

# **The Economy of Conflict in the Oil Rich Niger Delta Region of Nigeria**

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## ABSTRACT

Economies of war underpinned by greed and opportunities have been posited to underlie causality, dynamics and the sustenance of conflicts and particularly Africa's resource wars. The study examines the economy of conflict in the resource conflicts in the Niger Delta region of Nigeria. It was found that a conflict economy comprising an intensive and violent struggle for resource opportunities, inter and intra communal/ethnic conflicts over resources and the theft and trading in refined and crude oil has blossomed since the 1990s. The paper examines the interfaces between the Nigerian state, multi-national oil companies, the international community and youth militias with the economy.

It was found that though the economy did not cause the conflict, it has become a part of the resistance and a resource for sustaining it. The economy underpins an extensive proliferation of arms and the institutions of violence and the pervasiveness of crime, violence and communal/ethnic conflicts.

## INTRODUCTION

Nigeria is a major player in the world energy market. It is the seventh largest producer of oil in the world. It supplies a fifth of United States oil imports. It is further becoming an important supplier in the global liquefied natural gas (LNG). Instability in world oil supplies and the critical link of oil to the international economy has made Nigerian and more generally African oil to be more strategic.

Oil and gas is the lifeblood of the nations revenues, economy and national survival. It accounts for about 40% of the Gross Domestic Product and 70% of government revenues. In 2003, Oil and gas accounted for 80.6% of total federal government receipts (Lawal 2004).

But Nigeria's oil belt, the Niger Delta region is embroiled in resistance against the Nigerian state and the multinational oil companies. The region is generally restive, with pockets of insurrection and armed rebellion. Decades of oil exploitation, environmental degradation and state neglect has created an impoverished, marginalized and exploited citizenry which after more than two decades produced a resistance of which the youth has been a vanguard. A regime of state repression and corporate violence has further generated popular and criminal violence, lawlessness, illegal appropriations and insecurity. The Niger Delta is today a region of intense hostilities, violent confrontations and criminal violence. It is pervaded by a proliferation of arms and institutions and agencies of

violence ranging from the Nigerian Armed Forces to community, ethnic and youth militias, armed gangs and networks, pirates, cultists and robbers.

An economy of conflict has emerged characterised with an intense, violent and bloody struggle for the appropriation of oil resources and benefits from the oil economy and a thriving market of illegal trading and smuggling of arms, crude and refined oil. There are various estimates of the quantity of theft of crude oil stolen by or with the aid of armed gangs and militias. The Nigerian Economic Summit Group (NESG) estimates a daily theft of about 100,000 barrels of oil valued at about USD 2.8 million (Subair & Adesanmi 2003).

The paper examines the emerging economy of conflict in a resource rich region engaged in a struggle against the nature of distribution of costs and benefits of oil that has disinherited, marginalized and neglected them. We examine the dimensions of the economy and the linkages with the violence, the institutions of violence and crime in the region. The role of the state and the oil companies and their management of the economy are further examined.

The paper relied mainly on secondary data. The central argument is that an economy emerges in the course of struggle and resistance in resource rich regions, which then underlines greater conflicts, violence, crime, arms proliferation, opportunism and consequent escalation and sustenance of the struggle. Further we argue that such an economy is engaged in or tolerated by locals as an instrument of struggle. State weakness and corporate misgovernance provides a motivation on the one hand and incapacity to curtail the economy on the other hand.

## THE ECONOMY OF CONFLICT IN RESOURCE RICH REGIONS: THEORETICAL AND ANALYTICAL CONSIDERATIONS

The incidence of primary commodity exports and specifically mineral wealth in states has been found to be associated with conflict and the occurrence and duration of civil wars. (Collier and Hoeffler 1998: 568–569; Mwanasali 2000: 145; De Soysa 2000: 123–124). This is related first to the acute struggle for the control of resources, which increases vulnerability to conflict, violence and war. The struggle by rulers, counter elites and merchants for access to such resources for accumulation and political consolidation through patrimonialism, has meant increasing appropriation and privatisation through exclusive contracts with foreign firms, corruption, external and indigenous commercial networks, emergent challenges from the excluded and ensuing conflicts and violence. This point is underscored by the fact that these wars tend to be fought by state actors and the hitherto excluded or claimants to the resources and can be regarded as contests over power and wealth (Breytenbach n.d.: 6). Several conflicts in resource rich states are characterized by violent scramble to control natural resources (Reno 2003: 45). This is what has led to the characterization of several wars, such as those Angola, Sudan, Zaire (DRC), Liberia and Sierra Leone as resource wars, rebellion and insurgencies. In some of these conflicts, both rulers

and warlords have hired private security companies from different countries such as the Ukraine and South Africa, to offer security assistance in exchange for privileged resource access (Mair 2003: 13).

The second element underlining the economy of war theory is that greed for economic gains or what is termed as economics of war is the primary drive or motivation for resistance and war (Reno 1997; Collier 2000; Collier & Hoeffler 2001: 2). More specifically, there is a triumph of greed over grievance in the causation of conflicts (Reno 2003: 45). Rebellion and violence is then an instrument deployed to accumulate in the circumstance of economic crisis and decline and an opportunity to loot and illegally trade in primary commodities and minerals (Allen 1999: 372).

This is underscored by the fact that the pattern, trend and tone of most conflicts and wars tend to indicate a concentration around resource rich regions of countries. In Liberia, rival factions struggled to control the main diamond and gold producing areas (Ellis 1998: 157). As Keen (2003: 67) notes, the pitched battles in the Sierra Leonean war, though rare, occurred mainly in the diamond rich areas. In Liberia and DRC, personal militias and armed networks were underpinned by the struggle for control of external commerce and social and trade networks (Ellis 1998: 161). Rebels, warlords and insurgents struggle for control through external commercial networks, illegal trading and violence (Nafziger & Auvinen 2002: 158).

The third is that the realities of conflict, violence and war in resource rich regions have involved a profiting by rulers, warlords and traders (Nafziger and Auvinen 2002: 159). Violence, as Ellis (1998: 157) depicted in Liberia, can become a form of business rather than an instrument for furthering any coherent ideological or even ethnic interest. In Sierra Leone, both the government soldiers, members of the governments and the rebels profited from and enriched themselves through the war. Even the armed forces in Sierra Leone and Liberia, were often drawn into the illegal, informal and violent economy through protection, complicity and direct activities (Keen 2003: 74). Various factions fought for control over diamond mines as a source of personal enrichment (Keen 2003: 219). As Vroom and Vlassenroot (2001: 79) note the situation of disorder produces new opportunities and is quite functional in terms of economic profiting. For militias, there is the new opportunity to reach the benefits of modernization and for militia leaders; there is opportunity for access to resources.

