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The Role of the Oil Industry and the Nigerian State in Defining the Future of the Niger Delta Region of Nigeria (Pp 103-112)

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Abstract

The paper examined the tripartite relationships that exist between the oil industry, Nigerian State, and the Niger Delta region of Nigeria with a view to defining its future roadmap to sustainable development. It has been estimated that the Niger Delta's crude oil reserves as at the year 2000 was 30 billion barrels. Unfortunately, oil has not brought prosperity and better living conditions to the people. Rather, it has been accompanied by instability, insecurity, conflict, violence, crime, and social tensions. The paper therefore proffers solutions to the Niger Delta question by defining its future to sustainable development through short; medium, and long term solutions.

Keywords: Oil, State, Future Niger Delta, Nigeria.

Introduction

Nigeria's Niger Delta region is the world's largest wetland and Africa's largest delta covering some 70,000km² (World Bank, 1995). The Niger Delta region covers 9 states of Nigeria including Abia, Akwa Ibom, Bayelsa, Cross River, Delta, Edo, Imo, Ondo and Rivers States. It also accounts for 7.5% of

the total land mass of Nigeria. It extends from Apoi to Bakassi, and from Mashin creek to the Bight of Benin. It has a coastline of 560km, about two-third of the entire coastline of Nigeria. The estimated population of the region is about 20million, consisting of over forty different ethnic groups and affiliations, speaking 250 different languages and consists of about 300 communities. The predominant occupation of the people are farming and fishing. However, since the advent of oil exploration over four decades ago, the region has become the major source of foreign exchange earnings for the nation as a whole. Specifically since 1975, till date the region's oil resources accounts for 90% of the nation's export earnings. Still the region remains the least developed region of the country both in physical and socio-economic terms.

Oil and gas production in Nigeria is by the multi nationals because of the Federal government consent. The concessions/oil blocks are all allocated by the Federal government. It has been noted that "nobody should be under any-illusion that the oil-companies and the Federal government are not the most important factors driving the inter-ethnic and inter-community conflicts in the region".

The nature of the relations of the Nigerian State with Oil and the Multinational Oil Companies (MNO) is at the root of the problems of the Niger Delta, its under-development, poverty marginalization, oppression, inequitable and unjust treatment, repression and violence, the nature of MNO governance in the Niger Delta region is also abundantly indicated. State and Corporate governance are intricately linked in the three levels of conflict in the region; communities versus Federal government; communities versus oil companies and communities versus communities. That the MNO's are a key driving force of these conflicts is underscored by the huge presence, influence, roles, and interventions that the MNO's have in the communities, ethnic groups and region. Given the enormous resources and consequent power and influence that the MNO's exert over the host communities (HCs), thus, they are a dominant and significant social force, which have shaped and re-shaped the local economies, local politics, local struggles and local conflicts. The direction of effect of this strong dominant and pervasive role of the oil companies in community politics is abundantly demonstrated by the cocktail of intra-inter communal and ethnic conflicts and the pervasiveness of conflict ridden relations between the HCs and MNOs (Kemedi, 2003:2).

In the Niger Delta region after over four decades of MNOC exploitation and presence, the HCs are saturated with feelings of neglect, bitterness, anger, frustration, alienation, and protests about the economy of oil and a situation of agitation, mobilization, contestation, confrontation, conflicts and violence for redress and higher benefits. The communities are fractionalized, unstable, animalized and violent. The HC relationships with the MNOCs is so underlined by loss of trust, scepticism, contestations and hostility that there is an increasing resort to extra-legal means of settling disagreements such as subversion, violence, destruction, and disruptions. Thus, since the 1990s, the MNOC/HC relations have become more contentious, disruptive, hostile, and distrustful and the protestations and agitations have become so aggravated that threats, hijacks, kidnappings, ransom takings, extortions, stoppage, blockage, disruptions, destruction and vandalization of flow stations and MNOC equipment and staff have become rampant. The threat to the MNOC's is so profound that security now constitutes a major segment of their staffing.

