

Local Content and Petroleum Development: Beyond the Techno-economic Promise

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The enactment in 2010 of Nigerian Oil and Gas Industry Content Development legislation, more than a decade after the policy was first announced, holds great symbolic and practical significance for Nigeria. First, it lays a solid legal basis for qualitatively more robust levels of local participation in the country's petroleum industry. Second, at least when viewed from the perspective of the ambitious "localization targets" set by the government (the unmet target for 2010 was 70 per cent local content), the law provides a psychological boost for Nigerians seeking to invest in some of the more strategic sectors of the oil and gas industry. By requiring oil companies to source key engineering products as well as vital human resources in the upstream, midstream and downstream petroleum industry, the local content policy represents a transformative intervention that could have a profound impact on class and state-society relations in Nigeria.

However, considering that petroleum-related conflict and popular discontent in Nigeria (especially in the oil-rich Niger Delta) have occurred despite concerted efforts by successive governments to "Nigerianize" petroleum and the processes associated with its exploitation, it is important to examine the hidden potentials (or missed opportunities) in the local content policy. This is what this paper sets out to do. The thesis of the paper is that while the current emphasis on the "economics" of local content and the technological promise of the policy could spur hitherto unseen levels of local entrepreneurship and boost indigenous capacity in the oil and gas industry, they could simultaneously exacerbate socio-ecological abuses especially in the impoverished oil producing communities. The paper suggests that the key to leveraging the techno-economic potential of local content development is the realization that the policy does have socio-ecological facets and that the transformative potential of the policy rests both on its techno-economic promise and on its "hidden" socio-ecological facets.

The analysis draws on relevant secondary data, and on ethnographic and interview data collected in Nigeria by the author.

Key words:

Local content, oil and gas, Nigeria, indigenization, socio-environmental justice