

2006 RICE GLOBAL E&C FORUM:

**STRATEGIES FOR A TURBULENT
RESOURCE CONSTRAINED WORLD**

OCTOBER 17, 2006

***SIGNIFICANCE OF
EVENTS & POLICY
SHIFTS IN NIGERIA***

MR. PETER I. OKUNDAYE
PRESIDENT / CEO, Phil H.
Nugent Nig LTD

[home](#)

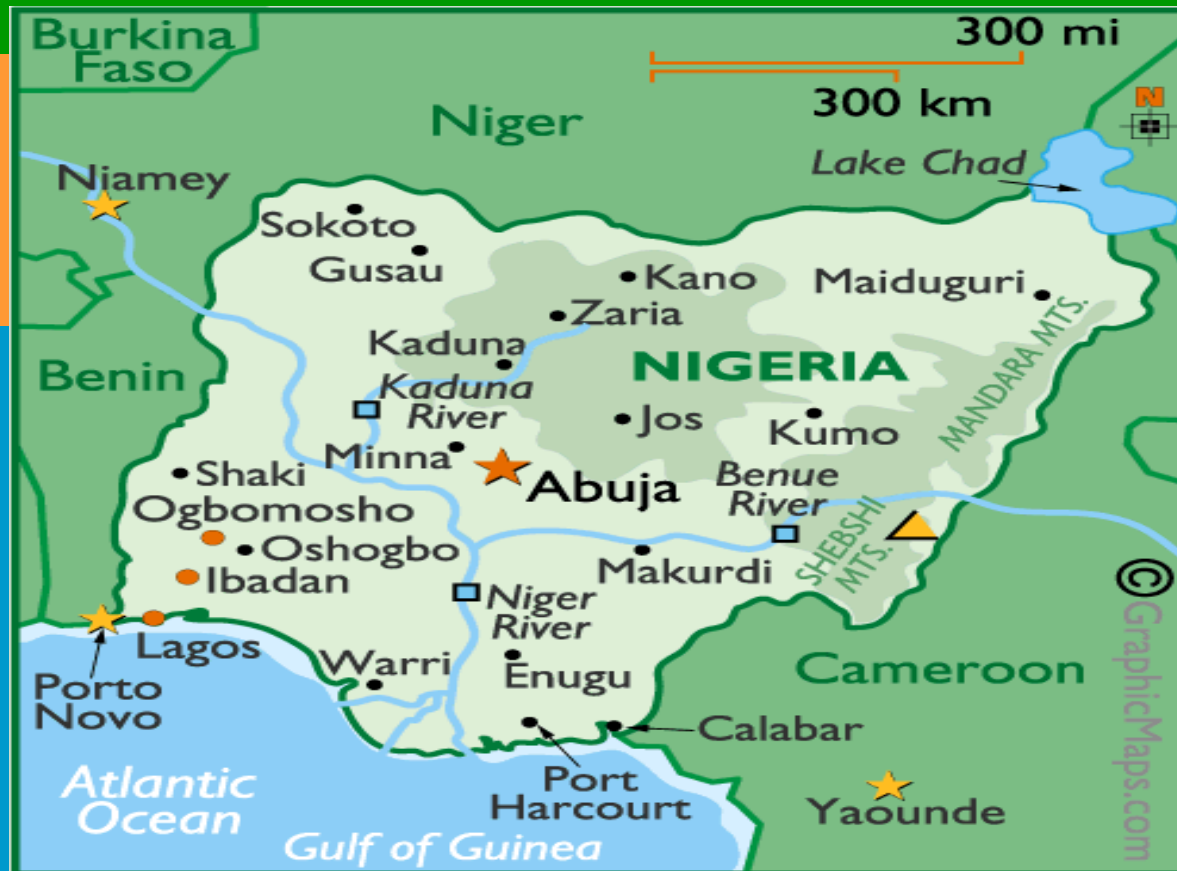
[back](#)

[next](#)

Agenda

- What's ahead in the Militants Vs Shell?
 - Spreading or Containment? Long-term Stability?
- Talk only on TRANSPARENCY or does it have teeth
- New Generations of Industrialists countering “commercial colonialism”
- US hegemony ending? China, India, Korea and other new tactics
- West Africa Regional Trends

NIGERIA



Militants vs. Shell Nigeria

- MEND – Movement for the Emancipation of the Niger Delta (Prominent and Focus)
- NDPVF – The Niger Delta People's Volunteer Force. (Led by ALHAJI DOKUBO ASARI) – Political Struggle
- The Martyrs Brigade (hibernating)
- Other Mini-Militant Groups created by greed and extortion (KIDNAPPING FOR US DOLLARS), illegal bunkering, pipeline vandalism
- Beating up on a SHELL, the Oil Production Giant – Truth or Myth – Gas Flare, Near zero infrastructure
- Lawsuit by the Ijaws and the \$1.5billion Judgment against Shell

Militants Vs. Shell Spreading or Containment? Long-term Stability?

