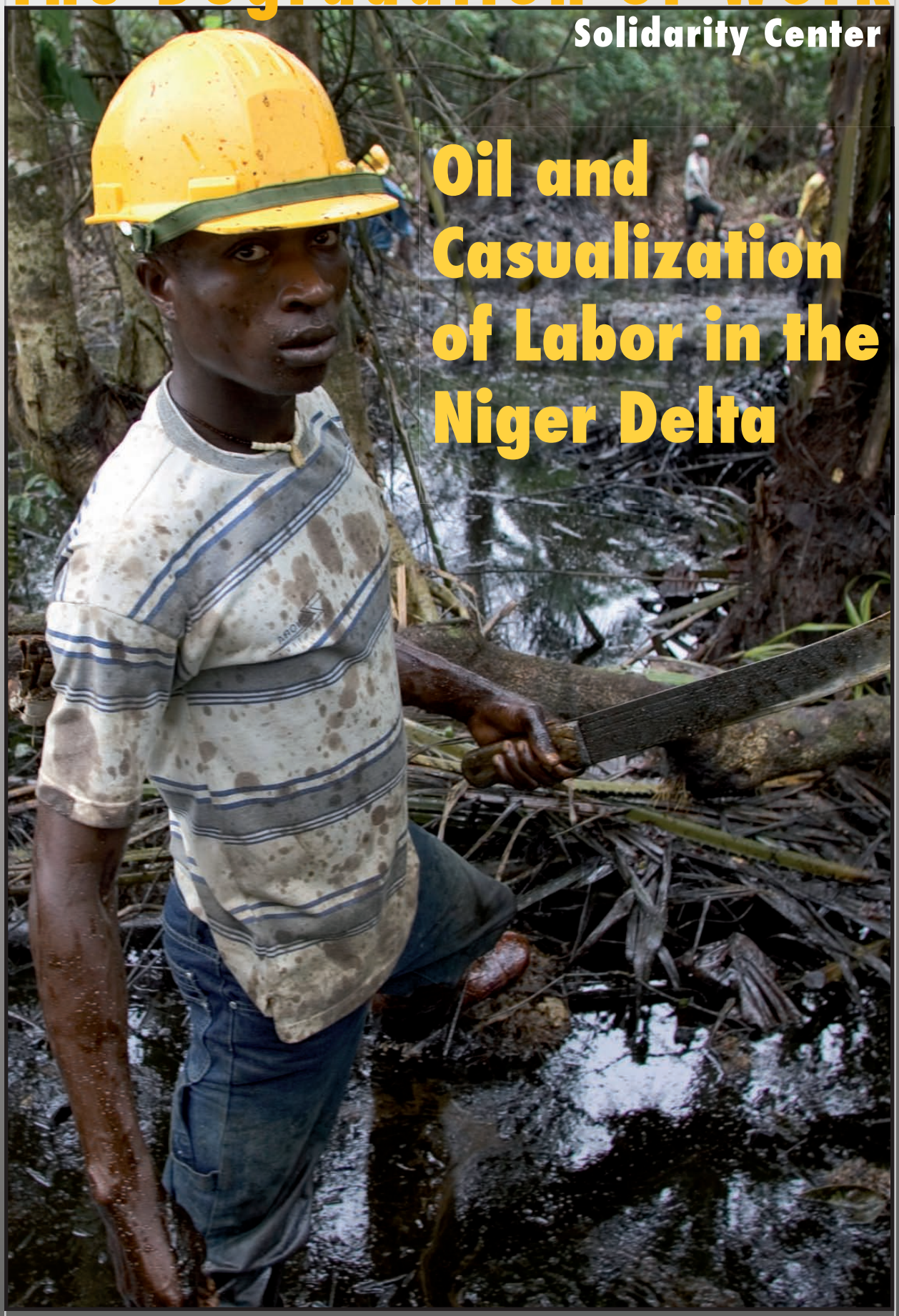
The Degradation of Work

Solidarity Center

Oil and Casualization of Labor in the Niger Delta



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The Solidarity Center is an international nonprofit allied organization of the AFL-CIO established to provide assistance to workers around the world. Working with trade unions, nongovernmental organizations, community organizations, and governments, the Solidarity Center supports programs and projects to advance worker rights and promote broad-based, sustainable economic and democratic development in 60 countries. The Solidarity Center engages in a wide range of technical assistance, educational, and other activities to help workers build democratic and independent trade unions and promote human and worker rights around the world.

This report is the third in the Degradation of Work series.

The series examines in part how worker rights standards have been degraded by economic globalization. Earlier reports in the series have focused on human trafficking in Kenya and worker rights abuses in shrimp processing plants in Thailand and Bangladesh.

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Executive Summary

Oil was discovered in the Niger Delta in 1956, and more than a half-century later, has become the dominant political and economic force in Nigeria. It is the source of 80 percent of Nigeria's government revenues, accounting for tens of billions of dollars. Roughly half of Nigerian oil exports make their way to consumers in the United States. Yet despite the riches oil brings to Nigeria, its legacy in the delta is marked by intractable poverty, corruption, human rights violations, environmental devastation, and the ever-present potential for community discontent to fuel large-scale political violence.

For Nigeria's oil workers, the dominance of oil has been a mixed blessing. Oil industry jobs have unlocked the promise of natural resource wealth, but not without struggle. In the 1980s, union leaders were imprisoned and oil unions placed under military government control. Today, union organizers must contend with both legal obstacles and anti-worker violence. Oil workers have been preyed upon by gangs and militants who use kidnapping and violence to intimidate oil companies. As community members, oil workers are aware of the painful difference between them and the impoverished majority outside the industry.

The oil unions' decades-long fight for higher wages, job security, and benefits has occurred while corruption, pollution, and corporate indifference have eroded job growth and living standards in the rest of the region. As a result, Nigerian oil workers are vulnerable to a new kind of attack—quiet but more potent—through an industry-wide shift away from regular, full-time work toward forms of cheaper temporary labor and short-term contracting. This process, called "casualization" in Nigeria, attempts to lower corporate costs while breaking workers' strength—pushing oil workers out of an industry they built and pitting them against one another in a struggle for jobs in a country where an estimated 71 percent live on less than $1 per day.

The rise of casual employment is a global trend. Nigeria's oil industry is just the latest snapshot in a larger global picture where decent work as a path to broad-based development is rejected and more jobs are created through outsourcing or labor agencies. Work is often temporary, with uncertain wages, long hours, and no job security. The push toward casualization in Nigeria is evidence of a continued effort by government and corporate elites to maximize oil profits at the expense of a long-term jobs policy, transparent governance, and shared economic development.

For workers and unions in Nigeria's oil-producing communities, the future will depend on their capacity not just to stop the degradation of work, but to exert the strength necessary to promote development alternatives based on democracy, freedom of association, a clean environment, and broad-based access to higher wages, good paying jobs, education, and health care for every worker in the Niger Delta—both in the oil industry and in the region's impoverished communities.

Through its longtime work in Nigeria, the Solidarity Center helps workers fight degradation of work, protect their rights on the job, and apply new strategic

research and organizing models. The Solidarity Center works primarily with Nigerian oil unions around issues of worker rights, internal union democracy, coalition building, and workplace health and safety.

