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# An assessment of Nigeria's engagement with the organization of petroleum exporting countries (OPEC) in the fourth republic, 1999-2019

## Bailey Saleh

**Abstract**
Even when the Organization of the Petroleum Exporting Countries (OPEC) as a cartel was formed in 1960, Nigeria subsequently joined it in 1971. This is in spite of the fact that oil was discovered in Nigeria in 1958 two years before the formation of OPEC. It is not in doubt that Nigeria's status in international affairs has been seriously enhanced as the result of oil-boom and partially by its membership of this global transnational oil organization (OPEC). In spite of all these achievements, the benefits derivable from Nigeria's membership of OPEC is not commensurate with her oil quality, oil quantity and population in terms of quota and pricing. Another problem which forms the motivation for this study is the fact that the enormous wealth generated by oil has not been channeled into the manufacturing and industrial sector that would have served as alternative foreign revenue source for the country. This is based on the fact that OPEC lacks internal mechanism that would have stimulated each of its members in directing their oil wealth towards manufacturing and industrialization. The study is a qualitative one where data was generated from secondary sources such as academic journals, textbooks, monographs, dailies and internet materials. The data was analyzed through discourse and descriptive methods. Concepts and theories such as foreign policy, economic relations, global political economy theory (international political economy theory) and interdependence theory have been clarified as frameworks for the study. At the end of the study, alternatives and strategies have been proffered as recommendation towards making Nigeria reap the greatest benefits from its membership of OPEC. Principal among which is the need for Nigeria to propose to OPEC for the setting up of a strong mechanism through peer-review that will progressively stimulate members towards directing their enormous oil wealth to manufacturing and industrialization.

**Keywords:** Petroleum, manufacturing, cartel, exporting, organization, quota

## Introduction
Historicism has shown that the foundation of the Organization of Petroleum Exporting Countries (OPEC), can be traced to Venezuela and Iran who first approached Iraq, Kuwait and Saudi Arabia in 1949. It eventually came to fruition on September 14, 1960 at a meeting held in Bagdad, principally triggered by a 1960 United States of American Law assented to by President Dwight Eisenhower that forced quota on Venezuelan and Persian Gulf oil imports in favour of the Canadian and Mexican oil industries. Eisenhower's motive for doing this was for the protection of the US National Interest more especially in the areas of security and access to energy supplies in times of war. The "Eisenhower Oil Quota Law" adversely affected oil prices in the American region. With very low oil revenues accrued to oil producing Latin American countries as the result of this policy, the then Venezuelan President Romulo Betancourt reacted by seeking alliances with oil producing Arab countries of the Persian Gulf to counter the US "Oil Quota Law" and maintain autonomy and profitability of Venezuelan oil resources.
As a dominant global oil Cartel, OPEC's initial members include Iran, Venezuela, Iraq, Kuwait and Saudi Arabia. More members later joined the organization in this order: Qatar (1961), Indonesia (1962), United Arab Emirate (1967), Algeria (1969) and Nigeria (1971). Other early members include Ecuador and Gabon who withdrew their memberships in 1992 and 1995 respectively; but later rejoined in 2007. Russia and Norway though non-OPEC members, but have consistently been partaking in OPEC meetings on observer status. As an exhaustible source of energy, the fortune of Indonesian petroleum oil began to dwindle which forced her to withdraw membership of the organization in 2008 because it could no

longer meet its production Quota; coupled with the fact that it has become a net importer of oil.

In spite of the fact that Nigeria has been playing active role in OPEC for so many decades, yet it has failed to take advantage of its membership to woo members to bring in FDI to invest in the manufacturing subsector for the local manufacture of unique goods with comparative competitive advantage in the international market. The sales of these local manufactured goods and products will earn the country more foreign revenue that would eventually assuage Nigeria's overdependence on Oil and Gas as its major source of foreign revenue. It is this failure of successive administrations of the Fourth Republic to strategically take advantage of its membership of OPEC to make the Nigerian economy a manufacture-driven one that informs the motivation for the study.

**Aim and Objectives**

The major aim of the study is to assess the economic benefit of Nigeria's engagement with the Organization of Petroleum Exporting Countries (OPEC) in the Fourth Republic. The specific objectives are:

1. To determine the extent to which Nigeria has benefited from OPEC members in terms of trade and merchandize in the Fourth Republic.
2. To assess the value of Foreign Direct Investment inflow to Nigeria from other OPEC members in the Fourth Republic.
3. To assess the level of Nigeria's crude oil production, reserve and its quota among members in the Fourth Republic.
4. To assess the level and status of Nigeria's local refining capability in the Fourth Republic.
5. To assess the level of Nigeria's GDP dependence on petroleum 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 the engagement of Nigeria with the OPEC 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 Home Remittances were scrutinized. Documents scrutinized include official documents such as annual reports, internal memoranda and policy manuals. Other documents included published materials such as textbooks, academic journals, conference papers, newspapers, magazines and internet materials.

**Data Analysis**

Both Sequential and Discourse Analysis Techniques were adopted in analyzing data generated for this study. Data generated with figures were presented in tabular and graphical forms. This was followed by discourse analysis where data collected were discussed drawing inference from them.

**Conceptual/Theoretical Frameworks**

Concept of economic relations and global economy theory (international economy theory are hereby, defined and clarified as anchors for the study:

**Economic Relations**

Uya (1992) [25] 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 comparative advantage. Ajaebili, (2011) [11], defines economic relations as the encouragement and promotion of investment, protection of deals from inception to signing of contracts; and the marketing of an entire nation as if it were a business outfit itself. Uhomoibhi, (2012) [24], construe economic relations as having to do with issues of investment, market access or trade, transfer of technology and human resources development among others.

In the form of working definition, economic relations can be, defined as the aggregation of and pursuit of all economic interests (trade, investment, foreign goodwill, remittances, exports, debt relief issues, exports, etc.) 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) [6], and Robert Gilpin (2001) [8] who, treaded on the path of David Ricardo (1951) [21] 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, which include Economic Liberalism, Mercantilism and Marxism. However, economic globalization is the fourth strand, which they omitted.

i. Economic Liberalism, following in the tradition of Adam Smith and David Ricardo, stresses the value of a capitalist market economy that operates according to its own laws and, when freely allowed to do so, maximizes benefits for individuals, companies and nations. The World Trade Organization (WTO) embodies the values espoused by this strand of International Political Economy**.**
ii. Mercantilism holds that the economy should be used to enhance state power, and thus be subordinate to politics. Protectionist and other policies that minimize dependence on other states are, promoted, as are policies of state-led development.
iii. Marxism sees the economy as a crucible of exploitation and inequality between classes, one in which the dominant economic class also dominates politically. It holds that capitalist development contains contradictions that will eventually produce crisis conditions affecting both social classes and nation states. Within International Political Economy Theory, "world system theory" describes the capitalist international economic system as consisting of core, peripheral and semi peripheral areas defined by their modes of labor control and specializations. In doing so, these theorists promote greater recognition of how underdeveloped countries are exploited by those with the monopoly of global capital.
iv. Economic globalization is the fourth strand of the

> nascent international political economy, which the western worlds have devised through the New Global Agenda. The economic liberalization agenda was so fashioned by the industrialized north to, further entangle the unfortunate underdeveloped countries by perpetually incorporating them into the traps of international finance and capital. With this subtle global economic policy, it will further opened-up the economies of third world countries to more exploitation by the industrialized countries. This will further exacerbate the entanglement of their economies to International Finance Capital and of their perpetuation to the shackles of dependency (Gilpin, 2001, Saleh, 2008) [8, 23].

As such, as it was with economic liberalism and mercantilism, economic globalism shielded by convergence theory, is an advance form and a more lethal instrument for the plunder and exploitation of the resources of third world countries. This is because the formulation of these NGA, are exclusive to the Northern hemisphere. The unfortunate countries of the South were not, consulted at the formulation stage; but were, forced not only to accept, but also to domesticate these NGA at their perils. This is to further increase Western prosperity and their perpetual dominance of international affairs (Wallerstein, 1989; Saleh, 2008) [26, 23].

**Interdependence Theory**

This theory was first, introduced by two American psychologists Harold Kelley and John Thibaut in 1959 [9]; but was formalized as a theory in 1978. They see interdependence theory as part of a large scale of social exchange theories. Social exchange theories look at how people exchange rewards and cost in a relationship. Keohane and Nye (1977, 1987) [10, 11] were among the pioneering scholars who adopted a hitherto psychological theory of interdependence to serve as a framework for the analysis of phenomena in international relations. The duo of these political scientists stressed that from the foreign policy standpoint, the position of individual government is how to benefit from international exchanges, while maintaining as much autonomy as possible. The theory is all about maximizing rewards (reaping greater economic benefits) and minimizing cost in international interactions. Amongst the benefits to be reaped by Nigeria in its interdependent relations with other countries and international business partners is the attraction of Foreign Direct Investment; which should be directed at the manufacture of finished unique products for exports. This will expand the country's foreign revenue sources and moved it away from overdependence on a mono external revenue sources (Oil and Gas [O&G]).

**Analysis of the Role of Nigeria in OPEC in the Fourth Republic**

As stated earlier in the introductory section, it is not in doubt that OPEC as a transnational oil Cartel has played and is still playing a dominant role in the global oil market with the initial founding members such as Iran, Venezuela, Iraq, Kuwait, Saudi Arabia, Qatar, United Arab Emirate, Algeria, Nigeria and Libya playing critical roles. Other non-OPEC members such as Russia and Norway have consistently been partaking in OPEC meetings on observer status; but playing very important roles. As an exhaustible source of energy, the petroleum oil fortune of some member countries continues to dwindle and fluctuates; which forced some to withdraw membership of the organization and later re-joined. Whereas, new members were admitted into the global elite oil organization upon the discovery of oil in their countries. Prominent among the new members is Angola, which is now the second largest producer of oil in Africa after Nigeria.

