

## NIGERIA'S FOREIGN POLICY AND EXCLUSIVE REFINING OF CRUDE OIL IN THE FOURTH REPUBLIC, 1999-2019

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**Received: 29 Jun 2019**

**Accepted: 16 Jul 2019**

**Published: 24 Jul 2019**

### **ABSTRACT**

*Since the discovery of petroleum oil in Nigeria, much of the crude oil was exported where it served as the major foreign revenue earner for the country. Following the phenomenal increase in the local consumption of refined oil, there was deliberate effort to refine some of the crude oil locally to meet up with this expanded demand. It was on the basis of this that four refineries were built in Port Harcourt, Warri and Kaduna between the late 1960s and the 1980s. In spite of the building of these refineries, Nigeria found itself as a major importer of refined oil as from the late 1980s up to date (2019). This was initially due to neglect and the abandoning of the four refineries by the military regimes between the late 1980s and 1998. Even when the civilian administrations of the Fourth Republic tried to overhaul the four refineries, Nigeria still depends largely on imported refined oil to meet up with her local consumption demands. Such that when there is a problem in the home countries of foreign refiners of oil or any other border problems and transportation of refined oil, it automatically generates scarcity of the product in the domestic environment. It is because of this inability of our refineries to meet up with the country's local consumption needs and the wider advantage of enlarged numbers of functional refineries to generate more employment and empower greater numbers of our citizens that informed the motive for this study. The study is a qualitative one where data was generated through secondary sources such as academic journals, bulletins, textbooks, scholarly papers, and internet materials.*

**KEYWORDS:** *Foreign Policy, Crude Oil, Petroleum, Exclusive Refining, Export, Foreign Revenue*

### **INTRODUCTION**

Petroleum oil has within the last sixty years turned the economies of hitherto insignificant countries of the Gulf and Latin America into prominence in global politics and economy. In the same vein, the discovery of crude oil in Nigeria in the late 1950s some few years before the country's political independence in 1960, has also catapulted it into the position of the leading African spokesperson and a voice to be reckoned with at international fora (forums). Currently, Nigeria is the largest economy in Africa and 22nd globally. It is projected that if Nigeria can rely heavily on exclusive refining of crude oil and use the proceeds to move the economy towards a manufacture-driven one; its economy could rise through the world rankings to top 10 in 2050 with a projected GDP of US\$6.4 trillion, surpassing Germany, the United Kingdom, France, and Saudi Arabia (NPP, 2017).

It is not in doubt that refining activities almost took place simultaneously with the extraction of crude oil in the country. Nigeria quest to refine bulk of its crude oil led to the establishment of four refineries as follows: Port Harcourt

Refinery (Old Refinery) in 1963/1972; Warri Refinery in 1978; Kaduna Refinery in 1979 and a second Port Harcourt Refinery (New Refinery) in 1989. Within the first two decades of the establishment of these refineries, they have been supplying the domestic needs complemented by imports of refined products from abroad (LCCI, 2016).

However, the period of military regimes between 1984 and the first quarter of 1999 characterized by poor leadership qualities led to the abandoning of the four refineries and a resort to importation of refined oil. Even with the twenty years of civil democratic administrations as from May 29, 1999, to date (2019), the Old Port Harcourt Refinery has remained moribund; while the remaining three public refineries have been performing sub-optimally and below capacity. The neglect of the refining section of the petroleum industry, which has the potential of generating millions of employment/job opportunities and empowerment of the citizens, has created a massive disequilibrium for the domestic economy and a very serious imbalance in the national security calculus. It is this failure on the part of the political leadership to turn the refining section of Nigeria's petroleum industry into a massive employment generation and wealth creation for the citizens and the nation that form the motivation for the study.

### **Aim and Objectives**

The major aim of the study is to assess Nigeria's foreign policy and exclusive refining of crude oil in the Fourth Republic. The specific objectives are:

- To determine the extent to which Nigeria has exploited the benefited of its light crude oil to refine bulk of its domestic needs in the Fourth Republic.
- To assess the level and status of Nigeria's local refining capability in the Fourth Republic.
- To Compare Nigeria's crude oil refining capacity with other countries and OPEC in the Fourth Republic.
- To suggest alternatives for evolving sustainable exclusive refining of Nigeria's crude oil in the Fourth Republic.

### **METHODOLOGY**

The study is a qualitative one where secondary sources of data were mainly utilized in generating data for the study. The research, which is an assessment of Nigeria's foreign policy and exclusive refining of crude oil in the Fourth Republic, is essentially descriptive and explanatory.

### **SOURCES OF DATA**

The secondary source of data collection was the one adopted and utilized in generating data for the study through document studies. Relevant documents on Nigeria's Foreign Policy and exclusive refining were scrutinized. Documents scrutinized include official documents such as annual reports/bulletins, internal memoranda, and policy manuals. Other documents included published materials such as textbooks, academic journals, scholarly papers, and internet materials.

### **Conceptual/Theoretical Frameworks**

Concepts of petroleum, barrels per calendar day, barrels per stream day as well as economic relations and global economy theory (international economy theory, are hereby defined and clarified as anchors for the study:

**Petroleum**

A broad definition of petroleum has been given by the Nigerian National Petroleum Corporation to cover all petroleum-related products, including crude oil, petroleum products and other derivatives of crude oil, natural gas, and various gas liquids and condensates. As a liquid gold, its possession by any country automatically turns its economy into a state of buoyancy (NNPC-AR, 2018).

**Barrels per Calendar Day (b/cd)**

This refers to the total number of barrels processed in a refinery within 24 hours reflecting all operational limitations (e.g. routine inspections, maintenance, repairs, etc.) (NNPC-AR, 2018).

**Barrels per Stream Day (b/sd)**

This refers to the number of barrels of input that a refinery can process within 24 hours, operating at full capacity under optimal crude and product slate condition (NNPC-AR, 2018).

**Economic Relations**

Uya (1992) defines economic relations as the process through which a country tackles the outside world to maximize their national gains in all fields of activity including; trade, investment and other forms of economically beneficial exchanges, where they enjoy a comparative advantage. On his part, Saleh (2018) defines economic relations as the deliberate utilization of domestic policies that will make the domestic environment clean enough for the pursuit of all economic interests (trade, investment, foreign goodwill, remittances, exports, etc.) of a given country across its borders. A very stable domestic environment (socially, politically and economically) can serve as a strong base for the conduct of reward yielding economic relations. He further construes economic relations as the aggregation of and pursuit of all economic interests of a given country across its borders.

**Global Political Economy Theory (International Political Economy Theory)**

The Global Political Economy also called International Political Economy Theory was, popularized by Robert Cox (1987), and Robert Gilpin (2001) who, treaded on the path of David Ricardo and Adam Smith (1776). The theory looks at how power relations, international economics, and politics interact in the international environment. They maintain that there are three main strands of International Political Economy. These which include Economic Liberalism (stresses the value of a capitalist market economy that operates according to its own laws), Mercantilism (that the economy should be, used to enhance state power, and thus be subordinate to politics) and Marxism (sees the economy as a crucible of exploitation and inequality between classes; where the dominant economic class also dominates politically). However, economic globalization is the fourth strand, which they omitted. This study would like to add the fourth strand, which is economic globalization (an advance form of capitalism executed through the New Global Agenda for the entanglement of third world economies into the traps of International Finance Capital); is to further increase Western prosperity and their perpetual dominance of international affairs (Wallerstein, 1989; Saleh, 2008).

## Comparative Administration Theory

Herbert Simon (1957) who came up with the normative approach was the first to popularize the comparative administration and government theory. He also came up with an empirical approach aimed at making a comparative analysis of administrations towards establishing whether they are performing efficiently or not. If otherwise, the areas of convergence and divergence among them shall be sorted out and appropriate strategies adopted towards making them perform efficiently. Other exponents and advocates of comparative government and administration (politics) theory include Gabriel Almond (1988), Betarlanfy (1969), Billy J. Dudley, (1973, 1982) and Christopher Kolade (2000). These scholars placed emphasis on the political and administrative institutions, governance style and the rate of development. The comparison could either be inter-state (i.e. comparing the governance style or system between one country or the other), or intra-state (i.e. the comparative study of one regime/administration and the other within the same country). The focus of this study is to analyze and compare Nigeria's refining activities and capacity with other oil-producing countries and OPEC in the Fourth Republic.