Methodology Statement

This report was facilitated by the Solidarity Center's continued work with trade union partners in Nigeria. A key portion of this work includes strategic planning workshops and health and safety training for members of Nigeria's two main oil and gas sector unions: the Nigerian Union of Petroleum and Natural Gas (NUPENG) and the Petroleum and Natural Gas Senior Staff Association of Nigeria (PENGASSAN). The Solidarity Center's relationship with these unions has fostered in-depth discussions of industry trends and their impacts on worker rights. Participants in Solidarity Center programs have identified certain impediments to working in the Niger Delta: the effects of prolonged tension and instability; anti-union violence directed against workers and organizers; and, not least, a growing trend toward replacing steady, full-time employment with new and varied forms of subcontracted work, a practice called "casualization" of labor. This last point was brought up by nearly every program participant.

In early 2008, Solidarity Center staff in Nigeria and in Washington, DC began developing interview contacts within unions and among key individuals in other Niger Delta-based non-governmental organizations (NGOs). In April 2008, initial interviews were conducted with oil workers and NGO staff members in Nigeria. Follow-up interviews continued throughout 2008. Solidarity Center staff from both the Washington, DC and Nigeria offices conducted the interviews. Nigeria staff also developed and followed up with contacts, in addition to providing key analysis of interview data and report drafts. Because of the controversial nature of the subject matter, most interviewees asked to remain anonymous.

Sources for this report include interviews with Nigerian oil workers and other stakeholders; Nigerian, U.S., and other international news media coverage; and published literature on Nigeria's history, its oil and gas industry, and Nigerian worker rights. Additional research was conducted using Internet-based information from union, NGO, and company sources.

The Solidarity Center contacted a number of international and Nigerian oil and gas company sources for this report. The only response to an interview request came from the Human Resources Subcommittee of the Oil Producers Trade Section of the Lagos Chamber of Commerce and Industry (LCCI), a key trade association. The subcommittee spokesperson noted that "as an industry, we comply with applicable laws and regulation in respect of employment matters."

Foreword

Degradation of Work
Oil and Casualization of Labor in the Niger Delta

Foreword by Richard L. Trumka, President, AFL-CIO

The quest for oil roils markets and heavily influences world politics. Oil continues to power transportation, manufacturing, and global trade, and is ever-present, from gasoline to household chemicals and countless consumer items.

The U.S. economy remains heavily dependent on foreign oil and roughly 10 percent of all our foreign imports come from Nigeria, where for decades, oil workers have built democratic unions and have fought for their rights in the face of company roadblocks and government clampdowns.

Now, Nigerian oil workers are under pressure again, this time from corporate practices that seek to undercut their hard-fought victories at the bargaining table and replace good jobs—jobs with benefits, training, and security—with various forms of insecure and lower-paid contract, short-term, and temporary work. This practice is called "casualization" and is an alarming trend, considering that work in Nigeria's oil and gas industry was once a hope for raising working and living standards in the country.

Casualization goes beyond Nigeria and beyond oil. Around the world in nearly every economic sector, good jobs are falling prey to corporate cost-cutting moves at the expense of working families. Too many jobs are being outsourced, contracted out, or reclassified under a barrage of legal definitions designed to keep pay down, benefits low, and unions out.

Like workers all over the world, Nigerian oil workers are trying to hold the line. They are countering casualization with activism and strength, pushing back against the degradation of their work and organizing casual workers into unions to fight for their rights.

Yet the story goes beyond trade union rights. Casualization is enabled by the widespread poverty, joblessness, and devastated natural resources of the Niger Delta. The communities in the Niger Delta have watched profits enrich the oil industry and the government without alleviating their suffering. Discontent with this injustice has led to decades of violence and instability, with oil workers often caught in the middle.

The long-term success of Nigeria's oil unions will hinge on their capacity not only to fight the degradation of work, but to broaden their struggle to increase job opportunities and living standards in the communities that have yet to benefit from oil's riches.

In a time of immense oil company profits, oil workers and oil producing communities, regardless of where they are, should not see their work and their resources devalued. We support the struggle of our union partners in Nigeria and look forward to the day when Nigeria's oil wealth is used to build broad-based economic stability and support equitable economic development, with decent jobs for all.

Oil and the Casualization of Labor in the Niger Delta

Introduction

On November 18, 2007, the Nigerian military's Joint Task Force (JTF) attacked third-party contract workers demonstrating at the Nigeria Liquefied Natural Gas (NLNG) Bonny Island Terminal. The JTF "fired tear gas directly at the contract workers, attacking with batons," according to the International Federation of Chemical, Energy, Mine and General Workers (ICEM). The incident "blinded one worker in his right eye and injured 28 other[s]." The ICEM attributed the incident to NLNG's having "reneged on the signing of an agreement granting [contract workers] union recognition through the oil workers' union NUPENG." NUPENG and its sister union, PENGASSAN, responded quickly to the attacks with a larger demonstration and a call for a nationwide strike. In the face of this threat, NLNG managers agreed to recognize the union. The workers also won compensation for their injuries.[1]

The escalation of the dispute at NLNG, from an organizing drive to a violent crackdown, underscores two alarming trends in the communities and workplaces of the oil-rich Niger Delta region. The first is the increasing refusal of employers and government officials to negotiate in response to lawful and peaceful demands from workers and community members. If the demands grow louder and bolder, those in power too often respond with force. The second, more insidious trend relates to the category of workers involved in the NLNG dispute. The workers were all third-party contractors seeking union recognition and better terms of employment. Union efforts to organize these employees, and to fight the growing use of varying types of short-term contract or "casual" employment, has been at the heart of many similar disputes in recent years.

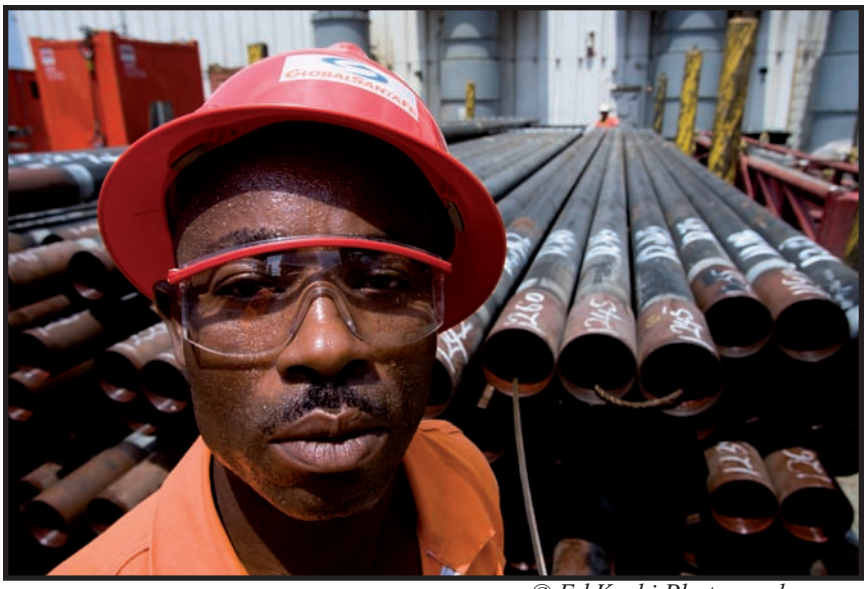
Against a backdrop of widespread poverty, a legacy of environmental devastation and human rights abuses, and the enrichment of foreign-owned oil companies, these issues exacerbate the region's growing instability. At the foundation of this turmoil are Nigeria's abundant crude oil and natural gas reserves and the multi-billion dollar industry that surrounds it—an industry that generates immense wealth and accounts for more than 80 percent of government revenues.[2]

