry with Reference to Ewekoro. *Daily Times* of Thursday November 23, 1972, p.16

⁵⁷Adedeji, Industries We Need. *Daily Times* of Wednesday November 29, 1972, p.5

⁵⁸Adedeji, Industries We Need. *Daily Times* of Wednesday November 29, 1972, p.5

⁵⁹Anon: £150,000 Fabricated Door Industry Opens Today, *Daily Times* of Saturday December 2, 1972, p.16

⁶⁰Anon: £150,000 Fabricated Door Industry Opens Today, *Daily Times* of Saturday December 2, 1972, p.1

⁶¹Anon: Industrialization in Developing Countries, *Daily Times* of Tuesday December 5, 1972, p.17

⁶²Anon: Industrialization in Developing Countries, *Daily Times* of Tuesday December 5, 1972, p.17

efforts against the importation of certain goods, such as textile through the establishment of ubiquitous Nigerian Textile Mills, as well as the production of auto spare parts with the possibility of sustaining her capacity for the production of heavy machinery locally,⁶³ the Nigerian government was encouraged to be flexible in the formulation and implementation of its restrictions on imports. This position was echoed in the editorial of *Sunday Times* of December, 1972 as the paper admonished the Nigerian government to take into cognizance foreign business interests that were equally germane to the growth of the Nigerian economy if the country's restrictions on imports through the indigenization policy was to have any gravitas.⁶⁴ This admonition came on heels of total embargo on Norwegian and Icelandic stockfish which in the estimation of the Nigerian authorities was expensive⁶⁵ even when the country had the capacity to produce it locally. The pleas of the governments of both countries to the Nigerian authorities concerning this ban fell on deaf ears.⁶⁶ This argument appears plausible due to the inability of the country's economy to demonstrable the capacity for comprehensive autonomy in terms of restrictions on imports. Since the country's reliance on the importation of foreign services and machinery determined the extent of local production against imports, it was difficult to isolate the country's economic policy from the foreign business interests.

More than that, the government's inability to ignore the admonition of the public about the importance of foreign business interests emanated from the need to raise the country's revenue profile through import duties that were used to embark on the infrastructural expansion of the post-war period.⁶⁷ The federal military government therefore used import control to boost local production on the one hand and the enhancement of Nigeria's fiscal capacity on the other hand. For the local producers it conferred both economic advantage and economic misfortune. Their protection through various government policies was, in the

⁶³Anon: Industrial Exhibition Supplement, *Daily Times* of Tuesday December 5, 1972, p. 5

⁶⁴Anon: Indigenization Without Bitterness, *Sunday Times* of December 17, 1972, p. 8

⁶⁵Anon: Problems of Supply Company Being the Text of a Press Address By the Federal Commissioner for Trade, Mr Wenike Briggs *Daily Times* of Tuesday, February 19, 1974 p.9

⁶⁶Anon: Problems of Supply Company Being the Text of a Press Address By the Federal Commissioner for Trade, Mr Wenike Briggs *Daily Times* of Tuesday, February 19, 1974 p.9

⁶⁷Effiong Essien, Problems of manufacturers *Daily Times* of Saturday February 23, 1974, p.13

estimation of the local manufacturers, an economic misfortune. This was made known during one of the meetings of the Manufacturers Association of Nigeria (MAN) with government officials through their President Chief Adeola Odutola who expressed the displeasure of the association over the unbearable import duties.⁶⁸

As the manufacturers who were major stakeholders of the Nigerian economy continued to express their displeasure about the effects of import duties on their businesses, the Nigerian government tried to thread softly on the importation of foreign services into the economy due to the importance of foreign business interests to its growth. This strategic move ignited sharp reaction from the Association of Nigerian Licensed Clearing and Forwarding Agents. The Association's Lawyer, Gani Fawehinmi accused the federal government of failing to enforce item 10 of Schedule 1 of Nigerian Promotion Decree which conferred on Nigerian citizens the rights to dominate the business of clearing and forwarding without 'any' input from an alien enterprise.⁶⁹ The association pilloried the federal government for allowing foreign clearing enterprises that were affiliates of U.A.C. and P.Z to compete with Nigerians two years after the promulgation of the decree.⁷⁰ The federal military government in the face of this opprobrium remained unperturbed as it further allowed minimal importation of foreign services into the country's oil sector in terms of haulage by road of petroleum and other products for distribution across the country.⁷¹ The argument of the Nigerian government to this harsh criticism in 1974 was that, Nigerian businessmen in this sector do not have enough tankers due to inadequate capital.⁷² This lack of capital propelled the

⁶⁸Effiong Essien, Problems of manufacturers *DailyTimes* of Saturday February 23, 1974, p.13

⁶⁹Indigenization Decree As It Affects Clearing and Forwarding An Open Letter to the Attorney-General of Nigeria Dr Graham Douglas *Daily Times* of Wednesday February 27, 1974, p.10

⁷⁰Indigenization Decree As It Affects Clearing and Forwarding An Open Letter to the Attorney-General of Nigeria Dr Graham Douglas *Daily Times* of Wednesday February 27, 1974, p.10

