Militant Oil Agitations in Nigeria’s Niger Delta and the Economy

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Abstract
Whereas oil is the fulcrum of the Nigerian economy, the ethnic minorities populated Niger Delta which bears the burden of oil and gas production paradoxically remains one of the least developed parts of the country. The area suffers from gross environmental degradation and endemic poverty. Thus the unabated marginalization, disempowerment, segregation, suppression and repression of hitherto peaceful agitations by the people for decades made violent oil agitations inevitable, hence the militancy that presently characterize the region. The paper argues that oil induced militant activities in the region have impacted negatively on the nation’s economy. This is evident in disruptions of oil and gas production, reduced national revenue, withdrawal of foreign capital, company and expatriate staff, transportation difficulties and short falls in projected electricity supply. The paper concludes that, until the grievances of the region, militant agitations curbed successfully and Niger Delta development elevated to the fore of national development, are adequately addressed, peace will be elusive and the wheels of economic development grounded.

Keywords: Economy, Militant, Niger Delta, Oil

Introduction
Nigeria, the most populous country in Africa, is indisputably one of the most richly endowed countries on the continent. It boasts of immense human and material resources, which provides opportunity for national development (Oyakorotu, 2008:1). However, one issue that has continued to attract national and global attention in recent times is the spate of militancy in the Niger Delta. The frequent attacks on oil installations and facilities by militant groups in the region have become a source of concern to peace lovers, scholars and policy makers alike. Undoubtedly, Nigeria is a mono-cultural economy that depends mainly on oil. It is oil wealth that sustains the Nigerian economy ever since the commodity displaced agricultural resources as the mainstay of the nation’s economy in the 1970’s. Oil is produced in the Niger Delta, located in the Southern part of the country.

A delta in simple parlance describes an area cris- crossed by rivers, rivulets and creeks, which empty themselves into the sea. The Niger Delta of Nigeria is among the richest deltas in the world. Other major deltas are either famous for crude oil and natural gas (Amazon in Brazil, Orinoco in Venezuela, Mississippi in the U.S.A., Mahakarn in Indonesia) or grow mainly rice (e.g. Indus in Pakistan, Ganges in Bangladesh, Mekong in Vietnam). The Niger Delta which derives its name from the River Niger, is one of the world largest wetlands and African’s largest Delta covering some 70, 000km² formed by the accumulation of sedimentary deposits, transported by the Niger and Benue Rivers (Azaiiki, 2007:1 World Bank Report, 1993:1)

The Niger Delta is the center of oil and gas production in Nigeria, accounting for about 80% of total Government Revenue, 95% of Foreign Exchange and over 80% of National Wealth (Tell, February 18, 2008:33). The oil Industry in the Niger Delta is dominated by multinational corporations such as Chevron, Texaco, Exxon-Mobil, Total, Agip, SPDC, ELF and the Nigerian National Petroleum Corporation (NNPC). Presently, there are over 600 Oil fields, 5,284 onshore and offshore Oil Wells, 10 Export Terminals, 275 Flow Stations, 4 Refineries and a Liquefied National Gas Project (Lubeck, Watts and Lipschits. As at 2007, Statistics shows that about 23,183.9 billion barrels of Crude Oil were said to have been produced in the Niger Delta, which amounts to a staggering National revenue of 29.8 trillion naira (TELL, February 18, 2008:28).
Notwithstanding the abundant wealth that the region parades, the people live in a state of chronic squalor and abject poverty. Oil seemed to be a curse to the people of the Niger Delta. Its exploration and exploitation since 1958 has set in political, ecological and socio-economical conditions that generate abject poverty, misery and backwardness in the region. The region has over the years been deprived of peace, progress, justice and its resources that were expected to bring about good life to its inhabitants (Inokoba and Imbua, 2008:647). Prior to the discovery and exploration of oil and gas resources in the region, the primary occupation of the people was fishing and farming. It is however sad to note that, oil exploration and exploitation has destroyed the subsistence economy of the people. Testimonies from various quarters lend credence to the claim that environmental degradation occasioned by oil spillages has made life extremely difficult for the local people. The destruction of farmlands, fishponds and rivers had radically altered the economic life of the once self reliant and productive region for the worst (Okonta and Oronto, 2001:108).

