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Nigeria: Current Issues and U.S. Policy

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Summary

The U.S. government considers its strategic relationship with Nigeria, Africa's largest producer of oil and its second largest economy, to be among the most important on continent. Nigeria is Africa's most populous country, with more than 170 million people, roughly divided between Muslims and Christians. U.S. diplomatic relations with Nigeria, which is among the top five suppliers of U.S. oil imports, have improved since the country made the transition from military to civilian rule in 1999, and Nigeria is a major recipient of U.S. foreign aid. The country is an influential actor in African politics, having mediated disputes in several African countries and ranking among the top five troop contributors to U.N. peacekeeping missions.

Nigeria is a country of significant promise, but it also faces serious social, economic, and security challenges that have the potential to threaten the stability of both the state and the region, and to affect global oil prices. The country has faced intermittent political turmoil and economic crises since independence. Political life has been scarred by conflict along ethnic, geographic, and religious lines, and corruption and misrule have undermined the authority and legitimacy of the state. Despite its extensive oil and natural gas resources, Nigeria's human development indicators are among the world's lowest, and a majority of the population suffers from extreme poverty. Social unrest, criminality, and corruption in the oil-producing Niger Delta have hindered oil production and impeded the southern region's economic development. Perceived neglect and economic marginalization have also fueled resentment in the north.

Inter-communal conflicts are common in parts of Nigeria. Thousands have been killed in periodic ethno-religious clashes in the past decade. The attempted terrorist attack on an American airliner by a Nigerian in December 2009 and the resurgence of a militant Islamist group, Boko Haram, have also heightened concerns about extremist recruitment in Nigeria, which has one of the world's largest Muslim populations. Boko Haram has increasingly targeted churches, sometimes triggering retaliatory violence and threatening to inflame religious tensions in the country. While the group has remained primarily focused on a domestic agenda, some U.S. officials state that its members are expanding ties with other violent Islamist groups on the continent.

Nigeria's most recent elections, held in April 2011, were viewed by many as a critical test of the government's commitment to democracy. The State Department had deemed the previous elections to be deeply flawed, and, by some accounts, Nigeria had not held a free and fair general election since the return to civilian rule in 1999. Election observer groups characterized the 2011 elections as a significant improvement over previous polls, but not without problems. Post-election protests and violence across the north highlighted lingering communal tensions, grievances, and mistrust of the government in the northern states. President Goodluck Jonathan, a southerner, was re-elected and faces multiple, sometimes competing pressures to implement reforms deemed critical to addressing the country's security and development challenges.

The Obama Administration has been supportive of Nigeria's recent reform initiatives, including anti-corruption efforts, economic and electoral reforms, energy sector privatization, and programs to promote peace and development in the Niger Delta. In 2010, the Administration established the U.S.-Nigeria Binational Commission, a strategic dialogue to address issues of mutual concern. Congress regularly monitors Nigerian political developments and has expressed concerns with corruption, human rights abuses, and environmental damage in the Delta, as well as with the threat of violent extremism in Nigeria. Congress oversees more than \$600 million in U.S. foreign assistance programs in Nigeria—one of the largest U.S. bilateral assistance packages in Africa.

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Overview

Nigeria is considered a key power on the African continent, not only because of its size, but because of its political and economic role in the region. One in five people in Sub-Saharan Africa call Nigeria home. The country's commercial center, Lagos, is among the world's largest cities. Nigeria's economy is Sub-Saharan Africa's second largest, and it is one of the world's major sources of high-quality crude oil. Nigerian leaders have mediated conflicts throughout Africa, and Nigerian troops have played a critical role in peace and stability operations on the continent. The country ranks among the top five troop contributors to United Nations peacekeeping missions. Few countries in Africa have the capacity to make a more decisive impact on the region.

Despite its oil wealth, however, Nigeria remains highly underdeveloped. Poor governance and corruption have limited

infrastructure development and social service delivery, hindering economic growth and keeping much of the country mired in poverty. Nigeria is also home to the world's second-largest HIV/AIDS-infected population and has Africa's highest tuberculosis burden.