The Multi National Oil Companies in the Niger Delta Region

The Niger Delta, Nigeria's oil belt, is home to much of the oil and gas reserves and the oil industry. There are 349 drilling sites, 22 flow stations and one terminal in the early 1990s (World Bank, 1995) and about 10,000km of pipelines, 10 gas plants, 3 oil terminals and 1,500 oil producing wells by the mid 1990s. As at today, there are over 600 oil fields, 5,284 on and off shore oil wells, 10 export terminals, 275 flow stations, 4 refineries and an LNG project (Lubeck Watts and Lipschutz, 2007:5). However, it has been noted that the Niger Delta had crude oil (with proven reserve of $17.8 * 10^6$ barrels) and natural gas (with a proven reserve of $3.2 * 10^2 m^3$) by the early 1990s while crude oil reserves as at 2000 was estimated at over 30 billion barrels.

Unfortunately oil has not brought prosperity, better living conditions and governmental attention and development. Rather, it has been accompanied by instability, insecurity, conflicts, violence, crime, and social tensions. The Niger Delta is characterized by the absence of infrastructure, social services, non-oil industries and even petroleum products. There is widespread neglect, and social and economic under development. The region is the least developed in the nation. It has only 2% of the federal roads and less than 30 – 40% of the settlements have electricity. As at 2004, the entire Bayelsa State was not connected to the national electricity grid. In some areas,

existing primary healthcare facilities serve as little as 2% of the population. There is a huge infrastructure under-development. Educational facilities are inadequate in riverine communities. The prices of petroleum products are some of the highest in the country. There is endemic poverty (NDES 1997A).

Oil exploration, exploitation and distribution has created huge land and water scarcities that has underpinned family, intra-communal, inter-communal and inter-ethnic feuds, conflicts and war. The oil economy has disinherited and dislocated the local people who are dependent on the primary economies of farming, fishing, and hunting.

Furthermore, the region has witnessed massive oil based environmental degradation as a regime of massive oil spillages and gas flare have destroyed or devastated enormous land and water which has led to soil fertility loss, agriculture decline, forest loss, fisheries decline and biodiversity depletion. Thus, it is estimated that about 2,369,471 barrel of crude oil was spilled between 1976 and 1996 out of which about 1,820,411 were not recovered and were therefore absorbed. About 479,392mm³ of gas was also flared between 1958 and 1994. However, in spite of the massive oil production and revenues accruing to the nation, the economy of the region has progressively declined. The region has only received little resources as derivation based resource flow from the federation account. This has declined from 50% in 1966, 45% in 1970, 1% in 1979, 2% in 1982, 1.5% in 1984 and 3% in 1992. It has been increased to 13% since 1999. According to Ikelegbe (2004), the consequences of gross degradation and socio-economic dislocation of the region by the multinational oil companies, has been massive poverty, unemployment, protestations and agitations. Thus, threats, hijack, kidnappings, ransom takings, extortions, stoppage, blockage disruptions, destruction and vandalization of flow stations and MNOC equipment and staff have become rampant. The threat to the MNOCs is so profound that security now constitutes a major segment of their staffing.

Deriving from the above, it has been observed that multinational companies (MNCs) of which the oil-companies operating in the Niger Delta region belong, feature quite prominently in the economic development strategies of less developed countries. They are sought and welcomed by developing countries as a chief source of foreign direct investment flow. As a mark of their importance, developing countries adopt favourable policies and policy

commitments and arrange a host of incentives, guarantees and assurances to attract and retain them.

It has been noted that MNCs are major agents of foreign direct capital flow and investments, whose participation in the local economy enhances the flow of technology, economic production, efficiency and productivity, manpower development, expertise, managerial skills, employment opportunities, incomes and philanthropy. In addition, the MNCs contribute to national economic development through taxes, royalties, rents and fees. MNC investments increase the economic output, foreign exchange earnings, the diffusion of technology, access to global markets for products, technology and technological and managerial skills, local production, industrialization, economic growth and general development. These hitherto scarce resources and skills jump start economies and catalyse modernization and economic development.