⁷¹Bernard, A. Akwiwu, Indigenization Decree Must Not Be Amended *Daily Times* of Friday March 8, 1974, p.7

⁷²Bernard, A. Akwiwu, Indigenization Decree Must Not Be Amended *Daily Times* of Friday March 8, 1974, p.7

government to initiate a policy the mandated banks across the country to place a limit to on the proportion of bank loans that was made available to investors.⁷³

The rationale behind this was to ensure equitable financial empowerment of Nigerian investors, with the aim of boosting local production against imports which in turn strengthened the naira against the myriad of international financial crisis that followed the devaluation of United States dollar in 1973.⁷⁴ As the federal military government restricted importation through the Enterprise Promotion Decree, it also realised the need to develop the country's capacity for local production of machinery and equipment through the establishment of the Nigerian Steel Development Authority, which was saddled with the obligation to train Nigerians abroad, with the aim of exploiting the country's huge mineral deposits for local production of machinery needed for the enhancement of production of goods locally against imports.⁷⁵ It is plausible to state that the minimal restrictions against the importation of foreign services into the various sectors of the country's economy was due to the strategic economic partnership the country had established with the developed economies, the major consumers of the country's oil export, since the quadrupling of the prices of the products. For instance, Nigeria was producing an average of 2.3 million barrels of crude oil per day by early 1974, as this made her the world sixth largest producer while the revenue from oil skyrocketed from \$1million in 1971 to about \$billion in 1974.⁷⁶

The oil boom propelled the Nigerian government to set machinery in motion to open up the economy for investments as the country through Nigerian Association of Chambers of Commerce, Industry, Mine and Agriculture (NACCIMA) was represented at Commonwealth Chambers of Commerce Congress Nairobi Kenya

⁷³Clement Isong, Financial Institutions And Indigenization Scheme Extract from an Address Delivered by the then Central Bank of Nigeria (C.B.N) Bernard Isong *Daily Times* of Wednesday February 27, 1974, p.7

⁷⁴Clement Isong, Financial Institutions And Indigenization Scheme Extract from an Address Delivered by the then Central Bank of Nigeria (C.B.N) Bernard Isong *Daily Times* of Wednesday February 27, 1974, p.7

⁷⁵Anon: Iron and Steel Project: Problems and Prospects *Daily Times* of Thursday March 10, 1974, p.10

⁷⁶Olajide Aluko, 'Oil at Concessionary Prices for Africa: A Case Study in Nigerian Decision Making'. *African Affairs, Journal of the Royal African Study*, Vol. 75, No 300, 1976, p.317

in 1974.⁷⁷ As Nigeria used her oil export to enhance her status internationally, the neo-colonial dominance of the economic powers ⁷⁸prevented her from rigid restriction against the importation of foreign services into the various sectors of the country's economy. Nigeria economic dependence on the developed economies placed prohibitive circumstances on her freedom of action within the international economy.⁷⁹ Economic nationalism of Nigeria toward foreign services and investment in Nigeria was capable of eliciting international conspiracy against the country like the one in Togo when President Eyadema restricted the importation of foreign investments in *Compagnie Togolaise des Mines du Benni* (CTMB) a jointly owned French Company in 1974.⁸⁰

Similar conspiratorial conduct was exhibited by European powers when Import Substitution Industrialization of Latin American countries like Brazil, Argentina and Mexico against imports from Europe which stifled European exports into these countries at the dawn of the 20th century.⁸¹ The quest for strategic partnership between these Latin American countries and the European powers in terms of industrial expansion of their countries whittled down their rigid restrictions against European imports.⁸² The Nigerian state adopted this strategic partnership with the foreign business interests when granted six months extension to the United Africa Company (U.A.C) as its subsidiaries that were involved in

⁷⁷Ayo Ogunsheye Private Papers/ ACC No/154 26th Commonwealth Chambers of Commerce Congress 7th- 11th October, 1974, Kenyatta Conference Centre, Nairobi

⁷⁸Ayodele, S. Aborisade, 'A Historical Survey of the Strategic Dimensions in Nigeria-Brazil Relations during the Oil Boom Years'. *Nigerian Journal of International Studies*, NSIA Volume 41 No. 1, 2016, p.206

⁷⁹Dapo Thomas, *The Political-Economy of Nigeria-United States Relations* Ibadan: John Archers Publishers Limited, 2018, p.45

⁸⁰Omo Oye, Indigenization D-Day: A Warning to the Nation *Daily Times* of Monday April 1, 1974, p.7

⁸¹Warner Baer, 'Import Substitution Industrialization in Latin America: Experiences and Interpretations' *Latin American Research Review*, Volume 17, No. 1, p.96.