Put differently, the unbridled exploration and exploitation of crude oil and gas beneath the soil of the Niger Delta over the past fifty years has cause indescribable and irredeemable ecological devastation of the Niger Delta land. Oil related environmental multidimensional problems that have made life unbearable for the people of the Niger Delta includes: water and land pollution as a result of spills and drilling activities, destruction of vegetation, deforestation, displacement of human settlements as a result of installation and location of exploration facilities such as crude oil and gas carrying pipes that criss-crossed most communities in the regions, loss of bio-diversity such as fauna and flora habitat, destruction of mangrove swamps and salt marsh, air polluting and acid vain from oil and gas processing evaporation and flaring, industrial solid waste disposal and several others (Azaiki, 2007). Oil has wrought poverty, state violence and a dying ecosystem (Okonta, 2005). Dissatisfied with the condition under which the people live, the youths in the Niger Delta have become more restive than ever, but youth restiveness has instead of redress, attracted state violence, repression, suppression and brutalization.

The untold hardship and sufferings meted out to the entire Ogoni ethnic nationality in the 1990s which culminated in the execution of the amiable minority rights activist Ken Saro-Wiwa and other eight Ogoni kinsmen, and the invasion and destruction of innocent lives and property in communities such as Odi, Odioma, Ayakorama, Gbaramatu kingdom, Oporoza just to mention but a few by government forces are pointers. Therefore, it is not surprising that the consciousness of exploitation, marginalization and disempowerment has made the Niger Delta a region of deep rooted frustration, hence the escalating oil agitations in the region wrapped in militancy. Some scholars blame this on federalism and the politics of revenue sharing in Nigeria (Okoko and Nna, 1997; Orabor etal, 2006, Ikporukpo, 1996; Ihiba, 2005); environmental injustices and human rights violation (Aaron, 2006, Okonta and Oronto, 2001), the failure of corporate social responsibility on the part of multinational oil companies (Ikelegbe, 2008, Aaron, 2008, Clark, et al 1999); accountability and transparency failures in governance (Peel, 2005; Inokoba and Imbua, 2008; Enweremadu, 2008); hegemonic politics (Isu monarch, 2005) and the obnoxious laws that govern the oil industry (Ihiba, 2005). It is this prevailing reality in the Niger delta that has given birth to an environment of perpetual agitations, youth’s restiveness, insurgency and general insecurity.

That is, the continuous suppression of peaceful agitations leaves the youths with no option than to militarize the struggle to match force with force. There are numerous militant groups in the Niger Delta, but the most active and potent group presently among them is the dreaded Movement for the Emancipation of the Niger Delta (MEND). The MEND is believed to have been formed in January 11, 2006 (Coventry Cathedral 2009:123). On that day, it attacked the E A Oil field coast of the Niger Delta, abducting four oil workers that were held for nineteen days (Obi 2008:60). The MEND had its root in a loose coalition including the federated Niger Delta Ijaw communities (FNDIC), the Niger Delta People Volunteer Force (NDPVF) and other armed group from Delta, Bayelsa and River states (Ukiwo 2007; Okonta 2007; Coventry Cathedral 2009:123-124).

