

## The Bottom Line

The ongoing security situation for foreign oil companies and ex-patriots in the Niger Delta region of Nigeria remains highly adverse. Increased militant activity targeting oil production assets, oil workers and government forces will continue, and further disruption to oil production in the Delta is expected. The threat of kidnap remains high and hostage taking of oil workers has been occurring in the states of Bayelsa, Delta, River as well as at sea and from offshore oil rigs – on 2 June eight foreign oil workers employed by Dolphin Drilling Ltd were abducted from Fred Olsen Energy ASA-owned Buford Dolphin oil rig 60 km of the coast near Warri in an early morning raid. There have also been troubling tactical developments with urban terrorism emerging in Port Harcourt, including a car bombing at an army barracks on 20 April, the shooting of a US oil services company executive on 11 May and the murder of six policemen on 15 May. There is a high degree of instability and civil unrest in the states of Anambra, Bayelsa, Cross River, Delta, Edo, Ondo and River, with ethnic and religious rivalries frequently erupting in violence. Recent attacks have also targeted government security forces, which provide security for foreign oil companies. On 21 May, a communiqué was issued by Ijaw militants announcing a new alliance of the most prolific militant groups in the region and their intention to launch a new offensive over the coming weeks.

## Security in the Niger Delta

Since December 2005, an increasingly violent, politicised and high-profile campaign by Ijaw militants in the oil-rich Niger Delta region of Nigeria has forced oil companies operating in the area to undertake more stringent security measures and reappraise their longer-term strategies. The emergence of yet another Delta militant group, the Movement for the Emancipation of the Niger Delta (MEND), exemplifies the failure of the Nigerian government and oil companies to adequately address local grievances and create a sustainably secure environment in the Niger Delta.

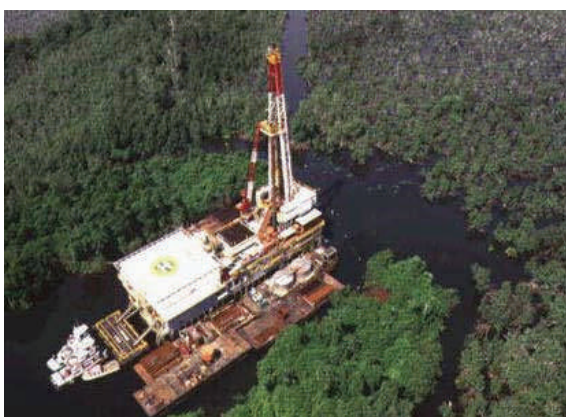
As a result of militant activities, Shell recently evacuated more than 300 staff following abductions of its workers and a number of attacks on its oil production installations and offices. On 25 April, ExxonMobil announced that it evacuated non-essential staff from the Qua Iboe oil facility, the country's largest export terminal, over concerns that an attack was imminent.

With little indication that security will improve in the long run, there are indications that oil companies will relocate to deepwater operations where they believe security will be more manageable and newly discovered resources can be exploited. The increased security measures are impacting production: Royal Dutch Shell (Shell) has cut approximately 455,500 barrels per day of oil output, and in total, Western oil companies have cut approximately 550,000 barrels per day. Nigerian oil production remains down by almost a quarter, contributing to market fears over supply and spiking oil prices. The government has thus far been unable to fully contain this new wave of militancy, and military counter-insurgency efforts continue to prove largely ineffectual and counter-productive.

## Delta Issues: Complex Challenges

Oil has been a source of conflict in the Niger Delta since it was discovered in 1956 by Shell, with ethnic minorities fighting both Nigeria's federal government

and each other over oil benefits. Armed gangs of Ijaw youths have been responsible for attacking the oil production infrastructure, kidnappings, various engagements with federal security forces and bunkering – the highly lucrative theft of oil. Most of the armed groups claim to both support and have the support of the impoverished local communities which maintain that the Delta people have been dispossessed of their rightful share of the wealth that Delta oil generates. Oil accounts for 70% of government revenues but the majority of the Delta population lives in extreme poverty and dire conditions. The region is largely undeveloped and oil spills have caused severe environmental degradation, which adversely affect the agricultural and fishing economy. Militancy in the Delta is frequently characterised as a fusion of political demands or machinations with theft and extortion.