Nigeria's abundant crude oil is lighter, and thus easier and cheaper to refine, than oil from most other regions. Nigeria's relative nearness to major refining hubs and consumer markets in Europe and the U.S. enhances the oil's value. Additionally, Nigeria's largely untapped natural gas resources are said to be worth an additional $2.5 billion annually.[3]

Yet the 50-plus-year focus of

Nigerian and international oil elites—accessing and exporting the delta's oil and gas for profit—has consistently relegated community-level economic demands to a low priority. As a result, decades of community anger and simmering local disputes over oil have escalated into violent confrontations. In recent years, a number of gangs and well-armed militant groups have emerged, focusing on oil theft and attacks on both oil facilities and workers. In response, the Nigerian military has taken a prominent and controversial role in quelling public unrest.[4]

Surrounded by poverty, high unemployment, and the violence that the resentment has engendered, Nigeria's union oil workers now find themselves being pushed out of the industry they have worked so hard to sustain. Decades ago, oil workers and their unions weathered brutal attacks by authoritarian political forces who were intent on discouraging their self-organization and advocacy. Now they are under a different kind of pressure, this time from oil industry employers who replace full-time work with varied, less secure types of informal and low-wage casual labor.[5] Few studies of the restive Niger Delta or Nigeria's oil industry have noted the role of the country's oil workers in an economic sector that, despite the controversy that accompanies it, remains crucial to Nigeria and to the global economy. This report shows how, in a time of growing instability and physical threats, Nigeria's oil workers struggle to uphold the promise of Nigeria's natural wealth by opposing a decline in employment standards and defending the broad economic and social value of work for all in the Niger Delta.



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The Dominance of Oil

Oil was discovered in Nigeria more than 50 years ago. It has grown to dominate the economy of the country. One of the largest oil and gas producers in Africa, Nigeria generated roughly 2 million barrels of crude per day in 2008.[6] Despite a drop in production due to rising violence in the Niger Delta, Africa's most populous country remains a leading global petroleum powerhouse. Nigeria relies overwhelmingly on revenue from its petroleum. Oil exports were valued at more than $74 billion in 2008 and oil accounts for roughly 40 percent of GDP.[7] Nigeria is a key cog in the global operations of several multinational "oil majors" (e.g., Royal Dutch Shell, ConocoPhillips, ExxonMobil, Chevron, and Agip) that partner with the Nigerian government on oil and gas projects.[8] During the gasoline price spikes of 2008, these companies posted billions in record profits .[9]

The Discontent of Oil

Despite the profitability and dominance of the oil industry in Nigeria, it has failed to deliver broad-based economic growth and development. As Nigeria's export earnings and the profits of multinational oil companies operating in the country reach into the tens of billions of dollars, the statistical duality of the haves and have-nots is alarming. In 1965, Nigeria's oil revenue was about $33 per capita, while per capita GDP (i.e., the gross domestic product divided by the total number of people) was $245. In 2000, oil revenue rose to $325 per capita, but per capita GDP remained at the 1965 level.[10] The increased oil revenue has accrued largely to Nigeria's elite. In 2004, the World Bank estimated that 1 percent of the country's population controlled 80 percent of oil wealth.[11] Among the majority excluded from the natural resources largesse are the estimated 71 percent of Nigerians who live on less than $1 a day.[12]

These statistics point to what is often called the "natural resource curse," whereby mineral wealth fuels corruption and conflict rather than equitable economic development.[13] Income disparity and rising poverty in the midst of record earnings have hardened the lines of what some Nigerian observers call the "enclave economy," a reference to the figurative (and often physical) wall that separates the wealth, political access, and infrastructure of the oil industry from the poverty and pervasive hopelessness of the many.[14]

This trend is particularly pronounced in the Niger Delta, where traditional economic activity included agriculture and fishing before an influx of crude oil revenues forced a rapid rise in exchange rates, reducing agricultural exports and squeezing out entrepreneurial attempts at local manufacturing. Cocoa, Nigeria's top export in the 1960s, now accounts for less than 1 percent of its exports.[15] Most products, from manufactured goods to food staples, such as rice to even refined gasoline, are imported.[16] The most enduring shock to the local economy, however, has been the long-term impact of environmental destruction in the form of oil spills, acid rain, and freshwater contamination. The recent massive oil spill in the Gulf of Mexico has brought fresh attention to oil spills in the Niger Delta, where it is estimated that just under 550 million gallons of oil have been spilled since oil was discovered, a number equivalent to 11 million gallons per year or 50 Exxon Valdez-type disasters.[17] This large-scale environmental damage has increased agricultural land loss, fisheries depletion, and deforestation—destroying much of the natural foundation for any future non-oil-related development.[18]

Without sources of additional employment, economic growth lags for citizens in the Delta while profit grows for the oil majors. Regionally, gross national product (GNP) per capita is below the national average. Consumer prices are high. The official unemployment rate for the oil industry hub of Port Harcourt is 30 percent, but human rights groups have pegged real unemployment at 75 percent and even as high as 95 percent in some areas.[19] The United Nations Development Program reports that

while school enrollment in the Niger Delta is among the highest in Nigeria, school infrastructure is dilapidated, and there is a persistent shortage of teachers.[20] Amnesty International calls school and health care infrastructure "almost non-existent."[21] Other basic infrastructure—even that necessary for efficient oil production and transport—is lacking. NUPENG members have gone on strike over the constant disrepair of Delta roads, which they claim has caused accidents, deaths, and a high loss of productivity. The unreliable electric power grid supplies power to less than 40 percent of the population.[22] Desperate for any income, the region's disillusioned channel their anger into such lucrative activities as kidnapping and theft of crude oil (called oil bunkering). Governance has been reduced to a loose system of corrupt payments, contracts, and other forms of oil rents, as well as a web of theft and black market sale of crude oil and oil products.[23]

Nigeria's Oil Workers

Because a single industry dominates the Niger Delta's economy, oil jobs are the most sought after and often the only formal jobs—that is, jobs with regular salaries and benefits. Workers are vital to Nigeria's oil-based economy, and have also supported Nigeria's pro-democracy movement (see "A Hard-Won Role"). With formal jobs and vocal trade unions to stand up for their interests, unionized oil workers are among the few who have been able to achieve the dream of many Nigerians in the years just after oil discovery: the benefits of middle-class life and a voice in government decision-making.[24]

Continued on page 14...

A Hard-Won Role

Unionized oil workers in Nigeria are well organized and highly trained. Their vital role in Nigeria's oil and gas industry gives them tremendous bargaining power, particularly in times of peak demand. But this has not always been the case. As oil came to dominate Nigerian political and economic life, successive Nigerian governments, both military and civilian, have sought to curb oil workers' strength. The following timeline highlights the struggles oil workers have endured:

1893 – First unions founded during British rule, with unions in civil service, education, and railways growing most prominently.

1931 – Colonial government passes the *Trade Union Ordinance* extending recognition to unions.

1956 – Oil discovered in Nigeria.

1960 – Nigeria achieves full independence from Great Britain.

1967-1970 – Nigerian civil war; all strikes outlawed.

1975 – Oil price boom; military decrees ban oil workers from participating in general strikes.

1978 – Nigerian Labour Congress (NLC) founded.

1986 – Initial launch of the Structural Adjustment Programme (SAP), a slate of non-transparent economic policies designed to pay off Nigeria's foreign debts. Disastrous results, including exploding consumer prices, cuts in formal employment, and a sharp decline in health care and education spending, sparked protests by Nigerian unions, including those in the oil and gas sector.

