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INDUSTRIALISATION AND EXPORT GROWTH LED STRATEGY IN AFRICA: THE CASE OF NIGERIA IMPOSITION OF 15% AD-VALOREM LEVY ON IMPORTED REFINED FUEL

Prof Kenneth Amechi, IFE
Visiting Professor, Godfrey Okoye University, Enugu, Nigeria

ABSTRACT
The imposition of a 15% ad-valorem levy on imported refined fuel in Nigeria was a proposed policy intended to drive industrialisation in the oil sector and support an Export-Led Growth (ELG) Strategy by protecting and promoting local refining capacity. The proposed 15% ad-valorem import duty on refined petroleum products (like Premium Motor Spirit/petrol and Automotive Gas Oil/diesel) was a protectionist measure designed to serve as a tariff barrier. Export-led growth is an economic strategy that countries can use to propel their economies through the process of industrialization, the wide-reaching development of industries in countries. It can help countries grow while gaining a competitive advantage in the global market.
KEYWORDS: *Industrialisation, Export, Growth, Led, Strategy, Africa.*

INTRODUCTION

Export-led growth occurs when a country seeks economic development by engaging in international trade. The export-led growth paradigm replaced the import substitution industrialization paradigm. This is what many interpreted as a failing development strategy. While an export-led development strategy met with relative success in Germany, Japan, and East and Southeast Asia, current conditions suggest that a new development paradigm is needed. The period between 1970 to 1985 saw the adoption of the export-led growth paradigm by the Four Asian Tigers (Hong Kong, Singapore, South Korea, and Taiwan), which led to their subsequent economic success. While an undervalued exchange rate made exports more competitive, these countries realized there was a much greater need for foreign technology acquisition if they wanted to compete in auto manufacturing and electronics industries. Much of their success has been attributed to their acquisition of foreign technology and its implementation compared to their competitors. The ability of these countries to acquire and develop technology was also supported by foreign direct investment (FDI). Some newly industrializing nations in Southeast Asia followed their example as did several countries in Latin America. This new wave of export-led growth is perhaps best epitomized by Mexico's experience that began with trade liberalization in 1986 and later led to the inauguration of the North American Free Trade Agreement (NAFTA) in 199.

Export-led growth can help developing economies grow and become competitive in the global market. This type of growth strategy has been especially useful for countries across Asia, including Japan, China, and India. These countries experienced rapid economic growth by assuming industrialization through their exports. Export-led growth is an economic and trade policy. The goal of export-led growth is to propel a nation's economic industrialization through the export of goods and services. This is commonly executed by countries like China, India, Thailand, Vietnam, and other emerging economies that have an economic advantage of exporting certain goods to the rest of the world. An industrialization and export-led growth strategy in Africa focuses on building a robust manufacturing sector to drive economic development by processing local resources and goods for export, often supported by regional trade agreements like the AfCFTA. Key elements include adding value to commodities, establishing industrial parks and Special Economic Zones, investing in infrastructure, and creating a better business environment to attract investment and create jobs. The goal is to move beyond raw material exports to a higher-value, manufacturing-based economy that promotes job creation, skills development, and increased income.

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CONCEPTUAL FRAMEWORK

Historically, Nigeria, a major crude oil exporter has been heavily reliant on imported refined products. This policy sought to reverse that trend, enhancing energy security and stability. Its primary objectives, consistent with a push for industrialisation and a specific variant of the Export-Led Growth strategy, were to promote local refining, by increasing the landed cost of imported refined products, the duty would reduce the competitive advantage of foreign refineries, creating a level playing field for domestic producers, particularly the new large-scale and modular refineries like the Dangote Refinery. To encourage Investment. The policy was meant to signal government support and commitment to the local refining sector, thereby attracting more investment in domestic capacity expansion. Reduce import dependence.

Boosting local refining would reduce forex demand for imports, which could help strengthen the Naira Conserve Foreign Exchange (Forex): Importing refined fuel consumes a significant portion of Nigeria's foreign exchange earnings. Industrial Linkages: Local refining creates downstream industrial opportunities, value addition, job creation, and backward linkages within the Nigerian economy, a crucial component of industrialisation. Support ELG: By refining the products locally, Nigeria can potentially transition from being a net importer of refined products to a net exporter, thereby increasing and diversifying its exports beyond crude oil, aligning with an export-led growth strategy.