At the lowest level of the economy of war, there is the profiting from violence by youth militias, rebels, armed gangs and even government soldiers. This involves plundering, looting, extortion, imposition of tolls and robbery of local people, traders and farmers. In fact, youth militias are driven by the opportunity to acquire properties and riches (Ellis 1998: 162). Extortion, looting and illegal taxation by armed gangs, the revolutionary United Front and government troops were common during the Sierra Leone civil war (Reno 2003: 60).

The fourth is that wars and conflicts in Africa, has in recent times had a considerable involvement of mercantilists, who capitalize on the profits of scarce

resources (Breytenbach n.d.). Mercantilists such as foreign mining and mineral exploiting companies often partner and take sides with state or the non state actors in order to have favoured access to participate in formal or informal trading and in legal or illegal exploration. Several companies, foreign commercial interests and private military companies supported rebels and government forces in Sierra Leone (Breytenbach n.d.: 7). French and Lebanese commercial interests won concessions of minerals and forest products from rebels in exchange for vital credit and equipment (Richard n.d.: 143). Ellis (1998: 164) indicates that there were sophisticated deals, specialist operators, professional import and export traders and African, American, Asian, European and Middle Eastern Companies in the war economy of Liberia.

The fifth is that warlords characterize African insurgencies, rebellion and wars. The warlords according to Breytenbach (n.d: 7) are at a point more interested in resource capture, and in maintaining a territory for resource exploitation. Warlords impose quasi taxes on mineral resource exploitation and trade (Mair 2003: 12–13). Warlords and insurgents particularly thrive on illegal international trading and export of looted minerals and timber through foreign firms and agents, as has occurred in Angola, Liberia, Congo, Kinshasa and Sierra Leone (Reno 1993; 1996).

In the Liberian war, Charles Taylor captured large resource rich areas, exploited diamonds, gold, iron ore, hard wood and other commodities and controlled commerce through informal and external commercial alliances, his family and inner circle (Ellis 1998: 161). Both NPFL fighters and leaders objected economic exploitation, ranging from individual looting to large scale illegal trading (Ellis 2004: 462). Ellis (1998: 162) also claims that the various Liberian warlords acquired “substantial interests in various forms of trade to which their use of armed force gave them access”. In the Democratic Republic of Congo, rebels and mercantilists were at the centre of illegal exploitation in crisis prone Kivu province (Breytenbach n.d.: 7). In Congo Brazzaville, the struggle for control over oil resources in part underpinned the violent conflicts of 1997 (Havermans 1999).

Sixth, there is a high level of economic crimes involved in rebellion and wars. Mair (2003: 22) brands the activities of movements and groups in conflict areas such as Sierra Leone, Angola and other parts of Sub-Saharan Africa as mixtures of rebellion, warlordism and organized crime. Transborder or transnational smuggling, trafficking in precious gems, illicit and clandestine commerce, piracy, arms and drug trafficking and organized crime syndicates thrive in conflict and resistance regions. The illegal trading in diamond in Sierra Leone. Liberia and DRC underpinned the attempts in regulating and branding some as blood diamonds. (Breytenbach n.d.: 9). Transnational organized crime is heightened as clandestine companies and agents play crucial roles as middlemen between warlords in plundering resources, arms trafficking, money laundering and smuggling (Mair 2003: 21–22).

According to Mair (2003: 2B), most non-state actors of violence are linked or integrated into the global channels, structures and networks of the black economy and the informal international underground economy. A variety of less internationally respected companies, criminal rackets, adventurers and carriers/pilots from such countries as Ukraine, Lebanon, Belarussia, Russia and Israel are involved in Africa's resource wars (Mair 2003: 26; Reno 2003: 44). Conflict and war regions also have a high level of informal economies. This is much more than the shift towards the illegal and informal being much more prospective and profitable (Williams and Brooks 1999: 95). Informal networks, black markets, underground economic activities and a growing general criminalization of economic life are quite extensive in conflict environments both as a form of resistance and as part of the dynamics of conflicts (Allen 1999: 373; Kaldor 1999).

There are several explanatory dimensions of the economics of war thesis. First is that it is the actual cause of rebellion and wars. Mair (2003: 22) states that warlords and patrons of crime merely disguise their pure economic agenda, with political grievances in other to legitimize their activities. The greed for and opportunities for resource benefits is seen as the motivation for violence and conflict by both state actors and non-state actors, such as rebels, insurgents, dissidents, militias and warlords.

Quite related is that rebellion and war are prolonged and sustained by war economic opportunities and trade networks (Naidoo 2000). Reno (2003: 44–45) asserts that the exploitation of natural resources has played a prominent part in conflicts in Liberia and Sierra Leone by sustaining warring groups. Economic profiteering from conflicts provides funds for armaments and payment to aides and troops.

A third dimension is that the economy of war is seen as under-pinning violence in conflicts in Africa's resource rich regions. This occurs as an increased number of actors struggle for economic space to further extraction of resource benefits. Doom and Vlassenroot (2001: 72) attribute the militias and violence in DRC to in part, an economically based attractiveness of violence particularly in the formation of new and militarised networks of informal economic networks and trading in the struggle for resource extraction and benefits. This fuelled the creation of militias and gangs as structures of violence and as a protection for informal networks and local resources routes and markets by cliques, barons and warlords (Doom & Vlassenroot 2001: 70–76)

A further dimension is that resource interests tend to underpin the interferences of neighbouring states in conflicts. In the DRC, Rwanda, Burundi and Uganda on the one hand and Angola and Zimbabwe intervened on the sides of the rebels and the state respectively. The former were involved in illegal exploitation while Zimbabwean, Angolan and Namibian companies were authorized by the Kabila regime to exploit minerals (Breytenbach n.d.: 7; Doom and Vlassenroot 2001). In Liberia, even the ECOMOG peacekeepers profited

from looting and illegal trading while the Guinean and Ivorian officials and traders benefited from illegal trading and commercial networks (Ellis 1998: 164).

A critical analysis of the model reveals some weaknesses. It is true that research does indicate that developing countries that are dependent on oil or mineral wealth face a higher incidence of civil war in any given five year period (Turshen 2002: 152). But there is no innateness of natural resources that compel conflict (Reno 2003: 47). It is rather the hegemonic struggles between superordinated and subordinated groups and the nature of management and appropriation of resources that engender conflicts. As a matter of fact, the political economy of resources and resource rich regions always throw quite poignantly the paradox of power and benefits between those who own and control and those who benefit and bear the social and environmental costs of exploitation. Because the appropriation of exploited resources always tend to ignore, disinherit and disempower locals, community or indigenous people, resistance pervade the political economy of oil and mineral resources in Nigeria, Ecuador, Angola, Sierra Leone, Liberia, Sudan and others.