The country hosts over 250 ethnic groups, but the northern Hausa and Fulani, the southwestern Yoruba, and the southeastern Ibo have traditionally been the most politically active and dominant. Roughly half the population, primarily residing in the north, are Muslim. Southern Nigeria is predominantly Christian.

Ethnic and religious strife have been common in Nigeria. Divisions among ethnic groups, between north

and south, and between Christians and Muslims, often stem from issues relating to access to land, jobs, and socioeconomic development, and are sometimes fueled by politicians. By some estimates, 15,000 Nigerians have died in localized clashes driven by such tensions in the last decade, including more than 800 people killed in 2011 in post-election clashes. That violence highlighted growing dissatisfaction with the government in the northern states. An increasingly active violent Islamist group, Boko Haram, has contributed to deteriorating security conditions in the north and seeks to capitalize on local frustrations and discredit the government. U.S. policymakers are concerned with Boko Haram's reported ties with transnational terrorist groups and with its attack on the U.N. compound in Abuja in 2011. Further, the group's recent attacks against churches have the potential to inflame sectarian tensions across Nigeria. In the southern Niger Delta region, local grievances related to oil production in the area have fueled simmering conflict and criminality for over a decade. The government's efforts to negotiate with local militants have quieted the restive region, but the peace is fragile and violent criminality continues.

Nigeria at a Glance

Population; Pop. Growth Rate:	170 million; 2.553%
Independence:	October 1960
Capital:	Abuja
Comparative Area:	More than twice the size of California
Religions:	50% Muslim, 40% Christian, 10% indigenous beliefs
Languages:	English (official), 250 local languages
Literacy:	68%
Infant Mortality:	74.36 deaths/1,000 live births
Life Expectancy:	52 years
Prevalence of HIV:	3.6%
Real GDP Growth:	6.9%
Nominal GDP Per Capita:	\$1,545
Unemployment:	21%
External Debt:	\$12 billion

Source: CIA *World FactBook* 2012; International Monetary Fund

Political Context

Nigeria, which gained its independence from Britain in 1960, is a federal republic with 36 states; its political structure is similar to that of the United States. It has a bicameral legislature with a 109-member Senate and a 360-member House of Representatives. Nigeria's president, legislators, and governors are directly elected on four-year terms. The country was ruled by the military for much of the four decades after independence before making the transition to civilian rule in 1999. Elections held in the decade after the transition were deemed by Nigerians and the international community to be flawed, with each poll progressively worse than the last. The most recent elections, in April 2011, showed serious improvements, but also highlighted outstanding issues.

The contest for power between north and south that has broadly defined much of Nigeria's modern political history can be traced, in part, to administrative divisions instituted during Britain's colonial administration.¹ Northern military leaders dominated the political scene from independence until the transition to democracy just over a decade ago. Since the election of President Olusegun Obasanjo in 1999, there has been a de-facto power sharing arrangement, often referred to as "zoning," between the country's geopolitical zones, through which the presidency was expected to rotate among regions. As President Obasanjo, a previous military ruler from the southwest, approached retirement in 2007, the ruling People's Democratic Party (PDP) chose a northern governor, Umaru Yar'Adua, as its presidential candidate. The other leading presidential contenders in the April 2007 election were also from the north. Upon President Yar'Adua's death in office in 2010,² his vice president, Goodluck Jonathan, a former governor from the southern Niger Delta, took office for the remainder of Yar'Adua's first term, raising questions as to whether the ruling party would choose another northern candidate to run in 2011 or support a run for the office by the sitting president. President Jonathan ultimately secured the party nomination. His electoral victory leaves the future of the zoning arrangement unclear.

The 2011 Elections: Opportunities and Challenges

Nigeria's ability to weather the potential political crisis of President Yar'Adua's hospitalization and eventual death in office, and to manage the leadership transition without the military playing an apparent role, was viewed by many as positive sign of its democratic progress. Under President Yar'Adua, the government had commenced electoral reforms and increased the autonomy of the Independent National Electoral Commission (INEC), whose credibility had been badly damaged by previous elections. President Jonathan continued these reform efforts, winning praise for replacing the sitting INEC chairman with a respected academic and civil society activist, Professor Attahiru Jega, a move that increased public confidence in the commission.³

¹ Britain administered the north and south separately from the late 19th century until 1947, when it introduced a federal system that divided the country into three regions: Northern, Eastern, and Western. Today, Nigeria is comprised of six geopolitical zones: north-west, north-east, north-central, south-west, south-east, and south-south (the Niger Delta).