1988 – Nigerian government briefly bans the Nigeria Labour Congress (NLC).

1993 – Military government nullifies the results of the June national presidential elections. General Sani Abacha engineers a military coup.

1994 – NUPENG calls for the military to disengage from government, demands the release of imprisoned presidential candidate M.K.O. Abiola and the re-opening of all independent media.

- A July 4 NUPENG strike (joined by PENGASSAN 12 days later) disrupts fuel and electricity supplies, temporarily closes Nigeria's oil refineries, and reduces Nigeria's oil exports by half.
- NUPENG and the NLC are disbanded and placed under government-controlled "administrators" in August; NUPENG Secretary General Frank Kokori and President Wariebi Agamene jailed.

1996 – PENGASSAN General Secretary Milton Dabibi arrested in January; union placed under government control.

1998 – Labor leaders freed; unions returned to independent control in June.

1999 – Former military leader Olusegun Obasanjo elected president.

2005 – Nigerian unions, including oil workers' unions, oppose (with limited success) the Obasanjo administration's attempt to amend national labor laws to curb unions' strength, particularly the right to strike.

2006-2007 – NUPENG and PENGASSAN successfully oppose Obasanjo's attempt to rewrite the constitution in order to run for a third presidential term; join protests to raise awareness of the extensive vote rigging, ballot stealing, intimidation, and violence during the 2007 elections.

Sources: "Troubled History of Nigeria's Unions," BBC Africa, January 16, 2002, http://news.bbc.co.uk/2/hi/africa/1763598.stm; Toyin Faiola and Matthew M. Heaton, A History of Nigeria (Cambridge: Cambridge University Press, 2008), pp. 205, 223, 227; O. Sokunbi, O. Jeminiwa, F.B. Onaeko, Unionism and Democratisation: Process in Nigeria,(Michael Imodu Institute for Labor Studies, 1996) pp.4-10;. John C. Anyanwu, "President Babangida's Structural Adjustment Programme and Inflation in Nigeria," Journal of Social Development in Africa 7, no. 1 (1992), pp. 10-13; Ifeanyi Onyeonoru and Femi Aborisade, "The Remote Causes of the Oil Workers' 1994 Strike in Nigeria," Africa Development 26, nos. 3 and 4 (2001), p. 62; Amnesty International, "Military Government Clampdown on Opposition," November 11, 1994, pp. 3-4, http://asiapacific.amnesty.org/library/pdf/AFR440131994ENGLISH/$File/AFR4401394.pdf; "Nigerian Oil Workers End Strike Over Arrest of Opposition Leader," New York Times, September 6, 1994; ICEM, "Nigeria After Abacha: Free the Detainees, Free the Unions" (news release 57/1998), June 8, 1998; ICEM, "Nigerian Oilworkers' Leaders Released" (news release 59/1998), June 16, 1998, www.icem.org; ICEM, "PENGASSAN Says No Third Term for Nigeria's President," ICEM InBrief, November 28, 2005, http://www.icem.org/en/?id=78&doc=1526; ITUC, "Nigeria: Trade Unions and Civil Society Call for National Stayaway and Boycott of Presidential Inauguration Due to Election Fraud" (press release), May 24, 2007, http://www.ituc-csi.org/spip.php?article1176; Human Rights Watch, "Criminal Politics: Violence 'Godfathers' and Corruption in Nigeria," October 2007, p. 45, http://www.hrw.org/sites/default/files/reports/nigeria1007webwcover_0.pdf.

Nigerian oil workers generally belong to one of two national unions: NUPENG and PENGASSAN. Both unions organize workers across the "upstream" (production and refining) and "downstream" (transportation and retail) sectors of the oil and gas industry, although NUPENG traditionally represents blue-collar workers and PENGASSAN speaks for white-collar professionals. While the two are affiliated with separate national labor bodies—PENGASSAN with the Nigerian Trade Union Congress (TUC) and NUPENG with the Nigeria Labour Congress (NLC)—they communicate openly on most issues and have a long history of cooperation. Internationally, both are members of the ICEM, the global union federation of energy sector unions. A Nigerian oil worker interviewed for this report estimated that just under half of Nigeria's oil and gas workers are unionized.[25] If this figure is accurate, it represents a decline in union penetration of the oil industry, which stood at about 60 percent in 2003.[26] The rate of union membership among women oil workers is even lower—about 20 percent.[27]

Both economic and social factors are putting pressure on union membership. Oil workers' attempts to organize non-union workers and negotiate on behalf of union members have sometimes been met with police violence. But their unique social position in the industry has put them in an increasingly precarious position. Their perceived role as industry insiders makes them targets of kidnappers and saboteurs.[28] As community and civil society members, they also contend with the painful dichotomy between the oil industry's immense wealth and the grinding poverty that pervades the region. And now, an industry-wide push toward cheaper forms of short-term and temporary labor contracts is jeopardizing full-time unionized jobs.

The Casualization Model

For years, oil companies operating in the Niger Delta have been accused of ignoring poverty, violence, and environmental devastation. Now they appear to be taking advantage of chronic economic underdevelopment.[29] Unions allege that employers' use of casual workers is an attempt to replace full-time unionized workers with lower-paid, less-protected workers and to relegate legal and managerial responsibilities to one or more third-party subcontractors. The casualization model enables employers to ignore workplace standards and workers' social needs and to create a strong barrier against workplace organizing. One oil worker noted a typical corporate response when casual workers voice complaints to the contracting firm:

> [O]nce their boss hears the complaint, he will remind them of the large army of unemployed youths in the delta. The boss will tell them, "If you're not ready to work according to our terms, there are people outside who are waiting to take your jobs." So, in most cases, if you are daring

> enough to complain you will get fired, or they give you some other sanctions.[30]

Casualization is a global business trend that reaches far beyond the Niger Delta's oil industry. It is just one manifestation of the "degradation of work" from formal to informal employment and from permanent to temporary and precarious forms of work.[31] According to the ICEM, the growth in irregular work has changed the nature of employment "from a labor relationship to a commercial relationship, with the worker taking all the risks."[32] A recent study co-sponsored by the ICEM and the International Metalworkers' Federation showed a sharp worldwide rise in casual employment and a parallel rise in the gap between wages and benefits of permanent and casual workers.[33]

As casualization has increasingly become the main point of contention between oil companies and Nigerian oil workers, it has generated violent crackdowns. At NLNG's Bonny Island Terminal, the dispute revolved around who was responsible for recognizing the workers' union and bargaining with them. Was it the owner/operator of the workplace or the many small third-party contractors (the employers of legal record)?

The use of casualization as a business model, defined as the strategic substitution of full-time workers with contract and/or agency labor, is on the rise in Nigeria's oil industry. The number of casual workers in the oil and gas workforce in Nigeria is hard to pin down. NUPENG and PENGASSAN calculate that for every full-time worker there are four casual workers.[34] Some oil workers interviewed for this report put the ratio at an alarming nine to one.[35] These estimates suggest a rapid growth in casualization over the past few years—in 1999-2003, the estimated ratio was about two to one, according to the International Labor Organization (ILO) (using NUPENG and PENGASSAN figures).[36]

Formal workers, called "regular" company employees, are hired directly by the company. They receive contracts that explain work conditions, wages, hours, and benefits. They have the right to form unions and bargain collectively to extend their voice in the workplace. In contrast, casual workers are often employed by third-party contractors under various types of part-time and/or short-term work arrangements. They perform many of the same technical and professional duties as regulars, but with no job security. They face frequent layoffs and long periods of revolving short-term contracts under a never-ending probation. Though they work at the facilities of the oil majors and their work is a large part of these companies' productivity, they are legally the direct hires of smaller outside firms and their contribution is too often ignored.