Second, to assume that greed underpins conflicts is, in the words of Ellis (2004: 34), 'dangerously simplistic'. Most conflicts have a fairly high political content and are rather and actually precipitated by multifarious factors such as the patron based, predatory and personal rule, corrupt control of national resources and the undermining of state institutions. Further, economic decline, economic desperation, social deprivation, state failure, state repression and state collapse and the nature of management of conflicts are also indicated in several conflicts (Reno 2003: 46–47; Mair 2003: 26).

In fact, the model is weak in its causal potency. It is not greed per se that underpins wars. In fact, as Reno (2003: 218) himself, a major proponent of the thesis asserts, it is in environments of state collapse and conflict, that armed groups fight for control over available natural resources. Second, as Mkankawire (2002: 187) points out, nowhere in Africa has a band of criminals grown into a rebel movement. Thus the opportunism for primary commodity predation is not the cause of violent conflicts.

The economy of war thesis may actually be a by-product and not a cause of conflict. It merely results from entrepreneurs and commercial interests making the most profit from and capitalizing on uncertainty and disorder in conflict environments. Economic opportunism may therefore be incidental to and a perversion of resistance. The nexus between economics and conflict environment is therefore much more than the issues of causality. It may relate to the actual dynamics of conflict and resistance; the funding of both the state and rebel movements, the exploitation of opportunities that emerge from disorder and violence, the multiplication of violence and violence institutions, the proliferation of arms and the intervention of metropolitan centres bent on maintaining supplies of critical minerals, and how all these underpin the prolongation of conflicts in resource rich regions. Understanding the dynamics of the economics of conflict and resistance may then provide a broad and quite useful perspective for the

analysis of conflict and resistance, violence, violence actors and institutions. It could provide insights into the real underground and background actors, the nature of state and corporate response, the factors underpinning state weaknesses, the dynamics and motivations of confrontations, the manipulations and divisive strategies of state and non-state actors and the factors that underline them.

## THE POLITICAL ECONOMY OF OIL AND GAS IN NIGERIA AND THE EMERGENCE OF CONFLICT AND VIOLENT RESISTANCE

The minorities of the Niger Delta region have been agitating since the 1950s. First it was against marginalization, neglect and the politics of exclusion by the ethnic majority based ruling political parties and governments of the then Eastern and Western regions. This snowballed into the minority agitation for the creation of separate regions, which the Willincks Commission of 1958, rejected and rather provided constitutional guarantees in the form of fundamental rights. But the Commission granted a special developmental status in the form of a Niger Delta Development Board. The emergence of commercial oil production from the region in 1958 and thereafter raised the stakes and generated a struggle by the indigenes for control of the oil resources. This was linked into the former because it was only within their own regions that such control could take place. Further the new oil economy generated an intense ethnic majority and regional hegemonical struggle particularly between the ruling Hausa/Fulani and northern hegemony, the Igbos who dominated and ruled the Eastern region and the N.D. minority groups. This in part contributed to the Nigerian civil war of 1967–1970.

The creation of states in 1967 satisfied the initial aspiration and ensured that the Eastern segment supported the federal side in the civil war. But that support, the federal victory and the subsequent northern hegemony were to be an albatross to the second agitation. The northern hegemony taking advantage of military dictatorship began a regime of near total appropriation of the region's oil resources through an intense centralization and concentration of power and resources in the federal government. Oil resources were a major target. By decrees, oil and gas became owned by the federal government and progressively, the regions entitlements by way of derivation based allocation declined from 50% to a mere 1.5% in 1984 and later 3% in 1999. Further, the region was marginalized and in fact neglected in the developmental efforts that followed massive oil revenues. The region by the 1990s was one of the least developed and poorest. But more unfortunately, increasing oil exploration had made the region economically and socially prostrate, courtesy of extensive environmental degradation and ensuing socio-economic disruptions and poverty.

The circumstance led to a slow heightening of the second struggle. From a mild renewal of agitation in the 1970s, it became a widespread community based protests in the 1980s. By the 1990s, the region was mobilized enough by a flowering of civil society, intense identity mobilization and ethnic nationalism,

community activism and youth mobilization to commence a broad regime of extensive active resistance. Further what began as mere articulation by the regions elites had become a mass protest whose content of demands, methods and strategies of struggle had been transformed considerably. First, there was a re-orientation of the struggle to that of a struggle for group rights to self-determination, equity and justice and to issues of the national question, state reforms and corporate governance. Second, there was an emphasis of mass communal, ethnic and pan ethnic mobilization and the creation of linkages and platforms for general mass action by youths, women and community members. Third there was a change from the culture of accommodation of the region's elites with the state and MNCs, to that of direct challenge and confrontations. Fourth, there was an enlargement of the methods of struggle to include the extra-constitutional, extra legal and the cultural.

These changes have resulted first in more extensive actions against the multinational oil companies and the Nigerian state. A broad programme of disrupting oil production was embarked upon in Ogoniland in the early 1990s and Ijaw land, Isokoland and other ethnic groups in the late 1990s. A regime of occupation and shutting of oil facilities, abduction of MNC staff, hijack and seizure of MNC helicopters and boats, stoppage of production, and related activities were undertaken by youth, women and community activists from 1997. By September 1999, about 50 Shell workers had been kidnapped and released (Arnold 2000: 224). The objective was clear, 'if they do not benefit from the oil output, then they will stop the oil from being produced' (Arnold 2000: 224). Then there began a regime of violent and armed resistance by youth militias and militant groups principally in response to state repression and corporate violence and as part of actions to compel concessions in respect of self-determination, regional autonomy, resource control and greater oil based benefits. The region has since become the scene of the most extensive military operations since the Nigerian civil war.

## THE EMERGING ECONOMY OF CONFLICT IN THE NIGER DELTA REGION

An economy of conflict slowly emerged. The communities engaged the MNCs in struggles for oil based benefits for decades and community rulers and opinion leaders have been awarded benefits and compromised. But such was not extensive and occurred more during specific encounters or in peacetime as the MNCs sought to appropriate community resources or create peaceful business environments. Since 1997, however, considerable changes have occurred. There has been more extensive struggle for the appropriation of the regions resources through a creation of specific opportunities, activities and actions. Further, illegal stealing, which was on a small scale since the 1980s, has acquired a very large-scale and extensive dimension. The escalation of the conflicts and the emergence



of inter-group wars for resources and arms proliferation have provided a suitable environment for the illegal oil economy.

In this section, we examine the struggle for oil based benefits, inter-communal and ethnic conflicts linked to the struggle for ownership and benefits from oil resources, the illegal trade in oil and the international dimensions of the economy.

## The Struggle for Resource Opportunities

There is so much to fight for in the oil economy. There are enormous legal and illegal resource opportunities, particularly in terms of benefits from the oil companies.

