

'Blood oil' dripping from Nigeria

By Andrew Walker
BBC News, Abuja

Under cover of night dozens of barges queue up to dock at a jetty in a creek somewhere in Nigeria's oil-rich Niger Delta.

Their holds are filled with stolen oil running from valves illegally installed into a pipeline.

Full, they chug downstream to meet around 10 larger ships near the oil export terminal in Bonny, Rivers State, where they disgorge their cargo.

By 0500, in the darkness before dawn, the ships uncouple from the barges and move out in a convoy to sea to rendezvous with a tanker which will spirit away the stolen oil, making it disappear into another cargo, bound for sale on the world market.

It is likely the tanker arrived partly loaded with guns, cocaine to be trafficked into Europe and cash, which they will use to pay for the oil. Bogus shipping documents make their load - possibly tens of thousands of tons of crude oil - disappear into legitimate markets in Eastern Europe or America.

This, according to activists and former Nigerian government advisers, is the process by which Nigeria is losing billions of dollars every year to oil smuggling.

The illegal "bunkering", as it is known, makes a huge profit for Nigerian syndicates and rogue international traders.

It leaves in its wake chaos and misery for the people of the Niger Delta.

'Godfathers'

According to Nigeria's President Umaru Yar'Adua this is "blood oil",



Oil company employees are suspected of selling their skills to oil bunkerers

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Analyst close to former government of Olusegun Obasanjo

akin to the trade in "blood diamonds" that fuelled bloody civil wars in West African neighbours Liberia and Sierra Leone.

He is calling on the international community to help Nigeria end the trade.

Britain has promised military training to improve the Nigerian military Joint Task Force's ability to police the Delta region.

But a source close to the former government of President Olusegun Obasanjo says the problem is not about quashing militants in boats.

Some of the people who run the cartels are among Nigeria's top political "godfathers", who wield massive political influence.

"If the president goes after them, they could destabilise the country, cause a coup, a civil war. They are that powerful, they could bring the state down," said the source, who did not want to be identified. He says that attempts in the past to bring the trade under control were stopped for that reason.

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The militant connection

In order to get away with the theft, the bunkering syndicates operate under the cloak of the conflict between militants and oil companies in the Niger Delta.

They need "security" - gangs of armed heavies to protect their cargos - and threaten anyone who tries to interfere.

They don't have to look far to find large groups of unemployed youths willing to do what they are told for a little money.

State governments in the Delta armed militias to carry out widespread rigging during the 2003 elections.

But the militiamen say they were



Gordon Brown promised to help Nigeria tackle the unrest in the Delta



Barges like this one are filled with crude and then take it to larger ships

abandoned, so they turned to oil theft to fund their activities.

Although they are referred to in the media as "militants" there are few coherent groups.

Most are gangs, led by commanders who are perpetually at war with each other.

These youths protect bunkering ships, force local community leaders to let bunkerers pass and bribe the Nigerian military.

The thieves may also need "the boys" to blow up pipelines, forcing the oil company to shut down the flow, allowing them to install a tap in the pipe.

"Hot-tapping", as it is known, requires considerable expertise, usually supplied by a former oil company employee.

These militants don't see the process of oil theft as stealing, observers say.

They believe they are taking what is legitimately theirs from the companies and the government.

They organise themselves in "bunkering turfs", but outbreaks of violence between them have been frequent and bloody.

'Legal theft'

But militant-assisted theft is not the only way oil is stolen.

According to a source close to the government of former President Olusegun Obasanjo, the heavy military presence in the Delta has led oil bunkerers to find other ways to extract more oil.

ILLEGAL BUNKERING

Oil theft costs Nigeria an estimated \$5bn (£2.5bn) every year

Estimates of how many barrels of oil are stolen range from 70,000 to 500,000

Official estimates are made by subtracting the amount of oil delivered from the amount expected from a well head

Nigeria has proven reserves of over 31bn barrels

Its production capacity is 3.2m barrels per day

Its current production rate is 1.9m bpd

Simply put, they just load more onto a ship than they are allowed to.

Source: *Legaloil.com*

With the connivance of officials from international oil companies, national oil parastatal officials and ships' captains, oil can be stolen through the legitimate process of lifting oil from the dock to the ship. One oil company employee told the BBC that his company had discovered a vessel they were using had a secret compartment behind the bridge, where tens of thousands of barrels could be redirected at the flick of a switch while the hold was being filled. Other ways include almost filling the ship with legitimate oil, then topping it up with oil that hasn't been paid for legitimately, according to government sources.

Or a whole ship can be filled with stolen crude using fake documents. Estimates on how much oil is stolen in this manner vary, but according to the International Maritime Organisation last year it amounted to 80,000 barrels every day.

Part of the problem is that no one can be sure how much oil is being taken out of the ground.

Shipping documents can be forged.

Also ownership of a shipment can be transferred while the vessel is on the high seas, making cargo tracking incredibly difficult.

Possible solution?

The only way to shut down the oil cartels, observers say, is a tighter regulatory framework.

This would involve electronic bills of how much oil a ship has loaded, which would record if they had been tampered with.

Oil can also be "fingerprinted".

The technology to distinguish between different types of oil exists already, says Patrick Dele Cole, a former adviser to Mr Obasanjo.

Oil companies do this routinely already, sources say. All that would be needed is a database of all the different types of Nigerian crude.

The UK has offered to train the military, and President Yar'Adua



The environmental effects of oil bunkering are disastrous

wants to form a "maritime academy" naval installation in the Delta. But activists in the Delta say that increasing the military presence would be counterproductive.

It would increase resentment and militants' numbers - the level of violence would rise, they say.

And the Nigerian military is part of that violence, observers say.

Soldiers have indiscriminately burned whole towns and killed civilians, according to activists.

The high price of oil today is partly a result of Nigeria's complex and shadowy world of corruption and violence.

It is into this chaotic shadow world that the UK is about to commit itself.