The Nigerian State and the Niger Delta Region

According to Ake (1985:1), the State is a specific modality of class domination, one in which class domination is mediated by commodity exchange so that the system of institutional mechanism of domination is differentiated and dissociated from the ruling class and even the society and appears as an objective force standing alongside society. The state form of domination is the modality in which the system of mechanism of class domination is autonomized – that is, the institutional apparatus of class domination is largely independent of social classes, including the hegemonic social class.

Okowa (1994, 1997) have argued that the Nigerian State is a feudal one. In the context of a feudal system, the state is congruent with the feudal oligarchy. Thus, Nigeria is fundamentally a feudal system. It is true that the British introduced capitalism and liberal democracy in the course of their imperialism. However, the fundamental values remain feudal. Social orientation remains feudal. Social propensities are still feudal. Liberal democratic values are yet to develop. The institution of liberal democracy is, therefore, to the extent that it appears to exist, no more than a fraudulent pretence and a defensive front. This is the crux of the matter. Okowa (1997:56).

Deriving from the above, in a feudal system, such as the Nigerian State, the feudal lords own “everything”. The oil wealth of course belongs to the

feudal lords. This is why our leaders have the temerity of loot our resources for their private use. The looting starts at the national level and percolates to the states, local governments and communities. Thus, in a political system impregnated with feudal orientation, it is normal for our leaders to personalize “everything”. Power is personalized. Societal resources are personalized. Those who criticize the personalization of the commonwealth must be criminals and deviants. That is why the security agents mostly harass, not the looters but those who criticize the looting, for the latter are clearly “social deviants”.

Furthermore Todaro (1981) noted that “Development, in its essence, must represent the entire gamut of change by which an entire social system, turned to the diverse needs and desires of individuals and social groups within that system moves away from a condition of life widely perceived as unsatisfactory and towards a situation or condition of life regarded as materially and spiritually “better” (Todaro 1981: 70). Thus, oil ordinarily should be a blessing to Nigeria in general and the Niger Delta in particular. However, the fundamentally feudal character of the Nigerian state and systematic corruption have ensured that the oil wealth derived largely from the Niger-Delta has become a mixed blessing to the country as a whole but an outright curse to the region.

The only viable and sustainable solution to the above quagmire is to stop systemic corruption. However, this is only possible if the ownership and control of the oil wealth is removed from the Nigerian State and returned to the owners of the oil bearing lands (Okowa, 1994, 1997). This requires the re-establishment of a true Federal system for the country. Let the various parts of the country own and develop their resources in the spirit of true competitive capitalism. Otherwise there is no hope for the peoples of the Niger Delta.

Social Justice and the Oil-Producing Communities of the Niger-Delta Region

According to Akpobibibo (2001), the Niger Delta situation is one of deep-rooted crisis reflecting long held feelings of alienation, power inequalities and asymmetries that range from perceived economic, social and political injustices. Again, Akali (2007) have observed in tandem with Francis Bacon that rebellions are nursed by two things, much poverty and much discontent.

Deriving from the above, contention over resources and mineral rights is not new in all societies, developed or underdeveloped. Indeed, there is hardly any society that has not been challenged by this reality. Over the years, this has led to agitations on ownership rights “tenure security and management of land and its resources” (Omoweh, 2002). The current wave of agitations in the Niger-Delta is therefore not unexpected nor lack possible explanation. For in the West African Sub-region such as Sierra-Leone, Liberia, and even elsewhere like the Congo, Angola, Zaire, etc, contentions and agitations over environmental rights have not just been protracted and complex but have registered enormous bloodshed. Nowhere within the federation has the quest for environmental right been more acute and chaotic as in the oil producing communities of the Niger-Delta.

The oil boom has become to the people of the Niger Delta region, a doom, and years of official neglect has resulted in the Niger Delta region of today being the epitome of hunger, poverty, injustice and insecurity. Thus, Briggs (2007) noted that, the Niger Delta, which hosts enormous wealth is famished by poverty and the absence of the most elementary social infrastructure. He added that if the federal arrangement has not been so mutilated, the Niger Delta should be the one extending assistance to the needy areas rather than being the one in perpetual distress. This is the injustice feeding poverty and insecurity in the region.

