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Nigeria – United States Economic Relations and the Development of the Oil Sector

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Abstract

This study examines Nigeria – United States economic relations from 1999-2018. It was noted that since the Nigeria's economic relation with United States, the development stride which Nigeria state so desired in the oil sector did not yield any tangible result within the period under study viz opening of new refineries and effective turn around maintenance of the refineries. The specific objectives of this study are: 1. To examine whether Nigeria-United States economic relations has led to opening of new indigenous refineries in Nigeria 2.To determine whether Nigeria–United States economic relations improved the maintenance of refineries in Nigeria within the periods under study 3.To ascertain if Nigeria and United States economic relations had advanced technological transfer in the oil sector industry in Nigeria. The data employed for the study were collected from documentary sources while content analysis was implored for data analysis. The theoretical framework that anchored this study is the Rentier State Theory (RST). After a critical analysis, the following findings were made: 1. it was discovered that Nigeria-United States economic relations did not lead to opening of new indigenous refinery 2. The crude oil export to the United States did not improve the maintenance of oil refinery in Nigeria 3. The Nigeria-United States economic relations had not advanced technological transfer in the oil sector industry in Nigeria. In line with the findings the researcher made the following recommendations: 1.That Nigeria government should make a policy that will bring a paradigm shift from net import to net export 2. Nigerian government should make it policy easier as to accommodate and encourage private sector participation in the refining of petroleum products 3. Nigeria government should partner with other countries of the world outside United States that are willing to develop her indigenous technological skills.

Keywords: Economic Relations, Development, Oil sector, Crude oil, Petroleum

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Introduction

The interaction of Nigeria and United States of America predates Nigeria's political independent history of 1960. In other words, the relationship between the two countries could be observed and pinned to the pre-second world war period which increased subsequently. This informed the quick recognition of Nigeria's independence in 1960 (Okolie, 2009; cited in Obegolu, 2015). Odoh (2012) noted that Nigeria and United States economic relations are central to Nigerian foreign policy. Nigeria had continued to manage her external relations with the outside world anchored by the conservative leader, the Prime Minister, late Alhaji Tafawa Balewa. Under his leadership, Nigeria had no separate foreign policy outside Britain. On the attainment of independence, the first major task which Balewa administration was confronted with was on the need to shape Nigeria's foreign policy (Asogwa, 2009).

Nigerian and the United States have enjoyed trade and investment relations for quite a long period of time with strong commitment to each other's interest. Onuaha (2001) reported that Nigeria's economic relations with United States is conditioned by oil factor, according to him, this informs the reason United States had solemnly maintained the policy of not intervening and interfering in Nigeria's domestic crisis, as long as such crisis does not impinge or if you will disrupt the flow of oil. Furthermore, Nigeria-United States economic relations since independence had been raised on a tripod of trade, democracy and foreign investment. In the words of Onuoha (2001) Nigeria ranks second following Saudi Arabia as a very crucial, central and important partner in importation of petroleum products to the United States that buys over one million barrels per day of the highly desirable light sulphur sweet crude oil. Nigeria produces about 10 percents of the total US oil imports. Putting their annual trade to US$6 billion and US companies have about US$ 7billion investment in the country (Onuoha, 2001). The Guardian, February 27, (2004) cited in Odoh (2012) reported that American companies Chevron, Exxon-Mobile and Texaco were among the six joint venture partners of state controlled of Nigerian National Petroleum Corporation (NNPC) others include Agip, Shell and Elf. In totality, they accounted for 85 percent total production capacity of oil production in the country. Again, the activities of the stake-holders (cabals) in the oil sector constitutes to large extent, undermining Nigeria's developmental strides.

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According to United States online Congressional Research Services (2019) it was observed that Nigeria has the ninth-largest natural gas reserves in the world over and the largest in Africa. Nigeria is the second largest producer of oil in Africa, producing over 1.5 million bpd (as at January 2017). With proven crude oil reserve estimates of about 37 billion barrels as at 2015, Nigeria boasts of about 29% of the continent's crude reserves (2nd in Africa). Nigeria in the same light is also one of the largest consumers of refined products in Africa (5th as at 2014, behind Egypt, South Africa, Algeria and Morocco) and accounts for over 7% of Africa's refined (Pedro *et al,* 2017).

Many Nigeria's oil fields lack the requisite infrastructural needed competencies to capture and transport natural gas to its destinations. Government has repeatedly and reportedly, set deadlines for oil companies to stop "flaring" gas at oil wells (burning unwanted gas during oil drilling), but all effort remain unsuccessful, a practice which became inimical and had the estimated destruction of 15% of its gross natural gas production. Nigeria is at the vanguard of making an inroad into increasing its liquefied natural gas (LNG) exports, which incidentally could surpass revenues derived from oil exports in the next decade. However, uncertainty surrounds the PIB/PIGB, arguably had hindered development of the sector. Extant literature shows that Nigeria-United States economic relations has attracted the attention of scholars like Osakwe (1993); Okigbo (1987); Adigun (1998); Ndilor (1999); Obi (1999); (CBN 2000); and Odoh (2012). These scholars centred their analysis on two main features which dominate the Nigerian economy: the over dependence on oil as the main source of foreign exchange earnings and government revenue; government as the prime mover of the economy.