MEND has since then attracted international attention to the plight of the region, and its resistance campaign through the taking of hostages of foreign oil workers, demonstrating the inability of Nigerian forces to stop its attacks and sabotage of oil installations with the effective use of the global news media. Using the internet to send emails and images to the world’s leading news agencies and local newspapers, taking journalist to its camps in the swamps of the Niger Delta, the group has become a force to reckon with (Junger, 2007). Militant groups in the Niger Delta source their funding from donations from politicians, ransom payments from kidnapping, security contracts and most importantly proceeds from illegal oil bunkering, which is widespread in the region. In this paper, therefore, we will argue that, oil induced militant agitations have had adverse consequences on the Nigerian economy. To do justice to this, the paper is divided into three sections. The introduction is the first. Second is oil induced militant agitations and the Nigerian economy and the third, is conclusion.
Oil Induced Militant Agitations and the Nigerian Economy

The militant uprising in the Niger Delta which has been simmering for years has assumed a dangerous dimension as regards the Nigerian economy. That is, the daily buffet of violence served by militants to protest the lack of development and marginalization in the region has serious economic implications for the nation. For instance, the Movement for the Emancipation of the Niger Delta (MEND) almost succeeded with its threats to cripple the Nigerian oil industry (IRIN, 2006). The Nigerian economy has a high level of dependence on oil. It is worthy to note that, the Nigerian nation is sustained majorly by proceeds from the exportation of oil and gas, produced in the Niger Delta. However, the advent and proliferation of militant groups and the sophisticated nature of their attacks have made the Nigerian economy vulnerable to such attacks. For instance, the Nigerian nation was taken aback, when in June 2008, the militants were able to move into the deep-sea-operation area to attack Nigeria’s largest offshore oil platform, the Bonga Oil Platform, which lies 120 kilometers off the coast of the country.

That operation almost grounded oil business in Nigeria and made the country to cede her position as the foremost oil exporter in Africa to Angola (Punch, 2009). The Bonga oil platform produces 225,000 barrels of crude oil per day on its computerized, production, storage and off-loading platform (Mbah, 2008). The Atlas Clove oil facility attack in Lagos by militants in 2009, equally demonstrated the capability of militants to wreak havoc on the Nigerian economy. Niger Delta militants have carried out series of preconceived and unprecedented attacks on the oil industry after the expiration of deadlines. A notable example is the execution of Operation Climate Change and Hurricane Barbarossa. Hurricane Barbarossa commenced on the 14th of September 2008, with heavily armed fighters in hundreds of war boats filling out from different MEND bases across the Niger Delta in solidarity to carry out destructive and deadly attacks on the oil industry (Opukeme, 2008). Thus, the massive disruption of oil production with attacks on pipelines, pumping stations and platforms hinders the free flow of oil production activities and causes negative implications on the Nigerian economy.

The Nigerian government, so alarmed by this development, as it severely threatens its rent-collection and mono-cultured economy, in the face of a fast paralyzing oil industry, resorted to unleash further violence on the oil bearing people of the Niger Delta in assuring the petro-businesses of maximum security of personnel and oil installations (Eseduwo, 2008). It was however observed that, the suppression of militant agitations by increasing military presence in the region only escalated the crisis. For example, where as the federal government budgeted about 400 billion naira for security in the Niger Delta in 2008 (Ajaero, 2009), militant activities soared higher and continued unabated. We must reiterate the fact that the spate of militancy in the Niger Delta has made Nigerian oil fields among the most dangerous in the world with negative repercussion on the nation’s economy. The cost of militancy to the Nigerian economy is enormous. A recent study by the International Centre for Reconciliation (ICR), Coventry Cathedral, put the total value lost to the Nigerian economy from stolen crude (bunkering) and disrupted oil production between 2003, to 2008 at 14 trillion naira, approximately 100 billion dollars.

Table 1: Estimated Value of Nigeria’s Stolen and Shut-in Oil Production, January 2000- September 2008