The consequence of oil resource extraction on the environment of the Niger Delta has been very glaring in terms of its negative effect on the region. Eteng (1997:4) stated that “Oil exploration and exploitation has over the last four decades impacted disastrously on the socio-physical environment of the Niger-Delta oil-bearing communities, massively threatening the subsistent peasant economy and the environment and hence the entire livelihood and basic survival of the people.

Oil spillage has been a major source of environmental degradation in the Niger Delta. It has also resulted in the loss of lives and property. For example, the Jesse pipeline explosion fire that killed over 1000 people and the oil-spill fire in Kalabileama Community in Nembe Local Government Area of Bayelsa State on September that killed 17,2003. Pipeline vandalization, a consequence of youth restiveness, has been on the increase in the Niger Delta. From seven cases in the 1993, it rose to 33 cases in 1996 and 57 cases in 1998. There was a dramatic increase of 497 reported cases of pipeline vandalization in 1999 and over 600 cases in 2000.

Defining the Future of the Niger-Delta Region – the short, medium and longterm solutions

In defining the future of the Niger-Delta region, solution to the problems of the region are proffered on the short, medium and long term bases. These are discussed sequentially viz:

i. Short term solutions

- a. Undertake the building of major roads and bridges linking a dualized East West road to the Atlantic Coast through each of the Niger Delta Coastal States, thus linking the entire region to the rest of the country.
- b. Opening up of the Niger Delta region through the construction of road and coastal railway as proposed in the Niger-Delta Regional Development plant.
- c. Upgrading of the airports at Benin-City and Warri and building new airports in Bayelsa and Akwa-Ibom States.
- d. Dredging of the creeks with a view to widening and deepening of the creeks for easy and safe navigation.
- e. Supply of electricity and water by the oil companies from the gas and water that accompany every oil well as by-products. This measure will reduce completely the bitterness that oil communities feel towards oil companies who maintain plush settlements side by side with the owners of the land in swamps.
- f. Award of scholarship to Niger-Delta youths.

ii. Medium term solutions

- a. Protection of foreshore in the sub-region.
- b. Provision of dependable source of power for industrial, commercial and agricultural and social needs of the sub-region.
- c. Raise the “derivation” principle for oil to 25% immediately with an annual increase of 5% in a 5 year period to 50%, the figure at independence in 1960.

iii. Long term solutions

- a. Avoiding the temptation of an unhealthy dependence on a single source of income such as oil, and therefore on any part of the country that produces that income be it the Niger Delta or elsewhere.
- b. Development of solid minerals that exist in virtually every state of the Federation.
- c. Revival of known cash crops like cocoa, groundnut, palm oil, coffee.
- d. With resource control each unit (state) of the federation will concentrate and maximize production in her own resource.

Conclusion

The paper examined the role of the multinational oil corporations and the Nigerian state in shaping the future of the Niger Delta region. Solutions to the problems facing the region were examined from the short term, middle term and long term range.

Deriving from the above, to achieve a permanent conflict resolution situation in the Niger Delta Region, there is the need to seek for popular participation of the people (Niger Delta). The only way to do that is for the Niger Delta people to be part and parcel of the planning process and should be involved in the formulation and implementation of the plan that affects them. They should be consulted about their needs and aspirations. Again, discussion should be held with the people to enlighten them with available resources and how their needs should be met. This will create a favourable atmosphere for effective operation of the oil companies in the region, since the people now see themselves as part and parcel of the system and will do everything humanly possible to protect the system.

Furthermore to promote social justice in the Niger-Delta region, the issue of equitable distribution of resources must be given considerable attention. The government and the oil companies should plough back their excess revenue and profit into the human resources development, infrastructural amenities and establish industries (agro-based/cottage), which will help in providing gainful employment for grassroot people of Niger Delta.

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