Nigeria's Export-Led Growth (ELG) Context

Nigeria has historically pursued an export-led growth model heavily dependent on the oil sector. Crude Oil Dominance: Nigeria's ELG is characterized by the overwhelming dominance of crude oil exports, which typically account for over 80% of total export earnings and a significant portion of government revenue. Lack of Diversification: This reliance on exporting a primary commodity (crude oil) and importing the finished product (refined fuel) is often cited as a major structural weakness, a form of resource curse that leads to volatile growth rates tied to global oil price shocks.

Industrialisation Gap: The country's industrialisation efforts, including those under the earlier Import Substitution Industrialization (ISI) strategy, have largely failed to create a robust manufacturing base, leaving the oil sector mostly focused on upstream (crude extraction) activities. The proposed 15% levy on imported fuel was a significant policy attempt to push industrialisation into the downstream segment of the oil sector, a critical step for a more sustainable and diversified ELG model.

Policy Implementation Status and Challenges

The policy faced immediate public backlash and controversy, leading to its subsequent suspension or postponement. Inflationary Concerns: Critics argued that imposing a 15% duty on imported fuel would immediately translate into higher pump prices for petrol and diesel, fueling inflation, increasing transportation and production costs, and worsening the economic hardship on citizens, especially following the removal of fuel subsidies. Supply Security: Concerns were raised about whether local refining capacity (even with new additions) was sufficient to meet the entire domestic demand immediately. A tariff could restrict imports, leading to potential supply shortages and price volatility if local production faltered. Market Concentration Risk: Dependence on a single or a few local refineries (such as the Dangote Refinery) for a large portion of the domestic supply was also flagged as a risk. In the face of these concerns, the government initially postponed and later suspended the implementation of the 15% ad-valorem import duty. This highlights the complex trade-off between the long-term goal of industrialisation and energy independence (Export-Led Growth) and the immediate necessity of cost stability and supply security for the populace and the wider economy.

Export-led growth has a lot to do with self-sufficiency. Import substitution, on the other hand, is the opposite. It is an effort by countries to become self-sufficient and lower their dependence on developed nations. They do this by developing their industries so they can compete with other countries that rely on exports. China's GDP growth rate dropped from over 10.6% in 2010 to 5.2% in 2023. The drop in growth is due to the democratization of GDP growth as countries worldwide have followed export-led strategies.

Key components of the strategy

Value addition to commodities: Instead of exporting raw materials, countries are focusing on developing the capacity to process these resources domestically, such as agro-processing and the extraction of higher-value minerals.

Regional and continental integration: The African Continental Free Trade Area (AfCFTA) is a crucial initiative designed to create a single market for goods and services, which will help build regional value chains and expand market access for African manufacturers.

Infrastructure development: Investments in infrastructure like roads, industrial parks, and Special Economic Zones (SEZs) are vital for industrial growth, improving logistics, and attracting foreign and domestic investment.

Job creation and skills development: The strategy aims to create more and better-paying jobs, particularly by absorbing skilled individuals who may not find employment in the public sector. This can lead to higher household incomes and increased domestic demand.

Attracting investment: Improving the business environment by reducing obstacles and formalizing the economy is essential to attract both foreign and domestic investment needed to fuel industrial growth.

Expected Outcomes
Economic growth: Increased industrial output and exports are projected to significantly boost GDP, as seen in models projecting GDP per capita gains and a reduction in extreme poverty.

Poverty reduction: The strategy is expected to lift millions out of poverty through job creation and higher government revenue.

Formalization of the economy: A stronger manufacturing sector is expected to encourage the formalization of the informal sector, which could lead to a reduction in the informal sector's contribution to GDP.

Diversification: The focus on manufacturing helps diversify the economy away from reliance on raw commodity exports, leading to more stable and resilient growth.

Challenges
Infrastructure deficits: Significant constraints remain in terms of infrastructure, which can hinder the ability to capitalize on export opportunities.

Regulatory bottlenecks: Existing regulatory hurdles can still hamper trade and industrial development.