Other schools of thought like Agada (2003) and Agbu (2000) have arguably opined that Nigeria - US economic relations had greatly undermined and reduced Nigeria national economic development and further strengthened her dependency structure since Nigeria's independence. They further stated that, President Olusegun Obasanjo's tenure, under the democratic experiment since 1999 maintained the tempo of its economic interactions in trade, investments and military with United States. Meanwhile, it appears scholars have not succinctly taken into considerations the reason behind Nigeria's level of low and slow pace in opening up of new indigenous

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refineries which will increase employment and reduce the problems of unemployment, since development in any sector of the economy has to do with the welfare of its citizenries. Irrespective of the great relationship that thus exists between Nigeria and United States, Nigeria development index viz-a-viz development in retrospect to refinery which had remained moribund irrespective of her relations with United States. Again, scholars had appeared not to satisfactorily determine the import of Nigeria-US economic relations on the maintenance of existing refineries. Scholars failed also to acknowledged lack of technological transfer as a limiting factor towards technological know-how of Nigerian citizens in the oil sector who can be trained to man efficiently heavy duty refinery machines in the oil sector without or with minimal supervision. Also, an activity of stake-holders (oil cabals) as one of the major factors mitigating the development of the oil sector in Nigeria, which scholars failed to identified in its analysis. It is against this backdrop, this study seeks to provide answers to the questions bellow:

1. What is the impact of the alliance of class interest between the ruling class in United States and Nigeria on the development of new indigenous oil refineries?
2. How has Nigeria-United States economic relations impacted on the maintenance of oil refineries in Nigeria?
3. How has United States technical knowhow and technology advanced the technological transfer in the oil sector industry in Nigeria?

Objectives of the Study

The study adopted broad and specific objectives. The broad objective of the study enabled the researcher to examine the oil sector, from 1999 to 20018. However, the specific objectives seek to realize the following:

1. To examine whether the alliance between the ruling class in United States and Nigerian had led to the opening of new indigenous oil refineries.
2. To determine whether Nigeria – United States economic relations had impacted in the maintenance of existing oil refineries in Nigeria.
3. To ascertain if United States technical knowhow and technology had advanced technological transfer in the oil sector industry in Nigeria.

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Conceptual Explication

Economic Relations

Economic relations are the trade interplay that thus existed between Nigerian and United States. The bilateral relations can be conceptualized as the interaction which exists between two sovereign countries that decided to come into collaborative partnership to achieve a set objective for the advancement of its course and the betterment of their countries. Basically, no nation in the world over can be adjudged to be self-sustaining, self-reliant and self-sufficient. Countries that had been colonized were granted full status of statehood by their colonial or imperial authorities, to which automatically acquitted them to acquisition of full legal capacity to administer their affairs and conduct its relations with others in the international arena. However, based on this considerations embedded in the nation's vital interests which are anchored on her foreign policy posture. According to Alao (2011) he opined that there are four main issues that underlined Nigeria's bilateral relations with the United States. These include:

1. The security sector reforms and assistance in military professionalism
2. Global war on terrorism
3. Boosting investment and trade relations; and
4. Effort towards ensuring debt relief and financial assistance

Development

The concept development can be seen as a gradual growth or formation of something such as industry. Nigeria's oil industry commenced with the discovery of crude oil reserves by the Shell Group in 1956. Nigeria produces a variety of light, sweet oil grades such as Bonny Light and Escravos Beach. Nigerian oil is highly desired by refineries in developed nations as it is less corrosive for refinery infrastructure and is easier to refine into high value products such as gasoline or jet fuel when compared to other types of crude (Wapner, 2017). Beginning from the search for oil in Nigeria, the first priority was usually to create, through incentives and other policy measure, a climate in which companies with necessary financial resources and technological know-how can be attracted to explore, as intensively as possible in order to discover commercially exploitable oil deposits. Then, it became a matter of concern and desire

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which rest on the question of encouraging than to commercialize production and increases the rate of production as rapidly as possible. At that stage, policy is normally less concerned with maximizing the returns from oil to the economy. But in Nigeria, the situation has been different; the advent of oil has made the government more attractive and self-interested. Interest shifted from the primary concern of enhancing the well being of the masses to meeting few individual needs. It is on the above bases that we shall conceptualized the meaning of oil sector industry by reviewing scholarly interest and concerns towards the aforementioned phenomenon. The oil sector is said to refer to the petroleum industry, also known as the oil industry or the oil patch, which includes the global process of exploration, extraction, refining transporting(often by oil tankers and pipelines), and marketing of petroleum products, (Wikipedia, 2018 online sources). The largest volume products of the industry are fuel oil and gasoline (petro).

