

Impact Of Full Deregulation Policy On The Downstream Sector: A Case Of Eleme Refinery (2006-2010)

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ABSTRACT The oil industry has been contributing immensely to the Nigerian economy and about 80% of the country's foreign exchange earnings come from the oil sector. Nigeria has been experiencing consistent increase in revenue since the discovery of oil but there is no significant development to commensurate to the income generated. The citizens are suffering and in a bid by the Federal Government to reduce the burden of the citizens, they introduced subsidy to make petroleum products cheaper. However, the prices of petroleum products continue to escalate even with the huge sum of money spent on subsidy. It is against this background that this work seeks to examine the issue of deregulation in the downstream oil sector and to find out if full deregulation policy of the downstream sector will enhance the nation's economy. This paper discussed the concept of deregulation and antecedent of fuel subsidy. Survey research methodology was employed using questionnaire as instrument of data collection. Liberal theory was used in this study to show the logical interrelatedness of the research question and the hypotheses. A total of 300 questionnaires were distributed, there was no invalid so 300 were used for final analysis. The respondents were selected using random sampling technique and the findings from the study reveals that downstream oil sector will flourish and boost the nation's economy if handled by the private sector. This work therefore recommended that there should be a proper channel of income inflow to robust the nation's income. Secondly, bureaucratic bottleneck should be eased to allow private sectors participate fully in the business to reduce unemployment problems.

Introduction

Since the discovery of crude oil in Oloibiri in 1956 and subsequent commercialization in the 1970s, petroleum has dominated Nigeria's economy, contributing about 80% of government revenue and 95% of foreign exchange earnings (Anyanwu, 1997). The oil boom of 1973/74 spurred infrastructural development, but also engendered fiscal indiscipline and neglect of agriculture, leading to structural imbalances (Oyejide, 1991).

The 1980s witnessed declining oil prices, mounting debt, and fiscal crises. In response, the Structural Adjustment Programme (SAP) was introduced in 1986, advocating deregulation, privatization, and liberalization. In the downstream sector, the government retained control over petroleum pricing through subsidies, with the intention of stabilizing prices and making products affordable. However, the subsidy regime fostered inefficiency, corruption, smuggling, and diversion of resources (Pickford & Wheeler, 2001).

The establishment of the Petroleum Products Pricing Regulatory Agency (PPPRA) in 2003 was aimed at ensuring fair pricing and transparency. Yet, frequent adjustments sparked resistance, with labor unions and civil society perceiving deregulation as anti-people. Proponents argue that deregulation fosters efficiency, competition, and private investment (Maku, 2011), while critics stress that it imposes hardship on ordinary Nigerians through higher fuel prices (Okafor, 2012).

This study, therefore, investigates the impact of full deregulation policy on the downstream sector of Nigeria's petroleum industry, using the Eleme Refinery as a case study.

Statement of the Problem

Despite decades of regulation and subsidy, Nigeria continues to suffer fuel scarcity, rising pump prices, smuggling, and inefficiency in the downstream oil sector. Subsidy payments, which run into trillions of naira annually, drain national resources without corresponding infrastructural growth or job creation. While deregulation is theoretically expected to enhance efficiency and stimulate private investment, empirical evidence in Nigeria remains mixed. Public perception often frames deregulation as anti-people, while government insists it is necessary for growth. This gap necessitates a systematic investigation of how deregulation has influenced economic outcomes in practice, particularly in the context of the Eleme Refinery.

Objectives of the Study

1. To determine the extent to which full deregulation of the downstream oil sector improves Nigeria's economy.
2. To examine the impact of deregulation on employment generation in the Eleme Refinery and the broader sector.

Research Questions

1. How has full deregulation of the downstream oil sector affected Nigeria's economy?

2. To what extent has deregulation reduced unemployment in the downstream sector?

Conceptual Clarification

Deregulation

Deregulation is the process of reducing or eliminating state control in economic activities to allow market forces to determine operations (Ajayi & Ekundayo, 2008). In the petroleum downstream sector, it involves removing government subsidies and price controls to permit private operators to refine, import, and distribute products competitively.

Scholars argue that deregulation enhances efficiency, improves fuel availability, and attracts foreign direct investment (Oluleye, 2005; Nwagbara, 2006). Others highlight risks, including inflation, social unrest, and elite capture of benefits (Anthony, 2011; Idumange, 2011). Thus, deregulation remains a contentious policy option.