⁸²Warner Baer, 'Import Substitution Industrialization in Latin America: Experiences and Interpretations'...p.98

manufacturing and distributive trades in the Nigerian economy in the sales of 40 percent of their investments in Nigeria to local investors.⁸³

This flexible disposition towards the restriction of foreign business interests did not stifle the efforts of the government towards developing the country's capacity for local production of iron and steel through the establishment of Ajaokuta Steel Complex via the negotiations between the Nigerian Steel Development Authority and Soviet technical experts.⁸⁴ The negotiation led to the establishment of steel drilling factory ⁸⁵ with the aim of reducing the country's dependence on the imports of iron and steel. The quest for domestic production through this agreement led the complete ban on the importation of ferrous metals into Nigeria 1974.⁸⁶ This, however, did not ameliorate Nigeria's dependence on the importation of iron and steel as payment for the importation of machinery increased by one hundred thousand naira, about 15 to 20 percent increase of the country's imports.⁸⁷ As this privilege of importation continued, the importers appeared to have lost track of government's intention of using it for local production against imports as most of the importers flouted import regulations.

In order to curb this menace, the Federal Ministry of Trade through the Import Prohibition Order of 1959 revoked the licences of some importing firms of Nigerian origin such as Central Enterprises Agency, Alhaji I. O. Adeniran & Sons, Omi Cottage,⁸⁸ Majesco Commercial Association, Lowo-Ori Builders and Co., Aliratu Aduke Ade Stores, Molbolus Enterprises and Eniafe Trading Co.⁸⁹ Others include, Eribo Printers, Ade-Olaitan & Sons, Nigerian Glass Containers and Metal

⁸³Anon: 6 Months Extension for UAC A Week After Trade Decree Comes Into Effect *Sunday Times* of April 7, 1974, p.1

⁸⁴Anon: Govt. Decides: Steel Industry Goes to Kwara *Daily Times* of Saturday May 18, 1974, p.1

⁸⁵Efiong Essien, Focus on the Iron and Steel Complex Glory of Ajaokuta *Daily Times* of Friday July 5, 1974, p.7

⁸⁶NAI, Government Notice No 469 Prohibition of Exportation of Ferrous Metals Official Nigerian Gazette of January-June, 1974, No 16, Vol.61

⁸⁷Anon: Boom For Businessmen *Sunday Times* of July 21, 1974, p.3

⁸⁸NAI, Government Notice No. 167 Revocation of Import Licences Nigerian Official Gazette of January-June, 1975 Vol. 62, p.225

⁸⁹NAI, Government Notice No. 342 Revocation of Import Licences Nigerian Official Gazette of June, 1975, Vol. 62, p.407

Manufacturing Co. Ltd, and G. Tikaloju and Brothers.⁹⁰ The intensification of the campaign against blatant disregard for import regulations was further through Regulations on Sailings and Arrival of Vessels into Nigerian Ports as the regulation mandated importers to give information about their imported goods as well as the details of the vessels for strict monitoring by the Nigerian Ports Authority.⁹¹ As the government tried to nip in the bud the flouting of import regulations on the one hand, it encouraged the local production of goods such as nets, wheats, rubber, wood and fertilizers with huge tax relief in 1975 through Industrial Development Income Tax Relief Decree No 22 of 1971 on another hand.⁹²

The inability of the of this favourable fiscal policy to comprehensively reduce Nigeria's reliance on imports further intensified pressures on the federal military government, as the organized labour, through The Nigerian Labour Congress (NLC) admonished the government to eschew the strategy of curbing import through the assembling of plants of finished goods abroad.⁹³ The reservations of the public against the assembling of plants of foreign origin were consistent with how the cost of imported goods was determined by foreign market price which included ports and freight charges.⁹⁴ The exploitative tendencies of foreign investors of foreign good plants in collaboration with Nigerian investors in terms of fraudulent purchase of 40 percent participating shares of these plants prompted the Nigerian Enterprise Promotion Board, through Industrial Enterprises Panel to discourage such economic malpractices that stifled the quest for import reduction.⁹⁵ The implication of this malpractice was the slow integration of

⁹⁰NAI, Government Notice No. 342 Revocation of Import Licences Nigerian Official Gazette of June, 1975, Vol. 62, p. 444.

⁹¹NAI, Government Notice No..1434 Regulations On Sailings and Arrivals of Vessels into Nigerian Ports Official Nigerian Gazette of August, 1975, Vol. 62, p.1474

⁹²NAI, Government Notice No. 755 Declaration of the List of Pioneer Industries and Pioneer Products Nigerian Official Gazette of May, 1975, p.825

⁹³Anon: 'Shift Emphasis on Manufacture' NLC Urges Technological Growth *Daily Times* of January 27, 1976, p.3

⁹⁴Tayo Olufade, 'Cost Analysis of Nigerian Inflationary Economy' *Daily Times* of Monday January 5, 1976, p.7

⁹⁵NAI, Government Notice No 1628 Nigerian Enterprises Promotion Board of the Official Nigerian Gazette of 1976, Vol. 63 Nos. 49-63

genuine indigenous investors into the country's manufacturing sector.⁹⁶ As oil prices plummeted in the late 1970s, the Federal Military Government adopted a strategy of conserving Nigeria's foreign exchange through stringent control on the importation of cars into the country as the government discovered that between 25 to 30 percent of the country's foreign exchange passed through car importation.⁹⁷