Petroleum

Petroleum (oil) is also the raw materials for many chemical products, including pharmaceuticals, solvents, fertilizers, pesticides, synthetic fragrance, and plastics. The monetary value of oil and its products had necessitated it name being referred as "black gold". The word "petroleum" means "rock oil" or "oil from the rock" (EIA, 2005). Nelson (1954) wrote on two plausible schools of thought on the origin and formation of petroleum. The older one "the organic matter theory", suggest that petroleum was formed from the decomposition of dead marine organisms, like plankton. Arene and Kitwood (1979) summits that; petroleum is crude oil that occurs naturally in sedimentary rocks. They further stated that petroleum has two main uses. The first is as fuel; the combustion of crude oil gave in road to the derivation of various energies from petroleum. This use has increase rapidly in importance with the coming of motor car and a wide range of other applications of internal combustion engine (Rankole & Ogunkoya, 1978).

Crude oil

Crude oil is a smelling, yellow-to black liquid and is usually found in underground areas called reservoirs (EIV, 2005). Bankole and Ogunkoya (1978), Hobson (1973).Sweeney (1950), Sachanem (1945), MacCain (1970), Shereve and Blink (1977) and Arene and Kitwood (1979)

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had observed that crude oil consists of mainly of a mixture of gaseous, liquid and solid hydrocarbons.

Refiner and petroleum processing/products

According to Sharma (2002), Bankole nad Ogunkoya (1978). Hobson (1973), MacCain (1970), Kinbaling (1957), Arene and Kitwood (1979), Eneh (2007, 2000a, b) USDE (1999) and Saepudin et al. (2010) posits that the process of getting useful products from crude oil is known as refining. After crude oil is removed from the ground it is sent by pipeline, ship or barge to the refinery, where different parts of the crude oil are separated into useable petroleum products. Crude oil is measured in barrels (bbls).

Oil sector

According to Gunnar (2015) oil sector or oil industry can be broken into three chronological sectors: upstream, midstream, and downstream. Upstream is commonly known as the exploration and production (E&P) sector. It covers all the activities related to searching for recovering and producing crude oil and /or natural gas from underground or underwater fields. Midstream sector connects the upstream sector to the downstream sector. Midstream activities involves; transportation (pipeline, rail, barge, oil tanker and/ or truck), marketing or wholesale products (Gunnar, 2015). Downstream sector of the oil and gas industry involves the refining of crude oil and / or raw natural gasses obtained in the upstream sector as well as selling and distributing the products obtained. This includes facilities such as petrochemical plants, oil refineries, natural gas distribution companies, retail outlets (i.e. gas stations), etc. many products are derived from crude oil extraction such as diesel oil, liquefied petroleum gas (LPG), asphalt, petroleum coke, gasoline, fertilizers, pesticides, Synthetic rubber, jet fuel and many more.(Gunnar, 2015). The major activities of the downstream sector are: Refining, transport to retail facilities and marketing the finished products.

Politics in the Establishment of Nigerian National Petroleum Corporation (NNPC)

According to Ogedegbe (2009) NNPC came into being in 1977 to manage the federation's interest in the oil industry. NNPC is an integrated oil and gas company wholly owned by the federation. It is holding company with eleven wholly-owned and two partially-owned

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subsidiaries or Corporate Business Units (CBUs). It also has a growing number of corporate divisions or Corporate Strategy Units (CSUs). Staff strength has shrunk drastically since 2003, when it was about 17,000 to about 9,000 in the first quarter of 2007. The corporation's revenue base derives primarily from the proceeds of a daily allotment of crude, the size of which is reviewed periodically. It stood at 44,000b/d as at march, 2006. At the apex of the NNPC structure is the board of directors. Other members of the board are NNPC's CEO- the Group Managing Directors (GMDs) E&P, Refineries & Petrochemicals, Finance & Accounts, and Corporate services, and its Group General Manager (GGM), Legal services/ company secretary as well as six government appointees from outside the corporation. The ministry of petroleum resources surpasses the NNPC. The ministry was created in 1985 and the petroleum inspectorate was thereafter transferred it by Presidential fiat in March 1988. It has the full responsibility for the following:

- **i.** The overall supervision of the Nigeria oil industry including the activities of the NNPC and its subsidiaries;
- **ii.** The development of the hydrocarbon industry including natural gas and oil processing and petrochemical.
- **iii.** The licensing of all petroleum operation and activities.
- **iv.** The fixing of prices for crude oil, natural gas, petroleum products and their derivatives.
- **v.** All policy matters relating to/the disposition of crude oil and petroleum products.
- **vi.** Administration of government joint- venture interests.
- **vii.** All concession policies.
- **Viii** Conservation, control and inspection of the Nigeria oil industry.
- **ix** Relations with international organization dealing with petroleum and national institutions such as the petroleum-training institute, (Lloyd &Elias, 2001).

Theoretical Framework

This study adopted Rentier State Theory (RST), as its theoretical bases to explain the above problem. Rentier State Theory (RST) is a political science and international relations theory, this theory was first postulated by Hossein Mahdavy in 1970. It is also in his article that the term external rent was first introduced. Rents have been defined as "the income derived from the gift

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of nature" and are thus usually understood to be income accrued from the export of natural resources, especially oil and gas (Beblawi 1990:85). According to Yates (2012) in classical economic theory, it implies any surplus that was left over after all the costs of production had been met. It was paid to the owner of the land. You can think of it as an income paid to a landlord for the value of his real property, and to compensate him for interference with the possession of his land. An old English term of Norman French origins, feudal '*rente*' survived long enough to enter into the lexicon of 19th century political economy. Rent is one of four factor incomes. The other three are 'wages,' 'interest,' and 'profit.' Thomas Malthus (1815) defined rent as "that portion of the value of the whole produce which remains to the owner of the land." David Ricardo (1821) defined it as a "gift of nature" paid to the owner for the "scarcity" of land, and its "difference in quality." Farmers pay rent to a landlord from what they get in price on the market and what it cost them to get it there in the first place (e.g. cost of seeds, tools, wages, interest, profits, merchants, etc.).