<table>
<thead>
<tr>
<th>Year</th>
<th>Average price of Bonny Light per barrel (in U.S.D)</th>
<th>Volume of oil stolen per day (in barrels)</th>
<th>Value of oil stolen per annum (in U.S.D)</th>
<th>Volume of oil shut-in per day (in barrels)</th>
<th>Value of oil shut-in per annum (in U.S.D)</th>
<th>Total value of oil stolen or shut-in per annum (in U.S.D) (billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>28.49</td>
<td>140,000</td>
<td>1.5</td>
<td>250,000</td>
<td>2.6</td>
<td>4.1</td>
</tr>
<tr>
<td>2001</td>
<td>24.50</td>
<td>724,171</td>
<td>6.5</td>
<td>200,000</td>
<td>1.8</td>
<td>8.3</td>
</tr>
<tr>
<td>2002</td>
<td>25.15</td>
<td>699,763</td>
<td>3.2</td>
<td>370,000</td>
<td>3.4</td>
<td>6.9</td>
</tr>
<tr>
<td>2003</td>
<td>28.76</td>
<td>200,000</td>
<td>3.2</td>
<td>350,000</td>
<td>3.4</td>
<td>6.9</td>
</tr>
<tr>
<td>2004</td>
<td>38.27</td>
<td>300,000</td>
<td>4.2</td>
<td>230,000</td>
<td>3.2</td>
<td>6.4</td>
</tr>
<tr>
<td>2005</td>
<td>55.67</td>
<td>25,000</td>
<td>5.1</td>
<td>180,000</td>
<td>3.7</td>
<td>8.8</td>
</tr>
<tr>
<td>2006</td>
<td>66.84</td>
<td>100,000</td>
<td>2.4</td>
<td>600,000</td>
<td>14.6</td>
<td>17.0</td>
</tr>
<tr>
<td>2007</td>
<td>75.14</td>
<td>100,000</td>
<td>2.7</td>
<td>600,000</td>
<td>16.5</td>
<td>19.2</td>
</tr>
<tr>
<td>2008</td>
<td>115.81</td>
<td>150,000</td>
<td>6.3</td>
<td>650,000</td>
<td>27.5</td>
<td>33.8</td>
</tr>
</tbody>
</table>

Source: Coventry Cathedral (2009).

This is a rough estimate at best because the Nigerian government does not keep statistics that distinguish between stolen crude and shut-in production, nor between losses through forged bills of lading (Asuni, 2009). The table shows that, although the actual volume of stolen crude went down between 2003 and 2008, the total loss to the country steadily increased due to increase in the price of oil at the international market, which peaked at 147 dollars per barrel in the summer of 2008.
The report of the Ledum Mitee led Technical Committee on the Niger Delta estimated that, Nigeria lost about 8.84 trillion naira or 61.6 billion dollars to oil theft and sabotage in the volatile Niger Delta region between 2006 and 2008. Details of the report show that in 2006 alone, the total cost of oil loss due to the activities of militants was 2.45 trillion naira or 272 billion dollars, while an additional 283 billion naira or 1.9 billion dollars was lost to oil bunkering. In 2007, the country also lost 2.69 trillion naira or 18.8 billion dollars to the debilitating Niger Delta crisis. Again, Nigeria lost an estimated revenue of about 2.97 trillion naira to attacks on oil installations resulting in shut downs and spillages in the first nine months of 2008 (Ajagbor, 2009). Statistics reveals that, from a peak production of an average of 2.1 million barrels per day, achieved in March 2008, Nigeria’s oil production declined to 1.7 million barrels per day by May, 2009. Again, with the retaliatory attacks by militants in June, same year due to the Nigerian Military onslaught in Gbarantum kingdom in Delta state, oil production hovers between 800,000 barrels and 1.2 million barrels per day till November, 2009.

The degree of shut-in production, also vary from company to company, exploring and extracting oil in the region. Shell Petroleum Development Company (SPDC), which account for about 60 percent of Nigeria’s production suffered the most disruptions in its operations. This is attributed to the fact that, from a previous production capacity of about one million barrels per day, Shell’s production delivery drastically reduced to an alarming 140,000 barrels per day as at June, 2009 due to production shut-ins, which amount to about 85.9 percent drop in production output (Ademeyemo, 2009). The production output in Nigeria began to appreciate with the militants’ acceptance of the Presidential Amnesty. The fact remains that, where as oil production in the pre-amnesty 2009, peaked in April at the average of 2.2 million barrels by day, it paradoxically declined to 1.2 million barrels per day with the face off in June between the militants and the military Joint Task Force (JTF) in the Niger Delta. This is attributed to the fact that, when the Joint Task Force sacked the Government Ekpemupulo led MEND faction from CAMP 5, one of the most potent and sophisticated militant camps, in Delta state in June, the militants in their anger blew up every pipeline on their way as they faded into the creeks. Consequently, oil production plummeted to less than one million barrels per day (Agbo, 2009).