Outdated models: Some traditional manufacturing models are becoming less labor-intensive, requiring new approaches to industrialization that are tailored to current realities
Under the Petroleum Industry Act (PIA) 2021, the primary "levy" that affects the final price of Premium Motor Spirit (PMS, or petrol) and diesel for the customer is the 0.5% Midstream and Downstream Gas Infrastructure Fund (MDGIF) Levy and an import duty framework.

Midstream and Downstream Gas Infrastructure Fund (MDGIF) Levy
The PIA provides for the establishment of the MDGIF to finance investments in gas infrastructure. This fund is sustained by a levy of **0.5% chargeable on the wholesale price of all petroleum products and natural gas sold in**

Nigeria. This cost is ultimately passed on to the customer as part of the final pump price.

Import Tariff Framework
The PIA empowers the Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) to introduce regulations related to public service obligations, including ensuring energy security and supporting the domestic refining sector.

Proposed 15% Import Duty: In late 2025, the Federal Government attempted to introduce a 15% ad-valorem import duty on imported PMS and diesel, aimed at protecting the emerging domestic refining industry (like the Dangote Refinery) and reducing dependence on imports. This was expected to significantly increase the pump price for consumers.

Suspension: Following public concern and market analysis, the government (via the NMDPRA) announced the **cancellation/suspension** of this proposed 15% import duty, meaning it is no longer in effect.

Other Relevant PIA Provisions
Deregulation: The PIA formally moved the downstream sector towards a fully deregulated market, meaning prices are determined by market forces rather than government control (and the removal of general fuel subsidies).

Taxes on Companies: The PIA primarily focuses on a new fiscal regime for upstream and midstream *companies*, replacing old tax structures (like the Petroleum Profit Tax) with a combination of Hydrocarbon Tax and Companies Income Tax (CIT). These are taxes on the companies' profits and operations, not direct customer levies at the point of sale, though they influence the overall cost structure of the industry.

No specific "customer tariff" in the traditional sense: Aside from the MDGIF levy and general taxes (like VAT, which is applicable in Nigeria), the PIA's structure encourages market-reflective pricing, rather than imposing explicit, fixed "customer tariffs" on PMS and diesel beyond standard consumption taxes and levies.
Nigeria's planned 15% ad-valorem import levy on refined fuel was suspended and postponed to early 2026. Originally intended to boost domestic refining capacity, the levy was paused due to concerns about increased fuel prices and supply chain stability, though it may be revisited later in the year.

Original Intent
Protect local refining: The levy was designed to make imported fuel more expensive, helping to level the playing field for local refineries like the Dangote Refinery.

Strengthen the economy: The goal was to encourage domestic production, add value locally through refining, and boost the country's non-oil revenue base.

Rationale for Suspension
Supply and affordability concerns: Critics warned the levy could significantly increase pump prices, potentially straining households and undermining energy security, especially given Nigeria's reliance on imports.

Market balance: The government decided that supply-chain stability and affordability were more pressing issues at that moment.

Policy reversal: The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) announced the suspension, reversing the earlier policy decision and indicating the levy would not be implemented as planned in November 2025.

Tinubu's 15% Fuel Import Levy
THE introduction of a 15 per cent ad valorem levy on petrol and diesel imports, approved by President Bola Tinubu, marks a significant shift in Nigeria's energy policy and economic strategy.

Tinubu argues that this levy aims to protect local refineries from unfair competition and promote domestic production. However, concerns linger over its inflationary impact amid Nigeria's continuing reliance on imported petroleum and worsening poverty since fuel subsidies were removed in May 2023. In official directives to the Federal Inland Revenue Service and the Nigerian Midstream and Downstream Petroleum Regulatory Authority, the government emphasised its goal to "operationalise crude transactions in local currency, strengthen local refining capacity, and ensure a stable, affordable supply of petroleum products".

The 15 per cent levy reflects a market-responsive tariff framework designed to bridge the persistent gap between the cost of domestically refined fuel and imported alternatives. This gap has caused market instability, as local refineries struggle to compete against cheaper, often duty-free imported fuels, especially during periods of volatile foreign exchange rates and rising freight costs.