Therefore, rentier states are those states that derive most or a substantial part of their revenues from the outside world and who's functioning of the political system depends to a large degree on accruing external revenues that can be classified as rents (Schwarz, 2007). In the same vein, Karl (1997) elaborates the model of the rentier state by explaining that the emergence of the oil economy significantly increased the political impediments to development. The growth of oil exports created a rentier state, a government relying principally on revenues from resource rents. The Theory of Rentier State will be apt in studying Nigeria and United States Economic Relations and the development of the oil sector. In the study, Nigeria will represent rentier state with an abundant natural resources which she derives 90% income of her oil revenue considering the aforementioned parameter.

Methodology

Methodologically, this paper is a qualitative research and as such, the appropriate data were sourced from secondary sources such as online international and local journal publications, textbooks, newspapers and official gazettes of international and national agencies. paper. Longitudinal research design was employed with which the progress and change in existing

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status of the variables of Nigeria – US economic relations was x-rayed critically using tables and statistical illustrations. The content analytical technique was applied for analysis of data

Data Presentation and Analysis

Table 1. Showing Nigerian refineries, commissioned year and their production capacities

Refineries	Year Commissioned	Production (BPD)	Capacity
Port-Harcourt 1	1965	35,000 –	60,000
Kaduna	1980	100,000 –	110,000
Warri	1986	100,000 –	125,000
Port-Harcourt 2	1989	150,000	

Source: Gbodebe, (2008) and table modified by the Author.

The table 1, above shows the number of oil refineries in Nigeria, the year commissioned and their production capacities as recorded in barrel per day (bpd). It indicates the first refinery which was established in Port Harcourt in 1965 with an installation capacity of 35,000 bpd and expanded capacity of 60,000 bpd. The second refinery was commission in 1978 in Warri, referred to Warri Refining and Petrochemical Company; with an installed capacity of 100,000 bpd, and upgraded to 125, 000 bpd in 1986. The third refinery was the Kaduna refinery and petrochemical company, commissioned in 1980 with an installed refining capacity of 100,000 bpd, and upgraded to 110,000 bpd in 1986. The fourth refinery which was the last to be established was commissioned in 1989, with process capacity of 150,000 bpd. It is designed to fulfill the dual role of supplying the domestic market and exporting its surplus. Thus, the total installed capacity is 445,000bpd.

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Source: Google Image of Portharcourt Refinery (2018)

Figure 1, showing one of Nigeria's refineries. The picture shows the magnificent status of the refinery before the oil cabers decided to abandon it.

Table 2: Oil Companies that is Operating in Nigeria

National oil company	Multinational oil company	Independent oil company	Services and supply company
NNPC	Royal/Dutchshell	Addax	Schlumberger
	Exxonmobil	Amni	Halliburton
	Chevron	Atlas	Western Atlas
	Texaco	Brass	Baroid
	Agip	Cavendish	Cameron
	TotalfinaElf	Consolidated	BJ Hughes
	Esso	Continental	M-I Drilling Fluids
	Conoco	Dubri	and others
		Express	
		Famfa	
		Montcrief	
		Peak	
		Summit and others	

Source: Fajana (2005)