Most casual workers are not part of any union structure. They earn lower wages than the regular workers, receive fewer benefits, and can be fired at will. The ILO has reported that oil companies in Nigeria "tend to fire contract workers just before the expiration of their three, six or twelve month contracts, when they

Taking on Casualization

Oil and gas unions have stepped up efforts to advocate for the enforcement of laws on casual workers and contracting. They have also become more aggressive in organizing casual workers. Since many casual workers in the oil and gas industry work alongside union colleagues, NUPENG and PENGASSAN have begun monitoring their employment terms. According to the law, if 50 percent or more non-union employees ask to join NUPENG or PENGASSAN, the unions can then set up a committee to begin negotiations with the employer. Unfortunately, the process often gets bogged down in legal details, as oil employers shift bargaining responsibility from one subcontractor to another, delay negotiations, try to pit unions against one another, or even resort to physical attacks. But unions are increasingly willing to "go to the mat" on the issue of freedom of association for contract workers. According to John O. Fagbemi at the Michael Imoudu National Institute for Labour Studies, "[T]hese unions are aggressive; it has become their choice in the face of perceived company unpredictability."

When 122 contract workers at Polmaz, a labor contractor to Chevron, sought to join NUPENG in 2006, both Polmaz and Chevron rebuffed their efforts. After a one-week strike and attempted firings, NUPENG overcame a key hurdle when the Nigerian Ministry of Labor recommended that the two companies allow the workers to unionize.

The process should have ended in peaceful contract negotiations, but instead company leaders selected another union (the Maritime Workers' Union of Nigeria) to represent the workers despite their choice of NUPENG. According to NUPENG sources, Chevron then sought to restart the collective bargaining process, while workers' automatic dues payments were diverted to the Maritime Workers' Union.

In December 2008, after more than two years of delays, NUPENG responded boldly, asking all of its members in the Warri Zone and its affiliate, the Petroleum Truck Drivers' Union, to join in a solidarity action. More than 100 tankers blocked Chevron's Warri office gates, preventing oil shipments from going in or out. Police and security guards threw tear gas at the protestors and beat them with gun butts. At least 15 workers, including the local NUPENG chairman, were injured in the attacks. In the wake of extensive media coverage, NUPENG and the Maritime Workers' Union reached an agreement on union representation, NUPENG resumed discussions with company managers, and the strike was suspended.

Sources: Interview with anonymous oil worker, Warri, Nigeria, April 24, 2008; Emma Amaize, "Chevron v. Workers – Security Men Manhandle Nupeng Chief, Workers, Vanguard, December 4, 2008, http://www.vanguardngr.com/content/view/23313/40/; Sola Adebayo, "NUPENG Embarks on Strike Over Planned Sack of Members, The Punch, December 4, 2008, http://www.punchng.com/Article-print2.aspx?theartic=Art200812043582743; Interview with John O. Fagbemi, Michael Imoudu National Institute for Labour Studies, December 2008.

are about to become permanent workers..."[37]

Downward Pressure on Wages and Benefits

For companies, casualization of employment dramatically reduces labor costs and offers an easy way to hire and fire short-term staff in fluctuation with oil production and demand. Casual workers make as little as 15-50 percent of the union wage (numbers vary) and receive few, if any, non-wage benefits.[38] Employment casualization proponents argue that workers only want to earn a paycheck, and don't see the necessity of joining a union since they care neither about non-wage benefits nor about having a broader say in the decisions that affect their work lives. This

is a common perspective among Nigerian managers in particular, who believe that most Nigerian workers are preoccupied with monetary rewards and have no interest in non-wage benefits or positive employee-management relations.[38]

Gaming the Casualization System

In recent years, new and varied forms of contracts have emerged, according to Nigerian union sources.[40] One arrangement used for more than a decade is the "direct labor" contract, whereby an individual is hired as an independent contractor. Nigerian workers interviewed for this report describe direct labor contracts as increasingly short-term, similar to revolving day-labor agreements.[41]

Another hiring arrangement is the "service" contract, which is not an individual contract, but an agreement between an oil major and a smaller company that provides specific technical expertise. Both NUPENG and PENGASSAN have had some success in organizing full-time workers in these service firms. One NUPENG source estimated that about 40 percent of service contractors are full-time workers with written union contracts.[42]

"Yellow dog" contracts explicitly require that employees not join a union as a condition of employment. Yellow dog contracts are common in the oil industry in Nigeria despite being technically illegal.[43]

The most notorious type of contract is the "body shop" contract. In contrast to the service contract, the third-party company is not a technical service provider, but a labor broker, or "body shop," which simply acts as paymaster for a group of casual employees working on the premises of a larger oil company.[44] Variations in the terminology and structure of casualization often make it difficult to determine who actually employs, pays, and manages casual workers, according to NUPENG. "They [the oil majors] bring contracts in all kinds of names," said a NUPENG member in Warri. Layers of subcontracting further muddle legal responsibility. Another NUPENG member reported that contracting, particularly that which is conducted through yellow dog and body shop mechanisms, leads to a system of contracting with brokers who have no physical location and no equipment. "[T]he oil majors set the rules, run the process," he said. "[T]he contract firms are just paymasters."[45]

The contracting process can be unpredictable in its constant search for new loopholes. A NUPENG member described instances where companies terminate body shop contracts, keeping the casual workers on staff but bringing in new contract companies more to their liking to serve as the new employers. Sometimes they actually create the new companies themselves. "[An oil major] wanted to break the union, so they broke up their in-house servicing company into a number of independent contractors," the NUPENG member said. "Now, the workers for these service companies are making about 10 percent of the wage earned by the oil major's regular workers."[46]

The impact of casualization extends beyond entry-level positions. It also affects mid-level and technical

Casualization: Law and Practice

According to Nigeria's Labour Act, "not later than three months after the beginning of a worker's period of employment" the employer is required to give the worker a written contract specifying, among other information:

- The nature of employment.
- The date when the contract expires (if it is for a fixed-term position).
- Appropriate notice concerning termination of employment.

Unfortunately, many workers do not understand the three-month window, enabling oil and gas firms and their contractors to misuse it. They try to employ workers under either revolving three-month terms or a series of temporary and/or short-term contracts. This tactic keeps employees in perpetual casual status. In the words of one NUPENG member, "It's an industry-wide practice. [C]asual jobs should last no more than three months, but these people work for over 15-20 years. They work, and at the end of the month the labor contractor collects paychecks from the oil companies and then pays the workers." TUC President Peter Esele echoed this assertion that many oil and gas companies violate the rules. "There are people who have been casuals and contract workers for up to 15 years [and] they don't have any benefits attached to their contract of employment," he said in a 2008 interview in which he called on the Nigerian government to enforce the labor law. "This is unacceptable."

A 2007 study of 8,000 contract workers hired by 45 ExxonMobil contractors throughout Nigeria found physicians, nurses, pharmacists, and engineers working for years as "temporary contract staff" at the state-run Nigerian National Petroleum Corporation. Many earned wages so low that they could barely support themselves or their families. In August 2008, NUPENG threatened to strike if a Niger Delta-based service contractor did not improve working conditions for some 250 offshore workers who had been kept "in a perpetual status of casual workers," some for more than 20 years. The workers would stay at sea for three months, followed by a period of unpaid leave, and then would be rehired, over and over, according to NUPENG. In October 2008, NUPENG picketed Shell Nigeria headquarters to protest the sudden firing of 21 contract workers with 15-25 years of service after they attempted to form a union.