A critical question is why imported fuels remain cheaper than those refined domestically, particularly given the presence of Dangote Refinery, the country's dominant player, operating in a free trade zone. This policy risks public backlash, especially if seen to favour industrial elites like Dangote while imposing higher costs on ordinary Nigerians. The timing is sensitive considering Nigeria's infrastructure deficits, entrenched poverty, and inflation hovering in double digits.

Though long-term goals of ending import dependence seem auspicious, the immediate hardship Nigerians face when the policy takes effect on November 21 is substantial. Despite the operational commencement of the 650,000 barrels-per-day Dangote Refinery and smaller modular refineries in Edo, Rivers, and Imo states, Nigeria imported 15 billion litres of petrol or about 70 per cent of petrol consumed between August 2024 and the first week of October, per NMDPRA data.

FIRS Executive Chairman Zacch Adedeji explained the policy's intent to shield both consumers and domestic producers from unfair pricing by creating a level playing field that enables local refineries to recover costs and attract further investment. Yet, the socio-economic risks are unambiguous. With over 133 million Nigerians classified as multidimensional poor, an increase that could push fuel prices by as much as N100 per litre threatens to deepen the cost-of-living crisis and risks reversing the recent downward trend in inflation numbers.

Chris Onyeka, assistant general secretary of the Nigeria Labour Congress, dubbed the levy "anti-people," underscoring the paradox of Dangote Refinery's duty-free status while consumers must endure escalating pump prices. Festus Osifo, President of the Trade Union Congress, called for clarity on whether the duty targets only foreign importers or also domestic refiners like Dangote operating within free trade zones.

Conversely, Wale Oyerinde, Director-General of the Nigeria Employers' Consultative Association, sees the levy as a necessary corrective measure after decades of neglect in Nigeria's refining sector. He pointed out that many advanced economies employ protectionist policies to safeguard their industries. Similarly, Momoh Oyarekhua, Chairman of the Crude Oil Refinery Owners Association of Nigeria, argued that the import duty will end unhealthy competition between local refineries and importers, promote fair market conditions, create jobs, stabilise foreign exchange, enhance energy security, and eventually position Nigeria as a net exporter of refined petroleum products.

Therefore, the challenge lies in balancing support for domestic refineries and the national goal of ending fuel import dependency against the immediate economic hardship imposed on a population already burdened by rising food, transport, housing, healthcare, and education costs. Success will depend largely on how quickly local refineries can ramp up production to prevent fuel shortages and unchecked price hikes. Fiscal incentives, such as tax breaks, reduced tariffs on refinery machinery, and subsidised financing, will be critical in boosting refinery capacity and competitiveness.

The government can balance the situation by channeling the N1 trillion projected revenue from the levy over the next 12 months into complementary social relief measures, including agriculture and transport subsidies, or direct support for vulnerable households to stave off public discontent. The government needs to improve communication and stakeholder engagement to ascertain if this policy really needs immediate implementation or a gradual approach tied to local availability of petrol and diesel.

Tinubu shifts 15% fuel import duty to Q1 2026

The Federal Government has approved the postponement of the implementation of the 15 per cent import duty on petrol and diesel until the first quarter of 2026, contrary to earlier notions that the suspension was indefinite. The deferment, formally approved by President Bola Tinubu, was in response to a detailed request submitted by the Executive Chairman of the Federal Inland Revenue Service, Dr Zacch Adedeji, following extensive strategic consultations with key stakeholders to assess market readiness and ensure a smooth and orderly rollout of the 15 per cent import duty.

Adedeji made the request in a letter dated November 7, 2025, titled "Deferment of the Commencement of the Implementation of the Premium Motor Spirit (petrol) and Diesel Import Duty." The letter obtained exclusively by our correspondent on Thursday stressed the need to ensure that local refining infrastructure is fully prepared, technical

and operational frameworks are properly aligned, and fuel supply disruptions are minimised before the levy takes effect.

The duty, originally approved on October 21, 2025, was aimed at boosting domestic refining capacity, stabilising downstream fuel prices, and promoting fair competition between imported and locally produced fuels. Earlier on Thursday, the Nigerian Midstream and Downstream Petroleum Regulatory Authority announced the suspension of the planned 15 per cent ad-valorem import duty on petrol and diesel, reversing an earlier policy move aimed at encouraging local refining and reducing dependence on fuel imports. The policy suspension was confirmed to our correspondent by the Director, Public Affairs Department at the Nigerian Midstream and Downstream Petroleum Regulatory Authority, George Ene-Ita, on Thursday, via a telephone conversation.