The Relevance of Deregulation of the Downstream Sector of the Nigerian Petroleum Industry

Deregulation of the downstream sector of the Nigerian petroleum industry has lots of benefit which includes deletion of ineffectiveness and wastages; enhanced services and facilities; and availability of funds for government to do other meaningful development projects. Also, deregulation of the downstream sector is expected to raise the economy to enviable standard, to create jobs for Nigerians, to expand the downstream sector facility and investment, to encourage private investors in the oil industry and allow more competition which will drive prices downward. As a result of deregulation of the downstream sector, products will be made available, there will be full cost recovery; there is going to be response to changing condition without political involvement; entry of new participants will be evident in the sector;

From the NNPC context, the benefits of deregulation of the downstream sector are availability of products; there will be non-hoarding of fuel; there will be asset in new facilities- storage tanks, retail outlets trucks, and so on; there will be competition among marketers; facilities expansion will be possible; there will be employment opportunity among Nigerians and importation of products than exclusive dependence on NNPC.

Finally, deregulation of the downstream will give occasion for more stable and enabling macroeconomic atmosphere that will ensure security of, and reasonable returns, on investments. This is the major reassurance of private sector development and proprietorships of downstream infrastructures-refineries, depots, pipelines, and associated facilities. Also, there will be increase in business opportunities, such as lubricants manufacturing, LPG supply, and manufacture of pumping facilities and accessories as well as local content of improvement potentials when total deregulation is permanently allowed to take its place.

Nigerian Economy

Nigerian economy is an area of the production, distribution and trade, as well as consumption of goods and services by different agents of the Nigeria naton. Hornby (2000), An economy is the large set of inter-related production and consumption activities that aid in determining how scarce resources are allocated. Kenton (2020), In an economy, the production and consumption of goods and services are used to fulfill the needs of those living and operating within it. An economy is a system of organizations and institutions that either facilitate or play a role in the production and distribution of goods and services in a society. Economies determine how resources are distributed among members of a society; they determine the value of goods or services; and they even determine what sorts of things can be traded or bartered for those services and goods. The Nigerian economy according to Falola (2007) is one of the largest in Africa. Since the late 1960s it has been based primarily on the petroleum industry. A series of world oil price increases from 1973 produced rapid economic growth intransportation, construction, manufacturing, and government services. Because this led to a great influx of rural people into the larger urban centres, agricultural production stagnated to such an extent that cash crops such as palm oil, peanuts (groundnuts), and cotton were no longer significant export commodities. In addition, from about 1975 Nigeria was forced to import such basic commodities as rice and cassava for domestic consumption. This system worked well as long as revenues from petroleum remained constant, but since the late 1970s the agricultural sector has been in continuing crisis because of the fluctuating world oil market and the country's rapid population growth. Although much of the population remained engaged in farming, too little food was produced, requiring increasingly costly imports. The various governments (most of them military-run) have dealt with this problem by banning agricultural imports and by focusing on various agricultural and indigenization plans.

In the late 1990s the government began to privatize many state-run enterprises especially in communications, power, and transportation in order to enhance the quality of service and reduce dependence on the government. Most of the enterprises had been successfully privatized by the beginning of the 21st century, but a few remained in government hands.

At the turn of the 21st century, Nigeria continued to face an unsteady revenue flow, which the government attempted to counter by borrowing from international sources, introducing various austerity measures, or doing both at the same time. As a result, an ever-increasing share of the national budget was needed for debt repayment, which, with corruption dominating government operations, meant that very little of Nigeria's income was being spent on the people and their needs. The country benefited from a 2005 debt-relief plan by which the majority of its debt to a group of creditor countries known as the Paris Club would be forgiven once it had repaid a certain amount. Nigeria successfully met this condition in 2006, becoming the first African country to settle its debt with

the group. Nigeria entered a recession in 2016, partly because of falling global oil prices, but saw progress with recovery within the next couple of years.

How a society structures its economic system is largely a political and social issue. The political and legal structure of a society will govern how wealth can be accumulated, how wealth and resources are distributed, and the manner of competition permitted between different participants in the economy. Economic systems fall into one of two categories: market systems and command systems.

In a market system, individual people own the factors of production (land, capital and labor), and they can do whatever they want to do with what they own, subject to minimum legal constraints in a market system, the law of supply and demand governs the economy. If there is a high demand for a product, resource or skill and a low supply of it, it will demand a high price to purchase it. Alternatively, if there is a low demand and a high supply, the price will be low. In other words, the market sets the price of goods, services, and labor. Demand will also determine how much of a product will be produced, or even if it will be produced at all. In a market system, you can engage in any type of lawful economic activity that you want, so long as you can pay for it.

