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IMPERIAL OIL:

The Anatomy of a Nigerian Oil Insurgency

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Blood may be thicker than water, but oil is thicker than both,


In his 2006 State of the Union address, George Bush finally put into words what all previous Presidents could not bring themselves to utter in public. Addiction. The US, he conceded, is “addicted” to oil – which is to say addicted to the car – and as a consequence unhealthily dependent upon Middle East suppliers. What he neglected to mention was that the post-WWII US “global oil acquisition strategy” as Michael Klare (2004) calls it – a central plank of US foreign policy since President Roosevelt met King Saud of Saudi Arabia and cobbled together their ‘special relationship’ aboard the USS Quincy in February 1945 – is in a total shambles. The pillars of that policy – Iran, Saudi Arabia and the Gulf oil states, and Venezuela – are hardly supplicant sheep within the US imperial fold. Fifty years of a special relationship with the Saud family, after all, brought September 11th.

With surplus capacity in OPEC at an all time low and speculation running rampant in the commodity exchanges, Big Oil conversely is awash with money. Corporate profits are historically unprecedented. Chevron netted a cool $14 billion in 2005, and first quarter earnings in 2006 are 50% higher than the previous year, an historic high obscene enough to have Congress muttering about a windfall profits tax. So-called ‘supply risks’ in Iran, Venezuela and Nigeria coupled with the speculative impulses of the oil traders have driven up the price of oil to around $70 a barrel, and a former oil-man (surrounded by a posse of other former oil men) stalk the halls of the White House. As if that were not enough, the *New York Times* (March 27th 2006, p.1) reports that through a ‘vague law’ the US government will waive, for the oil supermajors, about $7 billion in state royalties over the next seven years. All of this, as Toby Shelley (2005) reminds us in his new book *Oil*, takes us back to the 1973 oil embargo and President Nixon’s Project Independence designed to achieve US self sufficiency by 1980 (for the record US dependency upon imported oil in the late 1960’s was 20% and is expected to be about 66% by 2025). The policy failed miserably, and Nixon resorted to maximizing domestic supply and turning to reliable foreign suppliers at minimal cost - just as George Bush intends to do (*Oil*, p.117).

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1 Director of the Centre for African Studies, University of California, Berkeley. This is a version of a talk delivered at the Institute of Geography, University of Bonn, July 9th 2006. I am grateful for the hospitality of my friend Hans-Georg Bohle and the assistance provided by Dorothea Kleine.
It is no surprise, then, that alternative sources of oil-supply should be very much on the Bush radar screen (since conservation strategies or increased gas taxes are conspicuously absent). Cheney’s National Energy Strategy Report in 2001 bemoaned US oil habit – “a dependency on foreign powers that do not have America’s interests at heart” - long before the State of the Union address. A recent report in the Financial Times headline (March 1st 2006) makes the new agenda crystal clear. If Africa is not as well endowed in hydrocarbons (both oil and gas) as the Gulf states, nevertheless the continent “is all set to balance power”, and as a consequence is “the subject of fierce competition by energy companies” (ibid., p.1). IHS Energy – one of the oil industry’s major consulting companies – expects African oil production, especially along the Atlantic littoral, to attract “huge exploration investment” contributing over 30% of world liquid hydrocarbon production by 2010. Over the last five years when new oil-field discoveries were a scarce commodiity, Africa contributed one in every four barrels of new petroleum discovered outside of Northern America. As the Catholic Relief Services put it in their exemplary study of oil geopolitics, The Bottom of the Barrel, (Gary and Karl 2003), a new scramble is in the making. The battleground consists of the rich African oilfields – the continent’s “copious reserves of natural gas and its sweet light oil” (ibid., p.1).

Energy security is the name of the game. No surprise, then, that the Council of Foreign Relation’s call for a different US approach to Africa in its new report More than Humanitarianism (2005), turns on Africa’s “growing strategic importance” for US policy (p.xiv). It is the West African Gulf of Guinea, encompassing the rich on and off shore fields stretching from Nigeria to Angola, that represents a key plank in Bush’s alternative to the increasingly volatile and unpredictable oil-states of the Persian Gulf. Nigeria and Angola alone account for nearly 4 million bpd (almost half of Africa’s output) and US oil companies alone have invested more than $40 billion in the region over the last decade (and another $30 billion expected between 2005 and 2010). Oil investment now represents over 50% of all foreign direct investment in the continent (and over 60% of all FDI in the top four FDI recipient countries) and almost 90% of all cross-border mergers and acquisition activity since 2003 has been in the mining and petroleum sector (WIR 2005, 43). Strategic interest for the US certainly means cheap and reliable low-sulphur (‘sweet’) oil imports but also keeping the Chinese (for example, in Sudan) and South Koreans (for example, in Nigeria) – aggressive new actors in the African oil business – and Islamic terror at bay (Africa is, according to the intelligence community, the ‘new frontier’ in the fight against revolutionary Islam).