² Many speculate that Yar'Adua suffered from a chronic kidney condition. His hospitalization abroad in late 2009 and prolonged absence threatened to spark a political crisis in early 2010, amid rumors of his death, allegations that his wife and close advisors were making decisions for him, and legal challenges related to his failure to transfer power during his convalescence. After several months of uncertainty, the National Assembly recognized Jonathan as the acting head of state in February 2010, allowing him to conduct critical government business. In May 2010, the government announced President Yar'Adua's death at age 58, and Jonathan was sworn in as the new president.

³ International Crisis Group, "Nigeria's Elections: Reversing the Degeneration?" *Africa Briefing*, February 24, 2011.

With over 73 million registered voters, almost 120,000 polling stations, and more than 50 political parties, the challenges facing INEC in 2011 were daunting. Observers noted positive developments prior to the elections, including efforts to compile a more credible voter register, but also raised concerns about electoral preparedness and other areas deemed problematic in previous polls, including ballot secrecy, intimidation, and transparency in the counting of ballots and tabulation of results. Last minute court rulings on the parties' candidate lists delayed the delivery of voting materials, resulting in the election period being postponed by a week.

Given Nigeria's unwritten "zoning" arrangement, there was considerable debate on whether Jonathan's decision to vie for the presidency would lead the ruling party to split prior to the 2011 elections. Many northerners argued that since Obasanjo had served two terms and Yar'Adua had served only one, a candidate from their region should hold the office for another term. Jonathan, who notably is from a minority ethnic group (the Ijaw), ultimately gained the support of key PDP leaders, including a majority of the northern governors, for his candidacy, and he won the PDP primary by a wide margin. The leading opposition parties chose northern presidential candidates—former military leader Muhammadu Buhari, who had run in 2003 and 2007, for the Congress for Progressive Change (CPC) and Nuhu Ribadu, the former head of Nigeria's anti-corruption authority, for the Action Congress of Nigeria (ACN).

The PDP remained the dominant party in the elections, retaining the presidency and a majority in the House of Representatives and most state legislatures. Voters expressed their dissatisfaction, however, by voting out two-thirds of the incumbents in the House and Senate. Opposition candidates made significant gains in the southwest and the north.⁴ President Jonathan won 59.6% of the vote, gaining a majority in 23 states and enough support nationwide to avoid a run-off. Buhari followed with 32.3% of the votes, leading in one-third of the states (see **Figure 1**). Given Buhari's electoral success in the north, Jonathan's victory was seen by some northern youth as evidence that the results had been rigged, triggering protests that, in some areas, turned deadly.

U.S. government views on the elections were positive, despite the violence. Secretary of State Hillary Clinton declared, "This historic event marks a dramatic shift from decades of failed elections," but stated that "while this election was a success for the people of Nigeria, it was far from perfect."⁵ Another senior official noted "technical imperfections," but argued that "this reverses a downward democratic trajectory and provides the country a solid foundation for strengthening its electoral procedures and democratic institutions."⁶ President Obama remarked that "the success of the elections was a testament to Nigerian voters who ... were determined that these elections mark a new chapter in Nigerian history."⁷

Election observers generally noted significant improvements in the legislative and presidential polls, calling them a key step forward, but most stopped short of terming the elections "free and fair." Some raised concerns with presidential results from certain states in the Niger Delta (President Jonathan's home region) and the southeast, where turnout appeared to be near 100% amid reports of intimidation, harassment, and violence.⁸ Nationally, under-age voting was a

⁴ The ACN dominated state elections in the southwest, where the PDP lost all governors' races and kept a majority in only one state assembly. Nationally, out of 36 states, opposition parties now have 13 governors and 10 state assemblies.