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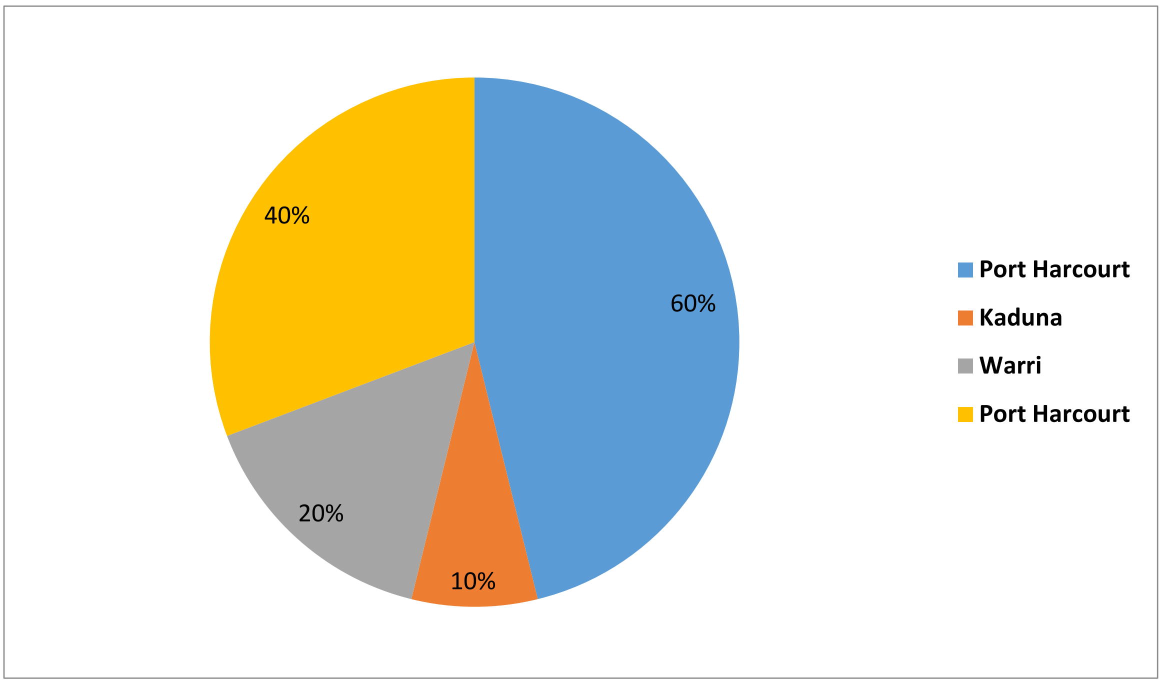
Table 2 showed the number of oil companies operating in Nigeria, which also indicates the existing indigenous oil company in Nigeria. The table had equally shown the number of United States own companies in Nigeria including services and supply companies. The multinational companies belonging to America are Exxonmobil, Chevron, Texaco and Halliburton that involves in servicing and supplies. The only indigenous oil company is the Nigerian National Petroleum Companies and the independent oil companies which are majorly subsidiaries.

Figure 2: Percentage increase in Production Capacity Per Barrel a Day in 2008



Source: Okorie (2019) cooled from Gbadebe (2012).

The figure 1.1 above shows the percentage increase in productivity capacity of crude oil to United States. The figure above showed a marked percentage increase in production of crude oil to United States in the year 2008. In the blue box is a record showing that the first refinery which is Port Harcourt Refinery and Petrochemical Company (PRPC1) so far supplied 60% of the total crude oil production, the yellow box being second Port Harcourt Refinery and Petrochemical Company (PRPC2) with 40% increase in production capacity, followed by Warri Refinery and Petrochemical Company (WRPC) by 20% increase in production capacity identified with gray colour, the list in the pie chart was Kaduna refinery with 10% increment in production capacity as shown in oxblood.

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Efficiency of Nigerian Refinery

Table 3. Efficiency indicators of Nigerian refineries 1996.

	PHRC1	WRPC	KRPC	PHRC2
Year of establishment	**1965**	**1980**	**1986**	**1989**
Capacity (TBD)	**60**	**125**	**110**	**150**
Operating Capacity (%)	**-**	**52**	**47**	**58**
Unit Capacity Utilization(%)				
CDU	**-**	**52**	**47**	**58**
FCC		**55**	**47**	**26**
Unit Time Efficiency (%)				
CDU	**-**	**31**	**94**	**58**
FCC		**23**	**70**	**26**

TBD= Thousand Barrel per Day; CDU= Crude Distillation Unit; FCC= Fluid Catalytic Cracking unit.

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Sources: Badmus *et al* (2012) modified by the author.

Table 3. showed the efficiency indicators of Nigeria's oil refinery in 1996, the unit time viz it utilization in percentage. The table above explained that Port Harcourt Refinery Company one (PHRC1) had 60,000 capacity. Zero operating capacity, zero Crude Distillation Unit (CDU), no Fluid Catalytic Cracking Unit (FCC). Warri Refining and Petrochemical Company (WRPC) had 125,000 TBD, 52% operating capacity 52% CDU, 55% FCC, in the Unit time efficiency; Warri operated on 31% CDU and 23% FCC. Kaduna Refining and Petrochemical Company produces at 110,000 capacity with operating capacity of 47%. The unit capacity utilization were given in percentage as CDU 47%, FCC 47%. The unit time efficiency were given as CDU 94%, FCC 70%; The second Port Harcourt Refining Company, produces at 150,000 capacity with operating capacity of 58%, unit capacity utilization were put at CDU 58%, FCC 26%, while the unit time efficiency were recorded at CDU 58%, FCC 26%.

Table 4. Number of Crude Oil Export from Nigeria to United States

Year	Millions Barrel Per Day (BPD)
2018	48.87
2017	64.06
2016	75.81
2015	19.85
2014	21.24
2013	87.40
2012	148.48
2011	280.00
2010	358.92
Total	1104.63

Sources: Data from Asu (2019), punchonline@punchng.com and modify by the author.

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Table 4. above showed the number of crude oil exported to United States from Nigeria. The data is presented in millions barrel per day (bpd). The table shown that Nigerian crude oil to United States as from 2010 to 2018. In 2010, Nigeria exported 358,920,000 barrel per day. They was a sharp decline in quantity exported 2015 with 19, 850,000 barrels per day, in 2016, 2017 and 2018, they was considerable increase in crude oil export to the United States. The total crude oil export to the United States beginning from 2010 to 2018 was put at 1,104,630,000 barrels per day.