In short, the Nigerian, and the wider Gulf of Guinea oil complex draws its particular specificity in the contemporary moment not simply from the volatility of world oil markets and the failure of the US global oil acquisition strategy of the post war period but from the additional ingredient of Global war on terror (GWOT). In the face of support by neoconservative promoters and opportunistic Washington lobbyists, strategists at the Pentagon have invented a new security threat to increase funding for European Command (EUCOM’s) footprint in Africa (Lubeck, Watts and Lipschitz 2007). Recently, Deputy Assistant Secretary of Defense for African Affairs Teresa Whelan announced the discovery of a “new threat paradigm” — the threat of “ungoverned spaces” --- in Northwest and West Africa
(http://www.jhuapl.edu/POW/rethinking/video.cfm#whelan). In practice all four of the military services – including an Africa Clearing House on security information, supported by a Pentagon think-tank, the Africa Center for Strategic Studies housed at the National Defense University - are involved and implicated in the new scramble for the continent. Against a backdrop of spiraling militancy across the Delta, US interests have met up with European strategic concerns in the Gulf in the establishment of the “Gulf of Guinea Energy Security Strategy” (GGESS). By December, 2005 the American ambassador and the Managing Director of Nigerian National Petroleum Corporation (NNPC) agreed “to establish four special committees to co-ordinate action against trafficking in small arms in the Niger Delta, bolster maritime and coastal security in the region, promote community development and poverty reduction, and combat money laundering and other financial crimes” (This Day December 9th 2005). The establishment of a new African command (AFRICOM) in 2007 is the final capstone in the militarization of American energy security policy in Africa. Energy security, it turns out, is a terrifying hybrid, a perplexing doubleness, containing the old and the new: primitive accumulation and American militarism coupled to the war on terror (Harvey 2003; RETORT 2005; Barnes 2005).

This perfect storm of forces linking dispossession, war and energy provides the broad context in which one can grasp the descent into violence and ungovernability that has characterised the political dynamics of the Nigerian oilfields, arguably one of the most strategic centres of oil supply for the United States in the post 9/11 world of energy security (ICG 2006). It is the broad dynamics of what is in effect now an insurgency in the oil-producing Niger delta that I shall address here. The simultaneous growth of militancy and oil disruption commenced in the late 1990s. By 2003 oil supply had been compromised by 750,000 barrels per day as a result of militant attacks on oil installations across the region. In April 2004, another wave of violence erupted around oil installations - at the end of April, Shell lost production of up to 370,000 barrels per day, largely in the western Delta - this time amid the presence of armed insurgencies. Two so-called ‘ethnic militia’ led by Ateke Tom (of the Niger Delta Vigilante) and Alhaji Asari Dokubo (of the Niger Delta People’s Volunteer Force), each driven and partly funded by oil monies and actively deployed (and paid) by high ranking politicians as political thugs during the 2003 elections, have transformed the operating environment in the Niger delta oilfields. Since late 2005, the situation in the Delta has only worsened (Figure 1). Following attacks on oil installations and the taking of hostages in late December 2005 and early 2006, a hitherto unknown group of insurgents from the Warri region, the Movement for the Emancipation of the Niger Delta (MEND) began calling for the international community to evacuate from the Niger Delta by February 12th, or “face violent attacks.” Two weeks later, the group claimed responsibility for attacking a Federal naval vessel and for the kidnapping of nine workers employed by the oil servicing company Willbros, allegedly in retaliation for an attack by the Nigerian military on a community in the Western Delta. More than fifteen Nigerian soldiers were killed and between May and August 2006 there were at least three kidnappings per
month in the first half of 2006 (typically the hostages have all been released following the payment of substantial ransoms by the government). In the last nine months the

Figure 1 Oil Loss in the Niger Delta: 1998-2006

![Bar Chart](Average Annual Crude Oil Production Deferred in Nigeria 1999 - 2006)

Source: [www.legaloil.com](http://www.legaloil.com) 2007

escalation of attacks – including electronically detonated car bombings, attacks on government buildings, and massive disruption of oil installations deploying sophisticated military equipment, and the kidnapping of workers sometimes from platforms 40-60kms off shore – have spiraled out of control. In a deteriorating environment in which many oil companies have withdrawn personnel and cut back production – currently (May 2007) there is a 900,000 barrel per day shut in - Julius Berger, the largest construction

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2 The companies and government have typically denied the payments of ransoms to militants but there have been reports in the press, by activists and others of payments in excess of $250,000. In fact the decline in oil bunkering since 2004 has seen militias turning to kidnapping and extortion as sources of revenues as bunkering income has fallen.
company operating in the country, announced its withdrawal from the Niger Delta in the middle of 2006. President Obasanjo has sent in additional troops to bolster the Joint Military Task Force (JMTF) in the Delta but it is clear that that are incapable of operating effectively within the riverine creeks. The violence has continued – indeed deepened; at least 60 militants were reported killed and another 100 arrested in two days of brutal fighting in Bayelsa State late August 2006. According to the Centre for Strategic and international Studies (CSIS 2007) 123 expatriate hostages have been taken since January 2006 (until early March 2007) and there have been 42 attacks on oil installations over the same period. As I write, the residence of the new Vice-President elect (the Governor of Bayelsa State) has been bombed, Chevron has temporarily shut down its operations, and following a massive pipeline explosion at Bomu at total of 900,000 barrels of oil per day are currently shut in (30% of official production). It is quite unclear, when located on this larger canvas, what Petroleum Minister Edmund Daukoru could possibly have meant when he announced to OPEC in February 2007 in Greece that “the worst is over”, that “it is a very, very temporary thing” (United Press International January 28th 2007, http://www.upi.com/Energy/analysis_nigeria_hopeful_for_oil_future).

