

# NNPCL, Oil theft and the collapse of the Nigerian rentier State

By Prof Jibrin Ibrahim

**W**e Nigerians hate NNPC with a passion because we hold them responsible for taking our country from the oil boom era of our ancient history to the current oil doom era we moan about daily. For over thirty years, we suffer regularly from fuel queues because imports are not aligned to flow in regularly and we are bitter because NNPC has over the period spent billions of dollars to fix our refineries but the monies get chopped and the refineries never get fixed. No country in the world has found itself in this tragic situation of complete impunity for massive economic crimes committed continuously over a thirty-year period.

NNPCL produces 36% of Nigeria's GDP. Can we in all honesty blame them for these economic crimes when the man in charge of NNPC, its minister is the President? Isn't the issue that the reality of NNPC is that of the Nigerian State? Nigerian Presidents superintended over massive oil theft taking petroleum production from 2, 4 to 1.1 million barrels a day. I have heard Mele Kyari, the NNPC boss say that they have counted 5,900 illegal connections stealing Nigerian crude and 18,000 infractions have occurred since 2022. The connections are at the well heads, on the pipelines and on storage platforms. It is impossible for thieves to engage in such massive scale of theft without active connivance and the support of the State and its agencies. We transited from vandal action to State organized theft long ago with the collusion of the presidency, security agencies, governors, international pirates, rogue countries and oil companies.

With oil theft and illegal bunkering taking as much as 400,000 barrels per day of the country's oil production and wasting more than that in polluting the environment, we have been losing by some estimates as much as \$1.2 billion every month. I repeat that no one has been punished in the last thirty years for these crimes so it is all State sanctioned. In NNPC, no one has ever been punished for repeated failure of turnaround maintenance contracts which can only mean that the contracts must have been given out by those in political control of the country. They will not punish themselves. Have we not all heard stories about the contracts being given out to companies with zero knowledge of what to do, who instead of fixing the refineries have actually damaged them to a point



where it is impossible to fix them. Because the political bosses are guilty as charged, no company has ever been charged for failure to perform the contract.

*We know from the Rewane report that between 2015 and 2020, \$5.5 billion was spent on subsidy, in 2021 alone it went up to \$3.8 billion, and \$6.2 billion in just the first quarter of 2022. This greatly accelerated over the past year in spite of the alleged end of fuel subsidy. There is no other word for it but madness. Nigeria, in its moment of greatest need due to the collapse of revenue inflows has been bloating figures of petrol imports and subsidy. As it has no money to pay for it, it has been borrowing massive amounts of money to fund subsidy on petrol, most of it bogus. Attempts by the National Assembly to establish what exactly Nigeria's average daily petrol consumption is has been obfuscated by NNPC, Ministry of Finance and the Central Bank. The Nigerian government is behaving like pirates who are raiding a ship, taking all the valuables on it and then sinking the ship as they return to their departure ship. In our case, however, what is being destroyed is Nigeria and, very clearly, those in charge will loot everything, including the future wealth of our grandchildren, which they have already mortgaged, and most likely move to Dubai after jumping ship.*

For decades, international oil companies have been de-investing in Nigeria. They are selling their assets and running away. No one is investing. I remember

## THE HEART OF THE MATTER

Tony Elumelu's press conference when he took loans and bought an oil well only to discover that almost the total production is stolen regularly. The whole world knows about Nigeria's madness of allowing state sponsored pirates to take over its petroleum production and exports, while massively borrowing new money for the same pirates to steal. Why would any rational institution come into this crazy trap FDI? When the history of this madness is written, we will begin to understand the nature of the Nigerian State and Government. We use to complain that we were only a rentier State and today we cannot even claim that negative epithet. A rentier state is one that is dependent on a narrow single extractive source of revenue such as crude oil. Such states are totally dependent on that source and in normal situations would do everything in their power to protect it. *The Nigerian ruling class is so irresponsible that it is unwilling to protect its source of revenue. What this means is that within the establishment, there is no one working to serve the interests of Nigeria. For the pirates*



*that are ruling and ruining our country, their commitment to stealing all our resources is the only thing that matters. They are comforted by the knowledge that there is no sheriff in town to question or checkmate their activities. It is very clear where the current dynamics are leading the Nigerian state to – collapse and dismemberment. The onus is on us, 220 million citizens to map out an alternative political future. The consequences of state collapse are too serious to accept for the largest population of black people in the world. bosses are guilty as charged, no company has ever been charged for failure to perform the contract.*

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