It must be noted that the boom of the early 1970s which made Nigeria to earn sufficient foreign exchange from oil export provided the platform for dependence on imports as this made the country's economy to lose 60 kobo out of every one naira spent.⁹⁸ In order to conserve foreign exchange with the possibility of reducing import the country's bill through restrictions on imports, the federal government boosted local production of consumable commodities through the increment of granting of loans to indigenous investors from 50 percent to 60 percent in 1978.⁹⁹ These restrictive measures were designed to constitute effective blockade against the inflow of consumable items such as fish, canned food and other consumable food not fit for human consumption.¹⁰⁰

This policy was further consolidated when, in 1979, the Federal Military Government tightened its control on imports through comprehensive import supervision scheme that was carried by *Societe Generale de Surveillance* (S.G.S) Geneva based firm in Switzerland, on behalf of the Nigerian government.¹⁰¹ The scheme empowered the firm in collaboration with the Exchange Control Department of Central Bank of Nigeria (C.B.N), to carry out comprehensive

⁹⁶Tope Akerele, 'We Now Import Food' *Nigerian Tribune* of Tuesday, January 10, 1978, pp.7-8

⁹⁷Jide Pinheiro, 'You May Pay More for your Cars' *Nigerian Tribune* of Tuesday, March 28, 1978, p.1

⁹⁸Adebayo O. Olukoshi 'The Political Economy of the Structural Adjustment Programme' Said Adejumo and Abubakar Momoh eds. *The Political Economy of Nigeria Under Military Rule: 1984-1993* Harare: Sapes Books, 1995, p. 139

⁹⁹Anon: 'Tighter Measures on Foreign Exchange' *Sunday Tribune* of April 2, 1978, p.

¹⁰⁰Anon: Chimezie Agwu, 'Why Nigeria Is a Dumping Ground' *Daily Times* of Tuesday, June 15, 1978, p.15

¹⁰¹Anon: Notice to Importers Comprehensive Import Supervision Scheme *Nigerian Tribune* of Wednesday, December 20, 1978, p.7

inspection of goods being imported into Nigeria: either through Letter of Credit or Bills of Entry by importers before presenting necessary documents such as Bill of Landing, Customs Bill of Entry, Certificate of Insurance and Settlement Invoices in respect of goods imported to the Customs for possible clearance.¹⁰² The intensity with which the Nigerian government strengthened the various regulatory bodies in terms of importation through private regulatory body of foreign origin attest to the weakness of import bureaucracy of the Nigerian state of the late 1970s.

The Management of Nigeria's Economy through Import Control in the 1980s

The dwindling economic fortune of Nigeria in the 1980s was not unconnected with the collapse of the prices of crude oil, the country's major foreign exchange earnings in the international market. This unpleasant economic situation made Nigeria to experience trade deficit of 3.4 billion naira with countries like Switzerland, the defunct USSR, Norway, the defunct German Democratic Republic, the defunct West Germany, Poland and Brazil in 1984.¹⁰³ The Nigerian government, however, made efforts at addressing this economic anomaly as it collaborated with Nigerian Association of Chambers of Commerce, Industry, Mines and Agriculture (NACCIMA) towards making Nigeria an investment hub for foreign investors.¹⁰⁴ This awareness was further given a boost when the government encouraged (NACCIMA) the representative of Nigeria at the conference of the Federation of West African Chambers of Commerce Dakar, Senegal between November and December, 1984.¹⁰⁵ The quest for the revamping of the country's economy also led to the closure of the country's borders against imports in 1984¹⁰⁶ and the action was applauded by Nigerians, especially

¹⁰²Anon: Notice to Importers Comprehensive Import Supervision Scheme *Nigerian Tribune* of Wednesday, December 20, 1978, p.7

¹⁰³Anon: Improving Nigeria's Foreign Trade *Nigerian Tribune* of July, 16 1984, p.9

¹⁰⁴Ayo Ogunshye's Private Papers/ ACC No/46 Members of NACCIMA Delegation to the 1984 Annual Conference and General Meeting of the Federation of West African Chambers of Commerce Dakar, Senegal, November- December, 1984

¹⁰⁵Ayo Ogunshye's Private Papers/ ACC No/46 Members of NACCIMA Delegation to the 1984 Annual Conference and General Meeting of the Federation of West African Chambers of Commerce, Dakar Senegal November- December, 1984

¹⁰⁶Anon: Money Trade Still Booms Across Our Borders *Nigerian Tribune* of Wednesday, January 23, 1985, p.1

importers and critical stakeholders of Nigeria's economy who further pleaded that the importation of food items that can be produced locally be restricted.¹⁰⁷

In order to boost local production of both consumable and non-consumable goods against imports, the Federal Military Government ensured that chunks of the import licenses granted in 1985 were that of chemical and agro allied products that sustained its protectionist policy.¹⁰⁸ This restriction on imports despite its acceptance by investors who were the critical stakeholders of Nigerian economy, attracted criticisms from some Nigerians who argued that a comprehensive protectionist agenda did not guarantee quick economic recovery.¹⁰⁹ The federal government remained undeterred as it pursued vigorously the drive for local production of consumable goods, especially food items against imports. To this end, the government collaborated with the Nigerian Chambers of Commerce in local food production drive when the government sent members of the Chambers of Commerce on a Trade Mission to Ivory Coast on the need to boost food production against imports in June 1985.¹¹⁰