Table 5. Petroleum Products Supplied in Nigeria

Years	Imported Quantities (Million Tonnes)	Local Refineries Supplies (Million Tonnes)	Total (Million Tonnes)	% Imported
1980	2.46	4.45	6.91	35.6
1981	2.08	6.15	8.23	25.3
1982	2.05	8.29	10.34	19.8
1983	3.60	7.18	10.78	33.4
1984	2.68	6.20	8.88	30.2
1985	2.59	6.41	9.00	28.8
1986	2.89	9.07	11.96	24.2
1987	2.81	5.84	8.65	32.5
1988	1.59	7.01	8.60	18.5
1989	2.05	8.23	10.28	19.9
1990	0.93	8.67	9.60	9.7
1991	0.03	8.04	8.07	0.4
1992	2.15	8.56	10.71	20.1
1993	3.20	7.29	10.49	30.5
1994	2.79	5.44	8.23	33.9
1995	1.51	6.72	8.23	18.3
1996	2.36	5.54	7.80	30.3
1997	1.25	6.92	8.17	15.13
1998	3.69	5.09	8.78	42.0
1999	2.64	5.36	8.00	33.0
2000	7.26	2.59	9.85	73.7
2001	4.47	6.77	11.24	39.8
2002	4.54	6.86	11.40	39.8
2003	7.18	7.30	14.48	49.6
2004	6.50	6.31	12.81	50.7

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2005	6.15	9.39	15.54	39.6
2006	6.49	6.08	12.57	51.6

Sources: NNPC Annual Statistical Bulletins(2003-2006) cited in Badmus at el (2012).

Table 5. above showed the imported quantities of petroleum supplied to Nigeria from 1980 to 2006; also shown was the local refineries supplied for domestic usage recorded in million tones beginning from 1980 to 2006; the fifth column indicates the percentage import of petroleum products in Nigeria within the periods stipulated. The table showed that Nigeria imported 73.7% petroleum products in the year 2000, the only time from the table with the lowest import in Nigeria was in 1991 where it imported 0.4% petroleum products.

United States Technical Knowhow and the Technology Transfer in the Oil Sector Industry in Nigeria

Foreign Oil Companies

Table 6. Selected Foreign Oil Companies Operating in Niger Delta with estimated Employment in 2001.

Company	**Oil Production in millions barrel**	**Employment**	**Trade Union Representatives**
Chevron	**158,000**	**4000 Nigerians, 6000+ contractors**	**NUPENG and PENGASSAN**
Royal Dutchshell	**250,000**	**5000 Nigerians and 20,000 contractors**	**NUPENG and PENGASSAN**
Exxonmobil	**249,000**	**5000 Nigerians and**	**NUPENG and**

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		8900+ contractors	PENGASSAN
TotalfinaElf	**144,000**	**3600 Nigerians and 2000+ contractors**	**NUPENG and PENGASSAN**

Sources: Various oil companies web pages and Western African oil sourcebook 2002, quoted in Traub-Merz and Yates (2004).

Table 6. showed some of the selected foreign oil companies operating in Niger Delta with estimated employment as recorded in 2001. Chevron had 158,000,000 barrel per day oil production with 4000 Nigerians and 6000 contract workers, Exxonmobil with 249,000,000 barrels per day, had number of Nigerians Employed as 5000 and 8900 contract workers. Royal Dutchshell and TotalfinaElf are foreign companies belonging to Britain and France with total estimated oil production of 394,000,000 barrel per day and 8600 Nigerian workers and total of 22,000 contract workers.

Table 7. Estimated employment in the oil sector in Nigeria

Type of employment	1999 Nigeria	Non-Nig	2000 Nig	Non-Nig	2001 Nig	Non	2002 Nig	Non Nig	2003 Nig/Non-Nig
Regular	**28375**	**5578**	**29865**	**5865**	**32175**	**6325**	**33930**	**6670**	**36270-7130**
Contract	**10914**	**485**	**11475**	**510**	**12375**	**550**	**13050**	**580**	**13950- 620**
Subcontract	**4365**	**-**	**4590**	**-**	**4950**	**-**	**5220**	**-**	**5580 - -**
subtotal	**43654**	**6063**	**45900**	**6375**	**49500**	**6875**	**52200**	**7250**	**55800- 7750**
Grand total	**49717**	**-**	**52275**	**-**	**56376**	**-**	**59450**	-	-

Source: PENGASSAN and NUPENG

Table 7. Indicates the estimated employment level in the oil sector in Nigeria from 1999 to 2003, the period of five years. The table was designed to further expose the type of employment inherent in Nigeria oil sector. The table showed that the number of Regular, Contract and Subcontract workers spanning from 1999 to 2003. It further shows the number of Nigerian workers and the number of Non- Nigerian workers.