## Domestic Refining of Nigeria's Crude Oil in the Fourth Republic

Refining of Nigeria's crude oil is a complex process that starts from upstream activities (exploration, drilling, pipelines, separation & logistics) through midstream activities (actual refining) and ends with downstream activities (disposal of products). However, by way of scope, this study will be narrowed to the midstream activities in Nigeria's refining industry. The midstream is where actual refining of Nigeria's crude oil takes place. Complex activities involved in it as given by the National Petroleum Policy (2017) include:

- Construction and operation of crude oil and gas transportation pipelines, in general after the flow station;
- Oil refineries and gas processing facilities;
- Oil and gas bulk storage facilities;
- Shipping of oil and gas, and related products;
- Other bulk transport methods, such as rail, barge, and trucks for transporting oil and gas, and related products, on a wholesale basis;
- Wholesale marketing of petroleum products.

## Types of Refineries

There are different types of the refinery, carrying out different sets of refining activity as articulated by the National Petroleum Policy (2017) which include:

- **Topping:** The topping refinery just separates the crude into its constituent petroleum products by distillation, known as *Atmospheric Distillation*. A topping refinery produces naphtha but *no gasoline*.
- **Hydro-skimming:** The hydro--skimming refinery is equipped with Atmospheric Distillation, naphtha reforming and necessary treating processes. This type of refinery is more complex than a topping refinery and it produces *gasoline*.

- **Cracking:** The cracking or hydro cracking refinery, in addition to the hydro-skimming refinery, is equipped with vacuum distillation and catalytic cracking. The cracking refinery adds one more level of complexity to the hydro-skimming refinery by reducing fuel oil by conversion to light distillates and middle distillates.
- **Coking:** The coking refinery is equipped to process the vacuum residue into high-value products using the Delayed Coking Process. The coking refinery adds further complexity to the cracking refinery by high conversion of fuel oil into distillates and petroleum coke.
- **Integrated:** The integrated refinery is equipped to upgrade its *LPG or Naphtha* into basic *petrochemicals* by way of aromatics production of benzene, cyclo-hexene, meta-xylene, ortho-xylene, para-xylene, and toluene or naphtha cracking.

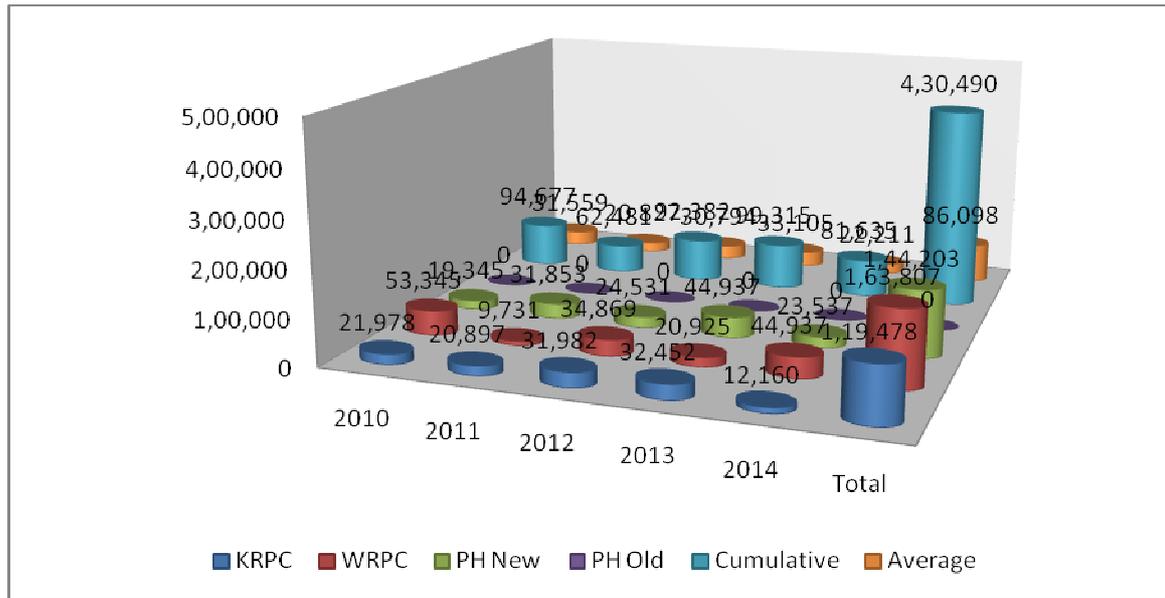
In spite of the fact that Nigeria produces a very light sweet variety of crude oil not requiring a relatively complex refining process compared with other types of crude; yet the country was not able to refine all the crude oil it produced in the Fourth Republic (Moses, et-al, 2013, LCCI, 2016).

In terms of performance, the year 2013 recorded the highest refining activities in the country where 99,315 TBPB was refined across the three refineries in the country representing 23% with an average refinery performance of 33,105 TBPB. This is followed 2010 with 94,677 TBPB representing 22% with an average refinery performance of 31,559 TBPB. This least performing year was 2011 where the three refineries recorded 62,481 TBPB representing 15% with an average of 20,827 TBPB. this poor refining activities in the country could be attributable to the post-election violence that erupted in some parts of the country after the 2011 general elections. Details of the domestic refining capacity of Nigerian refineries between 2010 and 2014 are as presented in Table 1 and Figure 1 below:

**Table 1: Domestic Refining Capacity of Nigerian Refineries, 2010-2014**

Year	KRPC 1979	WRPC1978	PH New 1989	PH Old 1963/1972	NDPR	Cumulative	Average	%
<b>Designed Capacity</b>	<b>110,000</b>	<b>125,000</b>	<b>150,000</b>	<b>60,000</b>	<b>1,000</b>	<b>446,000</b>		
2010	21,987	53,345	19,345	-	-	94,677	31,559	22%
2011	20,897	9,731	31,853	-	-	62,481	20,827	15%
2012	31,982	34,869	24,531	-	1,000	92,382	30,794	21%
2013	32,452	20,925	44,937	-	1,000	99,315	33,105	23%
2014	12,160	44,937	23,537	-	1,000	81,635	22,211	19%
<b>Total</b>	<b>119,478</b>	<b>163,807</b>	<b>144,203</b>	<b>-</b>	<b>-</b>	<b>430,490</b>	<b>86,098</b>	<b>19%</b>

**Source:** Generated by the Researcher in 2019 as adapted from NNPC-DPR Annual Report, 2015/2016



**Figure 1: Domestic Refining Capacity of Nigerian Refineries, 2010-2014**

**Source:** Generated by the Researcher in 2019 as adapted from NNPC-DPR Annual Report, 2015/2016

#### Nigeria Refining Capacity Compared with Four African Countries as at 2015

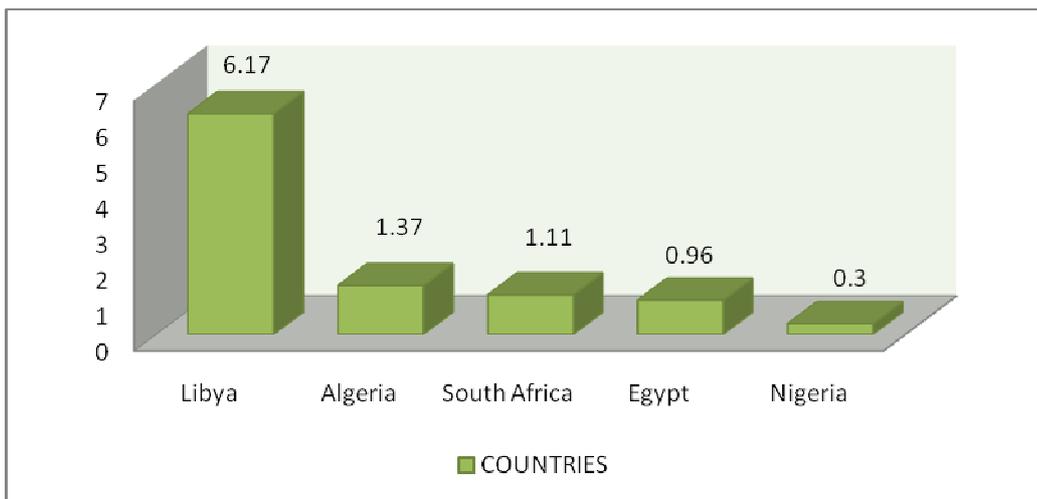
Nigeria's refining capacity is one the least among five African oil-producing countries, in spite of the fact that it is one of the leading crude oil producers of the world and the first in Africa. Data available to the researcher as at 2015, shows that the per capita refining capacity of Nigeria was the lowest even among African countries where Libya leads with 6.17 bpsd/capita representing 62% of the total refining capacity per capita of the five countries put together which is 9.91 bpsd/capita. Nigeria, which is the 10<sup>th</sup> largest crude oil producer in the world and the first in Africa, is unfortunately, the least refiner of crude oil with 0.03 bpsd/capita representing 3% compared with four other oil-producing African countries.