Shell Oil Platform in Niger delta

The region also has a fractured ethnic composition and local rivalries and disputes have been energised by dependencies on oil company handouts, corruption, huge profits from bunkering, and the proliferation of arms, often with the complicity of local politicians arming local youth gangs for their advantage. In a recent survey commissioned by Shell, the conflict intensity in the region was compared to Chechnya and Colombia in terms of casualty figures.

### The Emergence of MEND - Operation Black February

MEND is the group believed to be behind the recent spate of attacks which has precipitated a new security environment. MEND has claimed responsibility for a number of incidents; including the kidnappings of four expatriate Shell oil workers on 12 January, an assault on a Shell oil platform in 16 January, a car bombing in Port Harcourt on 20 April targeting the Nigerian army, and a car bombing at a refinery in Warri on 30 April. MEND have also claimed to have attacked oil platforms operated by France's Total and Italy's Agip, which the companies have denied. Since January, MEND has killed at least 24 soldiers and police, kidnapped 13 oil workers and caused severe damage to several critical oil pipelines.



Pipeline fire in Nigeria

Local reporting suggests that the intensification of violence was in response to a heavy-handed operation by the Joint Task Force (JTF) – a military unit set up by the federal government to pacify the region and protect regional oil interests and companies - on the Ijaw community of Perezouweikoregbene near Okerenkoko on 15 February. The JTF claim the operation targeted oil bunkering barges; however, community sources argue that an aerial bombardment was directed at Okerenkoko town, regarded as the stronghold of the Ijaw militants in the region. The JTF, established as 'Operation Restore Hope', has frequently been accused of indiscriminate killings and using collective punishment against local communities in executing its mandate.

In response to the operation, MEND announced: 'We are hereby declaring a state of emergency on every multi-national oil industry in the Niger Delta region. By the end of 96 hours, this region would no longer be safe for foreign investors and their families as MEND's Operation Black February shall demonstrate her rugged guerrilla will and dogged intelligence in hunting down foreign foot found in the Niger Delta region'. Less than 24 hours after their deadline MEND followed through on its threats, including kidnapping nine oil workers and attacking the Forcados terminal and NNPC Escravos/Lagos pipeline.

MEND have demanded a greater share of oil revenues for the Ijaw people, and the release of Ijaw leaders Mujahid Dokubo-Asari of the Niger Delta People's Volunteer Force (NDPVF), who is being held on treason charges, and former Bayelsa State governor Diepreye Alamieyeseigha, who is accused of money-laundering. Further, MEND has demanded that Shell pay the contested \$1.5bn awarded to the Ijaw people by the Nigerian parliament in compensation for environmental degradation. MEND have stated that all foreign oil companies must leave the region and voiced their intention to totally destroy the capacity of the Nigerian government to export oil.

### The re-emergence of the NDPVF – Operation Isaac Boro

MEND appears to be the latest addition to the plethora of militant groups in the region, and to have become the new front-runner superseding the NDPVF since its leader, Dokubo-Asari, was arrested and called on his supporters to cease hostilities. It is likely that MEND is comprised of, and possibly founded by, NDPVF militants who wished to continue their campaign against the government and oil companies whilst avoiding incriminating Dokubo-Asari, who awaits trial.

The NDPVF's uncharacteristic silence was broken recently however, when a Colonel Sunny Tari of the NDPVF circulated an email on 15 April announcing their intention to reactivate cells and launch a violent campaign, 'Operation Isaac Boro', in opposition to President Olusegun Obasanjo's controversial third term bid – a move many Ijaws opposed. Tari said the campaign was sanctioned by Dokubo-Asari and named their new field commander as Colonel Umar Suku-Amachree. In 2004, Dokubo-Asari threatened to launch an 'all-out war on the Nigerian state' and issued a communiqué advising all foreign oil workers to leave the delta; that action forced the government to negotiate and this recent development along with MEND's new offensive may be a similar leveraging tactic to gain concessions pending his trial.