The implication of the trade mission was the placing of total ban on the importation of certain food items such as rice, maize, sorghum, cassava, fish, vegetable oil and animal products: while vigorous domestic production of all goods against the importation of goods entering the country through countertrade and other sources was captured in the Fifth National Development Plan by the Babangida regime.¹¹¹ It is worthy of note that this vigorous drive for domestic production was a brainchild of the Buhari-Idiagbon regime. The zeal with which the Babangida regime sustained control on imports further made it as a major economic philosophy which the military used in the management of the Nigerian economy. As the Babangida regime continued with its efforts of putting in place transparent and rigid bureaucracy in terms of import control, it was not unaware

¹⁰⁷ Anon: We Can Do Without IMF Loan *Nigerian Tribune*, Saturday January 19, 1985, p.6

¹⁰⁸ Anon: 2.5 Billion Naira Import Licence Approved *Nigerian Tribune*, Wednesday, April 24, 1985, p.4

¹⁰⁹ Sly Edagheshe A Plea for Free Trade *Nigerian Tribune*, Monday April 22, 1985, p.3

¹¹⁰ Ayo Ogunshye Private Papers/ ACC No 11/Trade Mission of Lagos Chambers of Commerce and Industry to Ivory Coast June 12th to 20th, 1985

¹¹¹ Anon: Rice Import Banned Countertrade Abolished *Nigerian Tribune* of Tuesday, October 1, 1985, p.1

of massive corruption that enveloped various government ministries and agencies¹¹² as this led to perennial closure of factories and collapse of machinery designed for local production against imports.¹¹³ To this end, the government ensured that import licences were given to real investors who needed raw materials in the agro allied and chemical industries as this raised the manufacturing capacity of the country's economy above 50 percent.¹¹⁴

This capacity utilization was possible because it also involved the restructuring of various government ministries responsible for the issuance of import licence. For instance, the Ministry of Trade, Commerce and Industry under the leadership of Major-General Mohammed Gida Nasko during the Babangida regime, ensured that the ministry devolved some of its powers to the state government in the issuance of import licences: as importers were made to route their application through the states in which they were based for scrutiny. This was in addition to a committee which comprised of members of organized private sector such as NACCIMA and Manufacturers Association of Nigeria (MAN) were co-opted into the Federal Government Committees that screened genuine manufactures who needed import licences for production.¹¹⁵ The committees made a shocking discovery of over 2,225 import licences issued earlier, with an estimated value of over 12.1 million, that were not valid for foreign exchange.¹¹⁶ The strategy of the federal government through the ministry of finance against restrictions on imports was further sustained through 100 percent increase of import tariffs on completely built cars, second hand cars and imported goods that had local substitutes while incentives were granted to vehicle assembly plants in order to boost the country's capacity for local manufacturing of vehicles.¹¹⁷ This discovery was applauded by (NACCIMA) on the grounds that the country was shielded from being a dumping ground of overseas goods.¹¹⁸

¹¹²Anon: Budget 86 *Daily Times* of Wednesday, January 1, 1986, p.12

¹¹³Anon: Battle for 1986 Import Licence *Daily Times* of Friday March 7, 1986, p.5

¹¹⁴Anon: Budget 86 *Daily Times* of Wednesday, January 1, 1986, p.14

¹¹⁵Anon: Battle for 1986 Import Licence *Daily Times* of Friday March 7, 1986, p.5

¹¹⁶Ngozi Ikeano, Trade Minister Briefs Press *Daily Times* of March 19, 1986 p.5

¹¹⁷Anon: Duty Spare Parts Slashed *Nigerian Tribune* of Tuesday 5 January, 1988, p.1

¹¹⁸Ngozi Ikeano, Trade Minister Briefs Press *Daily Times* of March 19, 1986 p.5

This rigid control on imports was further intensified towards the growth of the agricultural sector when the Nigerian government through the Ministry of Trade Commerce and Industry banned the importation of wheat from the United States and other sources into the Nigerian market in 1988.¹¹⁹ Despite pleas and threats from the US, the Nigerian government remained resolute in its quest for the development of agricultural sector as it explained that the country was capable of producing wheat internally especially in Kano.¹²⁰

