

OIL BUNKERING: THE INFORMAL ECONOMY OF SOUTHERN NIGERIA

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INTRODUCTION

"Like a cancerous growth, illegal refining in Nigeria eats away at the country's resources and pollutes the environment, leaving a trail of destruction in its wake."

Growing up in the Niger Delta region of Nigeria, I was exposed to the damages that illegal oil refining has caused to the oil producing communities and this desire to contribute to my community and the world at large, has fuelled my passion to carry out research on environmental pollution and management. The business of illegal oil bunkering, commonly referred to as "Kpo-fire" (Fyneface et al., 2022; Glas & Ibietela, 2018) is an extensive and booming business in the region and this can be traced back to the 1990s when artisanal refining began in the Niger Delta region. The Niger Delta, which is the oil-rich region of Nigeria, has been subjected to environmental degradation and pollution (Gbakena and Ariole, 2020) due to oil exploration and production by international oil companies and oil pipeline vandalism (Bodo, 2019). Nigeria was the fifth largest producer of oil in the world but has dropped due to several challenges, but most especially, illegal oil bunkering (Chika & Alete, 2022; Onyi-Ogelle & Jared, 2021).

The rise of illegal refining in Nigeria can be attributed to numerous causes, such as, poverty, unemployment, and the lack of economic opportunities in the Niger Delta region. Additionally, corruption and weak governance have contributed to the proliferation of illegal refining, as officials have been known to turn a blind eye to the activities of illegal refiners in exchange for bribes (Bodo, Gimah and Seomoni, 2020). The illegal destruction of pipelines to disrupt the movement of petroleum products for self-purpose and/or specific group purpose for black-market sales in any aspect is prohibited by Nigerian law and any individual or corporation engaging in such activities is committing economic sabotage (Chika and Alete, 2022). Crude oil theft in Nigeria makes up for 10% of all illegal financial flows from Africa each year, totalling US\$6 billion (Umar and Mohammed, 2021)

In a special report in the GbaramatuVoice Newspaper (Henry, 2019) discussed about the negative impact of the oil spill in communities in Niger Delta, affecting waterways leading to deaths of at least five (5) persons bi-weekly. The Nigerian government has made several attempts to clamp down on illegal refining, including the establishment of a task force to combat the practice. However, these efforts have been largely ineffective, as the practice continues to thrive due to the high demand for petroleum products and the profitable aspects of the trade. The Nigerian National Petroleum Corporation (NNPC) recently contracted oil

pipeline surveillance and monitoring services to the renowned ex-militant leader, Government Ekpemupolo, also known as Tompolo, to fight the issue of oil theft and pipeline vandalism, although this wasn't the first time that such contract had been awarded. The oil Pipeline surveillance contract was first awarded in 2012 by the Government of President Goodluck Jonathan to different militant leaders and groups in the Niger Delta region (Emmanuel and Onwubiko, 2015; Adibe, Nwagwu and Albert, 2017) and the contract was later stopped by the President Buhari administration in 2015. In 2022, the government had a change of mind to award the contract to the ex-militant leader, after a seemingly increase in the cases of oil theft, failed measures in securing the oil pipelines (Onuoha, 2016) and birthing new group of militants, called the Niger Delta Avengers (NDA) that brought the nation's oil production to a "22-year low" (Tife and Ulf, 2016). There remain answers on if this new contract will severe the illegal oil bunkering crisis in the Niger Delta and what are the community members perspective with this new development, although there have been several media and academic reports on the impact of this initiative when it was first implemented (Okafor and Olaniyan, 1970; Emmanuel and Onwubiko, 2015; Iro, 2022; Mary, 2022).

Illegal refining in Nigeria is a controversial issue that elicits different perceptions from the community. On one hand, some people believe that illegal refining is a necessary evil in the face of the inadequate provision of government refineries and a lack of employment opportunities (Chika and Alete, 2022) . They argue that it provides a means of livelihood for thousands of people, particularly in the Niger Delta region, where crude oil is extracted. On the other hand, many people condemn illegal refining due to its negative impact on the environment and human health (Henry, 2019; Udoh, 2019). Illegal refineries typically operate in a crude and dangerous manner, leading to oil spills, air and water pollution, and the destruction of the ecosystem, even death. These activities have led to an increase in health problems, such as respiratory illnesses and cancers, among people living in the region. Overall, community perceptions on illegal refining in Nigeria are diverse and complex, with varying opinions on the legality, necessity, and impact of this activity. In understanding the community perspective or attitude towards illegal oil refining, would give us an understanding on why this business persist in the region, how to effectively manage this illegal trade and improve environmental pollution management.

Illegal Oil Bunkering

In its legal form, bunkering is the act of loading fuel onto a large ship's on-deck fuel bunker. Illegal bunkering entails tapping into a pipeline, filling plastic jerry cans with crude oil, and transporting the oil in speedboats to awaiting vessel, who then sell the product to large oceangoing tankers, who then sell it to refineries in neighbouring countries at a significant profit (John, 2007; Chika and Alete, 2022). This illegal trade of crude oil has a long history in Nigeria, dating back to the 1980s when the country experienced its first oil boom. The history of pipeline vandalism and oil bunkering can be traced to when the Niger Delta group resisted the perceived oppression and denial of the golden resource in their community (Adibe, Nwagwu and Albert, 2017). This illegal activity has become a major source of livelihood for thousands of Nigerians who lack formal employment opportunities, especially in the Niger Delta region where most of Nigeria's crude oil reserves are located. Nigeria Oil theft and pipeline vandalism continues to soar high in various communities despite, the security presence (shell, 2021) and oil companies, such as Shell suffers from this plight and develops strategies on how to combat this issue as stated in their Sustainability report of 2021. Although, Shell has been implicated to contribute to the effect of illegal oil bunkering in the region and has failed to understand the community needs and develop better approaches (Al Weswasi, 2019; Amnesty International, 2020; Onyi-Ogelle & Jared, 2021). Nwajiaku-Dahou (2012) says that we might see illegal oil bunkering as an “expansion of the Nigeria parallel economy” rather as an illegal trade or criminal activity and this collaborate with the statement made by the former Economic and Financial Crimes Commission (EFCC), Nuhu Ribadu, describing the illegal oil bunkering activities as an “organised crime” involving high political persons. Despite, the negative impact of the trade in this region, there seems to be an institutionalized corrupt practice in the state, making it difficult to address this looming crisis.