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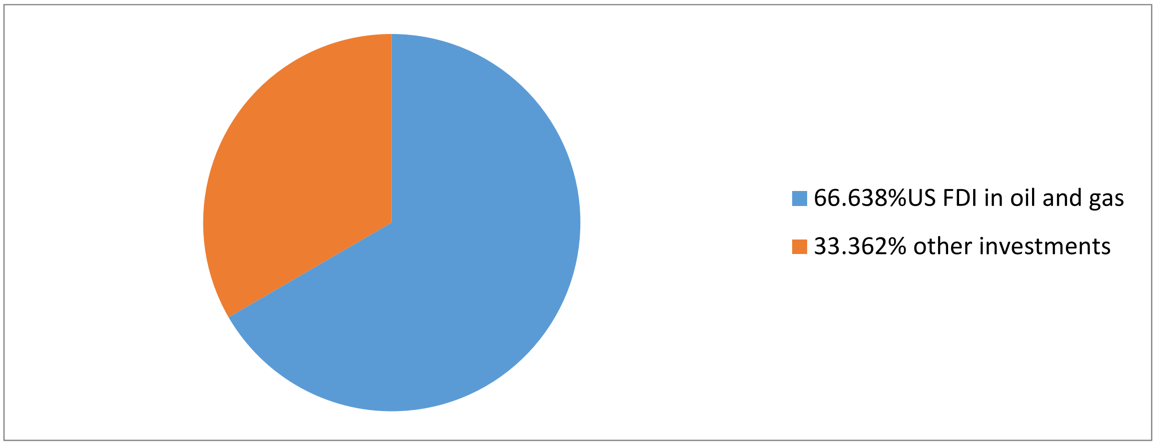
Foreign Direct Investment in Nigeria oil and gas Sector 1999-2006

Figure 3. Pie Chart of the US and other nations FDI in Nigeria oil sector 1999-2006.



Source: NNPC Statistical annual bulletin (2006) and modified by the author

The chart above as extracted from NNPC Statistical bulletin indicated in blue and red colour in a pie chart reviewed the percentage of United States Foreign Direct Investment (FDI) in Nigeria. The blue box shows that 66.638 per cent of FDI made in Nigeria between 1999- 2006 comes from US while 33.362 per cent comes from other nations. Hence the type of technology and investments it transfers is predicated on its oil interest. Capital flight as the case with multinationals is against the interest of development. The gains of investment instead of being reinvested are transported outside that same economy that yielded it.

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Figure 4: Employment in the Nigerian oil Industry.

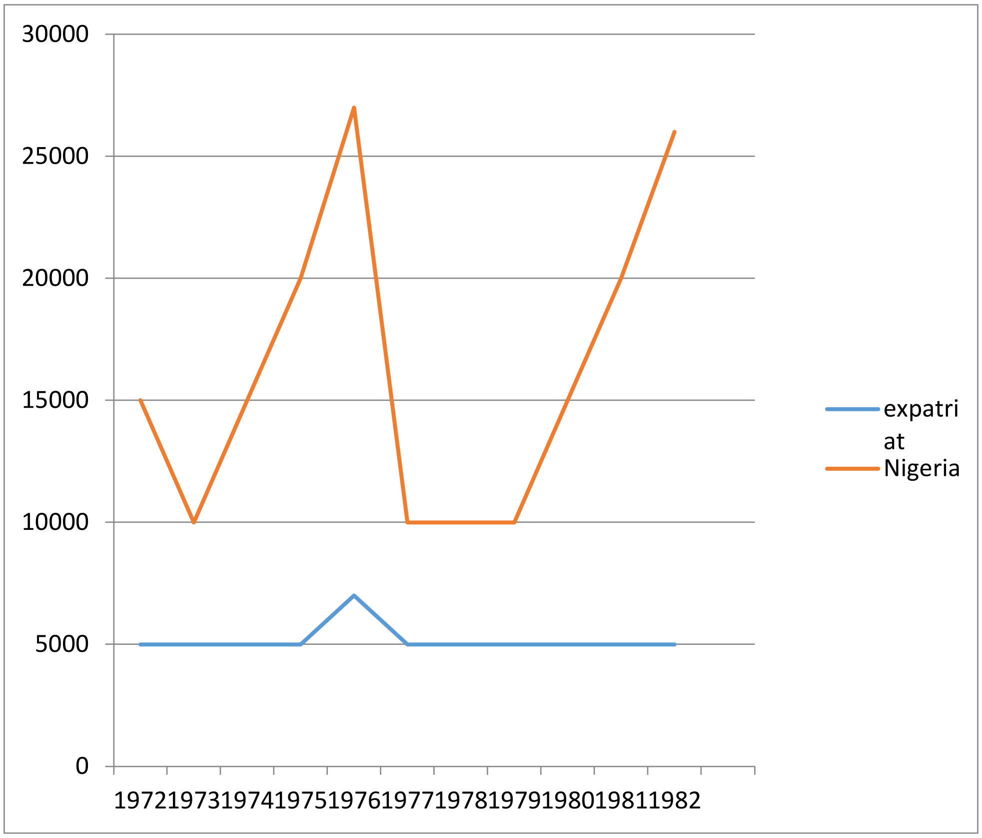

Figure 4: Data from NNPC annual report 1996 and graph designed by the author

Figure 3.2 is showing a graph with employment level in oil sector in Nigeria according to NNPC annual report 2006. The graph is represented in both red and blue lines. The blue line represents the number of expatriate workers and the red line represents the number of Nigerian workers in the oil sector spanning from 1972 to 1982 being a period of ten years. The number of expatriate workers in employment scale remains fairly constant while that of Nigerian workers fluctuate as indicated in the graph above.