This by implication means that even in Africa, Nigeria is the least in terms of employment generation in the refining sub-sector of the African petroleum industry. Detailed performance of the refining capacities of Nigeria compared with the other four African countries is as presented in Table 2 and Figures 2 & 3 below:

**Table 2: Nigeria's Refining Capacity Compared with Four African Countries as of 2015**

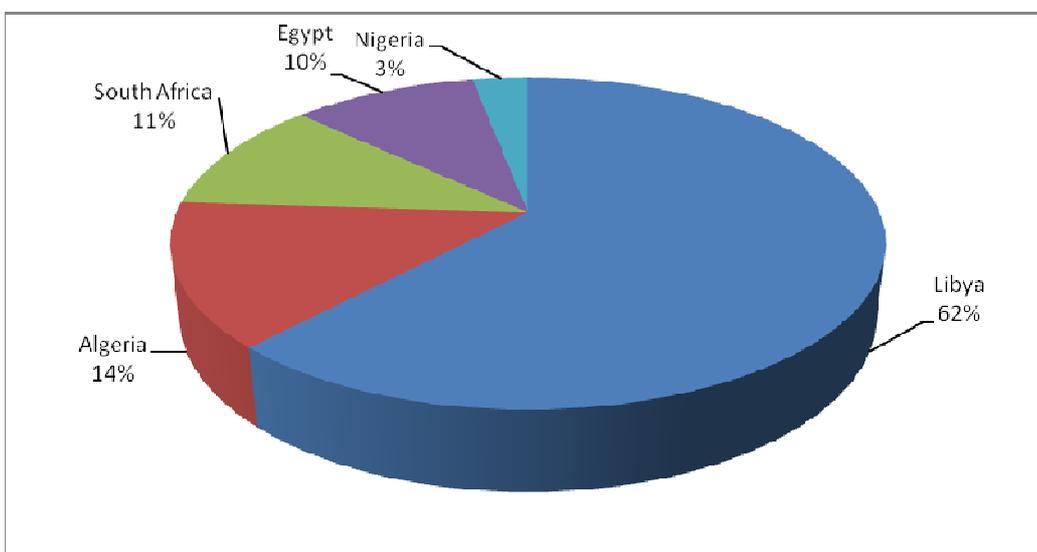
S/No	Countries	Refining Capacity bpsd/Capita	Percentage
1.	Libya	6.17 bpsd/capita	62%
2.	Algeria	1.37 bpsd/capita	14%
3.	South Africa	1.11 bpsd/capita	11%
4.	Egypt	0.96 bpsd/capita	10%
5.	Nigeria	0.30 bpsd/capita	3%
	Total	9.91 bpsd/capita	100%

**Source:** Generated by the Researcher in 2019 as adapted from NNPC Annual Report, 2018



**Figure 2: Nigeria's Refining Capacity Compared with Four African Countries as of 2015**

Source: Generated by the Researcher in 2019 as adapted from NNPC Annual Report, 2018



**Figure 3: Nigeria's Refining Capacity Compared with Four African Countries as of 2015**

Source: Generated by the Researcher in 2019 as adapted from NNPC Annual Report, 2018

**Nigeria's Refining Capacity Compared with other OPEC Members, 2012-2016, (1,000 b/cd & b/cyr)**

Nigeria's refining capacity even at the domestic level could not meet its internal consumption needs. Nigeria's performance in terms of refining of crude oil among OPEC members has been sub-optimal with an annual refining capacity of 446 b/cd as from 2012 to 2016. The average refining capacity remains constant at 446b/cd for the five years. The country's total monthly refining capacity for the five years stood at 13,380 b/cd, where its annual total refining capacity for the same period stood at 160,570 b/cd. Nigeria's cumulative refining capacity for the five years stood at 802,800.0 b/cd. In terms of the average and cumulative refining capacity of Nigeria among OPEC members, it ranked 8<sup>th</sup> with 446 b/cd and 802,800 b/cd respectively. The refining capacity of Saudi Arabia which leads the group with an average of 2330 b/cd and cumulative of 4,194,000 b/cd is more than five times (500%) of Nigeria's cumulative refining capacity for the same period. Even within the African continent, Algeria outperformed Nigeria where its average is 638 b/cd and

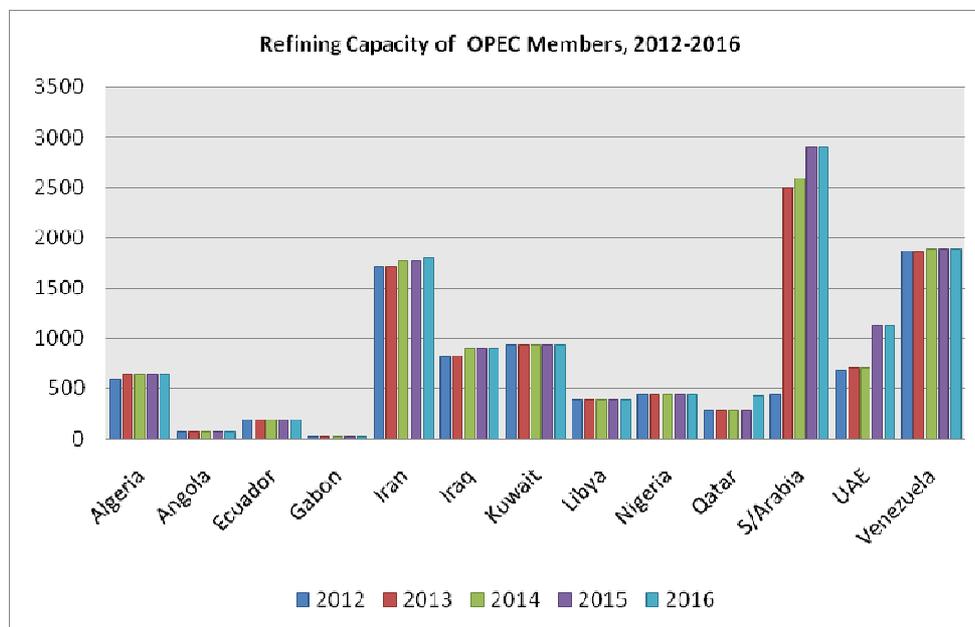
cumulative is 1,149,550 b/cd (more than three times [300%]) of Nigeria's refining capacity for the period 2012 to 2016. Nigeria's sub-optimal performance in the group is more worrisome in spite of the fact that it has all it takes to be the group leader in terms refining of crude oil. The country's lackluster refining performance is largely attributable to poor leadership qualities and poor expertise from foreign policy managers. With the right political leadership that is patriotic and focused, exclusive refining of Nigeria's crude oil will not only generate millions of job opportunities/wealth creation for its citizens, but it will grow the domestic economy which will, in turn, lead to general development (LCCI, 2016, NPP, 2017, OPEC-AB, 2017/2018).

Detailed refining performance of Nigeria compared with other OPEC members is as presented in Table 3 and Figures 4, 5 & 6 below:

**Table 3: Refining Capacity of OPEC Members, 2012-2016 (1,000 b/cd, b/cyr)**

S/No	Countries	2012	2013	2014	2015	2016	Total	Average	Monthly	Annual	Cumulative
1.	Algeria	590.0	650.8	650.8	650.8	650.8	3193.2	638.63	19,159.2	229,910	1,149,550.0
2.	Angola	65.0	65.0	65.0	65.0	65.0	325.0	65.0	1,950.0	23,400.0	117,000.0
3.	Ecuador	188.4	190.8	190.8	190.8	190.8	951.6	190.3	5,709.0	68,508.0	342,540.0
4.	Gabon	24.0	24.0	24.0	24.0	24.0	120.0	24.0	720.0	8640.0	43,200.0
5.	Iran	1715.0	1715.0	1781.0	1781.0	1801.0	6992.0	1398.4	41,952.0	503424.0	2,517,120.0
6.	Iraq	820.0	830.0	900.0	900.0	900.0	4360.0	872.0	26,160.0	313,920.0	1,569,500.0
7.	Kuwait	936.0	936.0	936.0	936.0	936.0	4690.0	936.0	28,080.0	336,960.0	1,683,800.0
8.	Libya	380.0	380.0	380.0	380.0	380.0	1,900.0	380.0	11,400.0	136,800.0	684,000.0
9.	Nigeria	446.0	446.0	446.0	446.0	446.0	2,230.0	446.0	13,380.0	160,560.0	802,800.0
10.	Qatar	283.0	283.0	283.0	283.0	429.0	1561.0	312.2	9,366.0	112,392.0	561,960.0
11.	S/Arabia	446.0	2507.0	2899.0	2899.0	2899.0	11,650.0	2,330.0	69,900.0	838,800.0	4,194,000.0
12.	UAE	675.0	707.0	707.0	1124.0	1124.0	4337.0	867.4	26,022.0	312,264.0	1,561,320.0
13.	Venezuela	1872.0	1855.0	1890.6	1890.6	1890.6	9398.8	1879.8	56,394.0	676,728.0	3,383,640.0