Sources: Laws of the Federation of Nigeria, Labour Act (1990) Chapter 198, Section 7, Contracts of Employment, http://www.nigeria-law.org/LabourAct.htm; Interview with John O. Fagbemi, Michael Imoudu National Institute for Labour Studies, December 2008; Interview with anonymous NUPENG member, Warri, Nigeria, September 2008; Onyebuchi Ezigbo, "Nigeria: TUC Seeks End to Casualisation, Expatriate Quota Violation," This Day, September 22, 2008, http://allafrica.com/stories/200809221160.html; Emeka Emmanuel Okafor, "Globalisation, Casualisation and Capitalist Business Ethics: A Critical Overview of Situation in the Oil and Gas Sector in Nigeria," Journal of Social Sciences15, no. 2 (2007), p. 176; "NUPENG Threatens to Cripple Oil Sector," Leadership (Abuja), August 1, 2008, http://allafrica.com/stories/printable/200808010492.html; Sylvester Enoghase and Adeola Yusuf, "NUPENG Threatens to Ground Shell's Operations," Daily Independent, October 14, 2008, http://allafrica.com/stories/printable/200810140694.html.

employees. Some of these workers are graduates of Nigeria's Petroleum Training Institute (PTI) or have been trained overseas in Europe or the U.S. Qualified casual workers often stand side-by-side with their full-time unionized colleagues. They have the same job descriptions and shoulder the same responsibilities. Their jobs range from production technology to drilling to mechanical services and instrumentation. They also include clerical support, computer services, transport, maintenance, flow station operations, fire fighting, and shipboard maritime work.[47]

Nigeria's Enclave Economy

In Nigeria's vastly profitable oil and gas industry, the benefits go to a few stakeholders while the majority are left outside the circle of prosperity. This isolation from riches has given rise to another term often used in the Niger Delta—the "enclave economy." While oil workers have benefited from bargaining gains in overall terms of pay and benefits, a divide exists between them and communities on the outside of the industry, which must cope with poverty, high unemployment, and no effective wage floor.

The increasing use of casualization widens this gulf and enables those with institutional power—the oil companies and the Nigerian government—to put pressure on workers' pay, benefits, and job security. It exacerbates the region's glaring development gap by pitting worker against worker and unions against impoverished oil communities.

Oil Majors

At the center of the enclave economy is the small inner circle of oil majors. Most of these are multinational firms based in the United States or Western Europe, although recently, newcomer energy companies from Russia and China have sought to join this inner circle through multimillion-dollar investments in the Nigerian oil and gas market.[48]

Oil majors in Nigeria operate on a complex system of concessions and contracts with federal and state governments that allow them to access the valuable crude oil. These arrangements often take the form of Production Sharing Agreements or Memoranda of Understanding. All of the oil majors have joint venture agreements with the state-run Nigerian National Petroleum Corporation (NNPC), which acts as the majority shareholder. Since the oil price boom of the 1970s the Nigerian government has taken an active role in the oil business. Shell, the largest and best known of the majors, reported paying $3.5 billion in fees and taxes on its 2006 production of 658,000 barrels per day (worth roughly $43.5 billion).[49] But the burdens of revenue sharing have not been heavy enough to drive the oil majors away, mainly because they are allowed near-total control over the management of their production facilities.

The oil majors' presence in Nigeria has often been controversial. The host community system, whereby oil majors compensate individuals and/or communities in return for drilling rights or access to land, has been criticized for pitting communities against one another and for "paying off village chiefs for drilling rights."[50] According to Nnimmo Bassey, Executive Director of Environmental Rights Action/Friends of the Earth Nigeria:

> "To pacify some of the communities, oil corporations pay people to stay at home. I mean they pay some young people regular salaries without employing them. . . . I've heard people call them "standby workers," and when you have people like this in the community . . . these are the defenders of the corporations. They also

> defy the [local] communities. Nobody can say what they do with the money they get from the corporations..."[51]

Because of their close ties to the Nigerian state and the absence of effective government to provide needed services, community members often see oil companies as the real power holders and the only providers of local social infrastructure and employment. In some Niger Delta communities, residents demand that oil companies provide development assistance, such as roads, schools, and job opportunities.[52] The oil majors, many with annual profits in the billions, claim to have spent "hundreds of millions" on development projects since the late 1990s.[53] Community activists such as Bassey are skeptical. They point out that since the Nigerian government owns a majority stake in most of these operations (sometimes as much as 65 percent), it sets up an oddly funded system of philanthropy whereby the Nigerian state partially funds its own development projects, for which the oil majors claim public credit.[54]

Federal, State, and Local Governments

Foreign oil companies operating in the Niger Delta have become so intertwined with the government that it is impossible to discuss the enclave economy without noting the massive presence of the Nigerian federal government as a partner to the oil majors. These links go beyond oil concessions.[55] The Nigerian government is a majority shareholder in numerous projects run by the oil majors. It also operates a network of its own refineries, gas facilities, and other installations through the NNPC and its many subsidiaries. The NNPC is often called the "other major" because of its role in the oil business.

In 1969, the Nigerian federal government gained unimpeded legal access to subsurface oil through the Petroleum Act, which made all oil discovered in Nigeria the sole possession of the government and created financial mechanisms to distribute the money collected from oil concessions.[56] During the 1970s oil boom, the federal government raised its allocation of oil revenues from 50 to 80 percent.[57] The 1978 Land Use Decree overturned an existing system of community land ownership. It enabled state governments to appropriate any land not already owned by the federal government and thus negotiate lucrative oil concessions.[58] In the last decade, local governments have started to gain a stronger voice in oil money allocations, but the benefits have not accrued to local residents. A 2007 Human Rights Watch study of local government found that while local government budgets have tripled since 1999, the influx of oil money has created the "decentralization of corruption," as local governments "generally treat budgets and financial reports as closely guarded secrets, thereby taking away the ability of citizens to monitor where money is going. While local leaders get rich, provision of health care and education is falling into ruin."[59] According to one oil worker, "[Corrupt state and local officials] don't invest. They don't start businesses or hire people. They just take from the system."[60]

Oil Services and "Local Content"

Oil services firms as well as body shop and other labor contracting firms contribute to the casualization trend. All of these entities depend entirely on contracts generated by the oil majors, NNPC, and state and local governments. While many service firms are foreign owned, with extensive contracting ties to the oil majors around the world, increasing numbers are Nigerian-owned. These firms have benefited from the Nigerian government's effort, beginning in the late 1990s, to promote "local content" in the oil and gas industry.

The local content initiative opened the door for Nigerian companies to develop and increase local employment. According to local content guidelines, Nigerian companies were targeted to perform 70 percent of all contracting jobs by 2010.[61] Though there is some debate about whether the government can meet this target, both the oil majors and NNPC say they are committed to the idea. According to a Shell source, "We break our contracts down now to smaller modules for local contractors to handle. . . . [I]f the contract is too big, companies may not be able to handle [them] because of the lack of funds."[62]

The drawback of the local content initiative is its potential to fall prey to corrupt practices or lead to further lowering of workplace standards through casualization. One recent report, for example, alleges that oil contractors hired to clean spills are not technically qualified to do the work, but are simply body shop operations that hire unskilled workers to scoop oil into pits, burn it, and cover the holes. Their lack of training puts these casual workers at high risk for occupational injury.[63]

Nigerian oil unions support the ideals of a fair local content initiative. They have repeatedly called foreign oil companies to task for using expatriate workers and for resisting contract workers' efforts to organize and bargain for better wages and benefits. In a May 2006

Expatriate Workers: Better Protected, Higher Paid

Expatriate workers constitute a third, and often overlooked, set of employees within the Nigerian oil and gas industry. Unions accuse multinational oil majors of consistently setting aside many higher-paid technical and management positions for American, European, Australian, and Asian workers. The pay and benefit packages of these expatriates, even those hired on a temporary basis, far exceed those of even comparably skilled, full-time Nigerian workers — another point of contention and resentment.