Summary of findings

This study examines Nigeria-United States Economic Relations and Development of Oil Sector, 1999 – 2018. It carried out critical analysis of the data collected for the research work, it is worth noting that Nigerian oil sector no doubt has been an engine of growth of the Nigerian economy. It was the interplay between the two sovereign nations with the same potential to reach a

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developmental level at which US is progressing and Nigeria retrogressing. Literatures were explored to discovered gaps that were filled. It is on this bases that the following findings were discovered:

i. Findings have shown that the poor maintenance culture of Nigeria's existing refinery had lowered the capacity production of domestic petroleum production per barrels.
ii. It is equally discovered that the nonchalant attitude of the parent Nigeria oil corporation, the Nigerian National Petroleum Corporation (NNPC), to constantly effect turnaround maintenance had affected the production capacity of the existing Nigeria refineries.
iii. It was discovered also that the attendant corrupt practices of the oil stakeholders in the oil sector in collaboration of foreign syndicates had hampered the optimal functioning of indigenous refineries in Nigeria. Therefore, it is best to say that the crude oil export to the United States has not improved the maintenance of oil refineries in Nigeria.

Conclusion

This study focuses on the Nigeria-United States Economic Relations and Development of Oil Sector, 1999 – 2018. Having carried out critical analysis of the data collected for this research work, it is obvious that Nigerian oil sector no doubt has been an engine of growth of the Nigerian economy. It was the interplay between the two sovereign nations with the same potential to reach a developmental level at which US is progressing and Nigeria retrogressing. This is borne out of the fact that Nigeria being the landlord allowed her oil rent in the hands of the United States who in turn detect for her a price tag. This attitude of rent seeking had underdeveloped the oil sector industry in Nigeria. The bulk of government revenue is generated from this sector. The government should thus have it as her priority to help diversify the economy, so that the over dependence on the petroleum sector will be reduced. Investments should be enhanced in both the petroleum sector and all other sectors of the economy. Proceeds from the petroleum sector should be utilized in development of other sectors of the economy. The agricultural and manufacturing sector in particular should be developed and not neglected, because they are capable of providing us with more foreign exchange (through exporting of other products other than petroleum products). Privatization of the refineries as well as the deregulation of the petroleum sub-sector should be encouraged and hastened up. This will help attract the private

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sectors, whose management expertise can help in facilitating efficiency and improving the supply of the product. In the interim, reputable and credible partners should be chosen for each of the four refineries and each of the pipelines systems. This is to ensure that adequate measures like agreement with appropriate technical outfit, financing arrangement, etc., are put in place to ensure timely execution of turnaround maintenance of the existing refineries. Government should concentrate on regulating and not controlling the industry because, this will improve the present refinery operating efficiency. The frequent failures in depots operation will be reduced to the barest minimum. The oil producing communities should be made to have more sense of belonging in the production activities. This will help make them more dedicated and will reduce incidences of pipeline vandalisation. The flow of petroleum revenue would certainly not continue forever thus judicious use must be made of the oil revenue, since this would guarantee the future destiny of our country as well as adapt to suit our future national aspirations. There is no doubt that the petroleum industry has been and is still being a catalyst towards the attainment of industrial progress in the country. But it is saddening to note that Nigeria's oil which portrays us as people living in the mist of plenty has been used by our leaders to worsen the societal welfare. This obviously leads to the question of how can we be suffering in the mist of plenty?
Until Nigeria understands that US only intervenes where she has interest and intervenes solely to serve that interest, Nigeria can never benefit from her economic relations with US. In essence, it is imperative for Nigeria to re-assess her national interest and constantly project it in her relations with US, by so doing there will be a meeting point that will benefit both countries.

Recommendations

This study has identified three broad factors that affected the development of oil sector in Nigeria. These are Nigeria’s relationship with United States did not lead to the development of indigenous refinery, the crude oil export to United States did not improve the maintenance of oil refineries in Nigeria and also, the economic relations of the both countries never advanced technological transfer in the Nigeria’s oil industry. In the light of the forgoing factors, the following recommendations are offered.

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1. Nigeria government should advance Nigerian National Petroleum policy as to bring about paradigm shift from a "net imports" to "net exports" structure. This shift will see Nigeria become a net exporter of refined products and the refining hub of Africa.
2. Nigeria government should encourage private sector participation in the petroleum refining aspect. This will help in the maintenance of the existing refinery and open up rooms for new ones.
3. Nigerian government should look at other developed countries in the world that are capable of transferring technology to the indigenous oil workers.
4. Government should concentrate in regulating and not controlling of the oil industry. This will encourage private sector participation and competency driven.
5. The oil communities should be made to have sense of belonging in production activities. This will prevent incidences of pipeline vandalization.
6. Government should make strict legislature that will put a check on the incidences of casualization of Nigerian workers. This will help to boast man power and expertise among Nigerian indigenous workers.

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