He explained that the planned tariff had been suspended, saying, "Well, you read it, that is what it means. It is no longer in view and not implementable at this time." He stated this while clarifying a press statement earlier issued by the agency. When asked if the decision had the approval of President Bola Tinubu, the official confirmed, "Yes, it is (with his approval)."

The NMDPRA is one of the major federal agencies assigned to enforce the tariff, ensuring compliance with the import duty structure. But a new letter confirming the deferment, sighted by The PUNCH, read that Tinubu, rather, approved the postponement of the implementation "for further review in the first quarter of 2026."

The letter read, "The purpose of this memorandum is to apprise Your Excellency of the need for a deferment in the commencement schedule of the implementation of the previously approved fifteen per cent (15 per cent) import on Premium Motor Spirit and Diesel, sequel to additional strategic consultations on implementation readiness.

"Your Excellency may wish to recall that on 21st October 2025, via presidential PRES8197/HAGF/100/71/FIRS/40/88-2/NMDPRA/2, you graciously approved the introduction of fifteen per cent (15 per cent) ad-valorem import duty on Premium Motor Spirit (PMS and Diesel). The measure was conceived as a corrective policy tool to strengthen local refining capacity, stabilise downstream market prices, and promote competitive parity between imported and domestically produced fuels in line with the Renewed Hope Agenda for energy and fiscal sustainability.

"Pursuant to the above approval, and in line with Your Excellency's directive that all fiscal and market interventions must be reflective of the administration's drive for efficiency and balance, a series of consultative meetings was held with critical stakeholders to review implementation timelines and operational readiness.

"Sequel to these engagements, and following a thorough assessment of market conditions and the agreed strategic implementation roadmap, it was collectively determined that it is necessary to allow for a smoother and more efficient rollout. This adjustment will provide adequate time for stakeholders to complete alignment on technical templates, public communication frameworks, and import scheduling, thereby minimising disruption to the supply chain and ensuring that the reform achieves its intended stabilising Impact."

Adedeji explained that the deferment would also create a window for government agencies to monitor local refining performance in the first quarter of 2026 and align the tariff's rollout with verified production data and consumer price trends. According to the letter, the adjustment aims to ensure that when the levy eventually takes effect, it will be both economically sustainable and socially responsible, in line with President Tinubu's directive that all fiscal measures must safeguard citizens' welfare while maintaining market discipline.

In his recommendation, the FIRS boss urged the President to approve the deferment of the commencement of the 15 per cent import levy on Premium Motor Spirit and diesel until January 2026, pending further confirmation. "Pursuant to the foregoing, Your Excellency is graciously invited to approve the deferment of the commencement of the 15 per cent import levy on Premium Motor Spirit and Diesel until January 2026, subject to Your Excellency's confirmation. Respectfully submitted for Your Excellency's consideration and further directives," the letter requested. President Tinubu, in his minute on the document, approved the request and directed that the implementation be deferred "for further review in the first quarter of 2026."

Recall that last month, Tinubu's approval of a 15 per cent import policy on PMS and diesel has stirred widespread concern across the oil and gas sector, with operators warning it could raise petrol prices, worsen inflation, and increase import costs, even as the government insists the policy aims to boost local refining and generate revenue. The President's approval was conveyed in a letter signed by his Private Secretary, Damilotun Aderemi, following a proposal submitted by the Executive Chairman of the Federal Inland Revenue Service, Zacch Adedeji.

The Suspension of the Planned Implementation of A 15 Per Cent Ad-Valorem Import Duty on Petrol and Diesel
The suspension of the planned implementation of a 15 per cent ad-valorem import duty on petrol and diesel imports has generated mixed reactions across the industry and economic stakeholders. The 15 per cent import duty policy, scheduled to come into effect from November 21, 2025, was initially approved by President Bola Tinubu in October, aimed at promoting local refining and reducing fuel import dependence. The Nigerian Midstream and Downstream Petroleum Regulatory Authority (NMDPRA) officially announced the halt on Thursday, citing a need to respond to public concerns amid inflationary and currency pressures affecting households and businesses.