The costs of the oil insurgency are vast. A report prepared for the Nigerian National Petroleum Company (NNPC) published in 2003 entitled Back from the Brink paints a very gloomy “risk audit” for the Delta. NNPC estimated that between 1998 and 2003, there were four hundred “vandalizations” on company facilities each year (and 581 between January and September 2004); oil losses amounted to over $1 billion annually. In early 2006 MEND claimed a goal of cutting Nigerian output by 30% and has apparently succeeded. Within the first six months of 2006, there were nineteen attacks on foreign oil operations and over $2.187 billion lost in oil revenues; the Department of Petroleum Resources claims this figure represents 32% of the revenue the country generated this year (Figure 2). The Nigerian government claims that between 1999 and

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**Figure 2**  **Niger Delta Oil Disruptions 2006**

Source: National Geographic, January 2007

2005 oil losses amounted to $6.8 billion but in November 2006 the managing director of Shell Nigeria reported that the loss of revenues due to ‘unrest and violence’ was $61 million per day (a shut-in of about 800,000 barrels per day), amounting to a staggering $9 billion since January 2006. Against a backdrop of escalating attacks on oil facilities and a proliferation of kidnappings, the Joint Revolutionary Council (apparently an umbrella group for insurgents) threatened ‘black November’ as an “all out attack on oil operating companies” (The Observer, November 5th 2006).

**The Road to Serfdom**
The backdrop to the new scramble for oil is the calamity of African poverty – or to deploy the language of the Report of The Commission on Africa (2005) assembled by Tony Blair and Gordon Brown, “the greatest tragedy of our time”. 2005 was dubbed the ‘Year of Africa’ but there was little to celebrate. Of course the Live 8 concerts drew a 2 billion global audience, and a week later the G8 pledged to double aid to Africa ($25 billion by 2010) and forgive the debts of fourteen African states. But the desperate and terrifying conditions across much of the African continent had forced itself into the international limelight aided and abetted by a motley crew of humanitarians from Bono to Jeffrey Sachs to the Pope. The Millennium Declaration in 2000, Bush’s Millennium Challenge Account and the Emergency Plan for AIDS Relief (PEPFAR), the African Growth And Opportunity Act, and now the new World Bank African Action Plan, we can now see, are the milestones in a deep crisis that is only weakly captured in debates over growing global inequality. Collectively these palliatives were belated responses to the unacceptable face of two decades and more of globalization, reform and the search for the Holy Grails of good governance and the neoliberal market (Elyachar 2005). On the continent itself, the New Economic Partnership for African Development [NEPAD] (2001) and the revamped African Union (formerly the Organization for African Unity) offered the prospect that poor leadership - the pathologies of the African postcolonial state variously described as patrimonialism, prebendalism, predation, quasi-statehood, the postcolony, politics of the belly - were to be taken seriously by an African political class that purportedly represented a new sort of democratic dispensation unleashed by a raft of the political transitions during the 1990s.

To see the African crisis, however, as a moral or ethical failure on the part of the ‘international community’ - not least in its failure to meet the pledges promised to the UN to cut global poverty in half by 2015 (See the UN The Millenium Goals Report 2005) is only a partial truth. The real crisis of Africa is that after 25 years of brutal neoliberal reform, and savage World Bank structural adjustment and IMF stabilization, African development has failed catastrophically. William Easterly (2006), former high ranking World Bank apparatchik, in his new lacerating demolition of structural adjustment – “a quarter century of economic failure and political chaos” (cited on his website: http://www.nyu.edu/fas/institute/dri/Easterly/) - boldly states that the entire unaccountable enterprise of planned reform is “absurd”. It was Africa after all that was the testing ground for the Hayekian counter-revolution that swept through development world in the 1970s. It began with the Berg report in 1980 which was the first systematic attempt to take the Chicago Boys experience in post-Allende Chile – on some readings the birth of neo-liberalism (Harvey 2005) – and impose it on an entire continent. The ideas of Elliot Berg and his fellow travelers marked the triumph of a long-march undertaken by the likes of Peter Bauer, H.G.Johnson, and Deepak Lal (ably supported by the monetarist think tanks such as the Institute of Economic Affairs, the Mont Pelerin Society and the astonishing rise to power from the early presence of Leo Strauss and Fredrich Hayek of the ‘Chicago School’) through development institutions like the World Bank. Long before shock therapy in eastern Europe or even the debt-driven ‘adjustments’ in Latin America, it was sub Saharan Africa that was the playground for neo-liberalism’s assault on the ‘over extended public sector’, ‘excessive physical capital formation’, and the ‘proliferation of market distortions’ (Toye, 1987, pp.48-49).
According to the UN, 26 of 32 sub-Saharan states had a ‘liberal’ economic regime by 1998. If the 1980’s was Africa’s ‘Lost Decade’ – collapsing commodity prices, deteriorating terms of trade and the first crashing waves of IMF austerity - then how might one characterize the last fifteen years - a long decade in which the benefits of reform were to be finally felt - in which life expectancy across sub-Saharan Africa has steadily fallen and per capita income has at best stagnated? A ‘Lost Generation’? And all of this during a period in which net official ODA fell by 40% (from $18.7 to $10 billion). If it is lucky, Africa will achieve its Millennium Goals of universal primary education and a 50% reduction in poverty by the middle of the next century (2150).