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin of 2017/2018



**Figure 4: Refining Capacity of OPEC Members, 2012-2016**

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin of 2017/2018

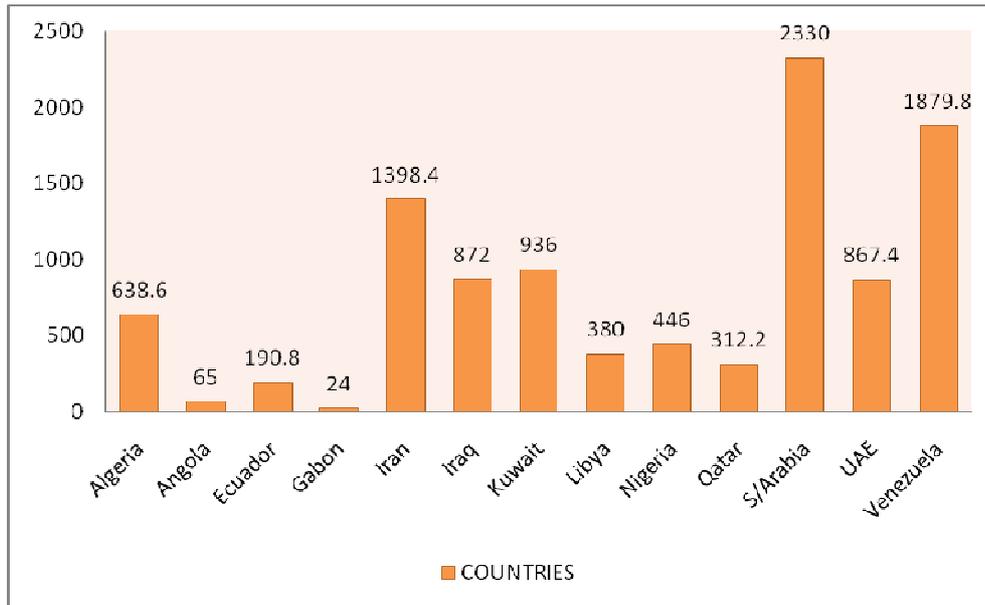


Figure 5: Annual Average Refining Capacity of OPEC Members, 2012-2016 (TBDP)

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin of 2017/2018

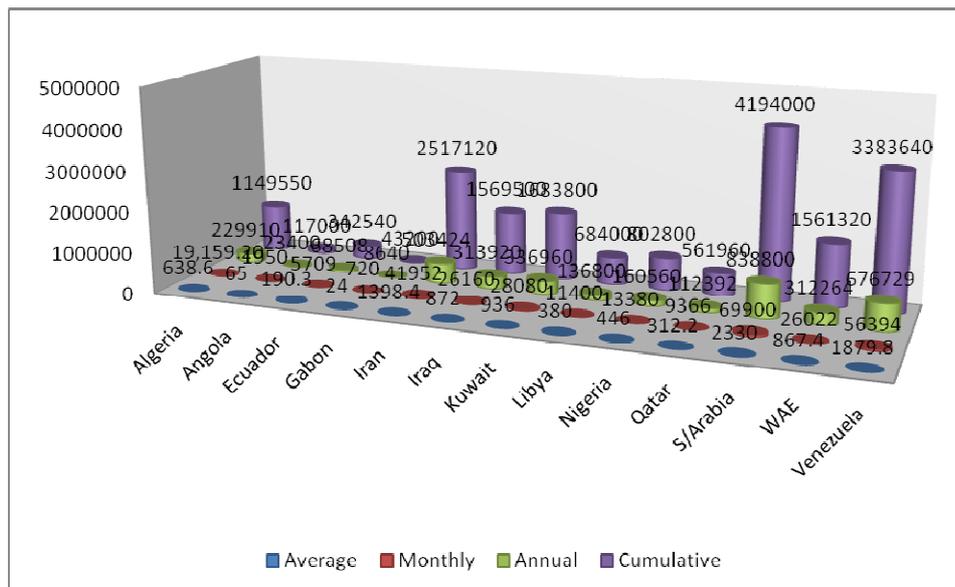


Figure 6: Average, Monthly, Annual & Cumulative Refining Capacity of OPEC Members, 2012-16 (1,000b/cd, b/cyr)

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin of 2017/2018

### Nigeria's Refining Capacity Compared with North America and Western Europe

In comparing Nigeria's refining performances with North America (USA & Canada) and Europe (Spain), the World Refining Capacity statistics of 2017 which covers the period of five years (2012-2016) shows that the country's total stood at 2230 TBDP. This is far less than that of Spain which does not produce a drop of crude oil but has a total refining capacity of 6845.5 TBDP for the same period. The total for entire Europe stood at 70,424.7 TBDP for the same period (2012-2016). While that of North America is 99,387.9 TBDP with the USA having the majority share of 89,478

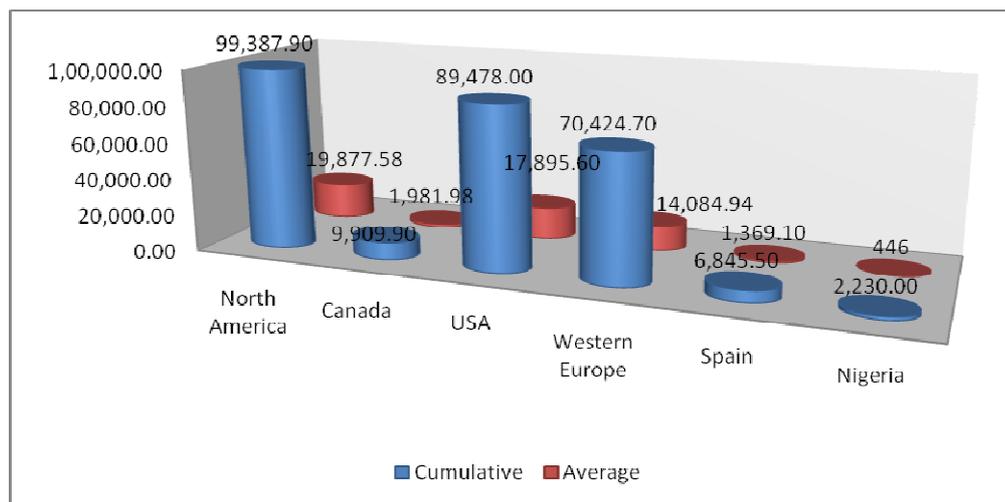
TBPD for the same period. As such, the combined total refining capacity of the West (Europe plus North America) which stood at 169,812.6 TBPD means the generation of more employment opportunities for their citizens. It also leads to the creation of wealth for their citizens and a tremendous reduction in unemployment, crimes, and criminality in their domestic economies. These high volumes of refining activities in North America and Europe equally translate into tremendous growth of their economies and of the robust general development of their countries (Ejiba et-al, 16, OPEC-AB, 2017/2018).