Impact Of Illegal Refining

Illegal oil bunkering in Nigeria has had a significant negative impact on the country's economy, environment, and society. Illegal oil bunkering in Nigeria has resulted in significant revenue losses for the government and legitimate oil companies. This is because the illegally obtained crude oil is sold at a lower price than the official market price. According to the findings of Anyio (2015), the country has lost colossal amounts of oil revenue each year, amounting to N1.29 trillion, due to industrial scale oil theft, cessation of foreign firms and investors, deterioration of the natural ecosystem, increased procurement of light weapons and ammunition, and elevated numbers of school leavers among both primary and secondary pupils and students. This has also led to massive environmental degradation,

with oil spills and leaks polluting the Niger Delta region. These spills have contaminated the soil, rivers, and other water bodies, leading to the destruction of flora and fauna, loss of biodiversity, and other ecological imbalances (Glas & Ibietela, 2018; United Nations Environment Programme, 2011). Oil bunkering in Nigeria has led to the proliferation of criminal gangs and increased violence in the Niger Delta region. In a study by Mmahi (2018), the plights of victims affected by oil thieves in the Niger Delta region were recorded, leading to the death of some community members and displacement. In this study, it was observed that the perpetrators of this crime were not only youths from the Niger Delta region. Illegal oil bunkering in Nigeria has led to widespread corruption and weakened the country's political institutions. It has also fuelled ethnic tensions and conflicts, leading to increased insecurity and instability in the region. Fig. 1 shows the effect of illegal oil bunkering on the mangrove swamp forest in the Niger Delta region.



Fig. 1: Oil Polluted Mangrove (source: GbaramatuVoice Newspaper)

Nigerian Government Measures to Stop Illegal Refining

The Nigerian government has implemented several strategies in stopping illegal oil bunkering in time past. The formation of a petroleum Joint Task Force (JTF) in 2012 conducted a

bubble burst operation in the Niger Delta region to eliminate the establishment of illegal refineries (Angela *et al.*, 2019), however, the Nigerian Navy and JTF was indicted in promoting the trade. The corrupt practices of the Federal Government is a major obstacle in achieving the aim of the task force, it is alleged that the Nigeria Government released a vessel caught conveying illegally refined oil in the Nigerian Waterways and dismissed the naval officers involved in the capture of the vessel (Ingwe, 2015; Onuoha, Iroezumuo and Onuoha, 2022) and a prominent Former State Governor, alleged that the Naval officers and JTF were involved in the trade (Clowes, 2022). To reduce crude theft, the NNPC launched an application in August to track theft and vandalism. The NNPC also awarded a multi-billion naira pipeline surveillance contract to Government Ekpemupolo, popularly known as Tompolo, a former leader of the Niger Delta Movement and an ex-militant leader in the region (Mary, 2022). Some state governors, such as Governor Wike of Rivers State has also started implementing measures that would reduce the illegal bunkering in the state, following the black soot crisis witnessed in the state (Clowes, 2022; David & Ipregha, 2022). This measure could best be described as “mere actions” as the illegal business still thrives in the region and no real success could be accounted. In a bid to curb illegal oil bunkering and violence in the region, the Nigeria government launched an amnesty program for militants in 2009 and indigenes of the oil producing communities to give them quality education and improve the literacy of the region by providing scholarships within and outside the country (Obenade, 2014). The educational empowerment of these youths created a boom in the business as they could not get jobs after school and became more sophisticated in approaching oil theft. The amnesty initiative failed to address the root cause of youth restiveness, militancy, oil theft and violence in the region (Agbiboa, 2014).

Furthermore, the government introduced the creation and licensing of modular refinery as another measure to curb this menace. The President Mohammadu Buhari government launched the Modular Refinery Policy in 2018 and has been promoting the development of modular refineries as part of its efforts to address the challenges of illegal refining. The Nigerian Content Development and Monitoring Board (NCDMB) has established a program to support the establishment of modular refineries in the country, with a target of 10 operational facilities by 2023 (NCDMB, 2018). Since the creation of this refinery, there has been a shortfall in any of the licensed operators completing the project (Angela *et al.*, 2019). This scenario could be likened to Oriola (2013) describing the federal government act in solving the case of kidnapping in the region but exacerbating the incidence. It is obvious that the Nigeria Government has taken several steps over the years to stop this illegal trade in the

region and has repeatedly met dead ends. These measures are more concerned on providing a safe environment for the exploitation of the resource rather than tackling the underlying issues that promote oil bunkering and pipeline vandalization in the region. The dependency of the Nigeria government on the oil revenue will make them to make policies that are intended for their personal gains over that of their citizens' rights and protection (Bodo, 2019).

CONCLUSION

The illegal refining carried out by the indigenes of southern Nigeria comes because of poverty, unemployment, marginalization and lack of education. The Government of Nigeria has introduced several measures to tackle this trade but has proved abortive over the years. To succeed in its measures, there is a need to eradicate unemployment, pollution and poverty from the region.