In the course of the appropriation of land and water, co-existence with the communities and management of MNC and community relations, which tends to be often hostile, communities benefit from the different forms of payments, settlement, incorporation and pacification strategies. There are recruitments, contracting, community development projects and surveillance contracts of facilities. The initial access to these benefits for individual, group and community accumulation and benefits were restricted to the traditional rulership structures, local elites and businessmen. The regional resource struggle and resistance has offered opportunities for greater access to oil resources to ethnic and group leaders, and youth and militia leaders. Furthermore, the resistance has offered greater opportunities for resource benefits. This is first in terms of compelled benefits by popular and criminal violence. Second, the dynamics and challenges of the resource conflicts has compelled the MNCs to provide and extend greater benefits as a means of dousing the agitation, pacifying the region and creating a safer and more peaceful environment of business.

The challenges of creating and ensuring access to these benefits has fuelled a deadly struggle among the ethnic and community leaderships, the elites, businessmen and politicians, youths, women and various other groups in the region. It has also fuelled deadly and violent conflicts as each group struggles to prove their relevance and capacity to disrupt the oil economy. Further individuals and groups struggle to control and dominate access and actual opportunities and benefits. The emerging greed, corruption and distributive conflicts underpin numerous incidents of community disturbances and criminal violence in the region.

Ibeanu (2002: 165) describes the situation as a 'matrix of concentric circles of payoffs and rewards built on blackmail and violence'. According to him,

The closer a person is to the centre, the greater his/her capacity to blackmail oil companies and therefore the greater his/her payoff. In time, members of the raucous inner circle fade away in a whimper and silence as a new core of vocal community leaders emerge: more blackmail, more payoffs.

The strategies of the persons, groups and communities in the appropriation of oil-based benefits from the MNCs differ. Initially the mere location in the traditional rulership structures was sufficient as the MNCs preferred to relate with them. Local elites and businessmen then had to seek access and placement within the structures. Even then, to obtain greater benefits for themselves and the communities, the traditional rulership structures often utilized community protests and other backhand strategies to compel benefits. The intensification of the conflicts has widened the strategies and the actors. There is now more involvement by prominent ethnic and community leaders. Furthermore, youths, militant youth groups and militias have become more active at the communities and in community leadership. In many communities, the youths have sidelined, subdued or even driven into exile erstwhile traditional rulerships and have taken over community leaderships and particularly, the liaison with the oil companies. Along with more youth and militant group involvement has been the fierce and pervasive entry of violence as an instrument of compulsive appropriation.

The seizure, occupation and stoppage of oil facilities and operations has been a common tool of communities, youths and women since the 1980s in the struggle for the benefits of social facilities, employment, scholarships, contracts, cash payments and other forms of compensation. There were several incidences of such seizures by youth militants of the Ijaws, Ikwerre, Egi, Isoko and Ilaje ethnic groups and other groups from Delta, Ondo, Rivers, Bayelsa and Aqua Ibom states since 1997.

Youth groups or gangs acting on their own or on behalf of community youths or community leaderships make demands and blackmail or threaten the MNCs to respond. When the MNCs fail to respond or respond too slowly, they disrupt or stop MNC productions, take over or even vandalize oil facilities, take hostages and seize vehicles and properties (Nzeshi 2002). In Delta state, youths have been known to demand development levy for the land occupied and employment for community youths from oil companies and other firms (Abubakar 2003). The youths have become a threat to development and MNC projects as they have been known to collect tolls from contractors and to vandalize MNC projects executed through non-indigenous contractors. The youths have been known to harass and disrupt operations of several companies to compel employment of community youths.

For example, following several disruptions and work stoppages of SPDC contractors, Petroserve Nigeria Limited, in March 2002 and persisting invasions and threats by youth gangs at Otorogu Gas plant, Delta State, Shell raised alarm in the newspapers in May 2002 because of the potential danger to lives and properties inherent in a sabotage of the gas plant (SPDC 2002). The youths were not community representatives, as they were openly disowned by the accredited executives of related communities.

**Table 1.** Selected Cases of Youth Actions in Respect of Oil Based Resource Benefits (2000–2003)

S/N	Incidents/ Time	MNC	Community/ Youth Group/ Ethnic Group/State	Demands
1	Invasion of Qua Iboe Terminal, Seizure of 3 Vessels, Production Disruption/April 2000	Exxon Mobil	Community Youths/Ibeno Community/Aqua Ibom State	Electricity
2	Occupation of Shell Rigs at Tunu & Opukulli, 165 staff held hostage/July–August 2000	Shell	Militant Youths of Egbema, Agalabiri & Agbichiana Communities/Bayelsa State	Jobs
3	Stoppage of work on Gas Project, Shut down of 5 flow stations/ January 2001	Shell	Youths of Odidi/Delta State	Facilities, registration of indigenous contractors
4	Seizure of Shell Housing Estate, Kolo Creek Camp/February 2001	Shell	Youths of Otuasega/Bayelsa State	Employment, scholarships and environmental compensation
5	Sealing off of Off shore Oil rig, Hostage of 88 workers/April 2002	Chevron/ Texaco	Ilaje Youths/Ondo State	Employment
6	Occupation of Etobele Flow stations/ May 2002	Shell	Ogboloma Youth Federation, Ijaw/Bayelsa State	Employment, scholarships
7	Abduction of staff/ July 2003	Chevron Texaco	Egbema National Front, Youth/Delta State	Development and empowerment
8	Invasion of premises/ August 2003	Oil Servicing co.	Itsekiri Community Youths/Delta State	Employment

*Sources: Abugu 2000; The Guardian 26.04.2002.*

As Table 1 indicates, there have been numerous incidents of community and youth actions to compel benefits from the MNCs. These usually relate to employment, contracting, facilities and scholarships. But often aside these are numerous cash payouts and settlements paid out to communities and their leaders and youths as part of MNC pacification of actual or potential rancours and disruptive elements or as part of general inducements and rewards for community co-operation. But the more direct actions of compelled cash benefits from the MNCs are in the form of abductions and kidnappings for ransom. This has been pervasive in the core oil producing states of Delta, Rivers and Bayelsa since 1998. Dozens of indigenous expatriate workers and particularly foreign nationals and security personnel attached to MNCs have been kidnapped and ransom demands made (Table 2). It does appear that there are kidnapping syndicates and warlords to which some militias are loyal. Such a syndicate was implicated in the kidnap of 7 expatriate staff of an oil servicing company (Bedero) along Udu River in

November 2003 (Omonobi & Okhomina 2003). Governor James Ibori of Delta state has blamed some of the abductions in the state on greedy persons who sponsor the youth to make illegal money (Okhomina 2004).