⁵ Secretary of State Hillary Clinton, *Press Release: Election in Nigeria*, April 19, 2011.

⁶ Special Briefing by Assistant Secretary Johnnie Carson, "The Recent Elections in Nigeria," April 28, 2011.

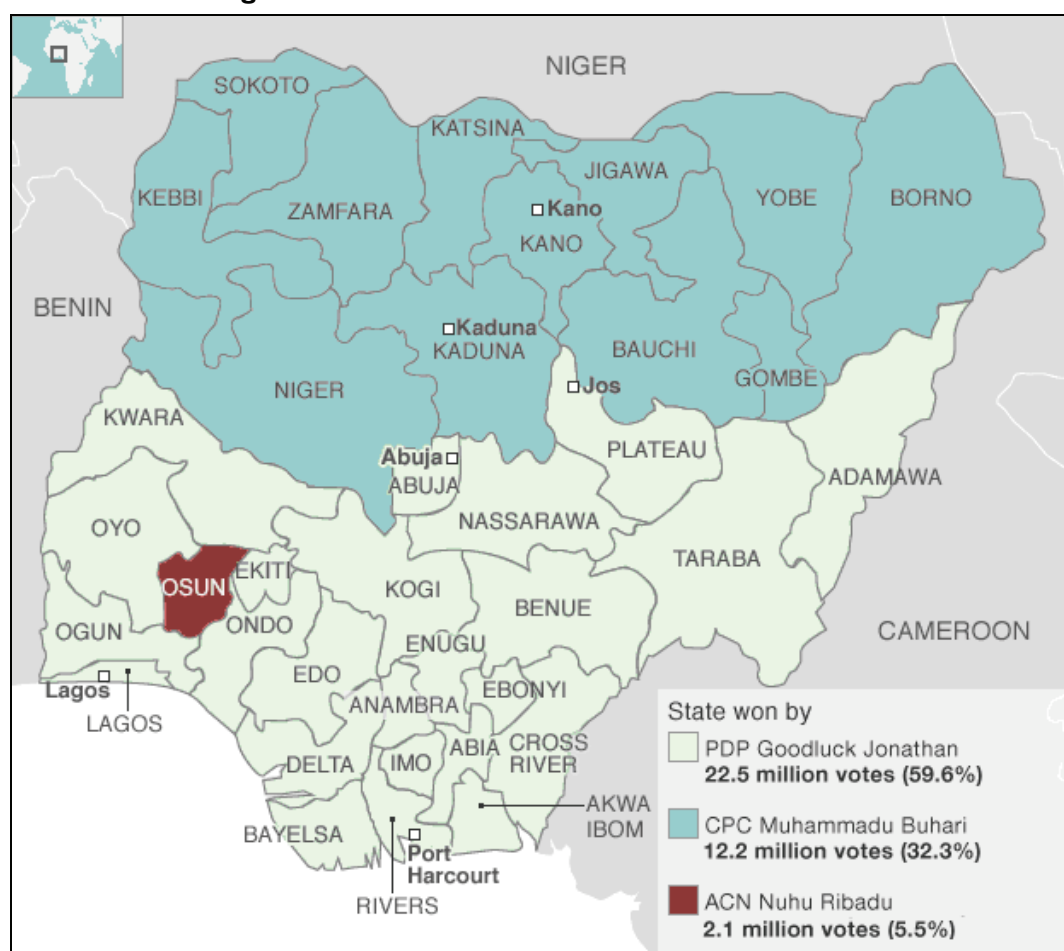
⁷ The White House, *Statement by President Obama on Elections in Nigeria*, May 4, 2011.

⁸ Preliminary Statement of the European Union Election Observation Mission, April 18, 2011; Project 2011 Swift (continued...)

common concern of observers, and overcrowding at polling stations and complicated vote collation procedures vulnerable to error or malfeasance remained a problem.⁹ Some of the state elections were deemed to be less credible by observers.¹⁰ Various parties filed legal suits challenging the results of the 2011 elections, with varying success. Nigeria's Supreme Court upheld a verdict rejecting the CPC's challenge to President Jonathan's win in December 2011.