If Nigeria can do it the ‘Western Ways’ by refining all its crude oil and even import more crude oil for refining within the country, it will not only generate millions of jobs and create wealth for its citizens within the oil and gas value chain; it will minimize youth restiveness and reduce crimes and criminality in the country. This will further create a stable socio-economic environment conducive for doing business. The clean domestic business environment will, in turn, attract more foreign investors and other international business partners to come and invest directly in the country. The resultant increase in the inflows of foreign capital will lead to sustainable economic growth and positive general development in the country. The summary of the comparison of Nigeria’s refining capacity with the entire West is as presented in Table 4 and Figures 7 & 8 below:

**Table 4: Nigeria’s Refining Capacity Compared with North America and Western Europe 2012-2016 (1,000b/d,b/cyr)**

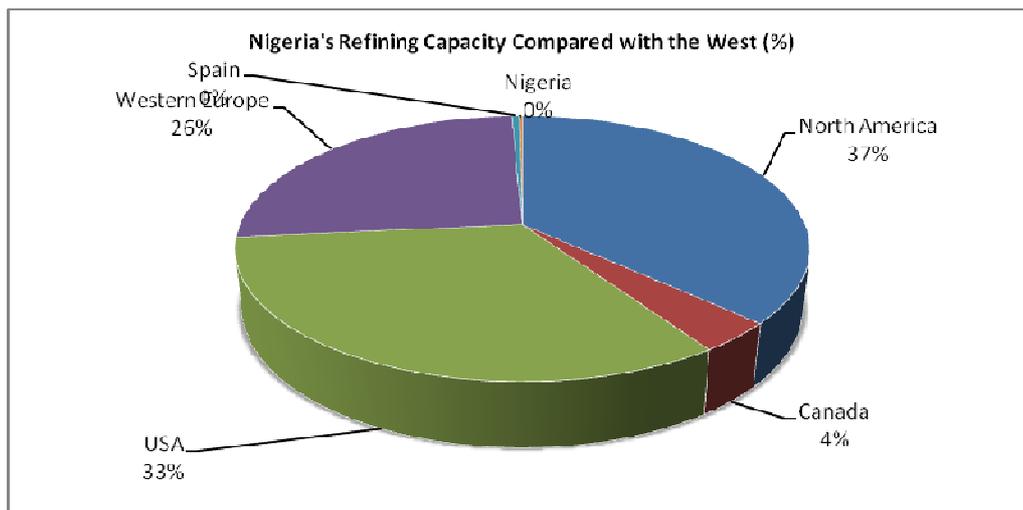
S/No.	Countries	2012	2013	2014	2015	2016	Cumulative	Average	Percent
1.	North America	19,377.8	19,782.4	19,837.3	20,023.7	20,366.7	99,387.9	19,877.58	37%
a)	Canada	2049.8	1964.4	1964.3	1965.7	1965.7	9,909.9	1,981.98	4%
b).	USA	17,328.0	17,818.0	17,873.0	18058.0	18,401.0	89,478.0	17,895.6	33%
2.	Western Europe	14,790.8	14,136.1	13,918.6	13,918.6	13,660.6	70,424.7	14,084.94	26%
a)	Spain	1271.5	1291.5	1427.5	1427.5	1427.5	6845.5	1369.1	0%
3.	Nigeria	446.0	446.0	446.0	446.0	446.0	2230.0	446.0	0%
	<b>Total</b>						<b>278,276.0</b>	<b>55,655.2</b>	<b>100%</b>

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018



**Figure 7: Average Refining Capacity of Nigeria Compared with North America and Western Europe, 2012-2016 (TBPD)**

**Source:** Generated by the Researcher as adapted from OPEC Annual Bulletin, 2017/2018



**Figure 8: Percentage of Nigeria's Refining Capacity Compared with North America and Western Europe, 2012-2016**

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018

#### **Nigeria's Output of Petroleum Product Compared with North America and Western Europe**

Nigeria's total output of petroleum product for the period 2012-2016 stood at 3054 TBPD as against Europe's total for the same period which stood at 62,614.6 TBPD. This shows that Europe was not only able to refine all the crude oil it produced for the same period which stood at 14,175.2 TBPD; but it was able to import over 48,439.4 TBPD from outside Europe to feed her functional refineries which operate 24 hours per day in a week (24/7) throughout 30(1) days in a month. More worrisome for Nigerian political leadership and foreign policy managers/experts is the fact that Spain as a single country in Europe, who do not produce a single drop of oil was able to come out with a product output of 6301.8 TBPD for the same period. The Spanish performance in this regard more than doubles Nigeria's total output of 3054.TBPD for the same period. Spain attained this feat because it has over thirty-two (32) functional refineries (24/7) in its country. These refineries with a high volume of refining activities were able to finance the Spanish annual national budget on a sustainable basis in the last lap of the 20<sup>th</sup> Century and throughout the 21<sup>st</sup> Century (Adeola et-al, 2015, NPP, 2017, NNPC, 2017/2018).

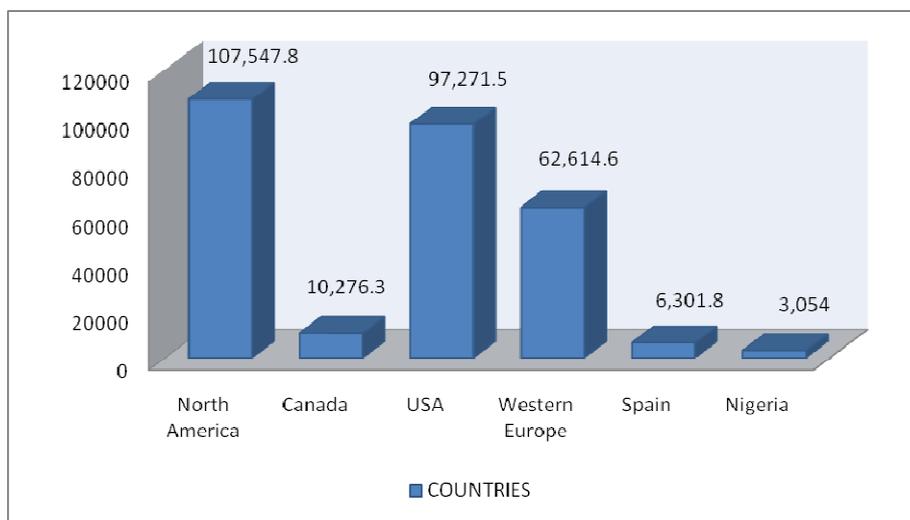
Therefore, it is not only irony but also a paradox that bulk of Nigerian migrants move to same Western Europe in search of greener pastures in spite of the fact that Nigeria is currently the 10<sup>th</sup> largest producer of crude oil in the world. The exodus of Nigerian youths to Europe and the entire West can be stemmed if Nigeria can build more functional refineries in each state of the Federation and use the massive proceeds thereof to stimulate manufacturing revolution in the country. These manufacturing activities at the grassroots level will mop-up the teeming unemployed youths off the streets and make them fully engaged in these manufacturing outfits. The combination of functional refineries and an active manufacture-driven economy will not only curb illegal migration of Nigerian youths to Europe and the entire West, but it will as stated earlier succeed in mopping-up unemployed youths off the streets of Nigerian cities. In addition, the political and socio-economic benefits of running functional refineries and a manufacture-driven economy to the country are immeasurable (LLCI, 2016, CBN, 2015).

Details of Nigeria's petroleum product output compared with North America and Western Europe is as presented in Table 5 and Figures 9, 10 & 11 below:

**Table 5: Nigeria's Output of Petroleum Product Compared with North America and Western Europe, 2012-2016 (1,000 b/d, b/cyr)**

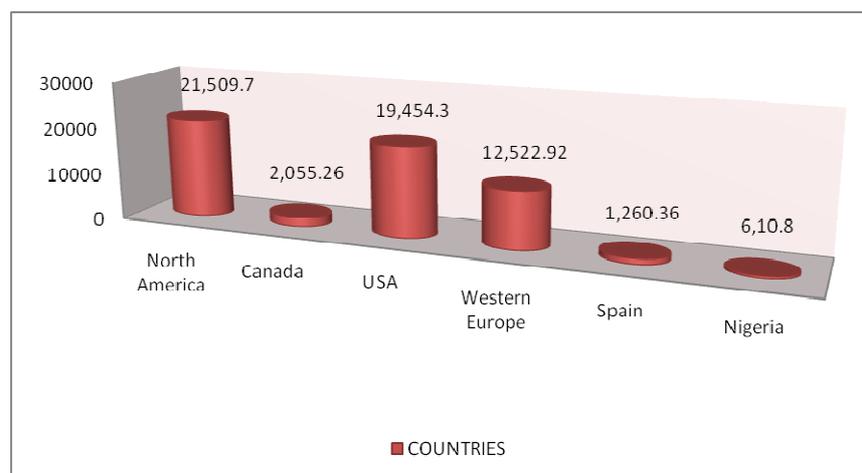
S/No.	Countries	2012	2013	2014	2015	2016	Cumulative	Average	Percent
1.	North America	20,663.0	21,176.6	21,706.3	21,906.5	22,095.2	107,547.8	21509.7	37%
a)	Canada	2099.0	2,070.6	2052.3	2020.5	2033.0	10,276.3	2055.26	4%
b).	USA	18,564.0	19,106.0	19,654.0	19,886.0	20,061.5	97,271.5	19,454.3	34%
2.	Western Europe	12,379.2	12,320.6	12,234.1	12,851.8	12,882.9	62,614.6	12,522.92	22%
a)	Spain	1236.6	1238.5	1243.5	1335.6	1327.6	6301.8	1260.36	2%
3.	Nigeria	82.8	88.5	57.0	24.1	53.5	3054.0	610.8	1%
	<b>Total</b>						<b>286,866.-0</b>	<b>57,413.34</b>	<b>100%</b>