The dominant or almost monopolistic position of OPEC as a Cartel has 'impacted' hugely on international economy and politics as the result of the 1973 take-over of the world oil market. As the result of this, OPEC became the determinant of global oil prices and production quotas in line with the interdependence theory. Members had to do this because of their mono-cultural economic bases which make them to depend heavily on oil revenues; the absence of which could translate into national catastrophe for most of them. As a bargaining power, the Arab countries used the "oil weapon" during the "Yom Kippur war" or the Arab-Israeli war of 1967 to implement oil embargoes that further triggered the 1973 oil crisis. Arab countries employed and deployed the instrument of OPEC as a formidable political weapon against pro-Zionist States or those sympathetic to the Israeli cause across the world.

As at November, 2010 OPEC members collectively hold 79% of the World crude oil reserves and 44% of the World's crude oil production, which gives them considerable control over the global market. While, the next largest producers; are members of the OECD and the post-Soviet independent Republics that produced 23.8% and 14.8% respectively of the World's total oil production. There is however little gray areas for the OPEC where Saudi Arabia and the GCC romance with the USA and the West ensures steady supply to them in the event of any embargo by the global oil Cartel (OPEC) (Okoosi, 2008; OPEC-ASB, 2010).

The OPEC Oil Quota System (OPEC-OQS) has not been in favour of Nigeria considering her current population and oil reserve. Nigeria with a population of over one hundred and sixty seven million people based on the 2006 National Population and Demographic Census (currently over 200 million people according to projected World Bank estimate of 2019); is allocated the production quota of 2,018 million barrels per day (bpd). While, Saudi Arabia with a relatively low population of twenty-two million people, is enjoying production quota of 7,963 million barrels per day (bpd). Similarly, United Arab Emirate (UAE) with a population of just a little over three million people is enjoying the highest quota of 2,138 million barrels per day (bpd). What then is the basis for this disparity? There is the need for a re-negotiated Quota within a timeframe or even time limit for realistic quota and price determination based on population, oil reserve and quality of oil. The current overall OPEC quota stands at 24.5 million barrels per day (bpd). The essence is to keep prices low. Another flash point is the existence of a parallel oil exporting organizations such as the Organization of Arab Petroleum Exporting Countries (OAPEC) whose operation is almost counter-productive to OPEC (Awolusi, 2012; OPEC- Annual Statistical Bulletin, 2010) [4].

Furthermore, another worrisome dimension is that Nigeria being the 6th largest producer of crude oil in the World is ironically and increasingly becoming a consumer nation of refined oil. This is due principally to lack of political will on

the part of the ruling class (political leadership) to set up as many refineries that will refine all her crude oil, which will be, accompanied with the generation of millions of jobs for Nigeria's armies of unemployed youths. For it is on record that Spain which is not an oil producing country but with over thirty two refineries, is able to sustain her economy through the refining of crude oil from oil producing countries such as Nigeria. As a mono-cultural economy that is totally dependent on oil funds (petro-dollars) for all her financial obligations to the masses, Nigeria is ranked the highest in terms of the contribution of petroleum products to the country's export among members with two (2) million barrels per day (bpd). It is the third largest in terms of oil contribution to her Gross Domestic Product (GDP). Oil has reduced Nigeria to a merchandise country for oil with the accruing petro-dollar increasingly becoming the major source of the struggle for absolute power, resource control, corruption and all manners of conflicts in the country (Adebajo & Mustapha, 2008; Adeola, & Ogunnoiki, 2015) [1, 3].

Nigeria is, providentially blessed with a very high grade of crude oil, which has been refiners' delight that is, followed with sustained demand for its oil, and the accompanying enjoyment of positive price differentials in the world oil market. This price differential should not only; be sustained but should also be progressively guarded and protected by OPEC. Nigeria has been active in soliciting and persuading non-OPEC members to continue cooperating with the organization over oil production level following concerns that prices might fall too low as the result of oversupply in the Global Oil Market (GOM). Apart from Nigeria's solo move, an OPEC Conference was, held on December 22, 2006 as follow-up where it reiterated on the need for non-OPEC producers to cooperate in achieving market stability with prices that were reasonable and consistent with robust economic growth. Here Nigeria served as a pro-active pilot of the OPEC group towards maintaining a stable and reasonable production quota through the organization's policy decision. This stabilization role by Nigeria is, based on its very high population as well as its dual membership of the Organization of Islamic Countries (OIC) and the D8 countries. Nigeria in recent times has been active in negotiating between sister Sahelian States and North African (Maghreb) countries with Europe in the laying of Trans-Saharan Gas Pipelines to link Nigeria's Gas fields with Europe, which was initially; targeted at 2015 as the commencement year. This dateline is a 'far-cry' because as at today (2019), no visible work has started on this project. The essence of this is that Gas which was hitherto being wasted through flaring into the air is increasingly and steadily becoming a critical source of external revenue to Nigeria netting-in about $187 billion between 2002 and 2012 (Onakoya, 2012; NPP, 2017).

Nigeria has gained and stands to benefit more from the membership of OPEC in the years to, come if, and when more realistic price and production quotas; are renegotiated for members according to their individual population, quality of oil as well as oil reserve. Already her membership of OPEC has offered her a unique voice in the comity of nations more especially in the UN and its specialized agencies. Nigeria has gained from OPEC's Fund for International Development (OFID) in form of loans for development projects and balance of payment supports. The country has also obtained grants from the Organization in the form of technical assistance, research works, food aids, humanitarian and emergency relief. The envisaged gas turn-around and the prospect of developing a robust gas sector will serve as an alternative to fuel with low emission of hydrocarbons and is environment friendly. The building of the Trans-Saharan Gas Pipelines (TSGP) will serve as additional means of greater foreign revenue direct from Europe as well as play a complementary role in the overall national revenue generation process (Okoosi, 2008; LCCI, 2016).

In as much as Nigeria has benefited immensely from its membership of OPEC, oil has created a lot, of problems in the country. First, enormous oil wealth accruable to Nigeria has succeeded in killing the psyche of the hitherto vibrant and hard working Nigerians who have now jettisoned other productive sectors of the economy and scramble for "easy money" in the oil financed commanding heights of the economy or in the oil sector itself. This bloated and misdirected oil affluence has given rise to a swollen bureaucracy whose nascent features are corruption, embezzlement, fraud, extortion and diversion of public funds (outright public theft). The result of which is the bloating of the middle class with a thin but criminally rich upper class. It has also exacerbated the migration of energetic youths from the rural areas to urban areas in search of better opportunities; as well as to avoid the rigors associated with the drudgery of subsistence agriculture. The oil-induced struggle for power has, over the years become so intense because the acquisition of it automatically translates into instant affluence (mostly dishonest) and fame. Even among the elites, the struggle to control the Central Federal Government has not only become central but so intense because it has monopoly of the nation's total funds, which it distributes in accordance with the relevant provisions of the Country's Constitution. In addition, the enormous wealth generated from oil over the past fifty-seven years have been misdirected and wasted in consumption from imported luxury goods. No deliberate effort was made by successive governments towards wooing foreign investors and local business entrepreneurs to invest more in the industrial/manufacturing sector/sub-sectors. This would have made Nigeria a favourable destination for FDI and raw materials as well as one of the leading global havens of manufactured goods. The sale and export of manufactured unique products by Nigeria would have aided in no small measure towards reducing the carrying capacity of O&G as the major revenue earner for country (Ejiba, & Omolade, 2016) [7].

As from 1999 up to 2006 Nigeria's average crude oil exports remains constant at 600 million barrels. As at November, 2010 OPEC members collectively hold 79% of the World crude oil reserves and 44% of the World's crude oil production, which gives them considerable control over the global market. While, the next largest producers; are members of the OECD and the post-Soviet independent Republics that produced 23.8% and 14.8% respectively of the World's total oil production. There is however little gray areas for the OPEC where Saudi Arabia and the GCC romance with the USA and the West ensures steady supply to them in the event of any embargo by the global oil Cartel (Okoosi, 2008; OPEC-ASB, 2017/18).

The performance of Nigeria's oil industry and the benefit derivable from the country's future economic relations with OPEC will be, hinged on the examination of the ingenuity of our foreign policy managers and the global dynamics driving the industry today. The period of the Fourth

Republic, has witnessed a corresponding growth in energy demand in hitherto low consuming countries that has been unprecedented. The industry has also witnessed shifting trends in global energy demand from west to east and the concentration of reserves in a few countries. As stated earlier, Nigeria's over-reliance on oil money to fuel rapid economic growth and development, as well as the need to deal with the persistent epileptic crisis in the Niger-Delta which has disrupted oil production and the supply of gas, especially to the Nigerian electricity industry. This is further, compounded by the fall in global oil price as from 2014. It is widely upheld that the conflict in the Niger-Delta region is an oil-related conflict, which is being played out at different levels of relationship. At one level is the confrontation between the local communities and the oil companies. At a corresponding level you have the confrontation between the local communities, especially militant youths, and the Nigerian authorities. Moreover, ironically, at the third level, there are widespread hostilities between some of the local communities themselves (LCCI, 2016; NPP, 2017).