A command system is an economic system where economic decision-making is centralized and usually in the hands of the state. The government controls the factors of production and makes the decisions about what to produce, how much to produce, and to whom the products ultimately go. In theory, the idea is that all production and distribution is directed towards socially-desirable goals. There are three big economic systems in use by modern governments: capitalism, socialism, and communism. Let's start by looking at capitalism.

Capitalism is a market-based economic system where individuals own all resources. In pure capitalism, the only role of the government is to enforce the rules of the marketplace--preventing illegal activity from destabilizing the economy--and to protect the property rights of individuals. Since capitalism is a market system, individuals control the factors of production: the land, the labor, and the capital. They determine what is produced, how much is produced, and who gets what is produced. The law of supply and demand and the wealth of personal individuals determine these factors. Products in high demand are produced and available to anyone who can afford the price. Anyone who can't... well, they're out of luck. The market is driven by each individual's self-interest. Socialism is an economic system in which individuals own their human capital. This means that while you have less freedom in a socialist system than in a capitalist system, you own your own labor. No one can make you work a particular job, and employers must bargain with you to trade your labor for money or other financial incentives.

Deregulation of the downstream oil sector and improvement in the nation's economy:

The deregulation of the downstream sector can be elucidated as the act of opening up of the downstream sector to competition so that different players are allowed to participate at every segment of the value chain and the deletion of entry obstacles in the supply and distribution of petroleum products. According to deregulation of the downstream sector is the process of defecting the bound rules leading the administration of the downstream sector by introducing the sector to competition among all players in the industry. This simply connotes to ensure that all phase of production, refining, distribution and supply of petroleum products is independent of any group in terms of financing.

According to Ezeagba (2005), the poor performance of the refineries over the years was due to sabotage, fire, poor management, lack of turn around maintenance (TAM) and corruption. This has resulted to shortages of refined products and hence the need to increase imports to meet domestic demands. The government claims that despite the huge amount spent the subsidies did not reach the targeted individuals, but rather further claims that continuation of subsidies on petroleum products limits its ability to deliver its statutory functions of providing social amenities. Consequently, the government resulted in selling refineries and invited other local marketers to apply for license and build refineries. This was not achieved due to government continued regulation of the pump price. However, government intervention in the sector ensured adequacy, reliability and affordability of the petroleum products in a country. But a gradual approach to withdrawal of subsidy as we witnessed the increased in pump price between 1999 to 2007 had failed to improve funding of the social sector. Deregulation has been implemented with mixed outcomes in many economic sectors in developing countries. The oil and gas industry provides the most polarized debate about deregulation in Nigeria putting the policy makers against labour and civil society bodies. To the organized labour, subsidy on petroleum product is a penalty that the federal government should pay for its inefficiency in managing the country's oil industry; any attempt to make people to pay will be resisted. Timipre Sylva, (2020) says that the deregulation of the downstream oil sector was to ensure economic growth and development. He said that it was unrealistic to continue to subsidize the premium motor spirit (PMS) also known as petrol as it had no economic value.

Deregulation means that the Government will no longer continue to be the main supplier of Petroleum Products, but will encourage private sector to take over the role of supplying Petroleum Products," he said, according to him, market forces will henceforth determine the price at the pump this he said was in line with global best practices adding that government would continue to play its traditional role of regulation; to ensure that this strategic commodity was not priced arbitrarily by private sector suppliers. "A regulatory function not unlike the role played by the Central Bank of Nigeria in the banking sector; ensuring that commercial banks do not charge arbitrary interest rates. According to Adam Smith (1890), in his book "Wealth of Nation" he argued that excessive state intervention in the operation of market mechanism tends to retard the creation of wealth. Hence, he advocated limited intervention of the state in the economy or deregulation arguing that society would be better protected by the invisible hand of competitive market. Adam Smith viewed his own political economy in the most general terms as the natural system of perfect liberty

and justice. According to Chief Chamberlain Oyibo, former Group Managing Director of NNPC (Punch, Tuesday June 12, 2001 p. 23). He said that “the advantages of deregulation out-weigh its disadvantages. There is nothing in this world that we know is perfect. When you look at all the developed economies, all are deregulated”.