Source: Generated by the Researcher in 2019 as adapted from OPEC Bulletin, 2017/2018



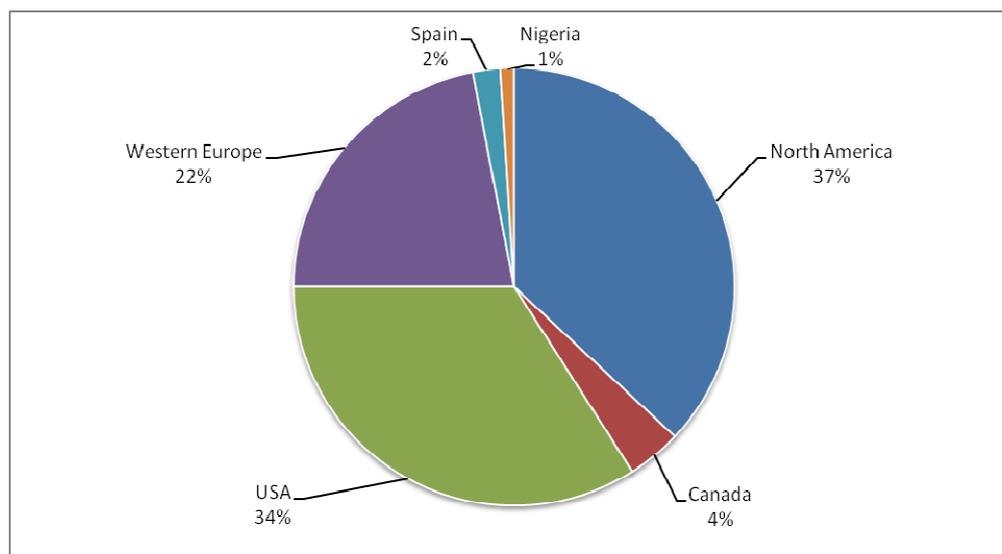
**Figure 9: Nigeria's Cumulative Output of Petroleum Product Compared with North America and Western Europe, 2012-2016 (1,000 b/d)**

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin of 2017/2018



**Figure 10: Nigeria's Average Output of Petroleum Product Compared with North America and Western Europe, 2012-2016 (1,000 b/d)**

Source: Generated by the Researcher in 2019 as adapted from OPEC Bulletin, 2017/2018



**Figure 11: Percentage of Nigeria's Cumulative Output of Petroleum Product Compared with North America and Western Europe, 2012-2016 (1,000 b/d)**

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018

#### **Nigeria's Crude Oil Production Compared With North America and Western Europe, 2012-2016**

As of 2017 Nigeria was the 10<sup>th</sup> largest producer of crude oil in the world with a total production capacity of 2798 TBPD. With this figure, Nigeria leads other oil-producing countries of Africa. Unfortunately, Nigeria's refining capacity remains constant at a paltry 446 TBPD; leaving a balance of 2352 TBPD of its crude oil to be exported and refined outside the country. It will strike Nigerians and other third world citizens flat that the USA is the largest crude oil producer in the world with an annual average production capacity of 12,704 TBPD and a cumulative of 63,520 TBPD. It is equally the highest refiner of crude oil in the world with a cumulative refining capacity of 89,478 TBPD for the period 2012-2016. These functional refineries (24/7) coupled with a high volume of manufacturing activities have been the main driver and sustainer of the US economy as well as consolidating the country's position as the leading largest and strongest economy of the world (LCCI, 2016, NPP, 2017).

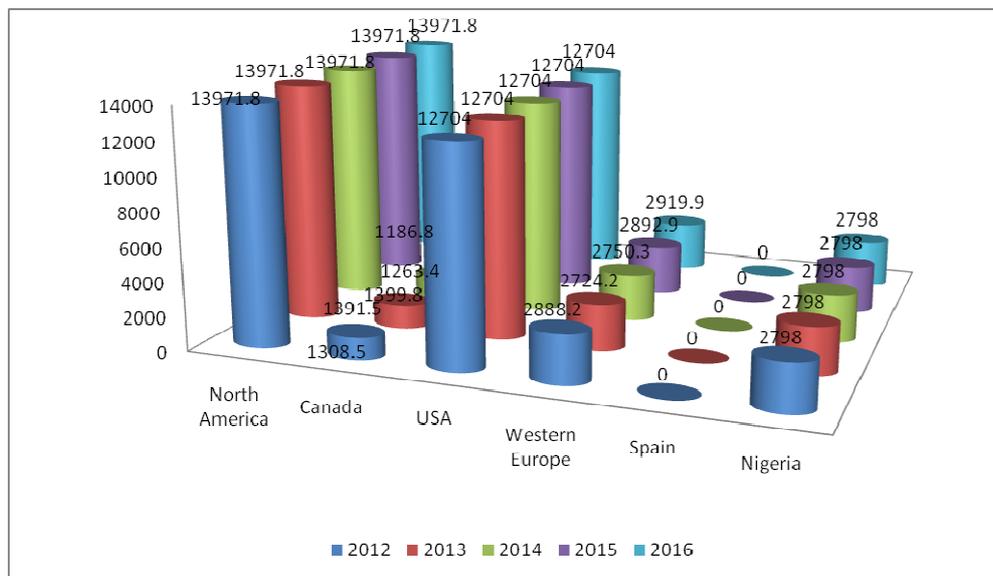
Whereas, the cumulative crude oil production of Western Europe is 2,835.04 representing 8% of the total world crude oil production of the three regions (North America, Europe, and Nigeria) which stood at 168,083.2 TBPD for the period 2012-2016. Despite the very low crude oil production of Europe, which tied with Nigeria on 8%, Europe is the second-largest refiner of crude oil where it refined over 70,424.7 TBPD for the same period. Europe has the most functional refineries operating twenty-four hours a day per week (24/7), and thirty/thirty-one days in a month (Adeola, et-al, 2015, NPP, 2017).

The details of the crude oil production performance of Nigeria, North America and Western Europe is as presented in Table 6 and Figures 12, 13 & 14 below:

**Table 6: Nigeria's Crude Oil Production Compared with North America and Western Europe, 2012-2016(1,000 b/d, b/cyr)**

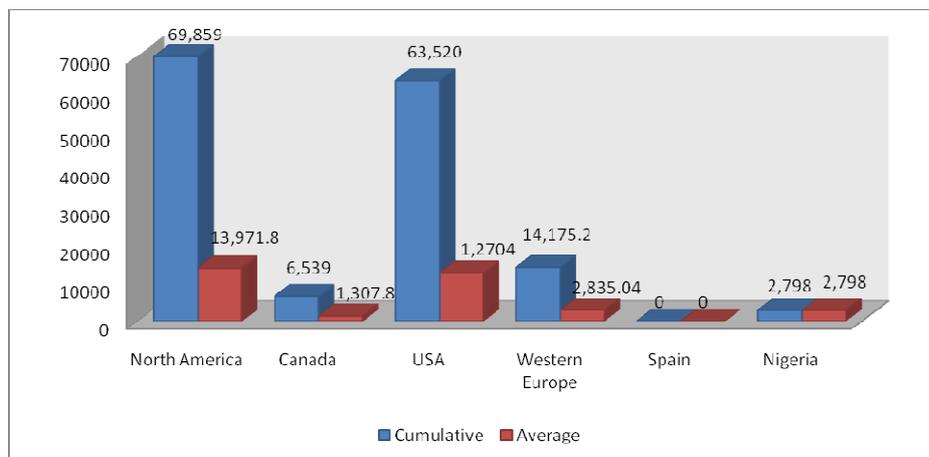
S/No.	Countries	2012	2013	2014	2015	2016	Cumulative	Average	Percent
1.	<b>North America</b>	13,971.8	13,971.8	13,971.8	13,971.8	13,971.8	69,859.0	13,971.8	42%
a)	Canada	1308.5	1381.6	1399.8	1263.4	1186.8	6,539.0	1307.8	4%
b).	USA	12,704.0	12,704.0	12,704.0	12,704.0	12,704.0	63,520.0	12,704.0	38%
2.	<b>Western Europe</b>	2888.2	2724.2	2750.3	2892.9	2919.9	14,175.2	2835.04	8%
a)	Spain	0	0	0	0	0	0	0	0%
3.	<b>Nigeria</b>	2798.0	2798.0	2798.0	2798.0	2798.0	13,990.0	2798.0	8%
	<b>Total</b>	<b>33,670.5</b>	<b>33,579.6</b>	<b>33,623.9</b>	<b>33,630.1</b>	<b>33,580.5</b>	<b>168,083.2</b>	<b>18991.22</b>	<b>100%</b>