Recall that the federal government had stated the import duty was designed as an ad-valorem tariff aimed at protecting emerging local refineries, such as the Dangote Refinery, which has a capacity of 650,000 barrels per day, as well as smaller modular refineries. The goal was to encourage investment in domestic refining capacity, create jobs, foster GDP growth, and strengthen Nigeria's energy security by reducing imports. In a post on its X handle on Thursday, the NMDPRA said, "It should also be noted that the implementation of the 15 per cent ad-valorem import duty on imported Premium Motor Spirit and Diesel is no longer in view."

Signed by its director, Public Affairs Department, NMDPRA, George Ene-Ita, the NMDPRA also assured all that there is an adequate supply of petroleum products in the country, within the acceptable national sufficiency threshold, during this peak demand period. "While appreciating the continued efforts of all stakeholders in the midstream and downstream value chain in ensuring a smooth and uninterrupted supply and distribution, the public is hereby assured of NMDPRA's commitment to guarantee energy security," the agency stated.

Also shedding light on the policy suspension, the director of Legal Services at NMDPRA, Dr Joseph Tolorunse, explained the government's rationale: "The government intended to stimulate investment and shield local industries from being undercut by cheaper imports. While prices may rise in the short term, the long-term benefits would include job creation, GDP growth, and greater self-sufficiency."

Tolorunse, who spoke during the maiden conference of the Energy Correspondents Association of Nigeria (ECAN), in Abuja on Thursday, said. "In the short run, prices may go up, but in the long run, the country would have benefited through job creation, GDP growth, and greater self-sufficiency." Tolorunse added that while the administration remains committed to its long-term industrial goals, "it is also sensitive to public outcry," prompting a temporary pause in the rollout of the policy.

However, the suspension has sparked divergent views among policymakers, economists, petroleum industry stakeholders, and business groups. Energy analysts and industry players have welcomed the rollback, describing it as a necessary lifeline for households and businesses already stretched by inflation and currency pressures. Yet, many warn that the relief could delay critical structural reforms in Africa's largest oil producer. "This is a very good move. High costs are already burdening Nigerians, so cancelling it is something we should applaud," said Henry Adigun, an oil policy expert. "In a country where you don't have local production sufficiency, imposing a tariff on imports is counterproductive."

Adigun said the tariff was "flawed from the beginning," highlighting a policy disconnect between the government's fiscal drive and the realities of Nigeria's import-dependent energy market. "Once you get enough local production, then you can put tariffs to discourage others. The logic was premature," he added. Also, petroleum marketers and their representative bodies expressed relief at the suspension, highlighting concerns about competition and consumer protection.

The Petroleum Products Retail Outlets Owners Association of Nigeria (PETROAN) stated that the tariff threatened to encourage monopolistic practices, potentially distorting the deregulated downstream market. PETROAN's president,

Dr Billy Gillis-Harry, remarked, "We are not against tariffs per se, but the imposition of this tax would harm business and investments in the sector. A fair, competitive market that allows importation to supplement local production is essential." He praised President Tinubu's responsiveness: "Stepping down the policy shows he has a listening ear and understands economic realities." Dr. Gillis-Harry further explained that Nigeria's downstream market, valued at about N1.2 trillion (approximately $3 billion), is projected to grow annually by five per cent between 2025 and 2030. "

The subsidy removal ushered in market liberalisation, allowing private sector participation and ending decades of government price control. We have consistently cautioned against monopolistic practices, especially with the rise of mega-refineries and dominant importers," he added. According to him, a diverse playing field with modular refineries, the Nigerian National Petroleum Corporation (NNPC), Dangote Refinery, and independent marketers operating freely is crucial for sector health.

On its part, the Petroleum Dealers Association of Nigeria (PEDAN), through its National Secretary Ibrahim Shehu Yahaya, also opposed the imposition, asserting that the 15 per cent tax contravened the Petroleum Industry Act (PIA) provisions which promote fair competition and energy security. Yahaya stressed the need for operational fairness to encourage private investment in refining. Conversely, the Ogun State Chamber of Commerce, Industry, Mines and Agriculture (OGUNCCIMA) criticised the suspension sharply.