In Africa, the court of neoliberalism has been concluded, and the verdict is in. And the picture is not pretty. Over the last thirty years there has been no growth in income for the average African. Life expectancy is 46 years. Twenty-three of 47 sub-Saharan states have currently a GDP of less than $3 billion (Exxon-Mobil’s net profit in the first quarter of 2006 was $8 billion). By 2005, 38 of the top 59 priority countries that failed to make headway toward the Millennium Goals were sub-Saharan states and according to the 2005 Chronic Poverty Report, all 16 of the most “desperately derived" countries are located in sub-Saharan Africa. Over 300 million people live on less than $2 per day – and this is expected to rise to 400 million by 2015. One third of the population of the continent is undernourished (Benson 2004); stunting rates run at almost 40%. According to a UNFAO assessment in January 2006, 27 countries are in need of emergency food relief.

The neoliberal tsunami broke with particular ferocity of African cities, and the African slum world in particular. Reform – the privatization of public utilities creating massive corporate profits and a decline in service provision, the slashing of urban services, the immiseration of many sectors of the public workforce, the collapse of manufactures and real wages, and often the disappearance of the middle class - was, as Mike Davis (2006) notes, remorselessly anti-urban in its effects. As a consequence, African cities confronted the horrifying realities of economic contraction of 2-5% per year and sustained population growth of up to 10% per annum (Zimbabwe’s urban labor market grew by 300,000 per year in the 1990s while urban employment grew by just 3% of that figure). In Dar es Salaam public service expenditures per capital fell by ten per cent year in the 1980s; in Khartoum adjustment created 1 million ‘new poor’; urban poverty in Nigeria almost tripled between 1980 and the mid 1990s. No wonder that 85% of urban growth in Nairobi, Kinshasha or Nouakchott in the 1980s and 1990s was accommodated in the slums barracks of sprawling and ungovernable cities. Everyone’s worst urban apocalypse (Packer 2006) – Lagos – grew from 300,000 to 13 million in over fifty years but it will be part of a vast Gulf of Guinea slum expected to accommodation 60 million poor along a littoral corridor 600 kms stretching from Benin City to Accra by 2020. Black Africa will contain 332 million slum dwellers by 2015, a figure expected to double every fifteen years (Davis 2006, p.19). The pillaging and privatization of the state – whatever its African ‘pathologies’ – and the African commons is the most extraordinary spectacle of primitive accumulation by dispossession, all made in the name of foreign assistance (Harvey 2005). The involution of the African city has as its corollary not an insurgent lumpenproletariat but as Davis himself laconically admits the rise of ‘Mohammed and the Holy Ghost’, a vast political universe of Islamism and
Pentecostalism. It is this occult world of invisible powers – whether populist Islam in Kano or witchcraft in Soweto (Ashforth 2005) – that represents the most compelling ideological legacy of neoliberal utopianism in Africa.

As if to confirm the catastrophicism of commentators like Robert Kaplan (‘the coming anarchy’), the calamity that is African economic development ran straight into another: the HIV/AIDS epidemic. While new epidemiological data suggests that the prevalence rates and possible demographic and socio-economic impacts for much of Western and northeastern Africa may have been exaggerated (Guardian, April 21st 2006, p.29), the pall that the disease has imposed on some regions is incontestable. The impact of HIV/AIDS – with an 8% adult prevalence and 28 million infected, Africa accounts for 2.3 million AIDS deaths per year – has transformed life expectancy in southern and eastern Africa. Twenty years ago, a male child could reasonably expect to live to 60 in Botswana; currently it is about 30. By 2010 there will be more than 50 million orphans in Africa.