Nigeria's Economic Uncertainties and the Challenges of Import Control, 1990-1999

The 1990s as a decade was very challenging for Nigeria economically due to the perennial search for economic recovery after the successive military regimes of the 1980s. Import restriction remained as one of the key strategies which the military adopted to surmount the country's economic problem of the decade. In order to boost the strength of the country's currency against the dollar, the Nigerian government in 1990 realized that its relentless support for local production against imports must continue as the naira fell rapidly from 2 naira 40 kobo to a dollar in 1986 to 15 naira to a dollar in 1990.¹²¹ To this end, the government abolished the system of import licensing as a channel of foreign exchange despite the rationing formula adopted by the military in 1984 and replaced it with open bidding for foreign exchange in 1990.¹²² Despite the escalating naira cost, which accompanied import requirements of raw materials for local production, as complained by members of (MAN) after the evolution of open bidding, the government offered some palliatives that eased their burden of cost of production.¹²³ It is worthy of note that the abolition of import licensing system and subsequent introduction of open bidding system by the military opened a new vista in Nigeria's post-independence import control history as this further ameliorated the difficulties inherent in Nigeria's quest to enhance the country's capacity utilization against imports. This utilization of the country's capacity for manufacturing has been

¹¹⁹Anon: Wheat Ban May Attract Sanctions *Nigerian Tribune* of Monday 17 October, 1988, p.1

¹²⁰Anon: 300,000 Tonnes Smuggled in Yearly *Nigerian Tribune* of Tuesday 18 October, 1988, p.4

¹²¹Adebayo O. Olukoshi 'The Political Economy of the Structural Adjustment Programme'...pp.148-149

¹²²Adebayo O. Olukoshi 'The Political Economy of the Structural Adjustment Programme'...p.149

¹²³Adebayo O. Olukoshi 'The Political Economy of the Structural Adjustment Programme'...p.150

described by Olukoshi as complete eradication of rent-seeking activities of some pseudo investors of the Nigerian economy.¹²⁴

The government therefore intensified its efforts on local production especially on consumable goods. For instance, the federal government through National Institute for Pharmaceutical Research and Development under the leadership of Professor Wam-Bebe having discovered that the country imported over 2.2 billion naira drugs yearly, embarked on aggressive campaign of local drugs when it gave the institute over 100 hectares of land in Abuja to cultivate medicinal plants to conserve foreign exchange while the late Chief M.K.O Abiola donated 600,000 thousand naira to the institute for the training of four-man team sent to China on the production of traditional medicine.¹²⁵ As the Federal Military Government intensified its campaign on local production, the country's interest rates increased from 12.75 percent in 1988 to over 30 percent in 1990 as this ignited sharp reaction from the members of (MAN) and this protest forced the government to peg the country's interest rates at 21 percent in 1991.¹²⁶

By 1994, the Federal Military Government also boosted the country's capacity for consumable and non-consumable goods, especially in the area of agricultural production against the importation of food items when 800,000 tonnes of fertilizer from National Fertilizer Company of Nigeria (NAFCON) were distributed to low and large scale farmers. This reduced the country's importation of 216,000 tonnes of rice yearly valued at \$60 million.¹²⁷ The intensification of Nigeria's military government against import was further accentuated when Import Duty Reports (IDR), Comprehensive Import Supervision Scheme (CISS) and Pre-Shipment Inspection Agents (PIA) and Professional Import Duty

¹²⁴Adebayo O. Olukoshi 'The Political Economy of the Structural Adjustment Programme'...p.149

¹²⁵Anon: Nigeria Imports 2.2 billion Drugs Yearly *Nigerian Tribune* of Friday 13 April 1990, p.7

¹²⁶Adebayo O. Olukoshi 'The Political Economy of the Structural Adjustment Programme'...p.151

¹²⁷A.A. Lawal, 'The Economy and the State From Pre-Colonial Times to the Present' Akinjide Osuntokun and Ayodeji Olukoju (Eds.) *Nigerian Peoples and Cultures* Ibadan: Davidson Press, 1997 p. 198

Administration (PIDA) were enacted through decree II of 1996.¹²⁸Section 4 of the Decree stated that:

Goods shall be liable to inspection outside Nigeria by the Inspection Agent before shipment of such goods to Nigeria while Section 3 stated that the importers of goods shall instruct the overseas sellers to give the inspection authority full access, these in order to facilitate carrying out of the function imposed on the Inspecting agent by Federal Government in pursuance of the Decree.¹²⁹

In order to give the above decree some gravitas in terms of implementation, the federal government by 1997, introduced lending policy of Agricultural Credit Guarantee Scheme (ACGS) to farmers while processing zones of agricultural items against the importation of food were established in Enugu, Kaduna Jos and Lagos.¹³⁰ As the federal tightened control on imports through this decree and other policies, stakeholders of the country's maritime sector, especially the importers pilloried the Nigerian Customs about its overzealousness in terms of the implementation of decree II of 1996. For instance, The National Council of Managing Directors of Licenced Customs Agents (NCMDLCA)¹³¹ and Eastern Importers Union (EIU) in 1998 petitioned the federal government on the highhandedness of various government agencies such as the Customs, officials of National Food and Drugs Agency Control (NAFDAC) and officials of Standard Organization of Nigeria (SON) at the ports.¹³² These stakeholders vilified the agencies saddled with the responsibility of implementing decree II and other policies that led to unbearable import duties that stifled the manufacturing capacity of the country.¹³³

¹²⁸See, Anon: Scrap CISS, PIDA, Eastern Importers Implore Government *Business Tribune* of Wednesday 30 September, 1998 p.14. See also, Gboyega Lawal, Abubakar, Customs and IDR *Business Tribune* of Monday, 27 July, 1998, p.13

¹²⁹Anon: Import Trade Decree Forbids Customs Valuation- NCMDLCA *Business Tribune* of Wednesday 29 July, 1998, p.15

¹³⁰A.A. Lawal, 'The Economy and the State From Pre-Colonial Times to the Present'...p.198

¹³¹Anon: Import Trade Decree Forbids Customs Valuation- NCMDLCA *Business Tribune* of Wednesday 29 July, 1998, p.15

¹³²Anon: Scrap CISS, PIDA, Eastern Importers Implore Government *Business Tribune* of Wednesday 30 September, 1998 p.14.