OGUNCCIMA President Lion Niyi Oshiyemi described the rollback as a "setback to Nigeria's economic reform drive and a missed opportunity to shield our local refineries." He emphasised, "The decision to suspend the 15 per cent import tariff is deeply disappointing. This policy was a step in the right direction to foster local refining, reduce import dependency, conserve foreign exchange, and ensure a level playing field for domestic producers." Oshiyemi warned that the reversal "sends a wrong signal to investors, undermining confidence in Nigeria's energy sector." He highlighted the Dangote Refinery's capacity to meet domestic fuel needs and export to other African countries.

"Supporting such investments with protective policies like the import duty is not just economic prudence; it is a matter of national interest." Oshiyemi urged the federal government to reconsider the suspension, emphasising that "sustainable industrial growth requires consistent policy direction. Frequent reversals deter private sector participation and impede long-term development." While acknowledging government concerns about short-term price impacts, he insisted that "the long-term benefits, including job creation, foreign exchange savings, and energy security far outweigh temporary inconveniences."

Economic analyst and policy advocate Dr Muda Yusuf of the Centre for the Promotion of Private Enterprise (CPPE) also expressed disappointment over the suspension. He maintained, "The 15 per cent import duty on refined petroleum products was a positive, forward-looking policy step that could catalyse industrial expansion, conserve forex reserves, create jobs, and promote economic resilience if accompanied by broader industrial support measures." Yusuf elaborated, "Nigeria's path to sustainable industrialisation must be grounded in strategic, time-bound protectionism, not unrestrained liberalisation. No country has industrialised by exposing its industries indiscriminately to imports." He described the continuous importation of petroleum products as imposing "immense costs on the economy, such as pressures on forex reserves, fiscal instability, and the collapse of domestic refining."

Yusuf argued, "A modest 15 per cent protection would provide the policy support needed for domestic refineries, including Dangote, NNPCL, and emerging modular plants, to thrive and reduce forex vulnerability." He added, "Protectionism, when pragmatic and disciplined, empowers domestic industries to compete globally. The goal is not to shut out the world but to build Nigeria's strength to engage it confidently." He questioned the government's decision, expressing concerns about how best local refining companies would be shielded henceforth. Seeking comments, the Crude Oil Refiners Association of Nigeria (CORAN) indicated ongoing consultations and promised to issue a formal position on the tariff suspension soon. When contacted the secretariat of the Crude Oil Refiners Association of Nigeria (CORAN) told our correspondent that the Association is making consultations and would come up with a position on the announcement.

LEADERSHIP reports that in a statement posted on its X handle on Thursday, the director, Public Affairs Department, NMDPRA, George Ene-Ita, said, "It should also be noted that the implementation of the 15 per cent ad-valorem import duty on imported Premium Motor Spirit and Diesel is no longer in view." Recall that President Bola Tinubu approved

the introduction of a 15 per cent ad-valorem import duty on petrol and diesel imports into Nigeria. The NMDPRA also assured all that there is an adequate supply of petroleum products in the country, within the acceptable national sufficiency threshold, during this peak demand period. "While appreciating the continued efforts of all stakeholders in the midstream and downstream value chain in ensuring a smooth and uninterrupted supply and distribution, the public is hereby assured of NMDPRA's commitment to guarantee energy security," the statement read.

CONCLUSION

The challenge lies in balancing support for domestic refineries and the national goal of ending fuel import dependency against the immediate economic hardship imposed on a population already burdened by rising food, transport, housing, healthcare, and education costs. Success will depend largely on how quickly local refineries can ramp up production to prevent fuel shortages and unchecked price hikes. Fiscal incentives, such as tax breaks, reduced tariffs on refinery machinery, and subsidised financing, will be critical in boosting refinery capacity and competitiveness.

RECOMMENDATION

The government can balance the situation by channeling the N1 trillion projected revenue from the levy over the next 12 months into complementary social relief measures, including agriculture and transport subsidies, or direct support for vulnerable households to stave off public discontent. The government needs to improve communication and stakeholder engagement to ascertain if this policy really needs immediate implementation or a gradual approach tied to local availability of petrol and diesel.

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