Of course, there are those within the development business for whom the failure of secular nationalist development is a result not of too much neoliberalism, but not enough. The complaint here, typically from those within the free-market establishment, is that adjustment and stabilization has never really been implemented (a right-wing version of the left-wing claim that adjustment was asking African ruling classes to commit political suicide). SAP’s were simply ‘vetrioloism’ in which, as van de Walle (cited in Easterly 2005, p.146) sees it, the IMF/IBRD had given up trying to get African governments to do things but simply want to be told what governments might do to get a loan. There is, of course, some truth to this (but the cry of any planned failure will always be “we were defeated by not going far enough”). David Harvey (2005) has described the radically uneven geographical patterns of neoliberal governance and rule. Yet he makes the point that within this complexity is a ‘universal tendency’ to increase social inequality and expose the poor top austerity and marginalization. And the reality is that Bank reforms, and the pressures imposed by the WTO from the mid 1990s onwards, in Africa did have drastic consequences for trade and investment – the litmus test of neoliberal development – seen in the widespread dismantling of state marketing boards and of trade protections. And here the picture is devastating. In absolute terms African exports grew quite rapidly from 1963-2000, but at a much slower rate that for world trade generally. Africa’s share of world exports fell from almost 6% in 1962 to 2% in 2000. In non-oil products (food and manufactures) growth rates of exports between 1980 and 1998 were miserable. Rodrik (1999) argues that given African conditions (income, geography, socioeconomic conditions), the performance is ‘average’. Yet it is incontestable that African exports are characterized overall by a “disintegration from Northern markets” and “isolation from more dynamic developments in the composition of international trade” (Gibbon and Ponte, 2005, p.44). UNCTAD showed that of the exports from 26 African states, the average concentration on primary exports has remained basically unchanged (roughly 85%) since 1980. In all categories, sub Saharan Africa has failed to move up the value-added chain away from primary commodities.
The African accumulation crisis, and the dynamics of capital and trade flows, are in practice complex and uneven (Hart 2003). In addition to oil (and the very few cases of manufacturing growth in places like Mauritius which are simple national export-processing zones), the other source of economic dynamism is the (uneven) emergence of global value chains especially around high values agriculture (fresh fruits and vegetables) [Friedberg 2004, Gibbon and Ponte 2005] in South Africa, flowers in Kenya, green beans in Senegal, these forms of contract production, typically buyer-driven commodity chains in which retailer exert enormous power have created islands of agrarian capitalism but as Gibbon and Ponte show, they contribute to and deepen patterns of existing inequality across Africa and rest on “concentrations of private economic power” (p.160), which typically means non-African business elites. The deepening of commodification in the countryside – driven in part by the dismantling of the marketing boards under neoliberalism - in tandem with demographic pressures (caused as much by civil war and displacement as high fertility regimes), has made land struggles and the dismantling of what remains of the African commons a vivid part of the new landscape of African development (Peters 2004; Woodhouse, Bernstein and Hulme 2000).

In reality what is on offer is a bleak world of military neoliberalism. At one pole, enclaves of often militarily fortified accumulation (of which the oil complex is the paradigmatic case; see Ferguson 2006) and the violent, sometimes chaotic, markets so graphically depicted in the powerful documentary film by Hubert Sauper Darwin’s Nightmare. On the other are the black holes of recession, withdrawal and uneven commodification (Bernstein 2004). These complex trajectories of accumulation are dominated at this moment by the centrality of extraction and a return to primary commodity production.

The New African ‘Gulf States’

One aspect of the doubleness that I referred to earlier is that on this bleak canvas of development failure in Africa is the undisputed fact that currently the continent is the centre of a major oil boom. To the extent there is any economic dynamism, in other words, it resides in the primary commodities sector which is the most important source capitalist accumulation on the continent. Over the period 1981-1985, FDI inflow into Africa was running at $1.7 billion per annum; by 1991-1995 it had grown to $3.8 billion (Asiedu 2005; WIR 2005). Yet as a percentage of all developing country FDI inflow, the figure represented a secular decline from 9% to less than 5% (all-in-all miniscule compared to South and East Asia and Latin America). Between 1995 and 2001, FDI inflow amounted to $7 billion per year but almost two thirds of the portfolio was destined for three countries (Angola, Nigeria and South Africa, in which oil FDI accounted for 90% of all FDI inflow, see Figure 4). Half of Africa’s states had effectively none. Two thirds of FDI was derived from the same three countries (UK, Germany and the US) that had dominated FDI supply in 1980. According to the World Investment Report (2005), FDI into Africa is currently $18 billion; four countries account for 50%, and the top ten almost three quarters. To put the matter starkly, the vast bulk of private transnational investment – the hallmark of success for the neoliberal project - was monopolized by a quartet of mining-energy economies.
The continent accounts for roughly 10% of world oil output and 9.3% of known reserves. Though oil fields in Africa are generally smaller and deeper than the Middle East - and production costs are accordingly 3-4 times higher - African crude is generally low in sulfur and attractive to US importers. As a commercial producer of petroleum, Africa arrived, however, rather late to the hydrocarbon age. Oil production in Africa began in Egypt in 1910 and only in earnest in Libya and Algeria (under French and Italian auspices) in the 1930s and 1940s. Now there are twelve major oil producers in Africa – members of the African Petroleum Producers Association - dominated, in rank order of output, by Nigeria, Algeria, Libya and Angola which collectively account for 85% of African output. All of the major African oil producers are highly oil-dependent. Among the top six African oil states, petroleum accounts for between 75 and 95% of all oil export revenues, between 30-40% of GDP and between 50 and 80% of all government revenues. Up until the 1970’s North Africa dominated production of oil and gas on the continent but in the last three decades it has moved decisively to the Gulf of Guinea encompassing the rich on and off shore fields stretching from Nigeria to Angola (Hodges 2001; Frynas 2004; Yates 1996). The Gulf – constituted by the so-called West African ‘Gulf States’ - has emerged as a strategic African supplier to an increasing tight and volatile world oil market. All of the major Gulf oil producers are highly oil-dependent: for the top six African oil states, petroleum accounts for between 75 and 95% of all oil export revenues, between 30-40% of GDP and between 50 and 80% of all government revenues.