**Table 2.** Selected Cases of Abductions/Kidnapping for Ransom (2002–2003)

S/N	Action/Date	MNC/Oil Servicing Co.	Youth Group/Ethnic Group/State	Ascertained Purpose	Outcome
1	Hostage taking of 10 workers/ April 2002	Shell	Militant Youth Gang, Ekeremor LGA, Ijaw/ Balyesa State	Ransom Demand for NGN 3.1m.	Resulted from failure to yield to alleged frivolous demands
2	Kidnap of staff/ June 29–July 2003	Oil Servicing Co. working for Shell	Ijaw youth militants in Bomadi/Burutu LGAs/ Delta State	Demand for NGN 25.4m	State Government Intervention/ Negotiated release after 14 days
3	Kidnap of 9 crew & 4 military escorts of oil barges/ November 11–13 2003		Ijaw Militants	Ransom/ Other demands	Released 2 days later after threats by State Government/ Security Agencies
4	Kidnap of 14 workers/ November 2003	Chevron Texaco	Militant Ijaw youths/ Bayelsa State	Ransom demands	Intervention of State Government
5	Kidnap of 19 oil workers	Nobel Drilling/Prospecting.	Ijaw Militias/ Delta State	Ransom demands	Intervention of State Government
6	Kidnap of 7 workers/ November 28–December 2003	Bredero Shaw Oil Servicing Co. (Shell)	Militant Ijaw Youths/ Delta State	Ransom demands for USD 5m.	State Government Intervention/ Negotiation
7	Murder of 7 workers & military personnel/ April 2004	Chevron Texaco	Militant youths along Benin River area/ Delta State	--	--

*Sources: Williams 2000; Agency France-Presse 2003.*

But the extensive regime of violence in the struggle for appropriation has not only been directed at the MNCs. In some areas, youth groups and militants have been known to impose illegal levies on road users, land developers, project contractors and the MNCs (Onojowo 2001). Armed militias, bands and gangs have been known to engage themselves in inter communal and ethnic wars, struggles over leadership, the sharing of profit and compensations and for space or territory in the illegal oil trading. There has been violence against elders and chiefs and other

youths who are suspected of collusion with MNCs or have defrauded communities of compensation funds (Onojowo 2001). The traditional ruler of Evreni kingdom in Ughelli North local government area of Delta state was murdered by armed community youths in 2000 for alleged enrichment from MNC compensations and donations (Thisday 2002: 58).

The struggle for resource appropriation has impinged on the direction of resistance and violence in several ways. First is that less altruistic and less noble reasons have underlined the resistance actions. Second, blackmail, corruption, violence, high leadership turnover and instability have become pervasive as everyone struggles for access to cheap oil fallouts. Besides, corruption and compromise, or the allegations of, have become pervasive and corrosive to communal and ethnic governance.

## Resource Scarcities, Inter/Intra Communal/Ethnic Conflicts, Violence and Crime

The potential benefits from the oil economy to community leaderships and groupings whether solicited or compelled are quite enormous and a major element in the struggle for the benefits of the oil economy from the MNCs is the ownership of land and water in which oil fields are located. This has fuelled inter family, group, communal and ethnic contestations of indigeneity and ownership of oil rich land and water which has tended to involve ferocious, highly destructive and vicious fighting. Apart from issues of ownership of land and water, there have been conflicts between and within communities over the distribution and control of payouts and compensations by the MNCs for appropriated and polluted land and water and related benefits.

Consequently, the region has witnessed a regime of horrifying intra/inter communal/ethnic conflicts between ethnic groups such as the Ijaw and Itsekiri, Ijaw and Ilaje, Urhobo and Itsekiri, between communities such as Basambri-Nembe and Ogbologbomabri-Nembe and within communities such as Ozoro. The most extensive and intense of these conflicts has been the Ijaw/Itsekiri conflict in the Warri area, which has raged intermittently since 1997. There were further eruptions of the conflict about February 2003, July 2003 and early 2004. The Ijaws allege that both the state and the MNCs have unduly favoured the Itsekiris. Apart from settlements, people and properties, the main target in the conflict has been oil facilities. The Ijaws see MNC facilities as a means of getting at the federal government who has disadvantaged them. The attacks on MNCs are also because they are seen as part of the problem of inequitable treatment, neglect, disinheritance and deprivation. The Ijaws then are in part fighting for ownership of oil wells and commensurate benefits from the MNCs. These conflicts have at different times escalated so much as to generate a reign of insecurity, oil production disruptions and violence. Thousands have lost their lives and several thousands have been displaced.

## The Theft and Trading in Refined Petroleum Products

The theft and illegal trading in refined petroleum products began on a small scale in the late 1980s and have increased with increasing cost of the products. There are actually two types. The first is undertaken by small smuggling syndicates who break into the distribution pipelines of the Nigeria National Petroleum Company and particularly those of refined fuel from the Warri and Port Harcourt refineries to fuel depots. The fuel is siphoned into very large wooden canoes in the creeks and rivers and tanker trucks on land. The second form of the trade is the diversion of purchased and allocated refined petroleum products to the black market. This is undertaken by authorised marketers in collusion with smuggling syndicates.

The theft of processed crude oil has underpinned the vandalization of pipelines. The Nigerian National Petroleum Corporation (NNPC) reported that there were 114 line breaks in Port Harcourt and Warri areas of its distribution network between April and May 2000 alone. The NNPC in collaboration with the Nigerian Police Force arrested about 589 persons and investigated 101 cases of pipeline vandalization between April 2000 and December 2001.

The smuggling syndicates are well organized and the operation is large-scale. The field operators are heavily armed. In case of pipeline siphoned processed oil, the smuggled products are sold in the high seas to smuggling syndicates in West Africa and abroad or are smuggled into neighbouring countries. In the case of diverted products, most of the products are ploughed back into the local black market economy and through illegal trade routes to neighbouring West African countries. Both categories of smuggling occur throughout the nation but the incidence is much higher in the Niger Delta region where there is awareness of ownership of crude oil and a generalized resistance to the nature of distribution of its benefits.

## The Theft and Trading in Crude Oil

There is a large scale illegal local and international trading on crude oil. This has grown from a few amateurs in the 1980s who utilized crude methods to extract crude from pipelines to a very sophisticated industry which uses advanced technologies to tap crude and sophisticated communications equipment to navigate through the maze of hundreds of creeks, rivers and rivulets. The oil theft syndicates have also graduated from boats and barges to ships and large oil tankers in the high seas.

Crude oil is tapped from pipelines and terminals of the oil producing companies with advanced technological equipments in the waterways, creeks, swamps and high seas. Plastic pipes are fixed to manifold points and intersection of several pipelines and crude oil is then pumped into barges. In some cases, ships are hooked to hoses that siphon crude from MNC facilities that may be several hundred meters away. The onshore facilities operated largely by Shell, Nigeria

Agip Oil Company, Chevron Texaco and Elf Petroleum Company Limited have been the main victims.

The stealing and smuggling of crude has become very extensive and large scale since the late 1990s. Aerials surveys and patrols in 2003 was said to reveal a mass of barges and boats involved in bunkering around the creeks and waters of Rivers and Bayelsa states, the Eastern axis of the region (Oduniyi 2003). The Escravos and Forcados waterways in the western axis are also home to the bunkerers. The stolen crude is conveyed through barges and ships and sold to ships and oil tankers in the high seas. The crude oil is sold at very low prices. When the price per barrel was USD 26, as at 2003, it was sold for USD 7. By 2004, it was being sold at around USD 15 a barrel (Oduniyi 2003).