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2018



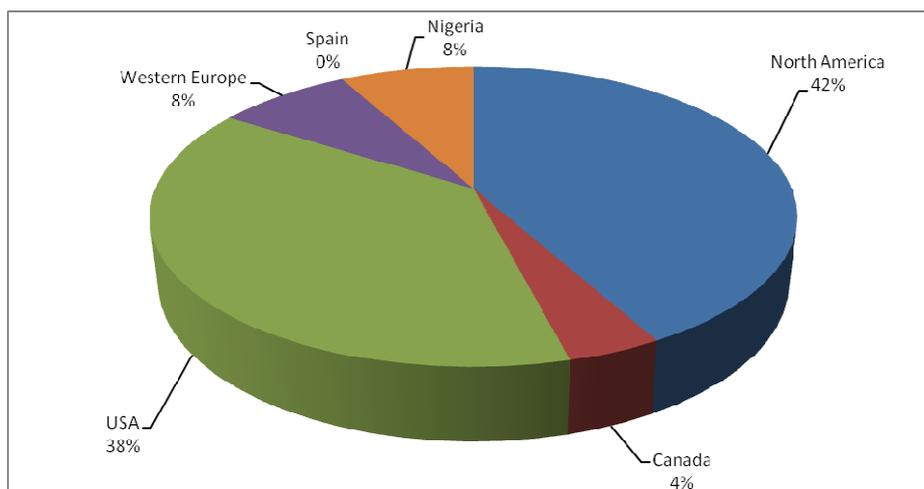
**Figure 12: Nigeria's Crude Oil Production Compared with North America and Western Europe, 2012-2016 (1,000 b/d, b/cyr)**

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2018



**Figure 13: Nigeria's Crude Oil Production Compared with North America and Western Europe, 2012-2016 (1,000 b/d, b/cyr)**

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2018



**Figure 14: Nigeria's Crude Oil Production Compared with North America and Western Europe, 2012-2016 (1,000 b/d, b/cyr)**

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2018

#### **Nigeria's Crude Oil Exports Compared With Western Europe and The Rest Of Africa, 2012-2016**

Available data used for this study, which covers the period 2012-2016 shows Nigeria leading among oil-producing countries of Europe and the rest of Africa in terms of export of crude oil in the world. Nigeria's cumulative exports for the five years stood at 11,769 TBPD; where it outperformed the entire exports of Europe, which stood at 9944 TBPD for the same period. The rest of African oil-producing countries exported over 19,758 TBPD for the same period. For the same period (2012-2016), Nigeria's total crude oil production stood at 13,990 TBPD, out of which it exported 11,760 TBPD. This means that the country was able to refine only 2230 TBPD, which represents 16% of its crude oil production for the same period. While 84% of its total crude oil production for the same period was exported. The implication of this is that Europe which exports less of its produced crude oil but refined a cumulative of 70,424 TBPD for the period 2012-2016 (which is more than seven times of its total crude oil production), is the greatest beneficiary of this relationship. It equally translates into the creation of more employment/job opportunities and economic empowerment for their citizens; as well as the corresponding reduction in crime rates and other societal vices in their countries. In addition, their domestic economic growth and real development are enhanced and solidified (Adeleke et-al, 2014, NPP, 2017, OPEC-AB, 2018).

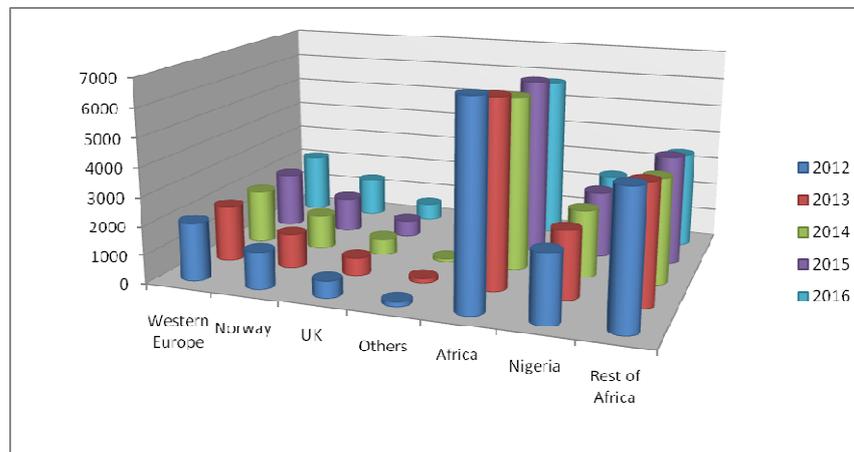
Inversely, Nigeria and other oil-producing African countries, which are the greatest exporters of crude oil to the West, are by so doing exporting millions of job opportunities to Europe and the entire West. A further implication of this willful asymmetric relationships, is that, as jobs/wealth are being generated/created in the West, poverty, unemployment, and insecurity continues to soar paradoxically in Nigeria and other oil-producing African countries (LCCI, 2016, Ejiba et-al, 2016, OPEC-AB, 2018).

The detailed comparison of Nigeria's crude oil exports with those of Europe and the rest of Africa is as presented in Table 7: and Figures 15, 16 & 17 below:

**Table 7: Nigeria's Crude Oil Exports Compared with Western Europe and the Rest of Africa, 2012-2016 (1,000 b/d, b/yr)**

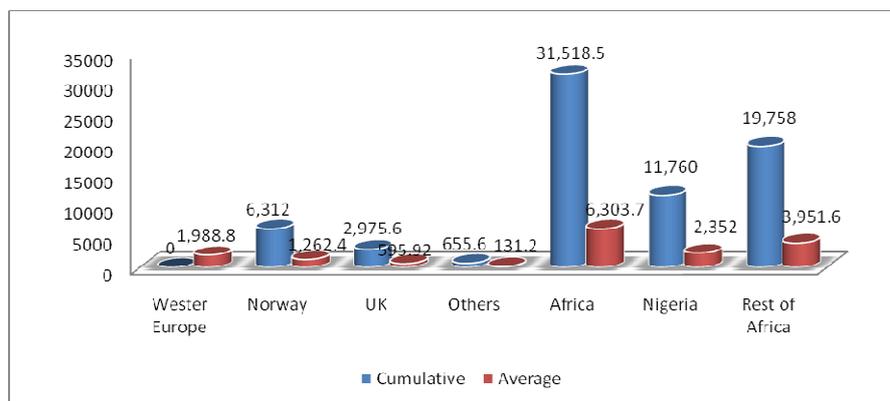
S/No.	Countries	2012	2013	2014	2015	2016	Cumulative	Average	Percent
<b>1.</b>	<b>Western Europe</b>	<b>2038.4</b>	<b>1968.8</b>	<b>1891.9</b>	<b>1949.4</b>	<b>2095.5</b>	<b>9944.0</b>	<b>1988.8</b>	<b>12%</b>
a)	Norway	1303.0	1198.5	1203.3	1234.7	1372.7	6312.0	1262.4	7.6%
b).	UK	576.1	614.4	570.7	594.8	620.3	2975.6	595.92	3.6%
c).	Others	159.3	155.9	117.9	120.0	102.5	655.6	131.2	0.8%
<b>2</b>	<b>Africa</b>	<b>6993.9</b>	<b>6522.2</b>	<b>6053.7</b>	<b>6201.7</b>	<b>5746.9</b>	<b>31,518.5</b>	<b>6303.7</b>	<b>38%</b>
a)	Nigeria	2352.0	2352.0	2352.0	2352.0	2352.0	11,760.0	2352.0	14%
b)	Rest of Africa	4641.9	4170.2	3701.7	3849.7	3394.9	19,758.0	3951.6	24%
	<b>Total</b>	<b>18,064.6</b>	<b>16,981.8</b>	<b>15,891.2</b>	<b>16,302.5</b>	<b>15,582.3</b>	<b>82,293.7</b>	<b>8292.32</b>	<b>100%</b>

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018, National Petroleum Policy-Ministry of Petroleum Resources Document, 2017, NNPC Annual Bulletin, 2018