On 25 May, during a visit by President Obasanjo to the state of River, a statement was released by another militant Delta group affiliated to MEND, the Martyrs Brigade (MB). The statement reiterated threats made by MEND that there would be no peace in the Delta until Dokubo-Asari was released and announced that a new alliance of MEND, the NDPVF, the MD, and the Coalition for Militant Action in the Niger Delta (COMA) would be fully deployed in coming days to execute Operation Isaac Boro. If true, this is the first time that the various militant groups in the Delta have joined forces and communicated as one to the media. It is unclear at this time how such an alliance would work, but Obasanjo's coinciding statement warning

that militia attacks would no longer be tolerated suggests a new phase of violence is imminent.

### Capabilities and Modus Operandi

MEND has demonstrated the capability to mount effective attacks and follow through on its threats, repeatedly taking Nigerian security forces by surprise. It is not believed that MEND has any more than a couple of hundred members and an arsenal consisting of light and heavy machine guns, RPGs, rocket launchers and explosives. This basic armament has proved sufficient in executing its apparent strategy of systemic disruption. The militants also benefit from the difficulty in guarding the vast oil production infrastructure of the region. The militants also utilise speedboats fast enough to outrun the navy and disappear into the various swamps and tributaries, of which they have expert local knowledge. The military, usually deliberately comprised of ethnic groups from outside the region, does not possess this local expertise.

MEND claims to include 'dismissed, retired, and serving military personnel.' Reports from a source close to government teams that worked for the recent hostages' release pointed to the group's discipline and professional bearing as signs that its members have probably undergone months of serious training by experienced soldiers. Such experience appears to be evident in MEND's capability to launch bold and coordinated assaults and abductions, including striking both in urban areas and at sea. On 2 June, in a targeted operation, some 20-30 militants in speed boats stormed an oil rig 60 km of the coast, abducting six Britons, a Canadian and a US national. Initial reports indicate that the oil rig was undamaged and that the motive for the abductions was financial. MEND has denied involvement, saying the incident was criminally motivated and perpetrated by local security officials. Whatever the case, such an incident is indicative of the cross-pollination in capabilities and tactics in the Delta groups and exemplifies a meshing of criminality with politics and militancy in the region. Generally most kidnappings in the Delta are resolved with hostages released unharmed, however MEND has characteristically attached political as well as financial demands to abductions, which is increasingly likely to force the government to respond in an equally high-profile way as it appears ever less capable of protecting the oil companies that feed the federal budget.

It has also been reported that MEND allows operational commanders a degree of autonomy to attack as opportunities present themselves, suggesting a more responsive and fluid command structure that allows spontaneous low-intensity disruptive attacks, and equally the ability to absorb losses as a result of inevitably forthcoming counter-insurgency operations.

In addition to its operational capability, MEND also appears to enjoy considerable local support among the local Ijaw communities and appears safely embedded within them, making it harder for the JTF to engage them. It is difficult to pinpoint exactly who is a member. Unlike the NDPVF, their leaders tend to prefer anonymity and send statements to the media via email under pseudonyms, the most high profile spokesperson being 'Jomo Gbomo'. This anonymous approach differs from the NDPVF and may indicate an evolution. When Dokubo-Asari was identified as the driving force of the NDPVF, it became much easier for the security services to immobilise him and his group.

### Media Strategy and Terrorism

MEND has distinguished itself from other lumpen Ijaw groups by adroitly exploiting wider global issues and utilising international media as a force multiplier for its local agenda. Market jitters over the global oil supply and attempts by the United States and China to diversify supplies to the Gulf of Guinea has presented a propaganda opportunity that has been capitalised by MEND and may also explain the recent announcement of a Delta militant alliance. Jomo Gbomo recently declared in an email to the *Wall Street Journal*, 'The fact that we have influenced the price of world oil, no matter how little, and caught the attention of the foreign media indicates we are on the right track.'

At the start of their campaign, MEND specifically singled out Shell, the largest operator in the region. Since succeeding in cutting oil production by 25 percent and with the force majeure invocations by Shell, they have expanded their theatre of operations and modus operandi from backwater guerrilla tactics to urban terrorism in Port Harcourt. The car bombing on 20 April that killed two soldiers appears to have heralded a tactical development in the region, and visibly demonstrates the challenges faced by oil companies in relying on local forces for security.

