

Private Gain, Community Loss: Economic and Environmental Arguments about Illegal Oil Bunkering and Artisanal Refining in Nigeria

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Nigeria is the sixth largest exporter of crude oil in the world and Africa's largest producer. The oil is mostly produced in the Niger Delta region. It is estimated that between 200,000 and 300,000 barrels of oil is lost daily to theft, known in the country as illegal bunkering. A significant proportion of the stolen oil goes into artisanal refining, which is the processing of the stolen crude in makeshift individual facilities into low quality petroleum products. The rest is exported by syndicates. It is in the process of procuring the crude from pipelines and in refining that great harm is done to the environment. The resulting oil spills from broken pipes and wastes from tens of thousands of makeshift refineries combine to produce enormous environmental pollution on land and in the creeks.

While the people who are directly and indirectly involved in the bunkering and refining, especially the godfathers, make money in this multi-billion dollar business, the local oil producing communities suffer an incremental social death caused by a complex combination of economic and environmental complications. Illegal Bunkering and refining have also been linked to arms proliferation and conflict in the Niger Delta. This situation has only been recently ameliorated by an amnesty programme offered by the federal government. This paper examines the economic and environmental consequences of illegal bunkering and artisanal refining, linking the discourse to the debate on development benefits of artisanal mining in developing countries. Based on ongoing research by the author, the paper makes a counterfactual conclusion that while acknowledging the disadvantages of illegal bunkering and artisanal refining, the business actually represents an opportunity which could be harnessed by the government to enhance economic and social opportunities in an environment of high unemployment and poverty, especially in the oil-producing areas of the country.