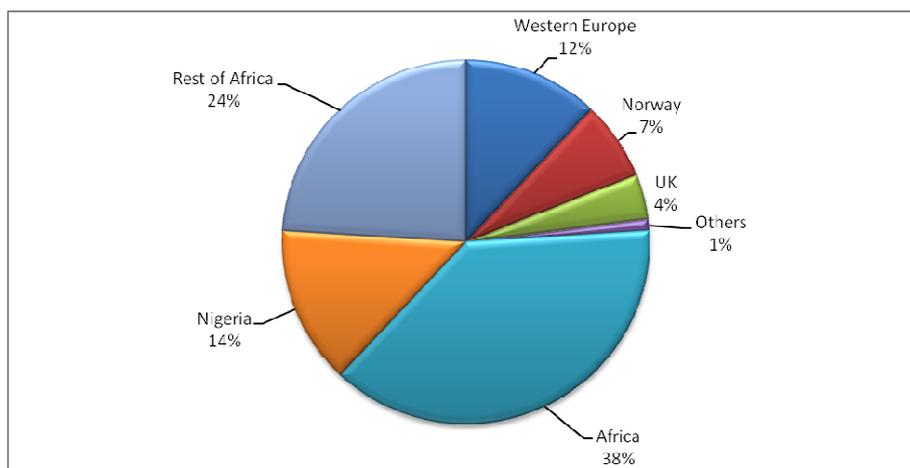
**Figure 15: Nigeria's Crude Oil Exports Compared with Western Europe and the Rest of Africa, 2012-2016 (1,000 b/d, b/cyr)**

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018, National Petroleum Policy-Ministry of Petroleum Resources Document, 2017, NNPC Annual Bulletin, 2018



**Figure 16: Cumulative and Average Nigeria's Crude Oil Exports Compared with Western Europe and the Rest of Africa, 2012-2016 (1,000 b/d, b/cyr)**

Source: Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018, National Petroleum Policy-Ministry of Petroleum Resources Document, 2017, NNPC Annual Bulletin, 2018



**Figure 17: Percentage of Cumulative and Average Nigeria's Crude Oil Exports Compared with Western Europe and the Rest of Africa, 2012-2016 (1,000 b/d, b/cyr)**

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018, National Petroleum Policy-Ministry of Petroleum Resources Document, 2017, NNPC Annual Bulletin, 2018.

#### **Nigeria's Bonny Light Crude Oil Production Compared with USA's Louisiana Light Sweet Crude Oil Production, 2011-2015**

Apart from the fact that the USA is the largest producer of crude oil throughout the world, it also possesses all types of crude oil found in the world. A more worrisome dimension of this US ascendancy in crude oil production to Nigeria's political leadership and foreign policy managers is the fact that America is not only emerging as a producer of light crude oil, but it has outperformed Nigeria in this regard. Nigeria produced a cumulative of 11.95 mmbpd of its Bonny Light crude oil for the period 2011 – 2015. While the USA produced 37.3 mmbpd of its Louisiana Light Sweet (LLS) crude oil for the same period. The astronomical rise in US LLS crude oil production where it outperformed Nigeria by over 300% is an emerging threat not only to the country but to OPEC as a whole (Onyali, 2014, LCCI, 2016).

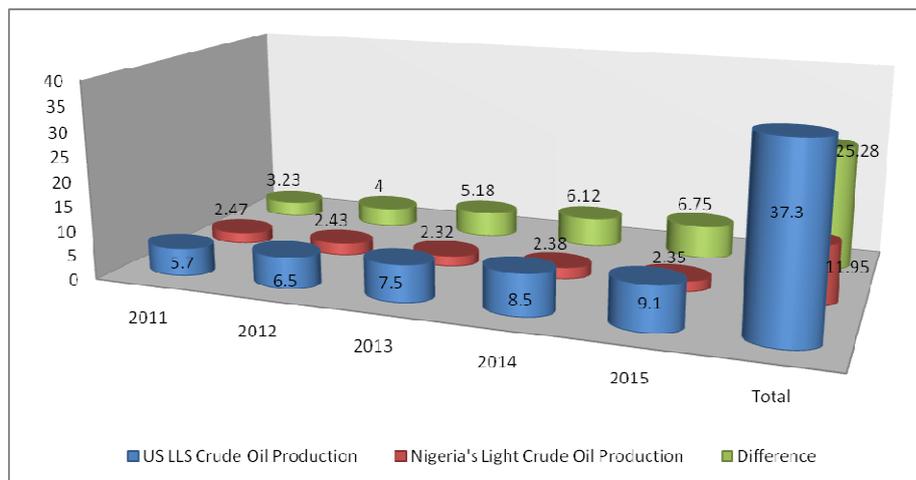
With the greatest and largest oil reserve in the world, the USA, in addition, relies heavily on coal power to its industries and American homes. This is apart from the emerging strong performance of the USA in solar and wind energy production and supply. The fact is that the alternatives to oil are increasingly becoming so many for the USA. While Nigeria so far has no single viable alternative to oil in case of contingencies in the international oil market. As such, Nigeria should speedily break away from its enslavement to overdependence on oil and move more towards manufacturing where it has abundant raw materials and cheap labor. Otherwise, a time will come where if the USA sneezes, Nigeria and OPEC will not only catch a cold, but will find themselves in states of comatose (LCCI, 2016, NPP, 2017).

Details of Nigeria's Bonny Light crude oil production compared with the USA's Louisiana Light Sweet crude oil production is as presented in Table 8 and Figure 18 below:

**Table 8: Nigeria's Bonny Light Crude Oil Production Compared with USA's Louisiana Light Sweet Oil, 2011-2015 (1,000 b/d)**

S/No.	Year	US Light Crude Oil Production mmbpd	Nigeria's Light Crude Oil mmbpd	Difference mmbpd
	2011	5.7	2.47	3.23
	2012	6.5	2.43	4.0
	2013	7.5	2.32	5.18
	2014	8.5	2.38	6.12
	2015	9.1	2.35	6.75

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018, National Petroleum Policy-Ministry of Petroleum Resources Document, 2017, NNPC Annual Bulletin, 2018



**Figure 18: Nigeria's Bonny Light Crude Oil Production Compared with USA's Louisiana Light Sweet Oil, 2011-2015 (1,000 b/d)**

**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Bulletin, 2017/2018, National Petroleum Policy-Ministry of Petroleum Resources Document, 2017, NNPC Annual Bulletin, 2018.

## CONCLUSIONS

From the analysis so far, a conclusion can be drawn that Nigeria's foreign policy has failed to direct more of the attracted Foreign Direct Investment in the Fourth Republic to exclusive local refining of most, if not all of the country's crude oil. This failure on the part of Nigeria's political leadership and foreign policy managers of the Fourth Republic resulted into the sub-optimal performance of refining activities in the country where it was only able to maintain an annual average refining capacity of 446 TBPD representing 15% of its crude oil production which stood at 2798 TBPD for the period. Whereas, the balance of 2352 TBPD; representing 85% of the country's crude oil production was exported and refined outside its borders. The sub-optimal performance of Nigeria's refineries in the Fourth Republic has manifested even within the African continent and OPEC where the country recorded 0% and 4.7% respectively. It also recorded 0% refining capacity compared with North America and Western Europe for the period of the study. The implication of this sub-optimal performance of refining activities in the country where the bulk of its crude oil is being exported to Europe and North America means that jobs and wealth are equally exported to these categories of countries whose refineries are functional (24/7). These self-inflicted asymmetrical and dialectical relationships portend great dangers for Nigeria and other African oil-producing countries that have no single alternative to oil in the future. In the event of unpalatable

contingencies of war or dwindling oil fortune in the international market, Nigeria's economy will come to a standstill and government of the day brought to its knee.

## RECOMMENDATIONS

In view of the sub-optimal performance of Nigeria's refineries and dwindling refining activities in the country in the Fourth Republic, the following alternatives and suggestions are proffered:

- A state of emergency should be declared on the refining sector of the country's petroleum industry where 25% of the national budget should be dedicated to exclusive refining of all of Nigeria's crude oil.
- The political leadership in the country should set-up an additional 37 refineries with one in each state and Abuja where all will be linked to the national crude and refined oil pipelines. These government-owned (public) refineries should have inbuilt tracking systems where financing, production, and product flows will be closely monitored and tracked to avoid leakages and wastage.
- The Nigerian government and our foreign policy managers should woo foreign investors more especially from the West and more particularly Spain to domesticate their refineries/refining activities in the country.
- The political leadership with sincerity of purpose should independently and objectively select outstanding researchers, young graduates in chemical, petrochemical, and allied engineering fields; as well as experienced technicians to be sent to Spain, Canada, USA, and Germany to undergo practical training in their refineries for at least a year or two. On return to the country, this crop of engineers, technicians, and researchers will be deployed to the additional newly established refineries where they will initially understudy their foreign counterparts before fully taking over.
- The government should, in addition, encourage the establishment of private refineries (even modular refineries) in major towns of the Niger Delta region and other oil-producing states of the country to complement the activities of government-owned refineries.

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