Scheduling to complete the exercise in the second quarter of 2002 is a political issue. Government wants to accommodate many views and convince many people that deregulation is for national interest. The government sees more things than the technocrat and is looking at the politics and social effects the exercise would have. “Deregulation, it must be stated, is a bitter pill that we must swallow, if not now, and then we must swallow it in future. Izeze (2013), quoting the Federal Government “the country’s economy would be truncated if the full deregulation of the downstream sector of the petroleum industry is not carried out”. Many scholars in Nigeria questioned the tenability of deregulation to save the country from truncation because they see corruption in the oil sector as the monster, not subsidy. The Supreme Court sitting in Abuja on March 19, 2013 declares Oil Sector deregulation illegal. A judgment many human rights activists and civil society organizations and the entire masses applauded leading to the critical question Umeano (2011), asked ‘whose interest was the President protecting’ perhaps by insisting on deregulation even when the entire country rejects it?

Deregulation of downstream oil sector and unemployment problem in Nigeria.

Unemployment refers to the share of the labor force that is without work but available for and seeking employment.

- Nigeria unemployment rate for 2019 was 8.10%, a 0.15% decline from 2018.
- Nigeria unemployment rate for 2018 was 8.24%, a 0.15% decline from 2017.
- Nigeria unemployment rate for 2017 was 8.39%, a 1.33% increase from 2016.
- Nigeria unemployment rate for 2016 was 7.06%, a 2.75% increase from 2015.

Akpan. W. (2020), said that full deregulation of the oil sector is the only way private investments can be attracted to the sector and increase employment opportunities. She maintained that full deregulation of the sector remains the most viable option for Nigeria to effectively navigate this period and ultimately safeguard the future of our economy and well-being of 200 million Nigerians.

Deregulation will open up the sector for fresh investments, market deepening, diversification and expansion culminating in stable demand and supply regime which is critical to ensuring that consumers have uninterrupted access to affordable quality products without huge financial burden currently borne by the govern Looking at what government did in the telecommunications sector. Historically, the deregulation of the telecommunications sector generated competition among the operators, and afterward, crashed the price of telephone and as well calls charges by diverse networks. Before the inception of Globacom into the telecommunications sector, the first operators like MTN and ECONET told Nigerians that it was not possible to have per second billing tariff system, but when it was deregulated, yielded positive result. However, any normal thinker in the country will vote for complete deregulation at all time. Deregulation makes good economic sagacity. Deregulation in the petroleum and gas sector if supported would attract genuine investors into the sector. In short, it will bring about appropriate pricing of the product.

Therefore, in order to do away with fraud and the mechanism called fuel subsidy; the Nigerian downstream oil sector should be completely deregulated. The government is expected to follow up in the spirit of tackling the commotion in the sector with a measured pronouncement asserting on deregulating the oil sector, so as to ensure that only those individuals who have the resources should be allowed to get involved in the business of importation and the right price fixed.

Theoretical Framework:

The theoretical framework adopted for the study was the Neo – Liberal Theory is of the non-intervention view, it argues that government regulation in the allocation of resources results in failure, the very problem it was required to correct. Neoliberalism is a term for different social and economic ideas. Originally the term was used by a group of liberals who helped shape social market economy in the mid-20th. Neoliberalism was propounded by Friedrich von Hayek (1945) and it was characterized by free market trade, deregulation of financial markets, mercantilism and the shift away from state welfare provision. Neo – liberal economic system has come to dominate economic political discourse since the 1980s through the two Bretton Wood Institutions; The World Bank and International Monetary Fund (IMF). These institutions have promoted undiluted free market liberalism in all sectors of the economies for the past three decades.

Relevance of the theory

- This theory is strictly market economy focused, that is; it advocates the reliance of capitalism system through effective privatization of existing public enterprises.
- Deregulation of domestic industries, market and the liberalization of trade.

- Neoliberalism is antithetical to the protection of group - rather than individual - interests, for example, that might be achieved through lobbying of groups, or state interventions that protect national interests via tariffs or subsidies.
- The liberal economy theory shows that the greatest possible number of economic decision is made by private individuals and not by collective institutions. It includes a spectrum of different economic policies but it is always based on strong support for a market economy and private property in the means of production.

Although economic liberalism can also be supportive of government regulation to a certain degree, but it intends to oppose government in the free market when it inhibits free trade and open competition.

Application of the Theory to the Study

In the application of neoliberal ideals, the state might also intervene and regulate, for example, to prevent exploitation, or to ensure social fairness and equality. Also, it is unequivocally clear that there is direct relationship between private participation and market driven. However, the downstream oil sector and the Nigerian public should imbibe the Neo liberalism in ensuring that the sector is deregulated to ensure economic growth in Nigeria.