As at 2004, OPEC member countries on a global scale, controls approximately 900 billion barrels (78%) of the world's reserves. With advancing technologies, reserve availability is not the critical challenge to meeting global capacity additions as sufficient reserves exist to meet demand for decades to come. The main challenge is timely development of reserves and security of supply deliveries. Furthermore, a significant portion of the world's remaining reserves; are held and managed by national oil companies, particularly in OPEC countries. There is therefore increasing dependence on both OPEC and its national oil companies to ensure global availability. Between 2012 and 2020 an additional 4.6mbd of OPEC crude will be required when output level reaches 35.5mbd while demand addressed to OPEC is not forecast to grow beyond 34% by 2020. In terms of upstream investment, approximately $1.6 trillion will be required from 2007 to 2020 with OECD countries accounting for 42%. On their part, OPEC countries are embarking on significant upstream investment such that cumulative investments from 2007 are estimated at $248 billion by 2015 escalating to $400 billion by 2020 (NNPC Annual Report, 2010-2014).

It was estimated that the demand addressed to OPEC is expected to grow at 2% annually between 2005 and 2010. However, the organization's capacity growth rate is almost the same - about 3% annually. Nigeria's planned capacity growth is at an average of 6% annually, higher than OPEC's. Given this distortion, therefore, the adaptation of quotas to the principle of proportionate spare capacity will be necessary in the long run. In other words the adaptation of an OPEC quota mechanism, which takes into consideration installed capacity is imperative if Nigeria is to monetize its capacity increases (LCCI, 2016).

Moreover, the current OPEC quota mechanism has implications for Nigerian oil production. If the country adheres to its productive capacity, it will grow only modestly to 2.9mm b/d by 2010 against the unconstrained planned capacity projection to attain 4.2mmb/d. However, if an OPEC quota mechanism which is reflective of Nigeria's capacity is adopted by the organization, the country's capacity will rise to 3.7mmb/d. Therefore, current quota allocation will result in virtually no growth, while a capacity based allocation mechanism will result in modest growth to 3.7mb/d as opposed to the possible 4.3mmb/d by 2010. These scenarios have varying impact on net revenue to Nigeria and the issue of quota allocated to Nigeria has been a bone of contention in the country. Some commentators have even called on the federal government to pull Nigeria out of the organization as was done by Indonesia and Gabon at some points (NNPC, 2010-2014, 2018; Onakoya, 2012).

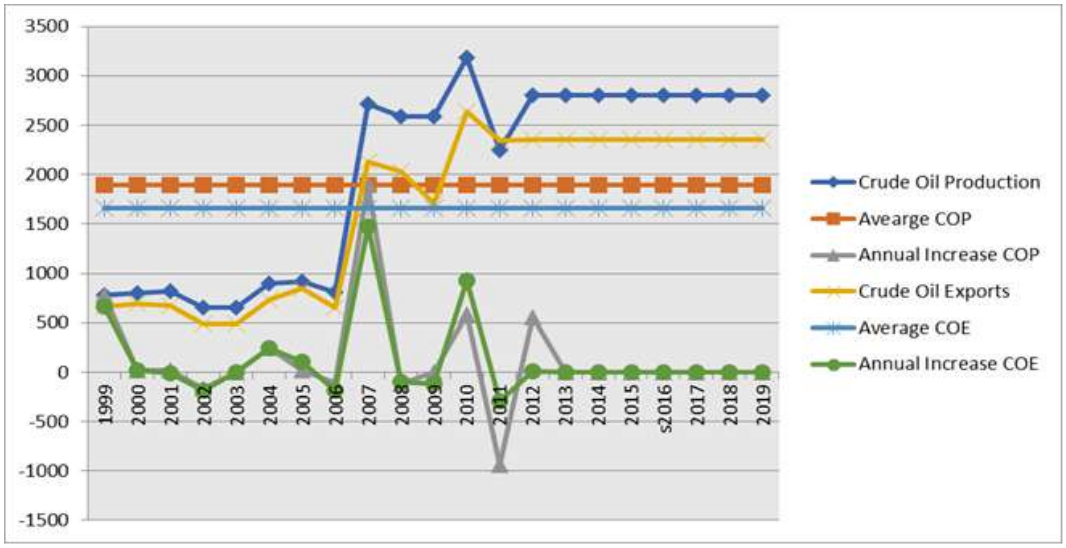
**Summary of Nigeria's Crude Oil Production and Exports, 1999-2019 (million barrels)**

Summary of Nigeria's crude oil production and exports between 1999 and 2019 indicates that 88% of crude oil produced is exported; while only 12% is refined locally. This is as presented in Table 1 and Figures 1 and 2 below:

**Table 1:** Summary of Nigeria's Crude Oil Production and Exports 1999-2019 (Million Barrels)

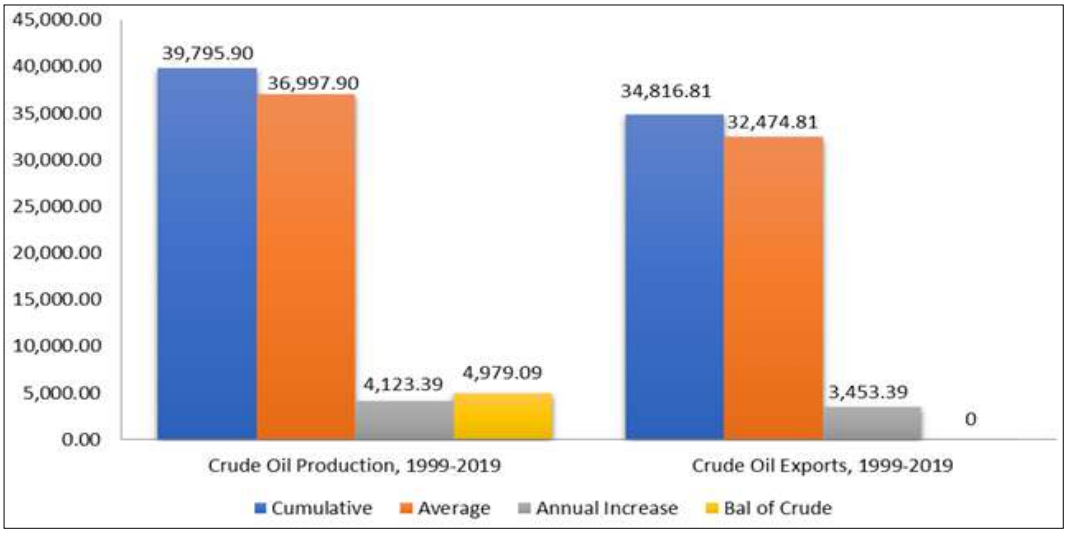
| Year | Crude Oil roduction | Average | Annual Increase | Crude Oil Exports | Average | Annual Increase |
|---|---|---|---|---|---|---|
| 1999 | 778.9mb | 1895.04 | 778.9 | 666.49mb | 1657.94 | 666.49 |
| 2000 | 797.88mb | 1895.04 | 18.98 | 688.08mb | 1657.94 | 21.59 |
| 2001 | 817.15mb | 1895.04 | 19.27 | 674.93mb | 1657.94 | -13.5 |
| 2002 | 655.06mb | 1895.04 | -162.09 | 490.81mb | 1657.94 | -184.12 |
| 2003 | 655.06mb | 1895.04 | 0 | 490.81mb | 1657.94 | -184.12 |
| 2004 | 900.6mb | 1895.04 | 245.54 | 736.40mb | 1657.94 | 245.59 |
| 2005 | 919.3mb | 1895.04 | 18.7 | 846.20mb | 1657.94 | 109.8 |
| 2006 | 813.95mb | 1895.04 | -105.35 | 656.09mb | 1657.94 | -190.11 |
| 2007 | 2712.0mb | 1895.04 | 1898.0 | 2127.0mb | 1657.94 | 1470.91 |
| 2008 | 2590.0mb | 1895.04 | -122 | 2030.0mb | 1657.94 | -97 |
| 2009 | 2592.0mb | 1895.04 | 2 | 1710.0mb | 1657.94 | -320 |
| 2010 | 3180.0mb | 1895.04 | 588 | 2640.0mb | 1657.94 | 930 |
| 2011 | 2244.0mb | 1895.04 | -936 | 2343.0mb | 1657.94 | -297 |
| 2012 | 2798.0mb | 1895.04 | 554 | 2352.0mb | 1657.94 | 9 |
| 2013 | 2798.0mb | 1895.04 | 0 | 2352.0mb | 1657.94 | 0 |
| 2014 | 2798.0mb | 1895.04 | 0 | 2352.0mb | 1657.94 | 0 |
| 2015 | 2798.0mb | 1895.04 | 0 | 2352.0mb | 1657.94 | 0 |
| 2016 | 2798.0mb | 1895.04 | 0 | 2352.0mb | 1657.94 | 0 |
| 2017 | 2798.0mb | 1895.04 | 0 | 2352.0.0mb | 1657.94 | 0 |
| 2018 | 2798.0mb | 1895.04 | 0 | 2352.0mb | 1657.94 | 0 |
| 2019 | 2798.0mb | 1895.04 | 0 | 2352.0mb | 1657.94 | 0 |
| Total | 39,795.9mb | 36,997.90 | 4,123.39 | 34,816.81 | 32,474.81 | 3,453.38 |

**Source:** Generated by the Researcher in 2019 as adapted from Central Bank of Nigeria Statistical Bulletin, 2007, 2016, 2017; NNPC Annual Bulletin, 2017; OPEC Annual Statistical Bulletin, 2010, 2017/2018; NPP, 2016; LCCI, 2017