There are varying estimates of the quantity of crude oil that is stolen daily. Some estimate that between 10% and 15% of national daily production is stolen. Estimates range from between 75 million bpd to 300 million bpd per day. In 2001, Shell lost on average about 30,000 bpd. The losses to Shell increased to 100,000 by 2002 (Oduniyi 2003). The other MNCs lost about 100,000 bpd. Total losses to the nation in 2002 was about 200,000 bpd which was about 10% of total production of about 2m bpd (Oduniyi 2003; Thisday 11.10.03). Shell alone lost about 100,000 bpd and a total of about 9m barrels in 2003. It is also estimated that the nation loses about USD 3.5 billion annually. Profits in excess of USD 1 billion are said to be made from the illegal business annually.

In recent times, the threat to the nations economy has led to an invigoration of security in the region. The Nigerian Navy (NN) arrested between August 2003 and July 2004 about 24 ships loaded with crude oil while 9 vessels with crewmembers were arrested between April and June 2004. About 50 seized vessels are at the Naval Base in Port Harcourt (Lawal 2004). About 15 of the impounded ships for example carried crude worth about USD 150 m (Igbikiowubo 2004). Some of the ships are owned by Nigerians while others are chartered.

## The International Economy of Conflict

Because there are no private refineries in Nigeria, the market for the stolen crude oil is abroad. The stolen crude is loaded into tankers for sale to refineries in Africa, Europe, Asia and North America (Vanguard 2 Aug 2003; Associated Press 11 Jun 2004). The stolen crude is also alleged to be bought by neighbouring countries such as Ivory Coast and Benin. Several companies in Nigeria, Ivory Coast, Switzerland, United States and other countries are reported to be involved in trading the stolen crude (Insider Weekly 21 Nov 2003). As part of efforts to forestall further dependence of a refinery in Ivory Coast on stolen crude for example, the federal government had to sign a crude oil sales and purchase agreement with her in August 2003 (The Punch 19 Aug 2003).

There are foreign nationals who are middlemen and linkages with the local conspirators. Several foreigners, such as Ivoriens, Togolese, Beninians, Burkinabes, Russians, Romanians and Georgians are being prosecuted in the courts for unlawful dealing in Nigeria's crude oil (Oni 2004).

## THE STATE AND THE ECONOMY OF CONFLICT

The state approach to managing the economy of conflict has been to curtail the vicious conflicts associated with the struggle for benefits and the illegal trading. Both have involved the massive use of force. As a result, the entire region has been militarized. The Navy has guarded oil installations and escorted oil shipments since the late 1990s. The Joint Task Force on the Niger Delta, Operation Restore Hope has about 4000 military personnel deployed to the region. The Amphibious Battalion at Warri has been strengthened. Military personnel and waterborne police have been trained. There has been a policy of strengthening the Navy for the Niger Delta challenge. Naval ships and platforms have been better maintained. Some coastal guard ships have been received from the United States and equipped and fitted with modern weaponry. Augusta helicopters have been purchased. The federal government is reported to have placed order for 13 marine boats to fortify security in the region (Ogwuda et al. 2004). Check points are mounted on the waterways and on the roads. Oil installations are manned by armed soldiers and Naval personnel. The sea is patrolled by gunboats and naval ships. Since 2000 when the illegal smuggling and trading acquired a more extensive dimension, there has been the intensification of naval operations and patrols.

The military and other security agencies have been massively deployed against the youth militias and the resource wars. Even youth occupations and abductions are met with military force. Since June 2004, there has been a crack down on the militias, piracy, oil bunkering and illegal arms in the region. This has involved massive military operations, combing the creeks and condoning off and searching riverine communities, which are suspected hideouts of pirates (Omonobi 2004).

State effectiveness in the curtailing of the illegal trading was until recently quite poor. The illegal business has been in place since the 1980s. It was only when it became extensive and threatened the nations OPEC quota supplies by 2000 that the state became serious in terms of curtailment. Even then, up till 2002, the Navy could only intercept and arrest barges. However, recent intensification of naval patrols has had some positive effects. By the later part of 2004, there was a decline in the loss of crude oil to bunkerers. The level of sea piracy and pipeline vandalization has also been on the decline (Ozoemena 2003).

The curtailment of the theft and trading has been difficult for several reasons. First, Nigerian citizens are not identified and loyal. The Niger Delta people who feel disinherited, impoverished and endangered by oil care less if the oil stolen



from them by the Nigerian state is further stolen. Second, there is the involvement of the community and ethnic militias in the illegal economy, some of which control the waterways and maze of creeks. Third, it is alleged that very highly placed and connected elites are involved. The listing includes highly placed serving and retired military personnel, top MNC officials, senior members of the government, top traditional rulers and opinion leaders, party bigwigs and financiers (Amaize 2003). In fact, the modern guns and other high-tech weapons and communications equipment and the skills exhibited in the use of these weapons have made the state security agencies to believe that insiders and some very influential people are behind them (Abia 2003: 20–30).

Because of the extensive influence of persons implicated in oil theft and the related militias, gangs and cultists, the government has been unable to arrest them. There are rarely effective prosecutions and convictions of arrested bunkerers. The same applies to the top political and traditional elites that are behind the resource based communal and ethnic wars. Though the government knows those involved in all these activities, it has lacked the political will to deal decisively with the core of the problems and has rather been brutally handling those at the margins, the youths.

There is also the problem of corruption. In spite of the presence of the Navy and other security agencies in the region, the arrest and seizure of vessels has been scanty. It is alleged that bunkerers pay protection fees to security agencies and that some security personnel either connive with or actually escort bunkerers' barges and vessels to the high seas (Vanguard 2 Aug 2003; Amaize 2003). Some communities and ethnic groups have several times alleged that even security agencies tend to act in favour of or on behalf of some groups in the resource based inter communal and ethnic wars in the region. A combination of incompetence, negligence and corruption, of the nation's security agencies, was responsible for disappearance in 2004 of MT African pride, earlier detained for illegal shipment of stolen crude. Some very senior Naval officials are being court marshalled.

The result of the state management of the economy of conflict has been terrible for the region. The state security agencies have been accused of wanton recklessness, ruthlessness, brutality and excessive force. They have been known to attack and indiscriminately shoot into towns and villages, burn properties and raze down communities. They also kill, torture, flog and rape civilians and protesters (Human Rights Watch 1999a; 1999b). Community inhabitants have been forced to flee, thereby creating and swelling internal displacements. The region has been made even more insecure by the activities of the security agencies. There has been excessive force too on the waterways where naval patrols and gunboats are reputed to harass innocent travellers. In their hunt for sea pirates and militias, they have been reported to indiscriminately shoot at boats and endanger lives (Oyadongha 2004). Peaceful youth protests and even travellers on the waterways that sail too close to oil installations have been victims of military shootings. Others have been mistaken for sea pirates and shot at (Oyadongha 2004).

