Challenges and Opportunities in Implementing Local Content in a Regional Context

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Overview

1. Introduction
2. Local Content, Industrial Growth and Structural Transformation
3. The Resource Curse and Positive Oil Exceptionalism
4. Challenges for Local Content in Practice
5. Success Stories and Potentials for Success
6. Conclusion: The Value of Regional Cooperation
1. Introduction
2. Local Content, Industrial Growth and Structural Transformation
‘Catch-up’ interventionist strategies

1. Protecting infant industries through tariff protection
2. State-directed research and development
3. Strategic use of state-owned enterprises
4. Joint venture provisions
5. Royalty and taxation policy
6. Technology transfer policy
7. Investment promotion
3. The ‘Resource Curse’

Aspects:
- Corruption
- Lack of (formal) democracy
- Conflict/civil war
- Dutch disease

Argument:
- The resource curse as the outcome of economic policy decisions and structural realities, not an inevitable or insurmountable truth
Oil Exceptionalism

The “Resource Curse”  
(Negative Oil Exceptionalism)

The “Petro-Developmental State”  
(Positive Oil Exceptionalism)
The Petro-Developmental State

Protectionism

State-led Development

Import Substitution
4. Challenges for Local Content in Practice

- Corruption
- Local Fronting
- Foreign Labour
- Access to Capital
- Skills, Training and Human Capacity
- Managing Expectations
5. Success Stories and Potentials for Success
Current Levels of Nigerian Content

Source: NCDMB 2013

Overall Nigerian Content ~40%

Source: NCDMB 2013
Nigeria:
- 300,000 direct & indirect jobs
- $191 billion retained in the Nigerian economy

NCDMB
- Establishing 3-4 pipe mills, 2-3 dockyards, a subsea equipment manufacturing complex, and an FPSO topside integration facility in Nigeria.
- The projects combined will generate over 100,000 new jobs for Nigerians

Angola:
SIIND:
- Construction of 73 factories in the new Viana Special Economic Zone
- US$78 million investment in 53 factories in the SEZ of Luanda/Bengo

CAE
- 302 contracts worth US$211,613,244, leading to 4,205 jobs
Brazil: National Programme for the Mobilization of the Oil and Gas Industry (PROMINP)

- Financing for Brazilian companies
- Technological, infrastructure, capabilities, and financing initiatives to deepen local capacity
- Promotion of research and development as well as technology transfer
- Training programmes for over 100,000 Brazilians to attain professional qualifications
- Establishing centers and networks of excellence in universities
- Sector specific interventions and support (example of marine vessel fabrication)
6. Conclusion: The Value of Regional Cooperation


The dual nature of local content in Angola’s oil and gas industry: development vs. elite accumulation. *Journal of Contemporary African Studies* 2012, 30(3).