**Source:** Generated by the Researcher in 2019 as adapted from Central Bank of Nigeria Statistical Bulletin, 2007, 2016, 2017; OPEC Annual Statistical Bulletin, 2017/18; NPP, 2016; LCCI, 2017

**Fig 1:** Summary of Nigeria's Crude Oil Production and Export 1999-2019 (Million Barrels)




**Source:** Generated by the Researcher in 2019 as adapted from Central Bank of Nigeria Statistical Bulletin, 2007, 2016, 2017; OPEC Annual Statistical Bulletin, 2017/18; NPP, 2016; LCCI, 2017

**Fig 2:** Summary of Nigeria's Crude Oil Production and Export 1999-2019 (Million Barrels) 32,474.81

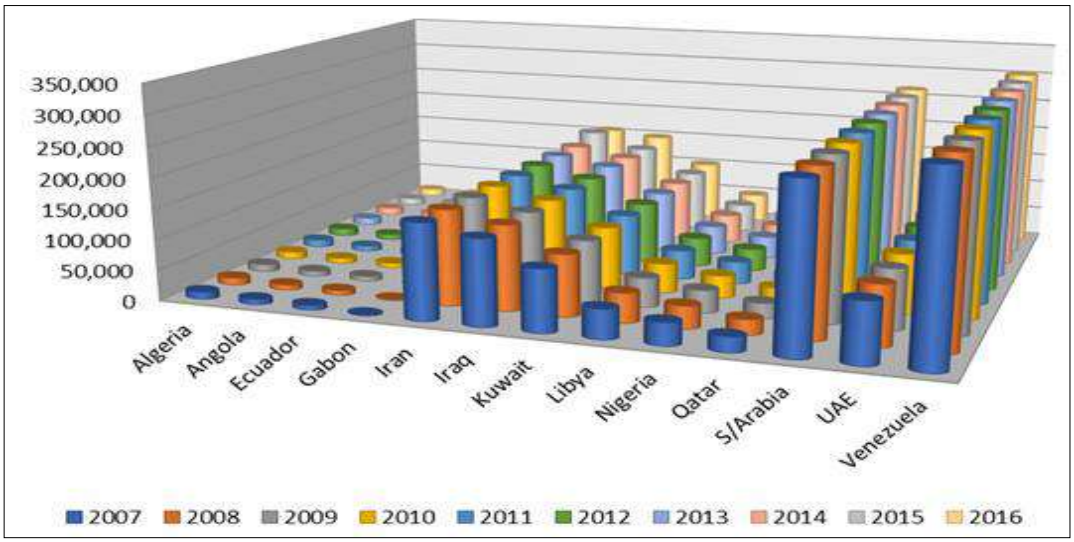
## Crude Oil Reserves of OPEC Members, 2007-2016

Available data at the disposal of the researcher, shows the performances of OPEC members in terms of crude oil reserve between 2007 and 2016 as follows: Venezuela leading with 2,987,841 b/cd, b/cyr; followed by Saudi Arabia with 2,393,552 b/cd, b/cyr for the same period. Nigeria is placed in the 8th position with 471,868 b/cd, b/cyr. Detail of performances of each member country is as presented in Table 2 and illustrated by Figures 3, 4, and 5 below:

**Table 2:** Crude Oil Reserve of OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)

| S/No | Countries | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Algeria | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 12,200 | 122,000 |
| 2. | Angola | 9055 | 9055 | 9055 | 9055 | 9055 | 9055 | 9011 | 8423 | 9524 | 9523 | 90,811 |
| 3. | Ecuador | 8235 | 8235 | 8235 | 8235 | 8235 | 8235 | 8832 | 8273 | 8273 | 9273 | 75,788 |
| 4. | Gabon | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 2000 | 20,000 |
| 5. | Iran | 157,300 | 157,300 | 157,300 | 157,300 | 157,300 | 157,300 | 157,800 | 157,530 | 158,400 | 157,200 | 1,574,730 |
| 6. | Iraq | 140,300 | 140,300 | 140,300 | 140,300 | 140,300 | 140,300 | 144,211 | 143,069 | 142,503 | 148,766 | 1,420,349 |
| 7. | Kuwait | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 101,500 | 1,015,000 |
| 8. | Libya | 48,472 | 48,472 | 48,472 | 48,472 | 48,472 | 48,472 | 48,363 | 48,363 | 48,363 | 48,363 | 484,284 |
| 9. | Nigeria | 37,139 | 37,139 | 37,139 | 37,139 | 37,139 | 37,139 | 37,071 | 37,448 | 37,062 | 37,453 | 471,868 |
| 10. | Qatar | 25,244 | 25,244 | 25,244 | 25,244 | 25,244 | 25,244 | 25,244 | 25,244 | 25,244 | 26,244 | 252,440 |
| 11. | S/Arabia | 265,850 | 265,850 | 265,850 | 265,850 | 265,850 | 265,850 | 265,789 | 266,578 | 266,455 | 266,208 | 2,393,552 |
| 12. | UAE | 97,800 | 97,800 | 97,800 | 97,800 | 97,800 | 97,800 | 97,800 | 97,800 | 97,800 | 97,800 | 978,000 |
| 13. | Venezuela | 297,735 | 297,735 | 297,735 | 297,735 | 297,735 | 297,735 | 298,350 | 299,953 | 300,878 | 302,250 | 2,987,841 |
| | Cumulative | 1202830 | 1202830 | 1202830 | 1202830 | 1202830 | 1202830 | 1208171 | 1208382 | 1210202 | 1218780 | 11,886,663 |

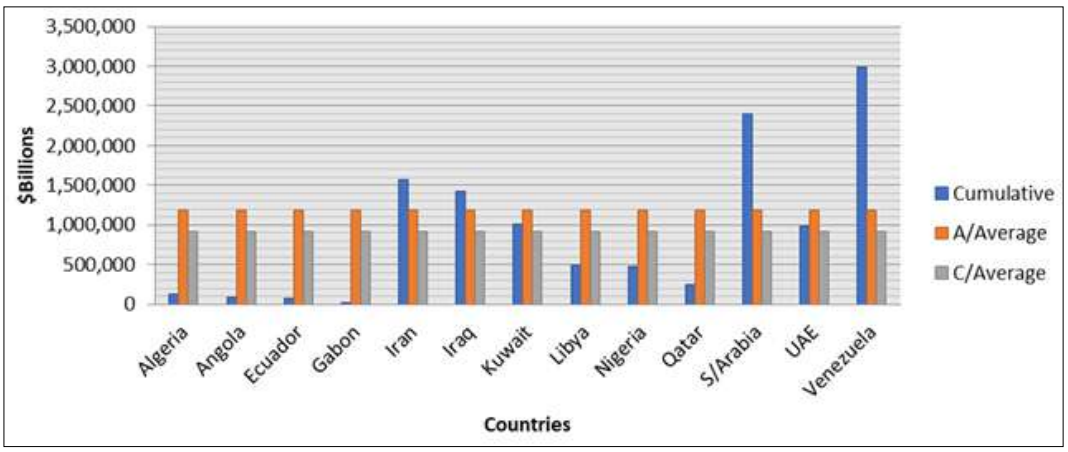
**Source:** Generated by the Researcher in 2019 as adapted from OPEC Annual Statistical Bulletin 2018




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

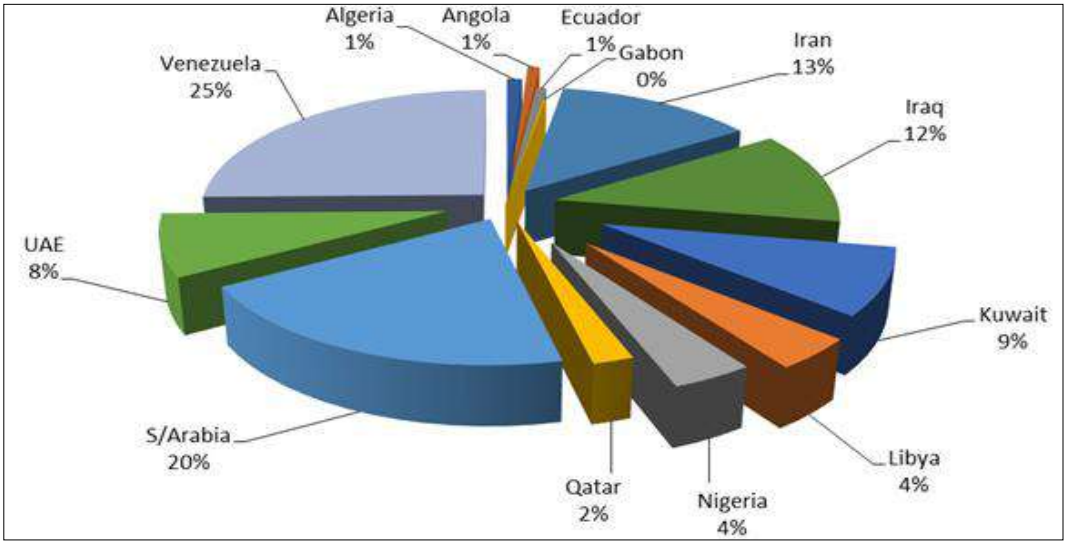
**Fig 3:** Annual Crude Oil Reserves of OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)

Furthermore, cumulative (percentage) performance of OPEC members' crude oil reserves is as follows: Algeria 122,000 (1%), Angola 90,811 (1%), Ecuador 75,788 (1%), Gabon 20,000 (0%), Iran 1,574,730 (13%), Iraq 1,420,349 (12%), Kuwait 1,015,000 (8.5%), Libya 484,284 (4%), Nigeria 471,868 (4%), Qatar 252, 440 (2%), S/Arabia 2,393,552 (20%), UAE 978,000 (8%) and Venezuela 2,987,841 (25%). The annual average stands at 1,188,666; while the country average stands at 914,359. This is as presented in Figures 4 and 5 below:




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

**Fig 4:** Cumulative, Annual Average & Country Average of Crude Oil Reserves of OPEC Members, 2007 – 2016 (1,000 b/cd, b/cyr)




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

**Fig 5:** Cumulative Percentage of Crude Oil Reserves of OPEC Members, 2007 – 2016 (in %)

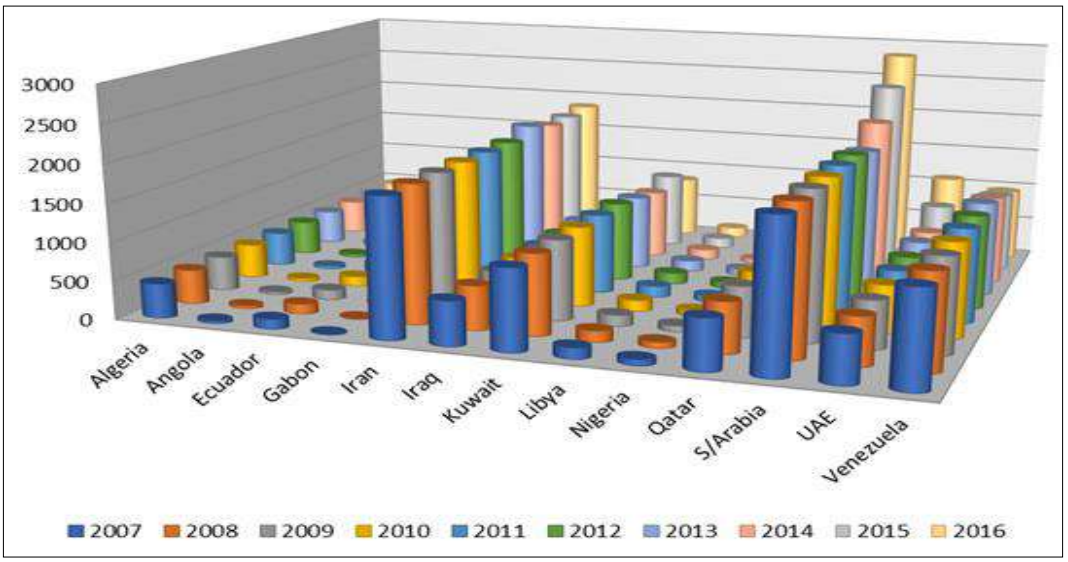
**Output of Petroleum Products of OPEC Members, 2007-2016**

In terms of output of petroleum products among member countries of OPEC, Saudi Arabia is leading the group with a cumulative of 20,814.2 b/cd, b/byr for the period 2007 and 2016. It is followed by Iran with 18,277.1 b/cd, b/cyr for the same period. Nigeria underperformed where it occupies the 11th position out of 13. Detail is as presented in Table 3 and illustrated by Figures 6 and 7 below:

**Table 3:** Output of Petroleum Products of OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)

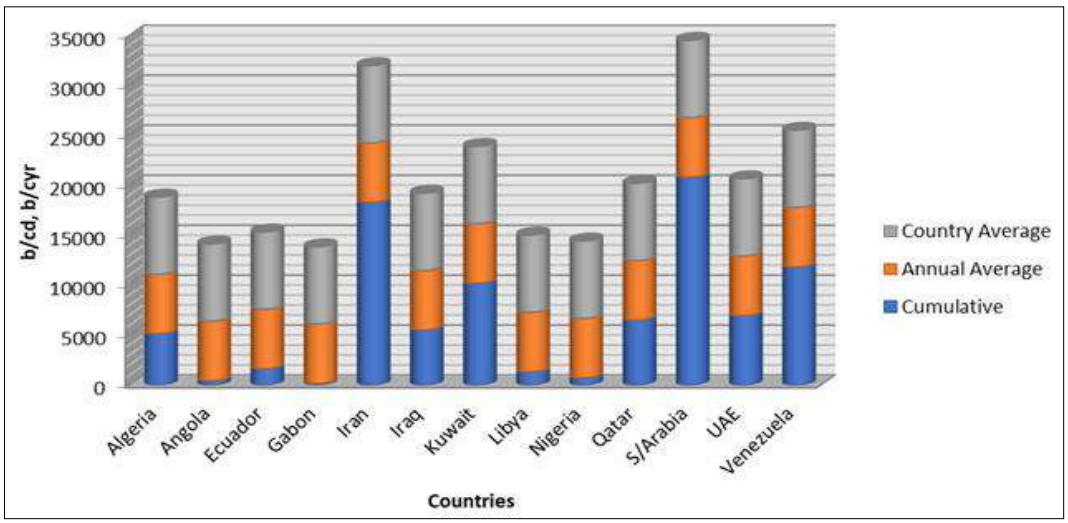
| S/No | Countries | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Algeria | 451.5 | 451.5 | 451.5 | 451.5 | 451.5 | 451.5 | 506.0 | 655.1 | 628.6 | 622.1 | 5,120.8 |
| 2. | Angola | 38.7 | 38.7 | 38.7 | 38.7 | 38.7 | 38.7 | 45.4 | 43.8 | 43.5 | 53.0 | 417.9 |
| 3. | Ecuador | 132.9 | 132.9 | 132.9 | 132.9 | 132.9 | 132.9 | 210.0 | 210.0 | 193.6 | 205.7 | 1,616.7 |
| 4. | Gabon | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 | 15.3 | 16.7 | 16.2 | 16.1 | 16.2 | 140.2 |
| 5. | Iran | 1811.9 | 1811.9 | 1811.9 | 1811.9 | 1811.9 | 1811.9 | 1918.4 | 1811.5 | 1818.5 | 1857.3 | 18,277.1 |
| 6. | Iraq | 580.4 | 580.4 | 580.4 | 580.4 | 580.4 | 580.4 | 601.3 | 522.8 | 444.7 | 448.9 | 5.500.1 |
| 7. | Kuwait | 1057.0 | 1057.0 | 1057.0 | 1057.0 | 1057.0 | 1057.0 | 992.1 | 918.3 | 1013.2 | 923.5 | 10,189.1 |
| 8. | Libya | 148.3 | 148.3 | 148.3 | 148.3 | 148.3 | 148.3 | 144.8 | 135.0 | 137.2 | 133.9 | 1,305.7 |
| 9. | Nigeria | 82.3 | 82.3 | 82.3 | 82.3 | 82.3 | 82.3 | 88.5 | 57.0 | 24.1 | 53.5 | 716.9 |
| 10. | Qatar | 659.0 | 659.0 | 659.0 | 659.0 | 659.0 | 659.0 | 650.0 | 638.4 | 611.3 | 632.3 | 6,486 |
| 11. | S/Arabia | 1927.1 | 1927.1 | 1927.1 | 1927.1 | 1927.1 | 1927.1 | 1841.7 | 2103.5 | 2480.5 | 2825.9 | 20,814.2 |
| 12. | UAE | 624.0 | 624.0 | 624.0 | 624.0 | 624.0 | 624.0 | 653.3 | 625.6 | 834.9 | 1089.0 | 6946.8 |
| 13. | Venezuela | 1232.0 | 1232.0 | 1232.0 | 1232.0 | 1232.0 | 1232.0 | 1245.1 | 1162.5 | 1049.9 | 960.9 | 11,810.4 |
| | Cumulative | 8760.4 | 8760.4 | 8760.4 | 8760.4 | 8760.4 | 8760.4 | 8913.3 | 8856.6 | 9296.1 | 9822.2 | 77,531.7 |