While expatriates are often prime targets of attacks and kidnappings by militant groups, they also are protected by a security apparatus not provided to most Nigerian workers. In addition, their housing behind the walls of heavily guarded corporate compounds and their access to top-tier education and health benefits only reinforce Nigerian workers' strong and pervasive perception of a discriminatory hierarchy.

For some time, oil and gas companies in Nigeria have been instructed to adhere to an "expatriate quota," capping the number of foreign nationals they employ. Though skills training and job opportunities for Nigerians have opened, unions have complained that the quota is regularly violated and unenforced, a point the Nigerian government recently conceded. A PENGASSAN leader recently calculated that expatriates filled 77 percent of the top management positions at Chevron Nigeria. "Nigerians are put in the forefront to take all kinds of risks and yet they are not being given the same opportunity," he said.

Sources: Anonymous oil worker, interview with Solidarity Center researcher, Warri, Nigeria, September 2008; Fidelia Okwuonu, "Chevron Union Shuts Down Offices Nationwide," This Day*, June 24, 2008; Stanley Nkwazema and Chika Amanze Nwachuku, "Expatriate Quota Violation—DPR Blames Interior Ministry,"* This Day*, April 18,2008.*

dispute, the preference for expatriate workers over full-time Nigerian workers on offshore rigs was a major point of contention between PENGASSAN and ExxonMobil.[64] Both NUPENG and PENGASSAN raised the issue of expatriate workers in a September 2006 joint statement. In February 2008, PENGASSAN called on the Nigerian parliament to enact tougher laws aimed at punishing companies that violate local staffing agreements.[65] In 2009, PENGASSAN threatened to strike against a company in Rivers State over alleged violations of expatriate quotas.[66] Also in 2009, the union objected to a bill aimed at consolidating petroleum industry regulation, claiming that it failed to address the expatriate issue.[67]

Worker-Community Tension

Because oil workers have access to jobs on the inside of Nigeria's enclave economy, many in the Delta's impoverished oil-producing communities see them as part of the problem. Oil workers' income, benefits, training, and visible ties to the industry set them apart from the thousands of job seekers on the outside of the Niger Delta's corporate compounds. Competition for scarce jobs has been a sore spot for communities, whose residents

have complained that not enough jobs are open for local job seekers.[68] In a tense economic environment, casualization further divides oil workers and their community counterparts. According to one oil worker:

> Local [political] leaders often have contracts with the oil companies to provide services or workers from their own village or ethnicity. An adversarial relationship develops between them and the union. Unions want to unionize the casual workers and contract staff, and this sets off antagonism between unions and local contractors. The oil companies can sit and let us [exhaust] ourselves out, because they know workers desperately need jobs and that there are plenty of workers that want jobs.[69]

The tension between oil workers and oil communities is evident in the low level of interaction between oil unions and community leaders, environmental activists, human rights defenders, and other members of the Delta's civil society. This schism threatens to undermine the common struggle for fair labor standards and decent jobs.

Emerging Issues

As Nigeria moves slowly and fitfully toward a more democratic system of governance, oil workers and their unions will have opportunities to develop coalitions with community-level partners in support of worker rights and local democracy in Nigeria. The struggle against casualization and the overall degradation of work intersects with a number of emerging issues.

Environmental Protection

High levels of oil-related pollution in the Niger Delta have devastated its aquatic ecosystem and, by extension, the economic sustainability of local communities. Polluted water is unfit for consumption. It damages agricultural land and destroys vegetation, such as mangroves, that maintains healthy fish stocks.[70] Governments' and communities' inability to end the practice of gas flaring is the most noticeable symbol of community discontent and powerlessness, as the toxic flames are visible for miles (see Appendix 2).

Natural Gas Production

With an estimated 182 trillion cubic feet of proven reserves, Nigeria has the largest amount of natural gas on the continent.[71] Unfortunately, the bulk of this valuable resource (estimated at a staggering $2 to $3 billion per year) is burned off through environmentally destructive flares.[72] The technological investments needed to capture and convert natural gas into usable products, such as liquified natural gas, might require significant investment, but has enormous potential to increase revenue, create new jobs, and end flaring.[73]

Offshore Development

Roughly one-third of Nigerian oil lies off the coast in deep

water, and there has been a steady push to develop these offshore oil and gas reserves.[74] The oil majors—Chevron, Total, ExxonMobil, Shell, and others—have gained access to Nigeria's major offshore development oil blocks.[75] Despite new concerns about the environmental risks of deep water drilling in light of the massive Gulf of Mexico oil spill, Nigerian offshore oil exploration and production continues. While offshore production may remove oil operators from some of the sticky environmental and economic development demands of onshore communities, these companies' obligations to their workers remain unchanged—particularly those on dangerous platforms. Worker rights in offshore development is set to be another point of contention in the struggle against casualization.[76]

Physical Risks to Workers

Unionized oil workers' struggle to halt casualization often places them in an adversarial relationship with their employers. Unionized oil workers who protest unfair labor practices face anti-union attacks and potential job loss. But community and political violence put even the most basic union efforts at risk. In early 2009, NUPENG and PENGASSAN reported more than 12 kidnappings of oil workers and family members over roughly a two-week period in Port Harcourt alone. The increasing danger prompted both unions to consider pulling their members out of all Niger Delta oil and gas installations.[77] No campaign for fair labor standards can succeed in a climate of fear and violence.

Transparent Governance

A high-level Nigerian commission reported recently that decades of corruption and mismanagement had transformed government into "an instrument for instant acquisition of wealth."[78] While the impoverished Niger Delta communities suffer, Nigeria's political elites continue to siphon off oil revenues, damaging the non-oil economy and creating a culture of non-transparency at all levels of government.[79] Neither Nigerian oil workers nor Niger Delta communities have been able to effectively track or influence how these revenues are spent, particularly at the state and local levels.

Closing Legal Loopholes

As both enforcer of the labor laws and majority shareholding partner or outright owner of most Niger Delta oil ventures, the Nigerian state has an ambiguous labor relations role. The government clearly has a major stake in keeping the industry secure and profitable. At the same time, it is legally obliged to uphold the rule of law by enforcing labor regulations. Workers have the freedom to form and join trade unions, but a complex and confusing set of regulations enables the practice of non-transparent casualization. Employers are becoming increasingly savvy in devising techniques to promote subcontracting loopholes and erect barriers to union organizing among casual workers. As some of the above examples have shown, unions are showing increasing readiness to organize casual workers and push oil companies and their contractors to recognize union-building efforts.

Oil Unions and Decent Work

All of these issues present daunting challenges. In each emerging trend, oil workers and their unions play a central role or have the potential to lend their strength to community and civil society efforts to bring about positive change. NUPENG and PENGASSAN have long supported democracy and transparency and now must hold the line in support of decent work for all workers in the Niger Delta. What remains unclear is the likely impact of these emerging trends on what has become standard operating procedure in the oil industry—the increased use of casualization and its downward pressure on wages, benefits, democratic freedom of association, and community dialogue.