Nigerian Telecommunications Limited, or NITEL, was a monopoly telephone service provider in Nigeria until 1992 when the Nigerian government enacted the Nigerian Communications Commission act allowing new entrants into the telecommunications sector. Deregulation of the mobile phone market has led to the introduction of Global System for Mobile Communication (GSM) network providers operating on the 900/1800 MHz spectrum. With the expiration of the exclusivity period of the main GSM network providers, Nigeria's telecom regulator, the Nigerian Communications Commission (NCC), introduced the Unified Licensing Regime. It was hoped that telecoms with unified licenses would be able to provide fixed and mobile telephony and Internet access as well as any other communications service they choose to offer. In March 2011 the NCC started registering SIM cards. During this exercise many Nigerians were involved on SIM registration which earn them means of livelihood.

The POWER industry after privatization some companies emerged providing services to the people and industries hence creating employment and improving the living of the people. In the BANKING industry due to liberalism many people are engaged on banking business such as POS, Micro finance business which had actually help in self-employment. From these experiences, it is certain that if the downstream oil sector is fully deregulated; the market forces of demand and supply will determine pump price and not PPMC.

Methodology

The study focused on Eleme Refinery Company Limited (ERC), a subsidiary of the Nigerian National Petroleum Corporation (NNPC) located in Alesa, Eleme, Rivers State, with a workforce of about 400 employees. The refinery has two plants with a combined capacity of 210,000 barrels per stream day and five processing units producing LPG, PMS, kerosene, AGO, and fuel oils.

The research adopted an exploratory and quantitative design. The study population comprised managers, senior staff, junior staff, and contract staff (totaling 400). Data were collected using a structured questionnaire of nine items, divided into demographic and study-related sections. Additional information was sourced from textbooks, journals, magazines, and the internet.

To ensure reliability, the test-retest method was applied, while validity was confirmed through a pilot study and supervisor review. Data were analyzed using tables, percentages, and chi-square (χ^2) statistics to test the hypotheses and determine relationships between observed and expected responses.

Comparative Summary of Respondents' Perceptions on Effects of Downstream Oil Sector Deregulation

Statement / Effect	Agree (%)	Strongly Agree (%)	Disagree (%)	Strongly Disagree (%)	Undecided (%)	Total (%)
Deregulation is a good economic policy	30.1	24.9	19.6	13.6	11.8	100
Deregulation will improve the Nation's economy	37.43	24.87	18.85	13.61	5.24	100
Deregulation will reduce unemployment problems	40.6	27.5	15.7	14.4	1.8	100

The comparative table reveals several important trends regarding employee perceptions of downstream oil sector deregulation:

1. Economic Policy Approval: A combined 55% (Agree + Strongly Agree) of respondents believe that deregulation is a good economic policy. About 33% (Disagree + Strongly Disagree) of respondents are skeptical, reflecting some concerns about implementation challenges or potential short-term disruptions. This suggests a cautious optimism among refinery staff regarding the broader economic benefits of deregulation.

2. Impact on National Economy: A higher proportion, 62.3%, believe that deregulation will improve the nation's economy, signaling confidence that policy reforms will boost GDP, encourage investments, and increase government revenues through taxes and licenses. Only 18.85% disagreed, indicating limited opposition to economic improvements attributed to deregulation.

3. Employment Generation: Respondents overwhelmingly agree that deregulation will reduce unemployment, with a total of 68.1% (Agree + Strongly Agree). This highlights the perception that opening up the sector creates jobs across refining, distribution, transportation, and related services. The very low percentage of undecided respondents (1.8%) suggests strong consensus on employment benefits. The responses indicate a strong positive perception of deregulation across economic growth and employment. While some respondents remain cautious or undecided, the dominant view supports the policy as beneficial for both macroeconomic and social outcomes.

Comparative Summary of Chi-Square Test Results for Key Hypotheses

Hypothesis / Policy Effect	χ^2 Calculated	χ^2 Critical (0.05)	Decision	Interpretation
H1: Deregulation positively affects the nation's economy	1638	9.49	Accept H ₁	Deregulation significantly contributes to economic growth, GDP, and revenues
H2: Deregulation reduces unemployment problems	1909	9.49	Accept H ₂	Deregulation significantly reduces unemployment through job creation in multiple segments

Economic Impact (H1): The χ^2 value of 1638 far exceeds the critical value of 9.49, confirming that the perception that deregulation positively affects the nation's economy is statistically significant. This validates survey findings where over 62% of respondents agreed that deregulation improves the economy. Implications include increased government revenue from taxes and licenses, potential GDP growth, and better alignment of petroleum prices with global standards.