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




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

**Fig 6:** Output of Petroleum Products of OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)




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

**Fig 7:** Cumulative Output of Petroleum Products of OPEC Members, 2007 – 2016 ((1,000 b/cd, b/cyr)

**Refining Capacity of OPEC Member Countries, 2007-2016**

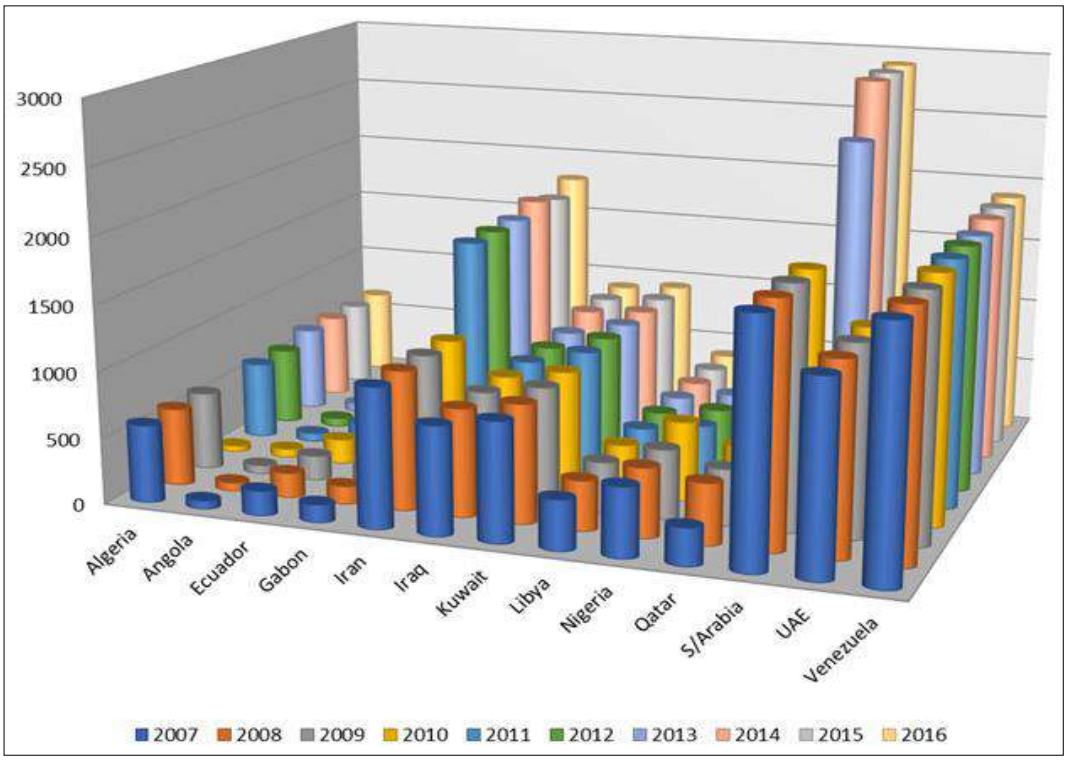
In terms of capacity for refining petroleum oil domestically, Saudi Arabia was leading with 19,396 barrels per day, followed by Venezuela with 18,707.80 barrels per day, UAE with 10,774.00 barrels per day, Iran with 10,376.00 barrels per day, Kuwait with 9212.00 barrels per day, Iraq with 8,450 and Algeria with 5,597.70 barrels per day. Nigeria in the eight position with 4,853.50 barrels per day. Even though Nigeria has performed a little above five other member countries, there is the need for the country to take the lead in this direction. When the country is able to refine all its crude petroleum oil domestically, it will create more employment opportunities with the corresponding value chain. Nigeria's domestic annual refining of crude oil dropped from 603.0 tb/d in 2010 to 446 tb/d between 2012 and 2018; while maintaining the 8th position among OPEC members in this regard is not health for employment generation, poverty eradication and general development of the country. It is also disheartening to note that the UAE with low population of 9 million have outperformed Nigeria in terms of the capacities to domestically refined crude oil to meet their citizens domestic demands. The cumulative refining capacity for the UAE is 10,774.0 b/cd for the period 2007 and 2016; compared to Nigeria's cumulative refining capacity of 4,851.5 b/cd placing it in the 8th position for the same period in spite of its relatively higher population of about 200 million people.

As stated earlier, Nigeria's foreign policy managers are either not up and doing or they have been relegated to the background by a hitherto ill-equipped political leadership that are for most part visionless. Details of the refining capacity of OPEC members between 2007 and 2016 is as presented in Table 4 and illustrated by Figures 8 and 9 below:

**Table 4:** Refining Capacity of OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)

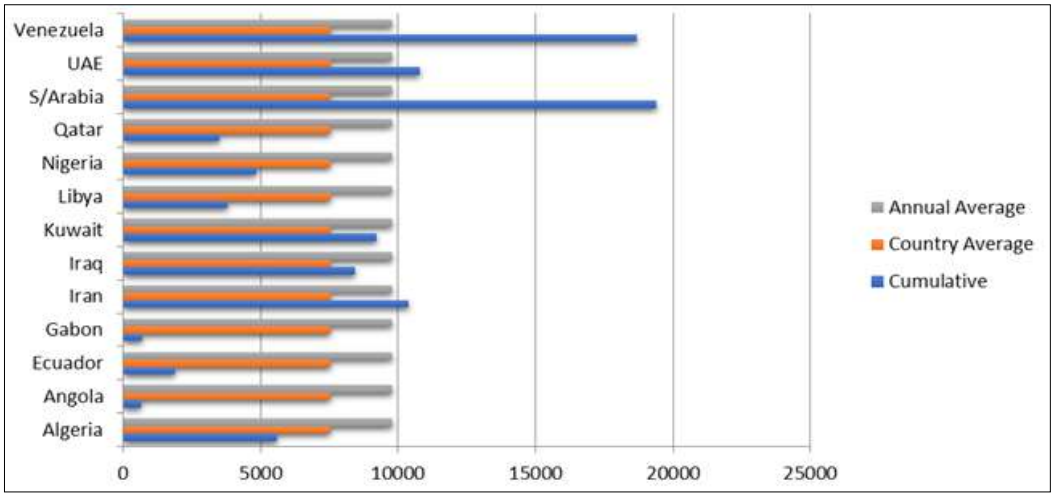
| S/No | Countries | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Algeria | 590.0 | 590.0 | 590.0 | 44.5 | 590.0 | 590.0 | 650.8 | 650.8 | 650.8 | 650.8 | 5597.7 |
| 2. | Angola | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 65.0 | 650.0 |
| 3. | Ecuador | 188.4 | 188.4 | 188.4 | 188.4 | 188.4 | 188.4 | 190.8 | 190.8 | 190.8 | 190.8 | 1893.6 |
| 4. | Gabon | 137.0 | 137.0 | 137.0 | 137.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 24.0 | 692.0 |
| 5. | Iran | 1057.0 | 1057.0 | 1057.0 | 1057.0 | 1715.0 | 1715.0 | 1715.0 | 1781.0 | 1781.0 | 1801.0 | 10,376.0 |
| 6. | Iraq | 820.0 | 820.0 | 820.0 | 820.0 | 820.0 | 820.0 | 830.0 | 900.0 | 900.0 | 900.0 | 8450.0 |
| 7. | Kuwait | 899.0 | 899.0 | 899.0 | 899.0 | 936.0 | 936.0 | 936.0 | 936.0 | 936.0 | 936.0 | 9212.0 |
| 8. | Libya | 380.0 | 380.0 | 380.0 | 380.0 | 380.0 | 380.0 | 380.0 | 380.0 | 380.0 | 380.0 | 3,800.0 |
| 9. | Nigeria | 524.5 | 524.5 | 524.5 | 603.0 | 446.0 | 446.0 | 446.0 | 446.0 | 446.0 | 446.0 | 4853.5 |
| 10. | Qatar | 283.0 | 462.2 | 429.0 | 462.2 | 283.0 | 283.0 | 283.0 | 283.0 | 283.0 | 429.0 | 3,480.4 |
| 11. | S/Arabia | 1825.0 | 1825.0 | 1825.0 | 1825.0 | 446.0 | 446.0 | 2507.0 | 2899.0 | 2899.0 | 2899.0 | 19,396.0 |
| 12. | UAE | 1440.5 | 1440.5 | 1440.5 | 1440.5 | 675.0 | 675.0 | 707.0 | 707.0 | 1124.0 | 1124.0 | 10,774.0 |
| 13. | Venezuela | 1855.0 | 1855.0 | 1855.0 | 1872.0 | 1872.0 | 1872.0 | 1855.0 | 1890.6 | 1890.6 | 1890.6 | 18707.8 |
| | Total | 9165.4 | 10243.1 | 10209.9 | 10328.6 | 8440.4 | 8440.4 | 10589.6 | 11153.2 | 11570.2 | 11736.2 | 97,883.0 |

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




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

**Fig 8:** Annual Refining Capacity (thousand barrels per day) of OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)




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

**Fig 9:** Cumulative Refining Capacity (thousand barrels per day) of OPEC Members (1,000 b/cd, b/cyr), 2007-2016

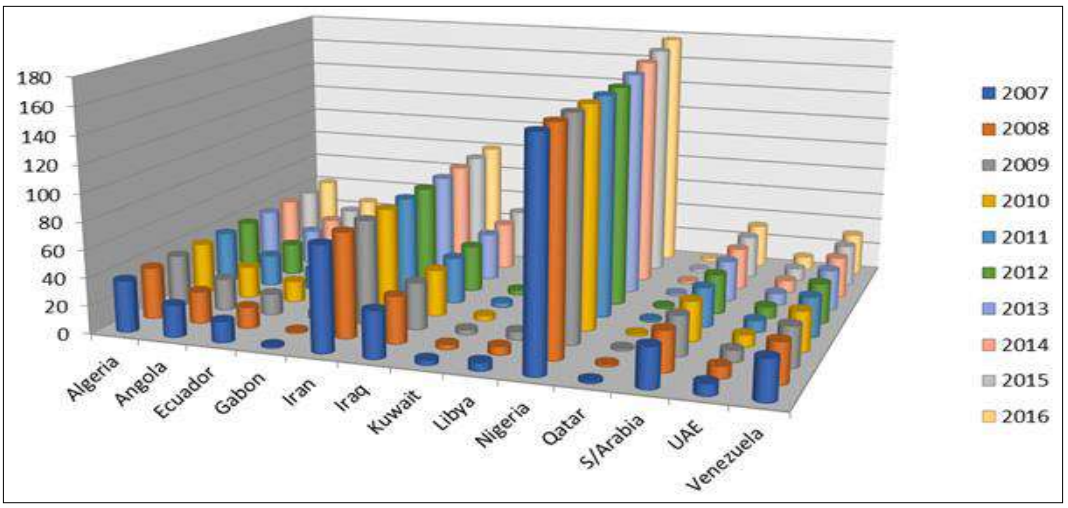
**Population of OPEC Member Countries, 2007-2016**

With regards to population of citizens of OPEC member countries, Nigeria leads with an average annual population of 165.2 million (but with low with quota of 2,018 mbpd, b/cyr) compared to Saudi Arabia with average annual populations of 29.9 million and with a quota of 7963 mbpd, b/cyr. Similarly, UAE with a low population of 9 million is enjoying the highest OPEC quota of 2,138 mbpd, b/cyr. The low crude oil production quota allocated to Nigeria is not commensurate with her population; which call for Nigeria's foreign policy mangers and the political leadership to engage the OPEC decision-making body for the highest production Quota of the oil cartel. Population of OPEC member countries is as presented in Table 5 and Figures 10 and 11 below:

**Table 5:** Population of OPEC Members, 2007-2016 (mbpd, b/cyr)

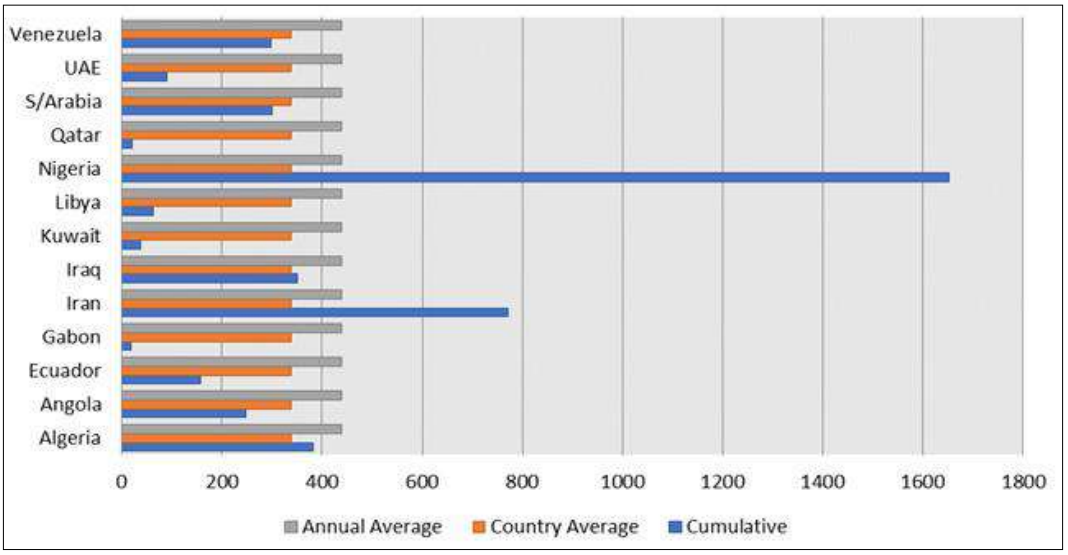
| S/No | Countries | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Algeria | 37.495 | 37.495 | 37.495 | 37.495 | 37.495 | 37.495 | 38.297 | 39.263 | 39.263 | 40.800 | 382.6 |
| 2. | Angola | 23.673 | 23.673 | 23.673 | 23.673 | 23.673 | 23.673 | 25.789 | 26.682 | 26.682 | 27.490 | 248.7 |
| 3. | Ecuador | 15.521 | 15.521 | 15.521 | 15.521 | 15.521 | 15.521 | 15.775 | 16.027 | 16.279 | 16.520 | 157.7 |
| 4. | Gabon | 1.735 | 1.735 | 1.735 | 1.735 | 1.735 | 1.735 | 1.803 | 1.829 | 1.855 | 1.881 | 17.8 |
| 5. | Iran | 76.157 | 76.157 | 76.157 | 76.157 | 76.157 | 76.157 | 77.152 | 78.144 | 79.109 | 80.040 | 771.4 |
| 6. | Iraq | 34.208 | 34.208 | 34.208 | 34.208 | 34.208 | 34.208 | 35.096 | 35.005 | 36.934 | 37.884 | 350.2 |
| 7. | Kuwait | 3.824 | 3.824 | 3.824 | 3.824 | 3.824 | 3.824 | 3.965 | 4.092 | 4.239 | 4.441 | 36.7 |
| 8. | Libya | 6.283 | 6.283 | 6.283 | 6.283 | 6.283 | 6.283 | 6.266 | 6.259 | 6.322 | 6.385 | 62.9 |
| 9. | Nigeria | 161.206 | 161.206 | 161.206 | 161.206 | 161.206 | 161.206 | 165.048 | 168.972 | 172.980 | 177.072 | 1652.3 |
| 10. | Qatar | 1.833 | 1.833 | 1.833 | 1.833 | 1.833 | 1.833 | 2.004 | 2.216 | 2.490 | 2.490 | 20.2 |
| 11. | S/Arabia | 29.196 | 29.196 | 29.196 | 29.196 | 29.196 | 29.196 | 29.994 | 30.779 | 31.521 | 32.139 | 299.6 |
| 12. | UAE | 8.768 | 8.768 | 8.768 | 8.768 | 8.768 | 8.768 | 9.031 | 9.521 | 9.581 | 9.856 | 90.6 |
| 13. | Venezuela | 29.365 | 29.365 | 29.365 | 29.365 | 29.365 | 29.365 | 29.786 | 30.206 | 30.620 | 31.033 | 297.8 |
| | Cumulative | 429.264 | 429.264 | 429.264 | 429.264 | 429.264 | 429.264 | 440.006 | 448.995 | 457.875 | 468.031 | 4388.5 |

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




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

**Fig 10:** Annual Population of OPEC Members, 2007-2016 (mbpd, b/cyr)




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

**Fig 11:** Average Population of OPEC Members, 2007-2016 (mbpd, b/cyr)

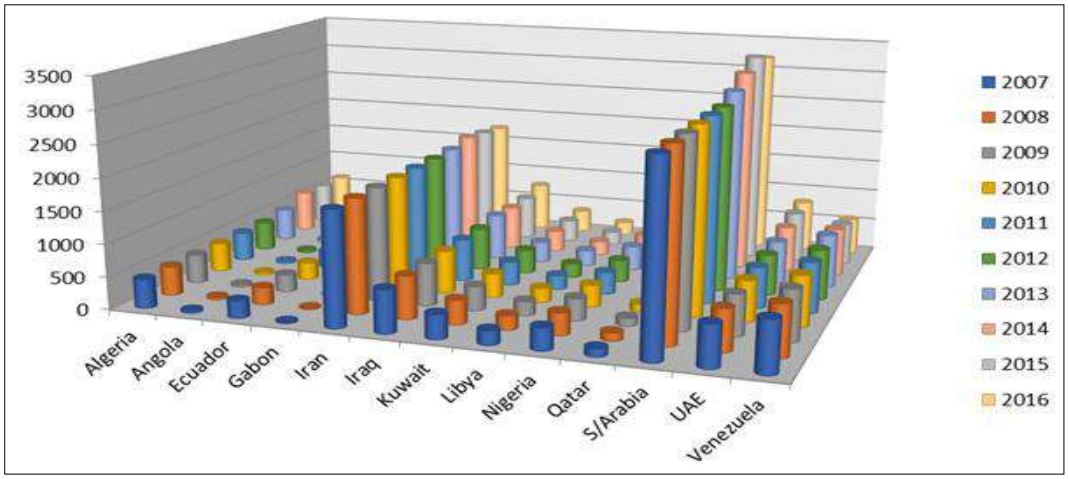
**Petroleum Oil Products Demands by OPEC members, 2007-2016**

The petroleum oil products demand by OPEC members shows Saudi Arabia leading with a cumulative of 29,922.1 b/cd & b/cyr for the period 2007 and 2016. This is followed by Iran with 17,744.1 b/cd & b/cyr and Venezuela with 7,524 b/cd & b/cyr for the same period. Nigeria's oil products demand for the same period stands at 3643 b/cd & b/cyr (7th position), which is far more than its refining capacity for the same period. Iran's high oil product demand is because it is the fastest industrializing as well as scientifically and technologically developing member of the group. This is as presented in Table 6 and Figures 12, 13 and 14 below:

**Table 6:** Petroleum Oil Products Demand by OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)

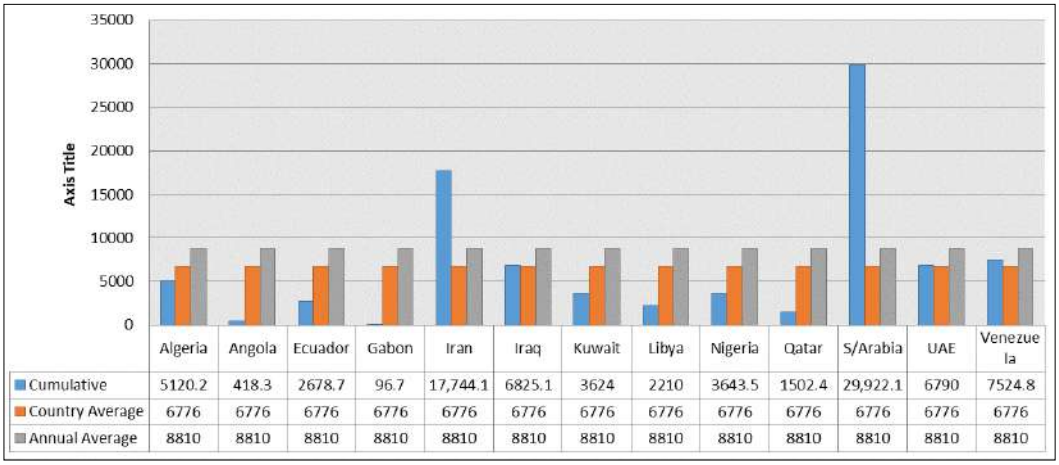
| S/No | Countries | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Algeria | 451.5 | 451.5 | 451.5 | 451.5 | 451.5 | 451.5 | 506.0 | 655.1 | 628.0 | 622.1 | 5120.2 |
| 2. | Angola | 38.7 | 38.7 | 38.7 | 38.7 | 38.7 | 38.7 | 45.4 | 43.8 | 43.5 | 53.0 | 418.3 |
| 3. | Ecuador | 269.2 | 269.2 | 269.2 | 269.2 | 269.2 | 269.2 | 272.0 | 285.8 | 258.7 | 247.0 | 2678.7 |
| 4. | Gabon | 21.6 | 21.6 | 21.6 | 21.6 | 21.6 | 21.6 | 23.5 | 23.6 | 24.4 | 25.2 | 96.7 |
| 5. | Iran | 1,764.7 | 1,764.7 | 1,764.7 | 1,764.7 | 1,764.7 | 1,764.7 | 1,776.2 | 1,845.6 | 1,794.9 | 1,742.2 | 17,744.1 |
| 6. | Iraq | 664.5 | 664.5 | 664.5 | 664.5 | 664.5 | 664.5 | 714.8 | 680.3 | 685.9 | 757.1 | 6825.1 |
| 7. | Kuwait | 377.0 | 377.0 | 377.0 | 377.0 | 377.0 | 377.0 | 329.6 | 337.0 | 345.7 | 349.7 | 3624.0 |
| 8. | Libya | 220.0 | 220.0 | 220.0 | 220.0 | 220.0 | 220.0 | 250.0 | 222.2 | 211.1 | 207.6 | 2210.0 |
| 9. | Nigeria | 343.6 | 343.6 | 343.6 | 343.6 | 343.6 | 343.6 | 384.9 | 396.1 | 407.8 | 393.1 | 3643.5 |
| 10. | Qatar | 125.4 | 125.4 | 125.4 | 125.4 | 125.4 | 125.4 | 149.1 | 167.9 | 206.0 | 227.0 | 1502.4 |
| 11. | S/Arabia | 2872.7 | 2872.7 | 2872.7 | 2872.7 | 2872.7 | 2872.7 | 2994.0 | 3163.4 | 3,318.7 | 3209.8 | 29,922.1 |
| 12. | UAE | 638.0 | 638.0 | 638.0 | 638.0 | 638.0 | 638.0 | 665.2 | 719.5 | 778.1 | 799.2 | 6790.0 |
| 13. | Venezuela | 786.3 | 786.3 | 786.3 | 786.3 | 786.3 | 786.3 | 831.1 | 751.8 | 657.9 | 566.2 | 7524.8 |
| | Cumulative | 8518.6 | 8518.6 | 8518.6 | 8518.6 | 8518.6 | 8518.6 | 8916.6 | 9129.8 | 9249.7 | 9045.2 | 88,100.0 |

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




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

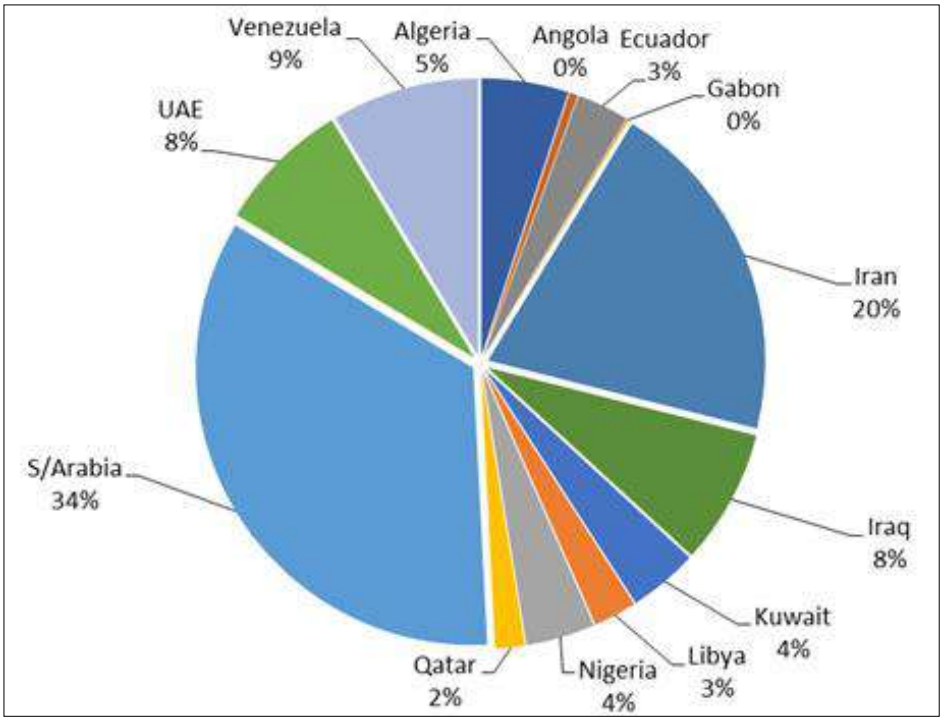
**Fig 12:** Petroleum Oil Products Demand by OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)




| | Algeria | Angola | Ecuador | Gabon | Iran | Iraq | Kuwait | Libya | Nigeria | Qatar | S/Arabia | UAE | Venezuela |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Cumulative | 5120.2 | 418.3 | 2678.7 | 96.7 | 17,744.1 | 6825.1 | 3624 | 2210 | 3643.5 | 1502.4 | 29,922.1 | 6790 | 7524.8 |
| Country Average | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 | 6776 |
| Annual Average | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 | 8810 |

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

**Fig 13:** Cumulative Petroleum Oil Products Demand by OPEC Members, 2007-2016 (1,000 b/cd, b/cyr)




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

**Fig 14:** Cumulative Percentage of Oil Demand by OPEC Members (in %)

From Table 6 and Figure 14 above, Libya with 3%, Kuwait with 4%, Algeria with 5%, Ecuador 3% and Nigeria with 4%; are OPEC countries that failed to take advantage of their oil wealth to fund industrialization and manufacturing. Iran as a very serious aspiring nation to technological development, its percentage of petroleum oil demand (20%) places it in the second position. Nigeria is in a state of slumber in the areas of industrialization and manufacturing that ought to produce unique products with comparative competitive advantage in the international market. The export of these locally manufactured unique products and goods will serve as the main or alternative major foreign revenue source for the country.

## Conclusion

From the analysis so far, conclusion can be drawn that Nigeria's membership of OPEC has no doubt generated enormous wealth for the country for the past fifty-nine years. Lamentably however, is the failure of successive Nigerian governments to channel the oil wealth towards local content industrial research for boosting the industrial/manufacturing sector/sub-sectors. This governmental/leadership failures have resulted in lackluster performance of the national economy whenever there is slight disequilibrium in oil price in the international oil market. The abrupt drop in global oil price in 2014, forced the Nigerian government into reviewing its national budget twice that year because of the dwindling oil revenue, which ultimately culminated in a recession that runs up to 2019. This actually portrayed the non-strategic utilization of the country's membership of OPEC to power its industrial/manufacturing sector/sub-sectors. The study has also established that Nigeria seriously underperformed in the area of output of petroleum products where it only beat a new comer Angola and a weakling Gabon. The study has further established that Nigeria also underperformed in another critical area such as domestic refining capacity where it occupied the 8$^{th}$ position among members. The

study has established that 88% of the crude oil produced in Nigeria is exported and refined outside the country; while only 12% is refined locally. The failure of Nigeria's foreign policy to support its economic relations in its engagement with OPEC in this regards portrays the country as a visionless, mission less and a non-serious member in view of the enormous benefits that ought to have been derived from a wide scale domestic refining of all its crude oil. Such benefits include employment generation, poverty eradication, wealth creation for citizens, economic growth and general development of the country.

**Recommendations**

From the analysis and conclusion, the following alternatives and strategies are proffered towards making OPEC to efficiently stimulating its members in boosting their industrial/manufacturing sector/sub-sectors:

1. Nigeria should lead the way in proposing for the setting up an inbuilt mechanism for an effective peer review mechanism that will periodically monitor and ensure the comprehensive and progressive industrialization by member countries. Where possible, OPEC member countries should set up special OPEC-Industrial Fund that will assist members with loans at low interest rates towards boosting their industrial/manufacturing sectors/sub-sectors.
2. Nigeria should embark on a deliberate policy of setting-up many public refineries and encourage private ones to be set-up at different locations in the country to refine all its crude oil; and where possible import more crude oil to be refined within the country. The more functional refineries are set up, the more jobs/employments are generated, wealth created and poverty alleviated; as well as growing the economy that will lead to general development. This also has positive implications of reducing crimes and vices in the society as well as stabilizing the national security equilibrium.
3. The Nigerian government through its foreign policy managers in the Ministry of Foreign Affairs, Federal Ministry of Industry, Trade & Investment, Federal Ministry of Economic Planning and Federal Ministry of Finance should woo foreign investors to look away from the O&G sector and invest massively in the industrial/manufacturing sector/sub-sectors. This they should do by relying heavily on local content strategic thinking and local raw material sourcing for the manufacture of unique products; in which the country has comparative competitive advantage in the international market. The sale and export of these locally manufactured unique goods and products will yield the most desired revenue that will augment or even serve as an alternative to oil revenue.
4. Special industrial grant scheme should be set up where research-oriented political scientists and economists can access to enable them conduct empirical and pragmatic researches that will put Nigeria as one of the five manufacture-driven economies of the world within a specified period not exceeding one term (four years) of an elected civilian administration. The selection of beneficiaries should be strictly based on merit derived objectively from their literally publications as contained in their annual confidential assessment forms. Beneficiaries should be given maximum of six months to come out with their independent findings and recommendations. Worthy ones should be, adopted by government where necessary legislations should be, enacted to ensure their pragmatic implementation.

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