Chinese President Hu Jintao recently secured four oil drilling licenses for China in return for \$4bn (£2.25bn) of investment in Nigeria. In a matter of days, MEND subsequently detonated 30kg of dynamite in a Mercedes Benz at a refinery near Warri, and warned China to 'steer well clear' of Niger Delta oil. Sources suggest the attack was designed to create a chain of explosions among oil tankers parked closely together and to subsequently affect the David Ejoor Barracks of the 93 Battalion of the Nigerian Army and Headquarters of the JTF. The tankers however, had not been loaded and minimal damage was caused.

### Prospects

Such instability and security problems are not an unfamiliar challenge to oil companies in the region. *The Financial Times* reported on 26 April that Shell had subcontracted work to companies allegedly operated by Niger Delta militants in an attempt to placate them and to prevent them from attacking their facilities in the future. The two companies, Shad-Ro Services and Integrate Production System Surveillance (IPPSS) have been linked to the Federated Niger Delta Ijaw Communities (FNDIC), a militant group involved in the 2003 uprising that heavily targeted Chevron. IPPSS claim Shell has paid them 'incident free' bonuses in the past and such corporate co-opting measures are indicative of the state's failure to provide a stable security environment for businesses operating in the region.

Efforts by the Nigerian military to clamp down on militant activity have proved largely ineffectual, brutal and counter-productive. The government continues to depend on the JTF to bring security to the region whose record does not encourage positive forecasts of long-term stability. Heavy handed and cumbersome counter-insurgency operations have previously resulted in deaths of the local population, human rights abuses and swelling support for the militants, widening the schism between local populations and the federal government.

In addition to this, endemic corruption will continue to hinder the successful execution of pacifying initiatives. In January, two Rear Admirals were court-martialled for their role in the theft of an impounded oil tanker, MT African Pride, containing £1.3m of sweet crude that was captured off the Nigerian Coast. During the court martial, one of the admirals stated he had been offered a £60,000 bribe from the brother of a former Defence Minister to release the ship. The investigation also revealed that at least three leading Nigerian banks, with links to banks in Switzerland, had financed the trade in bunkered oil. Seven state governors face a separate investigation.

Overtures by both the government and oil companies are unlikely to temper the security situation and build trust between the various ethnic groups, the oil companies, the government and army. President Obasanjo recently attempted to redress some of the Delta grievances, announcing on 19 April a nine-point development plan that would create 20,000 jobs in the Niger Delta region. MEND quickly rejected this overture stating, 'We wish to restate our warnings to oil companies still operating in the Niger Delta, and more especially workers for such companies, to leave while they can. At a time of our choosing we will resume attacks with greater devastation and no compassion on those who choose to disregard our warnings.' They have also stated that the conflict has gone 'beyond development'.

With President Obasanjo now out of the running for the forthcoming elections in 2007, stability in the Delta will depend heavily on his successor. The Delta region has never produced a president and it seems unlikely the Delta peoples will have a representative in power in Abuja who will advance their interests sufficiently to stabilise the region. Increased levels of violence are expected in the run up



**Pillars of Fire illuminate the Niger Delta— Projecting scorching heat and light throughout the evening**

to the elections. Further, any increased redistribution of oil wealth through derivation revenues to the Delta is highly unlikely, which will continue to be a sticking point in the oil companies' long-term presence being accepted by the Delta population. Nigeria's federal economy is hugely dependent on oil - it was oil that enabled Nigeria to pay off its \$4.6bn debt to the Paris Club on 21 April.

Dokubu-Asari's trial is now underway and when his sentence is announced this summer, it is highly likely that the violence will intensify. There remains great scope for further disruption by the militants, attacks in the still relatively peaceful eastern districts of the Delta could suspend the production of up to another 20 percent of Nigeria's oil. The intensity levels of militant activity in already affected areas, including Port Harcourt, are not expected to abate and with corruption and mismanagement plaguing the Nigerian political and military establishment, a lasting solution to the Niger Delta troubles is unlikely to emerge any time soon.

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