The action by militants almost paralyzed oil production in the Western Delta. The argument in essence is that, the attacks by militants on oil installations, coupled with the lucrative and thriving oil bunkering business in the Niger Delta mainly orchestrated or protected by militant gangs, puncture the revenue profile of the Nigerian government. The simple logic is that, uninterrupted production of oil and gas in the Niger Delta implies dependable source of revenue for the rent-seeking Nigerian government. On the other hand, disruptions in oil production and uncertainty in government source of revenue impedes economic activities in the country. From another perspective, due to the continuing and festering crisis situation in the Niger Delta, numerous foreign companies pulled out from the region and expatriate workers retreating to their home countries. A notable example is the case of Julius Berger, one of the foremost foreign construction firms in the country, which has abandoned most of its contract jobs due to the persistent cases of kidnapping and abduction of its staff. Some of such abandoned road projects include; the Kaiama-Port Harcourt axis of the East-West road, the Yenagoa-Oporado road, Ogbia-Nembe-Brass road, Amassoma-Ekeremor road, among others.

Julius Berger pulled out of the contract of the construction of the all-important East-West road because militants kept kidnapping their workers and in one year, the company was alleged to have paid as much as about 430 million naira in ransom. At that rate, they feared that the bulk of the contract sum would be paid out as ransom, apart from the fact that some staff could get killed (Agbo, 2009). More so, some foreign partner companies are reneging on contracts which are attributed to the fact that, the militant activities in vogue creates a hostile environment that is not conducive for capital investment. The 30 billion dollars oil deal with China National Offshore Oil, have not been actualized due to insecurity in the region. Again, oil servicing firms, which handle the bulk of oil and gas production, have been turning down new contracts, worried that their workers could be kidnapped by the militants. These companies are increasingly looking to Angola, Gabon, and other Gulf of Guinea countries deemed to be less volatile for business.

The Nigerian government, the majority share holder in the joint ventures with the oil companies, now pays out far more in escalating costs, including picking up the bill for foreign security companies retained by the firms to protect their workers (Bot, 2008:470) The militant uprising in the Niger Delta equally encourages capital flight. Capital flight no doubt has a multiplier effect on any economy. It impedes business investment, economic growth and productivity, spurs inflation, etc. This ugly scenario leads to low economic activities and have even swelled up the army of unemployed in the country. Put differently, it inhibits the creation of multi-million naira projects that will inject fresh capital to the polity, create jobs and improve the standard of living of the citizenry.
Transportation is a crucial sector of the economy of any country. The fact remains that the country parades deplorable road network especially in the southern Nigeria where the Niger Delta is located, the execution of road contracts would have boosted the transportation sector. Thus, militants agitation which led to the abandoning of road projects in the area have only increased the plight of oil marketers and other transporters that depends majorly on the pot holes infested roads to transport their products. The reality is that, difficulties in transportation have led to placing exorbitant prices on goods and services which is not a positive index of economic development. The Dredging of the River Niger is another project designed to enhance economic development that has suffered setback due to militant activities in the Niger Delta. The dredging of the River Niger from Lokoja in Kogi state to Warri in Delta state was earmarked to facilitate the movement of small ships to the hinterland of the country. Due to the glaring congestions at the nation’s seaports, the dredging of the River Niger was perceived as a panacea of decongesting the seaports and to promote inland waterways transportation. Therefore to optimize the economic benefit of the project, the federal government approved the construction of seven inland ports at Baro, Agenebode, Lokoja, Idah, Okwagbe, Yenagoa and Aguata.