## THE MULTINATIONAL OIL COMPANIES AND THE ECONOMY OF CONFLICTS

The trend of violence and compulsive appropriation by communities, groups and youths was conducted by decades of reckless environmental degradation, barefaced economic exploitation, arrogance, insensitivity and mistreatment of the native communities by the MNCs. Communities and community groups and militants have had to threaten or actually destroy and disrupt MNC operations before any benefits are extended to them. The MNCs for a long time hid behind the shield of security agencies rather than institute a regime of corporate responsibility and sensitivity to host communities. They obtained security contingents out of the national security agencies which they motivated and armed as forces of protection of facilities and intimidation of indigenes. Some of the MNCs are alleged to purchase arms, as well as provide logistics and support for state security agencies in their repression and brutality against community members. These practices generated resistance by the regions citizenry and finally produced a rag-tag army of enraged, lawless and militant youths (Onojowo 2001). By the late 1990s, the youths had become so militant, armed, violent and confrontational as to commence a regime of violent appropriation of benefits from the MNCs.

Other practices of the MNCs have fuelled the violent and deadly struggles for resource benefits. As the environment of business became more hostile, the MNCs rather than employ or empower the youths, began a system of payments for ghost workers and standby employment. They also began a regime of cash payments to communities both as ecological compensation, appeasement, pacification and incorporation (Oduniyi & Nzeshi 2004). Further, as a result of perennial insecurity and disruptions, the MNCs began to award surveillance contracts to youths of communities (SPDC 2003). While this protects their facilities, it provides idle funds for lavish living and arms purchases which fuel further greed and violence. The armed gang that kidnapped 14 Chevron Texaco workers in November 2003 were said to be members of a security outfit recruited from the communities to guard facilities in the Foropa district of Bayelsa State (Agency France Presse 20 Nov 2003).

These practices generated a regime of idle funds, became an eye opener to immense cash opportunities from the MNCs and generated corruption and conflicts in the traditional governance systems. The stage was set for resource struggles among community members, high turnover in community and youth leaderships as well as a regime of threats and violence to obtain more funds from the MNCs. The SPDC has admitted in a recent report that its policies and practices such as the manner of appropriation of community land and water resources, manner of contract awards and nature of relations with community representatives have fuelled or feed on conflict in the region. It also admitted that its development activities have been less than perfect in the past (BBC News 11 Jun 04).

As to the curtailment of the oil bunkering and trading, the oil companies have been loud in highlighting the depth and scale of the business and their losses. They have also been quick to associate the business with the communal and ethnic conflicts, the arming of the militias and inter militia wars. The MNCs have mounted tremendous pressures on the federal government to be more decisive in the curtailment of the trading. Within the MNCs, there have been attempts to strengthen pipe intersections, rinsers and manifolds and intensify the monitoring and control of distribution networks and terminals.

## MILITIAS, PIRATES AND THE ECONOMY OF CONFLICT

It has been assumed and claimed that the illegal trading is undertaken by rival and well-armed ethnic based militias. However, there were no such organized militias when the illegal trading began in the 1980s. When militias became active in the region in the late 1990s, they were engaged in violently compelled benefits from MNCs, but not in illegal theft, smuggling and sale. However, when they began to be involved in the illegal theft and trading, they were only the foot soldiers. The militias and community members don't have the funds and the ships, barges, heavy trucks and arms needed. Rather, it is the very top and rich elites who can muster the materials and the connections with the military and the government to sustain the business. There is emerging evidence that the militias and armed gangs are linked to and funded by the illegal oil bunkering and trading. Oil theft syndicates form militias, enrich them and import weapons to arm them for the purpose of securing and defending their operations. It is the militias, armed gangs and pirates who are the armed guards and escorts of the bunkerers.

It was only recently that the militias who control the creeks and have access to bunkering began to participate autonomously in it. There are actually two types of autonomous participation. The first is the stealing and sale of crude oil. Some of the militia, gang and cult leaders have become bunkerers. The leader of the Niger Delta Peoples Volunteer Force (NDPVF), Asari Dokubo is a self-acknowledged oil bunker (Newswatch 20 Sept 2004: 17). However, bunkering is seen as part of the struggle. It is seen as taking albeit illegally, what naturally belongs to them but is appropriated by non-indigenes. The NDPVF leader is said to regard bunkering as legitimate because the crude oil found in their land is their property. Furthermore, bunkering is also seen by militias and youth activists as a funding source for the struggle. As the NDPVF leader claimed "We are using the resources of our land to fund this struggle" (Scoop 2004).

The second form of participation is the processing of stolen crude. The NDPVF is involved in mini-refining, production of fuel and sales to the Niger Delta people in the riverine areas and creeks of the Eastern axis. The processed fuel was sold at between NGN 10 and NGN 15 at a point when it was being sold by oil marketing companies at NGN 45. The NDPVF sees this as part of the struggle for resource control. It is giving back to Ijaws what naturally belongs to

them and providing a good that is exhibitantly priced in the creeks at low cost. In the case of the later, it is seen as a service (The News 19 Oct 2004).

According to Asari Dokubo,

There is nothing wrong if I take the crude oil found in our land, refine it and sell to our people at NGN 15 per litre. The real bunkerers are the federal government, which has been stealing oil from Ijawland since 1958 (The Guardian 17 Oct 2004).

Just as direct smuggling and international sales, the earnings from the small refinery are utilized to sustain the militia movement and the resource struggle (Associated Press 2004).

The participation of the militias, gangs and pirates in the appropriation of compelled benefits and bunkering either as field operators and autonomous operators have fuelled a regime of inter and intra gang and militia fighting for control. Community armed youths contest for ownership and control of oil facilities for the purpose of bunkering and compelled benefits from the MNCs. The most intense are the struggle for supremacy and control of territory in the bunkering business. As federal curtailment and anti-bunkering operations has constricted the business, so has the fight over territory and bunkering sources become more intense and recurring. The illegal oil economy has also intensified fighting among the militias and armed gangs over leadership, distribution of appropriated resources and alleged collaboration with security agencies.

## THE INTERNATIONAL COMMUNITY AND THE ECONOMY OF CONFLICT

The international community involvement in the Nigerian oil economy, the resource conflicts and security has increased with the growing economy of conflict. There have been several dimensions of this. First are measures to protect their staff and investments from militia attacks. The French Ambassador to Nigeria, Mr. Yves Gaudoul has indicated France's readiness to protect by all means available, its nationals and its estimated USD 4 billion oil and gas investment within Warri and other areas of the Niger Delta from attacks by militant groups (Omonobi & Okhomina 2004). Detectives of the United Kingdom Scotland Yards were in the region in mid 2003, to assist in the management of the spate of kidnappings of expatriate staff of the MNCs (Bisina 2003). A team of America detectives were in Nigeria to assist Security agents in the probing of the killings of 2 Americans and 5 others on Benin River in Delta State in April 2004 (Ogwuda et al. 2004).

