

If Oil Does Not Flow, Nigeria Does Not Glow - Naija Pundit

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A NaijaPundit Editorial.



The militancy in the Niger Delta almost crippled Nigeria's oil production reducing the industry to a measly 500,000 Barrels Per Day before the amnesty programme birthed by former President, Umaru Yar'adua of blessed memory.

Today, Nigeria's oil production has peaked at 2.6 Million Barrels Per day meaning additional revenues of between \$10-15 billion annually. This has only been possible because of the Amnesty programme. Another attendant benefit is that the peace in the Delta has enabled the government develop gas infrastructure badly needed by the Nation's electricity industry which has witnessed a dramatic increase in power generation. Nigeria has turned on new gas powered power plants to supply the National Grid and many parts of Nigeria are witnessing improved power.

When the Wall Street Journal did their recent feature on the amnesty programme they interviewed several experts on the Niger Delta militancy, one of which was former negotiator, Dimieari Von Kemedi, who said that the militancy had not ended but had merely paused.

As the Wall Street Journal's story points out, if the peace in the area is disturbed because of an interruption of the amnesty programme, Oil production is likely to fall back to pre amnesty levels and the militants would still benefit as they would have access to stolen crude. It therefore makes economic sense to continue with the programme.

Some complain of the millions of dollars shelled out annually to the former militants in contracts to secure the pipelines. But the real question is this, what is the alternative? These pipe lines will have to be guarded and who better to guard them than the militants who are local? Shell recently released a report showing that they spent \$65 million over the last decade to pay Nigerian security officials to guard their pipelines and facilities. But even while spending these colossal sums they could not achieve the objective thus it makes better economic sense to continue with the amnesty programme because as Mutiu Sunmonu Managing Director of Shell Nigeria said, "For you to address the whole issue of poverty and development, you need some

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kind of peace".

Many also have forgotten that if Nigeria's post independence political structure had not been interrupted by the military coups of 1966, there would not have been any militancy because the federating regions had resource control and were allowed to keep 50% of the proceeds from any resource developed from their region. It is the false federalism that the military forced on Nigeriathat made other regions abandoned their previous sources of income to depend almost solely on oil. Thankfully, in Nigeria's Southwest, the Lagos State governor, Raji Fashola, has shown that there could be more revenue in building capacity than in extractive industries.

In a country heavily dependent on oil for almost all of its government revenues it only makes sense to ensure the continuity of the flow of oil and since the amnesty programme is meeting this need, the amounts paid to former militants to end their militancy and provide security for the pipelines are a necessary economic expense that Nigeria cannot do without.

Of course there will be those who will not see wisdom in this economic decision, but sure enough that wisdom will come when oil production dries up to pre amnesty levels.