All of these petro-states are enclave economies are marked by staggering corruption, authoritarian rule and miserable economic performance (the so-called ‘resource curse’ [Ross 2001]). The deadly operations of the alliance between corporate oil and autocratic oil states, have partially forced the question of transparency of oil operations onto the international agenda. Tony Blair’s Extractive Industries Transparency Initiative, the IMF’s oil diagnostics program and the Soros Foundation’s Revenue Watch are all ‘voluntary’ regulatory efforts to provide a veneer of respectability to a rank and turbulent industry (Zalik 2004; Gary and Karl 2003; Watts 2005).

**Nigeria: The Rise and Fall of an Oil State**

Nigeria is the jewel in the Gulf of Guinea crown. Nobody would doubt the strategic significance of contemporary Nigeria. One of every five Africans is a Nigerian - the country’s population is currently estimated to be 137 million - and it is the world’s seventh largest exporter of petroleum providing the U.S. market with roughly 8 percent of its imports. A longtime member of OPEC, Nigeria is an archetypical “oil nation”. With reserves estimated at close to forty billion barrels, oil accounted in 2004 for 80 percent of government revenues, 90 percent of foreign exchange earnings, 96 percent of export revenues according to the IMF, and almost half of GDP. Crude oil production runs currently at more than 2.1 million barrels per day valued at more than $20 billion at 2004 prices. Mostly lifted onshore from about 250 fields dotted across the Niger Delta, Nigeria’s oil sector now represents a vast domestic industrial infrastructure: more than three hundred oil fields, 5,284 wells, 7,000 kilometers of pipelines, ten export terminals, 275 flow stations, ten gas plants, four refineries (Warri, Port Harcourt
I and II, and Kaduna), and a massive liquefied natural gas (LNG) project (in Bonny and Brass) [See Figure 2].

The rise of Nigeria as a strategic player in the world of oil geopolitics has been dramatic and has occurred largely in the wake the civil war that ended in 1970. In the late 1950's petroleum products were insignificant, amounting to less than 2% of total exports. Between 1960 and 1973 oil output exploded from just over 5 million to over 600 million barrels. Government oil-revenues in turn accelerated from 66 million naira in 1970 to over 10 billion in 1980. A multi-billion dollar oil industry has, however, proved to be a little more than a nightmare. To inventory the achievements of Nigerian oil development is a salutary exercise: 85 percent of oil revenues accrue to 1 percent of the population; perhaps $100 billion of $400 billion in revenues since 1970 have simply gone “missing” (The anti-corruption chief Nuhu Ribadu, claimed that in 2003 70% of the country’s oil wealth was stolen or wasted; by 2005 it was “only” 40%). Over the period 1965-2004, the per capital income fell from $250 to $212; income distribution deteriorated markedly over the same period. Between 1970 and 2000 in Nigeria, the number of people subsisting on less than one dollar a day grew from 36 percent to more than 70 percent, from 19 million to a staggering 90 million. According to the IMF, oil “did not seem to add to the standard of living” and “could have contributed to a decline in the standard of living” (Martin and Subramanian 2003:4). Over the last decade GDP per capita and life expectancy have, according to World Bank estimates, both fallen.

What is on offer in the name of petro-development is the terrifying and catastrophic failure of secular nationalist development. It is sometimes hard to gasp the full consequences and depth of such a claim. From the vantage point of the Niger Delta—but no less from the vast slum worlds of Kano or Lagos—development and oil wealth is a cruel joke. These paradoxes and contradictions of oil are nowhere greater than on the oilfields of the Niger Delta. In the oil rich states of Bayelsa and Delta there is one doctor for every 150,000 inhabitants. Oil has wrought only poverty, state violence and a dying ecosystem says Ike Okonta (2005). The government’s presence, Okonta notes, “is only felt in the form of the machine gun and jackboots” (2005:206). It is no great surprise that a half century of neglect in the shadow of black gold has made for a combustible politics. All the while the democratic project initiated in 1999 appears ever more hollow.

The nightmarish legacy of oil-politics must be traced back to the heady boom days of the 1970s. The boom detonated a huge influx of petro-dollars and launched an ambitious (and largely autocratic) state-led modernization program. Central to the operations of the new oil economy was the emergence of an “oil complex” that overlaps with, but is not identical to, the “petro-state” (Watts 2005). The latter is comprised of several key institutional elements: (i) a statutory monopoly over mineral exploitation, (ii) a nationalized (state) oil company that operates through joint ventures with oil majors who are granted territorial concessions (blocs), (iii) the security apparatuses of the state (often working in a complementary fashion with the private security forces of the companies) who ensure that costly investments are secured, (iv) the oil producing communities themselves within whose customary jurisdiction the wells...
and facilities are located, and (v) a politico-financial mechanism by which oil revenues are distributed to the federation (states, local governments and central government).