As corporate use of the casualization business model increases, its potential to deepen the divide between workers and communities becomes more corrosive. Oil unions will no doubt continue their aggressive efforts to stop casualization through collective action and organizing. But the most complex challenge for these unions is to turn the battle *against* casualization into a movement *for* redeeming the original promise of oil. How the oil unions go about this remains to be seen, but it is clear that their efforts to counter casualization are directly tied to their long-term capacity to bring social change in the Niger Delta. Success will largely be measured by the oil unions' ability to: (1) ensure that new oil sector jobs have good pay, job security, and the health and pension benefits oil workers deserve; (2) advance the rule of law not only by promoting labor law enforcement, but also by helping communities hold government leaders accountable; (3) support community efforts to restore the delta's devastated environment; and (4) use their broad political strength to bridge the economic gap between those on the inside of Nigeria's oil economy and the many clamoring for work on the outside by calling for higher wages, formal job creation, access to health care and education, and the freedom to join trade unions. Until the cause of worker rights is fought among and for a broader audience, oil workers in Nigeria will continue to find themselves isolated in their attempts to counter the degradation of work.

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Appendix 1: Niger Delta Human Rights Violations

By the end of the 1980s, many Niger Delta communities began to actively voice their grievances over poverty and environmental degradation to the Nigerian government and its multinational oil partners. The government's heavy-handed response to these protests foretold its intentions regarding union activities. Below are brief accounts of the most notorious incidents.

Umuechem Massacre, 1990

On October 31, 1990, Nigeria's Mobile Police (MOPOL) fired on civilians protesting Shell's presence in Umuechem. At least 80 people were killed and 495 houses were burned, according to human rights groups. While court files showed that Shell had requested MOPOL's presence, the company claimed that protests had grown violent and police action was ultimately not its responsibility.

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Ogoni Struggle, 1990-1995

In 1990, writer and businessman Ken Saro-Wiwa helped found the Movement for the Survival of the Ogoni People (MOSOP) in response to the perceived injustices of the oil industry. In 1993, MOSOP stepped up its protests against Shell Nigeria, which operated nearly all of the oil wells in Ogoniland and forced the company to leave the area. Shell cited staff intimidation as the reason for the pullout, but MOSOP claimed it used only nonviolent means. The Nigerian government responded with a crackdown on MOSOP. In 1994, Saro-Wiwa and eight others were accused, charged, and convicted of the murder of several Ogoni leaders in a sham trial, which Human Rights Watch termed a blatant violation of due process. Saro-Wiwa and the other defendants were executed on November 10, 1995.

In 2009, three cases filed in the U.S. District Court were settled between Ken Saro-Wiwa Jr. (along with nine other plantiffs) and defendants including Royal Dutch Shell and its Nigerian subsidiary. The cases accused the companies of complicity in the abuses leading to the 1995 execution of the MOSOP members. The litigants

reached a $15.5 million settlement that compensated the plaintiffs, paid their legal fees, and established a trust to benefit the Ogoni people. As part of the settlement, Royal Dutch Shell denied responsibility for the violence against MOSOP and Saro-Wiwa.

Parabe Incident, 1998

On May 25, 1998, in response to Chevron's alleged indifference to the destruction of local ecosystems in the Ilaje community, more than 100 unarmed community protesters occupied the company's offshore Parabe oil platform. Negotiations between Chevron representatives and Ilaje elders resulted in a May 27 agreement to leave the platform. However, on the morning of May 28, Nigerian security forces, arriving in Chevron-leased helicopters, opened fire on the protesters, killing two people. The remaining protesters were taken in company boats to onshore jails, where they were imprisoned and allegedly beaten and tortured for several weeks. A group of surviving protesters filed a lawsuit against Chevron in both the U.S. District Court for the Northern District of California and the Superior Court of California under the Alien Tort Claims Act. The groundbreaking case, Bowoto v. Chevron, was tried in the U.S. District Court in late 2008. A federal jury found Chevron not liable for the deaths and injuries associated with the incident.

Escravos, 2002, 2005

In 2002, hundreds of local women occupied Chevron's Escravos oil export terminal. Their demands included electricity, school and hospital facilities, jobs, and money from the company. The sit-in ended when Chevron agreed to create new contract jobs, upgrade some casual workers to full-time regular employees, provide business start-up credit, and help fund social infrastructure such as schools and hospitals. According to the International Crisis Group, however, a subsequent breakdown in the deal's implementation ultimately led to a 2005 protest at the Escravos facility in which Nigerian military and police forces attacked protesters and led to at least one death.

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Appendix 2: Niger Delta Environmental and Health Concerns

Oil production in the Niger Delta is directly linked to a range of environmental problems that have adverse impacts on local water supplies, agriculture, and public health.

Gas Flaring

No issue encapsulates the problems and wasted potential of Nigeria's oil and gas sector more vividly than flaring, a common sight in the Niger Delta. Approximately 75 percent of gas extracted from Nigerian wells is burned in the open air rather than refined for commercial use. Flaring generates an annual net loss of $2 to $3 billion. It releases about 70 million metric tons of carbon dioxide emissions each year, creates large quantities of soot and smoke, and emits hazardous chemicals such as mercury, benzene, nitrogen dioxide, sulfur dioxide, and benzapyrene, a carcinogenic compound. These toxins create acid rain and cause cancer, respiratory diseases, and blood disorders.

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Oil Spills

Aging infrastructure and inadequate regulation have resulted in frequent oil spills. A 2005 study estimated that over 1.5 million tons of oil had been spilled in the Niger Delta since the discovery of oil. Oil companies assert that most spills are due to sabotage or oil theft. The International Crisis Group noted that in 2005, Shell reported 11,921 barrels of oil spilled in its Nigeria operations. According to the

group, the company stated that 62 percent of incidents (accounting for about 6 percent of the spilled oil) were caused by sabotage, while the remaining 38 percent (accounting for about 94 percent of the spilled oil) resulted from human error, corrosion, and equipment failure.

Dredging Mangroves and Saltwater Incursions

Nigeria is home to vast mangrove forests that play a vital role in local agriculture. Their unique ecosystem provides a habitat for aquatic organisms and protects coastal areas from erosion and other injury. In order to allow transport ships access to crude oil production sites, waterways have been dredged throughout the Delta to create wide canals, a process that allows saltwater to leak further inland, killing vegetation and freshwater fish and destroying farmland.

Release of Drilling Waste into Water

A side effect of oil drilling is that excess waste materials, called drilling muds, can run off or are sometimes dumped into nearby rivers and streams, further degrading water quality. Some drilling wastes contain radioactive chemicals (see below).

Radioactive Materials

Naturally occurring underground radioactive materials are released during the drilling process, and a number of man-made radioactive materials are also used in drilling, as well as to analyze equipment (such as pipelines) for cracks and potential problems. Radioactive material in close proximity to workers and communities may pose serious health and public security threats. In recent years, companies have come under scrutiny for their handling of radioactive materials. In 2002, two potentially dangerous radioactive devices went missing in the Niger Delta and made their way to a scrap yard in Europe. In 2007, the Nigerian government filed a criminal case against Shell Oil and three of its contractors for conspiring to illegally transport and dump radioactive materials. While only one contractor, Western Atlas, was convicted and fined, the case raised awareness of the largely unseen threats of radiation.

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