Second, there are attempts to support or even intervene directly in the maintenance of security. There have been widespread allegations by the media and civil groups about either a proposition or actual deployment of American marines to mount security surveillance, protect oil installations and shipment (Ighodaro 2003). Both the Nigerian and United States governments have denied

this. The United States has donated 3 refurbished Coastal Guard ships and is expected to deliver another four vessels to the Nigerian Navy to strengthen patrols and curtailment. The United State Allied Forces European Command have recently been very active in the Gulf of Guinea and Nigeria. The Command's Deputy Commander, General Charles Wald in meetings with Nigerian political and security chiefs has offered to protect oil installations and the flow of oil in the Gulf of Guinea and combat terrorist attacks on the oil industry. It has also commenced a prolonged military exercise in the Gulf of Guinea as part of its present and future mandate of monitoring and securing the region (Agbambu 2004; Onuorah 2004; Igbikiowubo 2004). British and American pressures were reported to underpin the unprecedented federal government dialogue with some militia leaders between September 27<sup>th</sup> and October 1<sup>st</sup> 2004.

The third area of action is the emerging advocacy for the certification of crude oil by MNC executives and international civil society so as to determine the legitimacy of sources. The Human Rights Watch have been in the forefront of the advocacy (Human Rights Watch 2003).

## THE ECONOMY OF CONFLICT, VIOLENCE AND CRIME

The economy of resistance has fuelled a deadly regime of violence and crime in the Niger Delta region. First it has supported a massive arms trade. Thousand of diverse sophisticated assault rifles, rocket propelled grenades, explosives and bombs are smuggled into the region. Arms smugglers and their agents are said to use fast boats to reach ships in the high seas They also obtain arms from sailors in berthed ships. Smugglers are said to come from Guinea-Bissau, Cameroon and Gabon. Quite apart, there is the black market and linkage to Nigeria's participation in the Liberian and Sierra Leone civil wars.

The illegal oil business further underpins communal and ethnic conflicts in the region. The weapons inflow empower the communities and militias for accelerate violent conflicts. Further, the oil theft syndicates create conflicts between groups through false rumours, propaganda and sponsored media wars. They also organize attacks on communities, which are misconstrued as undertaken by rival communities. Communal and ethnic violence, which occurs, is a favourable environment because it creates anarchy, diverts the security forces and enables free operations. Oil theft also underpins to some extent sea piracy. Sea pirates are utilized to protect and guide operations in the maze of creeks and swamps. Furthermore, violent fights between bunkering syndicates and their armed gangs over the control and distribution of the business and its profits accentuates violence and security. Bunkering has made running and leading militias and armed gangs profitable. About a thousand persons are said to loose their lives annually in bloody encounters between militias, communities and the armed forces and in inter militia, communal and ethnic conflicts (Maier 2004).

There is a strong linkage between the militias, armed gangs and cultists, the pirates and the bunkerers. The boundaries between them may be fluid as one group could easily merge into the other. The pirates for example are linked to the direct waterways robbery, are agents to larger bunkerers, are guards to oil theft operations and guides to the boats, barges and ships of bunkerers. They may be part of larger militias and armed bands that may be involved in popular violence.

## CONCLUSION

An illegal, criminal, informal and underground economy exists in the Niger Delta, which has been engaged in resistance against the political economy of oil in Nigeria since the early 1960s. Resistance has intensified since 1997 and there is slowly emerging pockets of armed rebellion. But this economy has emerged only since the late 1990s and has intensified since 2000. This has been coincident with the intensification of armed resistance and the extensive proliferation of non-state institutions of violence and arms. Greed or opportunities did not cause the resistance. It came almost two decades into it.

The economy has emerged first from the exploitation of resource opportunities by retired and serving public officials and top political and business elites within and outside the region. In this dimension, the regions indigenes have merely been couriers, agents, escorts and guards. But some agents have been able to carve a niche as sub bunkerers.

There has emerged an active participation by youth activists and militias. At a certain level, youth involvement in the illegal oil economy and the pillaging of oil wealth is seen as part of the resistance. If oil wealth would not get to you by the configuration of Nigeria's political economy, you can steal it or even undermine it. So its like getting your due, albeit illegally. Particularly militia, gang and cult leaders have emerged as bunkerers and illegal oil refiners. Apart from the greed and opportunism involved here, the involvement is to provide funds for arms and ammunitions, boats and equipment as well as remuneration or handouts to militants. This is critical to the struggle in terms of sustenance and may prolong or provide motivation for sustained resistance.

The struggles for control of territory and favoured distribution of appropriated benefits by youth groups, communal and ethnic groupings as well as the struggle for control of the social institutions of resistance and violence have characterized the economy of conflict. The economy of conflict actually underpins the communal and ethnic conflicts, the gangsterism and cultism, criminal violence and the proliferation of the institutions and instruments of violence.

The toll on the state and MNCs of these activities have been quite heavy. Obstruction of Shell activities and seizure of equipments resulted in a loss of 1,530 project days in 2001. Oil production deferments arising from community disturbances and sabotage was 45mm barrels in 2000 and 35mm barrels in 2001 (Vanguard 11 Jun 2002). Inter-ethnic conflicts and hostilities with the state led to

a loss of about 40% of total production of 2.2m bpd in mid 2003. On shore oil production has become dangerous and risky. Several MNCs are moving into and investing heavily in off shore oil production. But the tragedy is that most of the nations oil reserve is on shore.

The state management of the economy of conflict has been weak, sluggish, compromised and ineffective. The massive force and repression associated therewith is further generating more violence. The level of discontent with the nature of distribution of resources and benefits of the oil economy have disengaged the regions citizenry in terms of compact and identity with the Nigerian state. There is at best indifference to the economy of conflict. The illegal oil economy in such a circumstance may continue to exist for a long time, albeit in curtailed and small scales. The MNCs have contributed to the economy of conflict by creating a condition where violently compelled benefits became the only means of obtaining any benefits and good corporate governance. The MNC management of the ensuing hostility and resistance has tended to engender more violence and illegal appropriation of benefits.

The economy of conflict in the Niger Delta resource conflict is an intervention by opportunists and merchants. It has resulted in a hijack of sort of the institutions of violence in the resistance of the region. In a sense, it has perverted the Niger Delta struggle. It is sustaining and proliferating the institutions and weapons of violence. It underpins crime and violence in the region. It is aided by the resistance in the region. It is further sustaining it.

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