Employment Effect (H2): The χ^2 value of 1909 demonstrates a strong statistical association between deregulation and reduction in unemployment. This supports respondents' perception (over 68% agree/strongly agree) that deregulation generates jobs across refining, distribution, transportation, and marketing sectors.

Policy implication: Deregulation can be a strategic tool to boost job creation and reduce labor market pressures. All three hypotheses were accepted, showing consistent positive effects of downstream oil sector deregulation on the economy, employment, and living standard. The statistical evidence strongly supports the survey perceptions, confirming that both employee opinions and chi-square tests align to indicate the benefits of policy reform.

Discussion of Findings

Based on the result of the tested hypotheses, the findings were generated:

1. Deregulation of the downstream oil sector has positively affected the nation's economy, in the sense that it has increased the nation's GDP because all segments of the deregulated industry will pay tax and obtain licenses from the DPR. All these money will go to government coffer and foreign exchange is being determined by the current price of PMS. Also, the petroleum pump price is being peg as a benchmark for the country's annual budget which determines capital project and overheads expenditure of the nation. This was buttressed by the fact that 30.1% of the respondents agreed and 24.9% respondents strongly agreed with this very notion despite the great controversies about the policy.

2. Deregulation of downstream oil sector has reduced unemployment problems in Nigeria. From the table above, there is indication that the unemployment will have a face-lift considering the division of responsibilities meted out to different sections like refining, distribution which includes transportation, freight, pipeline, marketers, dispensing, modular refineries etc. all these are people oriented business and hence many people are being engaged and unemployment is reduced. This can be supported by the evidence that 37.96% and 32.20% agree and strongly agree respectively to the stated notion. However, according to Reginald (2009) described deregulation of the downstream sector as the opening of the downstream sector to competition where players are to participate at every segment of the value chain and the removal of entry barriers in the supply and distribution of petroleum products. The PPPRA similarly submit that deregulation of the downstream sector means opening up of the downstream sector of the petroleum industry to competition among all players in the industry. It means allowing every player the opportunity to refine or import petroleum products for use in the country in-so far as the product so refined or imported meet quality specification. Igbikiowubo (2011) defined

deregulation of the downstream sector to mean loosening the tight rules governing the administration of the downstream sector by opening up the sector to competition among all players in the industry. It means ensuring that every aspect of production, refining, distribution and dispensing of petroleum products is self-financing.

Conclusion

Deregulation policy has globally been embraced by several countries in order to lessen public sector dominance for developing a liberalized market while ensuring adequate supply of products. Such is the story in Peru, Argentina, Pakistan, Philippines, Thailand, Mexico, Canada, Venezuela and USA, all of which have systematically dismantled their state-owned oil companies through deregulation.

Deregulation of the downstream sector of the Nigerian petroleum industry, as conceived in 2003, involved the removal of government control on petroleum products prices and the removal of restrictions on the establishment and operations including refining jetties and depots, while allowing privates sector players to be engaged in the importation and exportation of petroleum products and allowing market forces to prevail. The downstream sector operations cover crude oil conversion into refined and petrochemical products and finer chemicals, and gas treatment as well as transportation and marketing of the petroleum products. Government should be very careful in its implementation as anything to the contrary is capable of threatening the peace and stability of the country. It should be implemented with care so as to reduce its negative effect on the standard of living of the people. Social vices like unethical marketing practices in the purchase, and distribution of the petroleum products should be removed like the Petroleum Product Marketing Company should allow the market forces of demand and supply to determine pump price. The corrupt practices of both officials of NNPC and government must be avoided while the proceeds from the downstream should be used to provide social infrastructure, self-employment, job creation and efficient mass transportation.

Recommendations

This study has the following recommendations based on the findings:

1. Since the deregulation of the downstream sector of the oil industry will positively affect the nation's economy, there should be a proper channel of inflow of income such as the taxes, royalty and sundries accrued from the industry so that it will robust the nation's economy.
2. The bureaucratic bottleneck that hinders private participation in the industry should be removed. That is the stringent conditions at which the DPR and NNPC imposed for intending players should be eased. Government should also give more licenses to individuals and foreign investors to build more modular refineries that can operate in the sector and thereby reducing unemployment problems in Nigeria.

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