¹³³Gboyega Lawal, Abubakar, Customs and IDR *Business Tribune* of Monday, 27 July, 1998, p.13

As the federal government responded to the plea of these stakeholders, it was very careful in its bid to create an atmosphere of flexible import bureaucracy in the country. Although the government ensured officials of relevant government agencies such as NAFDAC and Standard Organization of Nigeria (SON) in collaboration with the Nigerian Customs inspected the goods imported at the port, the import guidelines of 1999 made it illegal for the officials of Customs to inspect such goods once moved out of the port except the goods constituted threats to national security.¹³⁴ Such inspection of goods with security risk according to the inspection guidelines of 1999 was carried by Comptroller of Customs together with other security agencies at the port in accordance with law which mandated the overseas manufacturer of such goods to submit their laboratory test with that of local agencies such as (NAFDAC) and (SON).¹³⁵ The federal military government demonstrated its readiness to impound, seize, destroy or re-export goods to their countries of origin, with other disciplinary measures considered commensurate with the gravity of violating import regulations by importers, when such violation constituted security risk to the country.¹³⁶ These policy guidelines ensured satisfied the demands of the various associations of importers against rigid import structures of the Nigerian state on the one hand while such a response further upheld the legal principles behind restrictions on imports by the military.

	Imports		
Year	Oil	Non-oil	Total
1972	45.2	944.9	990.1
1973	41	1,183.80	1,224.80
1974	52.4	1,684.90	1737.3
1975	118	3,603.50	3721.5
1976	95	5,053.50	5148.5

¹³⁴Anon: Guidelines on Destination Inspection *Business Tribune* of Monday 29 February, 1999, p.18

¹³⁵Anon: Guidelines on Destination Inspection *Business Tribune* of Monday 29 February, 1999, p.18

¹³⁶Anon: Guidelines on Destination Inspection *Business Tribune* of Monday 29 March, 1999, p.19

1977	102.2	6,991.50	7093.7
1978	110	8,101.70	8211.7
1979	230	7,242.50	7472.5

Table 1 Fig. 1 Source: Central Bank of Nigeria Statistical Bulletin Vol. 9, No. 1 June, 1998.

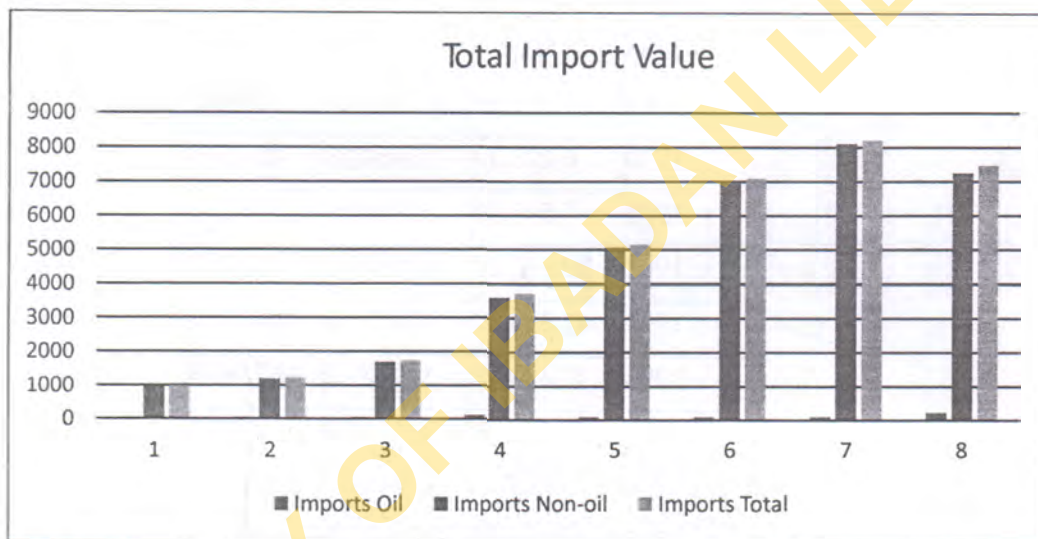


Fig. 2 Source: Graph drawn by the author based on table 1

A critical observation of the above graph and table 1 shows that the country's importation of refined oil was heavily restricted. This was due to the capacity of the country to refine its crude oil. This enabled the military conserve foreign exchange for the overall improvement of the economy. However, a closer examination of the graph and table reveals that restriction against imports by the military in the 1970s was only successful in the early years and as years rolled by, the country's capacity under the military to restrict imports dwindled as the country's import profile continued to rise. One can therefore posit that the oil boom period was not comprehensively utilized by the military for the diversification of the country's economy in the latter years.