The Onitsha (river) port was also earmarked for rehabilitation, all aimed at making the River Niger navigable round the year and, providing cheaper and safer means of goods haulage and decongesting the over stressed existing ports, especially in Lagos and Port Harcourt. Be that as it may, though President Yar’Adua with fanfare declared open the commencement of the dredging of the River Niger in 2008, not much has been achieved due to militant activities and their opposition to the project, sighting faulty Environmental Impact Assessment and ecological implications. The impact of militancy on the Nigerian economy is also felt in the area of electricity supply. Electricity plays a veritable role in the nation’s economy. It is a fact of history that the wave of industrialization in the globe was sustained by the advent of machines that depend on electricity for the production of goods. Electricity supply in Nigeria is very epileptic, and since the return to civil rule in 1999, efforts have been made to develop the sector without success. The most recent policy initiated to improve the electricity supply in the country is the National Integrated Power Project (NIPP), saddled with the building of new power stations in the country. These turbine power stations were also designed to depend on gas supply for electricity production.

The national target to increase the electricity production capacity in the country to 6000 mega watts by December 2009 was factored on the estimated production output of the newly built power stations in the country. However, the supply of gas to power the newly built Power Stations to fire the turbines and make effective was frustrated with the vandalisation and destruction of gas supply pipelines by militants in the Niger Delta. It is important to note that improvement in the electricity situation in the country which is pitiable about 2000 mega watts would have been a catalyst for economic development. Most manufacturing companies and industries in the country have either stopped production or relocating to neighboring African countries as a result of the deplorable electricity supply situation. This is because, dependence on private power plants for electricity generation make the cost of production capital intensive, driving most entrepreneurs out of business. The Brass Liquefied Natural Gas (LNG) and the Gbaran-Ubie Gas gathering projects are some other vital economic development projects whose progress has been hindered by the activities of militants. The analyses presented above corroborate the fact that the consequences of militancy on the Nigerian economy are multi-dimensional and constitute an enormous constraint on national economic development.

**Conclusion**

There is no denying the fact that militants in the Niger Delta have demonstrated the ability to destroy large parts of the oil production facilities in the country. And even the Nigerian military has found it difficult to achieve a decisive advantage over them due to the guerrilla tactics they adopt, the terrain of the swamps where the militia camps are located, and the dispersed infrastructure of oil pipelines and production facilities in the delta. The activities of the militants without mincing words has negative consequences on the Nigerian economy with the destruction of oil installations and facilities, creating uncertainty and shrinking of the nation’s source of revenue. The undeniable fact is that, if the principle of good governance and equitable distribution of resources is undermined, it precipitates opposition, alienation, resistance and disillusionment. Furthermore, bad governance, and the obnoxious laws that governs the oil industry in Nigeria breeds discontent and frustration, and has allowed for the growth in violent behaviors cum restiveness with deleterious socio-economic implications that captures reality in the Niger Delta. The Presidential Amnesty programme which was an attempt to assuage militants’ grievances and agitation in order to mitigate dare consequences on the Nigerian economy would have been a positive development to enshrine lasting peace security and development, but pitiable that is not the case. Experience has shown that, due to the garments of faulty planning, insincerity, lack of political will and corruption that cloths the programme, the amnesty initiative is gradually failing with the resumption of militant attacks in the region.
The recent car bomb attacks in Warri, Delta state, carried out by the dreaded break away faction of the MEND led by Henry Okah and the activities of the General John Togo led faction of MEND that resulted to the reprisal attack by the Joint Task Force on the Ayakoroma community that destroyed lives and property and the politically motivated onslaught on perceived opponents in Bayelsa state, especially the recent killings in Opokuma, sent dangerous signals to the polity that all is not well with the government amnesty programme. Unless militant agitations are curbed successfully and Niger Delta development elevated to the fore of national development, the economy will suffer in the long run.

References