The oil revenue distribution question – whether in a federal system like Nigeria or in an autocratic monarch like Saudi Arabia – is an indispensable part of understanding the combustible politics of imperial oil. In Nigeria there are four key distribution mechanisms: the federal account (rents appropriated directly by the federal state), a state derivation principle (the right of each state to a proportion of the taxes that its inhabitants are assumed to have contributed to the federal exchequer), the Federation Account (or States Joint Account) which allocates revenue to the states on the basis of need, population and other criteria, and a Special Grants Account (which includes monies designated directly for the Niger Delta, for example through the notoriously corrupt Niger Delta Development Commission. Over time the derivation revenues have fallen (and thereby revenues directly controlled by the oil-rich Niger Delta states have shrunken) and the States Joint Account has grown vastly. In short, there has been a process of radical fiscal centralism in which the oil-producing states (composed of ethnic minorities) have lost and the non-oil producing ethnic majorities have gained - by fair means or foul. Since the return to civilian rule however in 1999 the derivation principle has increased to 13% and as a result the oil-producing states in the Niger delta – especially Bayelsa, Delta and Rivers – have been awash in oil monies, a process that has simultaneously expanded the political powers of the state governors and vast increased the opportunities for corruption (in effect there has been a decentralization of oil corruption away from the federal centre). Neither of the processes of decentralization – of political power and of oil revenues – has had any development consequence for the impoverished oil fields and for the alienated ethnic minorities that constitute the heart of the oil region.

Overlaid upon the Nigerian petro-state is, in turn, a volatile mix of forces that give shape to the “oil complex”. First, the geo-strategic interest in oil means that military and other forces are part of the local oil complex. Second, local and global civil society enters into the oil complex either through transnational advocacy groups concerned with human rights and the transparency of the entire oil sector, or through local social movements and NGOs fighting over the consequences of the oil industry and the accountability of the petro-state. Third, the transnational oil business – the majors, the independents and the vast service industry – are actively involved in the process of local development through community development, corporate social responsibility and stakeholder inclusion. Fourth, the inevitable struggle over oil wealth – who controls and owns it, who has rights over it, and how the wealth is to be deployed and used – inserts a panoply of local political forces (ethnic militias, para-militaries, separatist movements and so on) into the operations of the oil complex (the conditions in Colombia are an exemplary case). In some circumstances oil operations are the object of civil wars. Fifth, multilateral development agencies (the IMF and the IBRD) and financial entities like the export credit agencies appear as key “brokers” in the construction and expansion of the energy sectors in oil-producing states. And not least, there is the relationship between oil and the shady world of drugs, illicit wealth (oil theft for example), mercenaries and the black economy. It is out of this mix of forces that an ungovernable and insurgent space called the Niger delta has emerged.
The Anatomy of An Oil Insurgency

How, then, can one grasp the transformation of the Niger delta into a space of insurgency? I cannot provide a full accounting here but rather want to identify a key number of processes generated from within the heart of the oil complex. Each is an expression of a long and deeper geography of exclusion and marginalization by which the oil-producing delta came to suffer all of the social and environmental harms of the oil industry and yet receive in return (until very recently) very little of the oil revenues. It is from the geo-political contradiction of oil without wealth – a bequest of the oil complex - that the insurgency has drawn sustenance. In this sense, the insurgency does not appear to be a shining example of the influential predation theory of rebellion proposed by Paul Collier and his World Bank associates (2003). In this view insurgency is less about grievance than greed and rebellion is little more than organized crime. While, the Niger delta has its fair share of predation and greed, to see the insurgency as a product of youth crime is to misconstrue its geopolitical and historical origins.

What were the forces that emerged from this geo-political contradiction? The first, not surprisingly in a region of sixty of more ethnic groups and a powerful set of institutions of customary rule, was ethno-nationalism. This was central of course, to the Ogoni movement and but the banner has been taken up in the last decade of so by the Ijaw, the largest ethnic (or so-called ‘oil’) minorities in the Delta. Their exclusion from the oil wealth (and the federal revenue allocation process) to say nothing of bearing the costs of oil operations across the oilfields, became central to the emergence of a new sort of youth politics. The establishment of the Ijaw Youth Congress in 1998 marked a watershed in this regard and it became the vehicle through which new generation of youth leaders took up the struggle. Many were mobilized in and around youth movements and came to assume local positions of power, including a number who took up an explicitly militant anti-state insurgent stance especially in the wake of the hanging of Ken Saro-Wiwa when Gandhian tactics were, in some quarters, seen to have failed catastrophically.