Years	Oil	Non-oil	Total
1984	282.4	6895.9	7178.3
1985	51.8	7010.8	7062.6
1986	913.9	5069.7	5983.6
1987	3,170.10	14691.6	17861.7
1988	3,803.10	17642.6	21445.7
1989	4,671.60	26188.6	30860.2
1990	6,073.10	39644.8	45717.9
1991	7,595.30	79424.9	87020.2
1992	19,937.20	125974.2	145911.4
1993	41,329.30	124771.1	166100.4
1994	42,349.60	120439.2	162788.8
1995	155,825.90	599301.8	755127.7
1996	162,178.7	400447.9	562626.6
1997	135710.83	170367.08	212092.7
1998	45339.4	291096	234779.6

Table 2 Fig 3 Source: Central Bank of Nigeria Statistical Bulletin Vol. 9, No. 1 June, 1998.

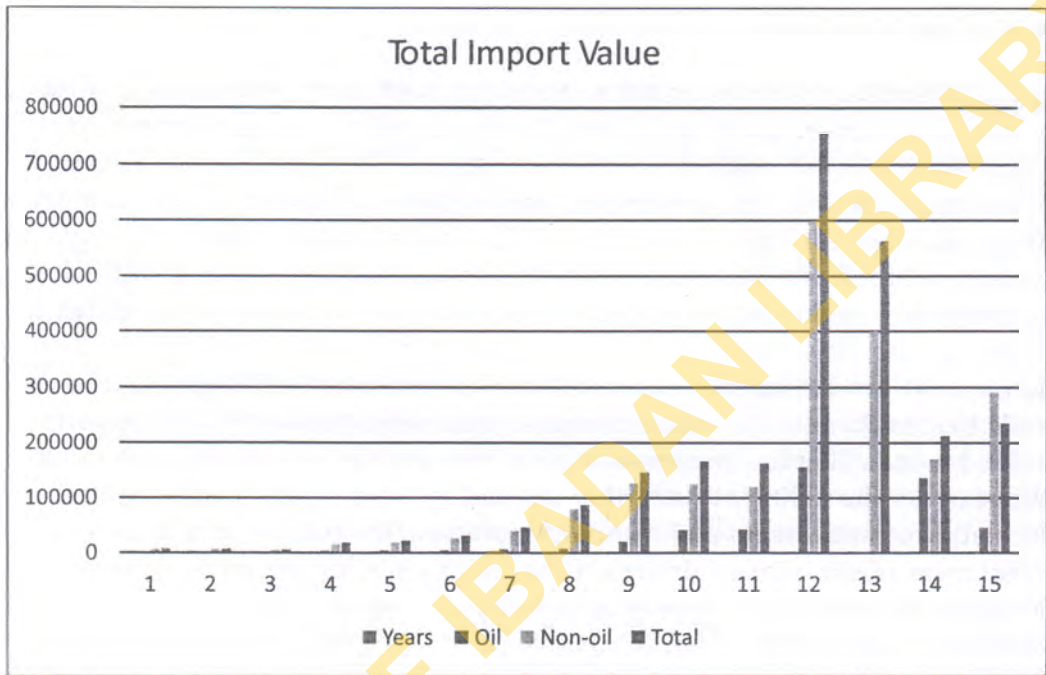


Fig 4 Source: Graph drawn by the author based on table 2

A critical observation of the above fig. 4 and table 2 shows that the importation of refined oil was heavily restricted from the mid-1980s to the mid-1990s. This was due to the capacity of the country to refine its crude oil. Since the numbers below the graph represent the years, it could be deduced that the country's capacity for import restriction from 1992 dwindled substantially, especially for non-oil products. This reveals the inability of the Nigerian military to divert the proceeds from crude oil into local production. From the graph, the military lack of capacity for restriction against import manifested more from 1992, while lack of restriction on imports got to its peak in 1995. This shows that the military continued to pay less attention to the country's security through import control as years progressed.

Conclusion

Nigeria's post-independence import control history is incomplete without the role which the military, as an institution, played in the management of the country's economy through this economic measure. The control on imports in the estimation of the military government was capable of conserving the country's foreign exchange earnings. However, the vicissitudes and diversities of the global economy, which had direct bearing on Nigeria's oil revenue, made it difficult for the economic measure of import control to reduce the country's over reliance on foreign goods. This was due to the unpredictability of the oil prices in the international market as this sustained the inconsistency of Nigeria's revenue profile that could not achieve comprehensive local production against imports. It is salient to state that the implementation of some of the country's import control policies under the military was further affected by the complex bureaucratic chain which allowed subversion of the implementation of the policies that made import control measures important drivers of the country's economy under the military. The military chain of command and discipline explains, to some extent, the reasons why some of the import control policies were successfully implemented.