It is going to take:-

- Good and effective leadership, incorruptible political will from the people of the Niger Delta, (aka South South Nigeria);
- Selflessness and compromise from the part of the Federal Government of Nigeria,
- Cooperation and corporate zeal in the part of all the JV companies to participate in a “Marshall Plan” type of development approach for the Niger Delta area in Nigeria to be contain unrest and ensure long term stability.
- JV Companies should partner with all Niger Delta communities in infrastructural development.
- Foreign direct investments should flow into areas of operations regardless of Federal Government. “No to Niger Delta Development Commission Approach”

THIS IS THE BLEAK REALITY

[home](#)

[back](#)

[next](#)

TRANSPARENCY- Does it have teeth?

- ICPC – Independent Corrupt Practices & other related Offences Commission (Justice Emmanuel Ayoola)
- EFCC – Economic Financial Crimes Commission (Malam Nuhu Ribadu);
- Both ICPC and EFCC Preaches Accountability & Transparency;
- No name required to make a complaint at EFCC;
- New DPR / NNPC bidding process;
- Privatization of government companies;
- Impeachment fever for Executive Governors, and arrests of LG officials, Top government officials and accomplices / Cronies;
- Alliance between the British Government and the United States Governments;
- Political “divide and conquer” fear by opponents of PDP.

Transparency cont'd:

- SUCCESS STORY: (EFCC since 2003)
- 1 Ex Governor impeached and in detention awaiting trial.
- Petitions received – 4,324
- Cases under investigation – 2,103
- Cases under prosecution – 306
- Arrests – More than 2,000
- Properties recovered – Luxury homes, Land, Luxury cars, airplanes, and Oil tankers for illegal bunkering
- Value of assets and cash recovered - \$5 BILLION USD
- Number of Convictions – 88

Figures & Data by EFCC

[home](#)

[back](#)

[next](#)

New Generations of Industrialists Countering “Commercial Colonialism”

- Privatization and Way Forward
- Local conglomerates:-
 - a) OANDO – Annual sales of over \$1b
 - b) Conoil, African Petroleum, ERHC
 - c) MTN, Celtel, Globalcom. <1m to > 40m GSM's
 - d) Virgin Nigeria, Arik Airline, Others
 - e) Transcorp – Mega Company
 - f) Mega Banks - Restructured to 25 Banks
 - g) Dangote Industries Group – > \$2b in Sales/Yr.

New Generations of Industrialists Cont'd

- Impressive Revenues in the Private Sector
- Vibrant Stock Exchange;
- High profits from the newly restructured Banks;
- Increase in real estate property values due to increase in purchasing power;
- Nigerian government bonds now are rated B-, were “junk” last year.
- Better Tax collection Base
- Country's External Reserves at over \$40b

US hegemony ending? China, India, Korea and new tactics

- Exploration blocks awarded 2006 to Chinese, Koreans, Indians, often linked to construction of roads, railways, refineries, petrochemical plants;
- Existing fields, blocks purchased, e.g. Akpo development, operatorship (Sinopec) and interests in exploration blocks in JDZ;
- Visits by Nigerian President and Ministers to China, India, Korea;
- New US military presence in Gulf of Guinea, consultations on unrest onshore.

West Africa Regional Trends

- ECOWAS Gas distribution around West Africa (WAGP)
- Sao Tome Principe – the new Kuwait (and Diego Garcia?)
- Gulf of Guinea – source of new accessible sweet crude
- International Gas Pipeline arrangement – Nigeria and Equatorial Guinea
- From Mauritania to the northwest around to Namibia on the south, offshore and onshore developments and new companies abound, parallel with traditional operators in Nigeria.
- Trans-Sahara Gas Pipeline – Nigeria / Algeria to Europe

What's in it for US E&C Contractors?

- Presentation by CEO of NNPC in this auditorium last May 2006 was an accurate picture of the breadth of construction of new industrial facilities that will be required throughout Nigeria;
- NNPC is indeed reinventing itself in the image of a major integrated oil company, symbolizes the new Nigeria;
- US contractors are still highly regarded in Nigeria. Marketplace has changed, more akin to the rest of the world;
- Nigeria has its unique aspects. Like anywhere it takes getting to know them and the people.
- \$70 billion to be spent by 2010.

“My brother knows the President of Nigeria”

- Maybe he does
- Understanding the culture, how it all works . . .
- Nigeria is different, makes sense when you understand;
- All this while incredibly fast changes are happening;
- I live in Sugar Land with my family but choose to go back to my country of birth because of the great opportunities ahead in the new Nigeria.

Summary

- Thank you for your cooperation and support
- “TO GOD BE THE GLORY”
- pizeokun@swbell.net

Questions?

- Now?
- Or in the panel at end of the morning's proceedings?
- or later via: pizeokun@swbell.net