The second force was the inability and unwillingness of the Nigerian state in its military and civilian guises to address this political mobilization in the Delta without resorting to state-imposed violence by an undisciplined military, police and security forces. In this sense the history of the Ogoni struggle was a watershed too insofar as it bequeathed a generation of militants for whom MOSOP represented a failure of non-violent politics. The return to civilian rule in 1999 saw a further militarization of the region in which communities were violated and experienced the undisciplined violence of state security forces. The destruction of Odi and Odiama by military forces, and the violence meted out by the Joint Military Task Force based in Warri were the most dramatic instances of state intimidation. This unrelenting militarization of the region to secure ‘national oil assets’ further propelled the frustrations of a generation of youth who, in the period since the 1980s, had grown in their organizational capacities.
Third, the militant groups themselves represented the intersection of two important forces. On the one hand the rise of youth politics in which a younger generation whose economic and political prospects were stymied began to challenge both customary forms of chiefly power, and the corruption of the petro-state (whether military or civilian). These twin processes have a long history dating back at least to the famous Twelve Day Republic in which, in 1965 a group of young Ijaw men proclaimed, against a backdrop of expanding oil output, an independent Ijaw state. But the political mobilization of the youth turned from a sort of peaceful civic nationalism increasingly toward militancy and this in turn, as I have suggested, was in turn was driven by the violence of the Nigerian military forces but also by the politicians, especially the increasingly powerful governors, who sought to make use of the youth movements for their own electoral purposes (that is to say political thugs to intimidate voters). Paradoxically a number of the militias often got their start by being bankrolled by the state and politicians and indeed the NDF and NPDVF were both fuelled by machine politicians during the notoriously corrupt 1999 and 2003 elections.

Fourth, the existence and proliferation of oil theft, known locally as ‘oil bunkering’, (Figure 3) provided a financial mechanism through which militants could (after being abandoned by their political patrons) finance their operations and attract recruits. The organization of the oil theft trade, which by 2004 was a multi-billion dollar industry involving high ranking military, government official and merchants, drew upon the local militia to organize and protect the tapping of pipelines and the movement of barges through the creeks and ultimately offshore to large tankers. This is, on its face, a case of the sort of organized crime that Collier invokes in his account of the economics of rebellion – and indeed there are explicitly criminal elements and syndicates at work in the operations of a vast bunkering business in Nigeria – yet the theft of oil provided a lubricant for a ready existing set of grievances. Rebel organizations and insurgents were, in this sense, not merely criminal gangs.
And finally, the operations of the oil companies – in their funding of youth groups as security forces, in their willingness to use military and security forces against protestors and militants alike, and the their corrupt practices of distributing rents to local community elites – all contributed to an environment in which military activity was in effect encouraged and facilitated. A number of companies used violent youth groups to protect their facilities (see WACS 2003). Corporate practice, and community development in particular, had the net effect of inserting millions of dollars of so-called ‘cash payments’ into the local economy by paying corrupt chiefs, violent youth groups or corrupt local officials in the hope that the oil would keep flowing. In practice the uneven record of community development projects and the corrupt forms in which cash payments were made, produced a growing hostility (expressed in the growth of oil platform occupations, attacks on pipelines, and more recently hostage taking) to the companies. Directly and indirectly corporate practice were essential to the dynamics of local violence and the escalation of insurgent activity.

The emergence of MEND in 2005 represents the almost inevitable end-point of a process of marginalization and alienation that assumed a growing militancy during the 1990s. MEND has grown from an earlier history of increasingly militant youth
embracing for example the Egbesu Boys of Africa, the Meinbutu Boys and others in the Warri region dating back to the early 1990s. It is now something like a ‘franchise’ insofar as it operates in a tense and complex way with other shady militant groups such as the Martyrs Brigade, and the Committee on Militant Action. What is important to grasp is that MEND cannot be understood outside of the operation of the quartet of forces that I briefly outlined, and yet at the same time MEND is inextricably linked to local politics: struggles among and between two key Ijaw clans (Gbaramantu and Egbema) over access to oil monies, struggles with Chevron over the lack of a Memorandum of Understanding for so-called “host communities” in the clan territory, control of oil bunkering territories, and not least the complex politics of Warri city, the large oil town to the north. Here is a multi-ethnic city than has imploded since the 1990s as warring ethnic groups (fuelled by machine politics) have fought for the establishment of new local government authorities as a basis for laying claim to federal oil monies. Into this mix was the catalytic effect of the Nigerian special military task force (‘Operation Hope) that came to quell the growing militancy across the region in which the Gbarmantu clan territory was repeatedly attacked and bombed (Courson 2007).

The insurgency across the Niger delta, involving a welter of differing groups and interests it needs to be said, is inextricably wrapped up with the intersection of generational politics, a corrupt and violent petro-state, irresponsible and short sighted oil company practice, and the existence of a vast oil bunkering network. As Kalyvas (2001: 113) suggests, viewed from the micro-level these sorts of insurgencies – an oil insurgency in this case – resemble “welters of complex struggles” in which the notion that the rebels are criminals who operate against law abiding states fails to capture the dynamics at work. Group interests are often “localistic and region-specific” (Kalyvas 2001: 112) yet, as I have tried to argue, their specificity emerges from the structured totality of the oil complex. It all makes for an enormously unstable and volatile mix of political, economic, political and social forces, now located on a larger, and more intimidating, canvas of global oil instability and the Global war on Terror.

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