

Government Needs to End Exploitation by the Oil Marketers

By Mwangi Wanjumbi – For Newtimes Articles & Info Library, 23rd Nov 2010

The words of David Blunkett, a long serving British MP keep ringing in my mind any time I think of the Oil Industry. As I had noted in a then published article, "Africa is in fact the greatest enemy to itself." Blunkett had said this when giving a lecture at the Hilton Hotel, sometimes in November 2008.

Further, "Africa continues exploiting Africa through corruption; nepotism and other misdeeds long after the colonialists are gone and forgotten. They are helped in this by multinationals, a clear example being the oil-marketing companies. They are quick to increase local prices, but never to reduce them," Blunkett had added.

Coincidentally, we have since sometimes in 2009 had the government come up with fuel control policy and later backtracking on the same. The process as we were told had been properly researched on and was borrowing specifically from a South African model. The process aimed at monitoring the oil pricing with precision. But now, what is up with this sector of our national economy?

Many more questions arise especially in the recent past when the Government has been found to be seemingly at the mercy of the oil marketing companies. In particular, who owns each and every one of these companies? Do government bureaucrats and political leaders have interests in these companies? Why is the chief energy ministry technocrat, Mr. Patrick Nyoike permanently begging the oil marketing companies to be fair in their schemes instead of taking decisive action of reining on them? Indeed, why is the same government giving mixed signals to the effect that our national laws do not allow for interference with the oil industry?

All these questions are continually begging for answers from our economy minders. They need to enable us to understand why the oil marketing companies continue exploiting us at will.

Meanwhile, the oil marketing industry was liberalised in October 1994, in line with the realities of the other economic factors. It was expected that other entrants were to freely venture into this industry, therefore making it a perfect market in due course. But what has been achieved so far?

Sixteen years thereafter, the new local entrants have seemingly made no impact whatsoever. The oil marketing industry continues operating as oligopolies (few industry players) as well as

well oiled cartels, whose conduct of doing business is almost unchallenged. Further, NOCK-National Oil Corporation contributes little or nothing in taming the oil industry.

Even the competitive forces of business rivalry and new industry entrants amongst others have had little impact. Naturally, they would have been expected to rein and eventually control the industry as has recently happened in the mobile telecommunications industry. Apparently, this far fetched idea of perfect market has not and may not occur any time in the future as far as the oil marketing industry is concerned. So, what is the way forward?

Our national government has no choice. With or without any statutes allowing it to rein on the oil marketing industry, the government now needs to treat the oil marketers as a threat to the economy of this great nation. With out the necessary control measures, they are likely to strangulate the national economy to the detriment of all of us. Notably, the operations of the oil industry have a spiralling effect in the entire economy. Continually, increased prices lead to increase transport charges, food prices and general cost of doing business. More still, oil contributes 20 - 25 percent of the national import bill.

Why then should the oil marketing industry, which is largely owned by foreigners, be any longer freely allowed to continue controlling such a sensitive sector of the national economy? Sixteen years of waiting for perfection of the oil market without any favourable results especially to consumers is certainly a long time.

Consequently, the matter needs to be re-dressed without any fear of reprisals if we are likely to free ourselves from continued exploitation as noted by Hon David Blunkett. More importantly, there is need to ensure that our vision 2030 is not blurred by the oil marketers especially in a newly rejuvenated nation. Apparently, the government has all the justifications of controlling the operations of the oil industry.

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