Nigeria's next elections are scheduled for 2015. Donors, including the United States, and advocacy groups have stressed the need for the Jonathan Administration to continue to improve electoral procedures and to prosecute those responsible for electoral fraud.¹¹

Figure 1. Results of the 2011 Presidential Election



Source: BBC, adapted by CRS.

(...continued)

Count (<http://www.pscnigeria.org>) and the Transition Monitoring Group (<http://www.tmgelection2011.org>).

⁹ The author served as an election observer in Lagos for the parliamentary elections and Sokoto for the presidential.

¹⁰ EU Election Observation Mission, "Press Release: EU EOM on the Elections of 26 and 28 April," April 29, 2011.

¹¹ See, e.g., ICG, *Lessons From Nigeria's 2011 Elections*, Africa Briefing No. 81, September 15, 2011.

Election-Related Violence in 2011

Despite generally positive reviews of the April 2011 elections, the level of election-related violence was higher than in previous years. Deadly clashes that followed the presidential vote highlighted lingering communal tensions, disaffection, and mistrust of the state in the under-developed north—issues that may have been considered a secondary priority for the national government in the past decade as it grappled with militant activity in the oil-producing Niger Delta.

Violence prior to the 2011 elections included clashes between party supporters and several assassinations, and some politicians deployed “thugs” to intimidate opponents and voters. Security concerns were further heightened by a spate of bombings during political rallies, primarily in the Delta, that were linked to local politics. There were at least six bombings in the northeast state of Borno, where Boko Haram has been most active. Boko Haram was linked to the assassination of that state’s leading gubernatorial candidate, as well as to the bombing of a state election commission headquarters not far from the national capital, Abuja. The government increased security during the polls, and election observer comments were generally positive regarding security forces’ behavior during the elections.

The worst violence in 2011 came almost immediately after the presidential poll, with supporters of Muhammadu Buhari leading protests in the northern states, alleging that the PDP had rigged the vote. The protests devolved into violent riots and, in some areas, killings, largely along religious and ethnic lines. In some parts of the north, the clashes lasted for several days until soldiers were deployed to enforce stability. At least 800 people were killed in a three-day period, according to Human Rights Watch, and as many as 65,000 displaced. An independent panel, tasked with conducting an official government inquiry into the violence and led by a prominent Islamic scholar, faulted successive administrations for failing to act on the recommendations of previous inquiries into communal and political violence. The panel viewed the zoning arrangement as having politicized ethno-religious tensions and also suggested that statements made by politicians such as Buhari for supporters to “guard their votes” may have fueled popular frustrations and (possibly inadvertently) sparked acts of violence. Some observers caution that the 2015 elections could again spark protests in the north if President Jonathan decides to run for another term.

Development Challenges and Reform Initiatives

Despite its oil wealth and large economy, Nigeria’s population is among Africa’s poorest, and the distribution of wealth is highly unequal. As many as 70% of Nigerians live below the poverty line, and the average life expectancy is 52 years. Nigeria has the world’s second-largest HIV/AIDS population, after South Africa. Access to clean water remains a major problem—almost half the population has no access to improved sources of water and less than one-fifth of households have piped water. Thirty percent of people lack access to adequate sanitation. Diarrhea is the second-leading cause of death among children, and Nigeria ranks second only to India in the number of diarrhea-related child deaths globally.

Decades of economic mismanagement, instability, and corruption have hindered investment in Nigeria’s education and social services systems and stymied industrial growth. The economy depends heavily on the oil and gas sector, which according to the World Bank accounts for almost 80% of government revenues and 95% of export earnings, making the country particularly vulnerable to swings in global oil prices, as well as to conflict and criminality in the Niger Delta. Nigeria has averaged real annual GDP growth of almost 7% in the past six years, but economists suggest that the economy continues to underperform, held back by poor infrastructure and electricity shortages. The manufacturing and telecommunications sectors are growing, however, and the banking sector has been a strong performer. Agricultural production contributes over one-third of Gross Domestic Product (GDP) and employs more than two-thirds of the workforce.

Nigeria is the largest recipient of foreign direct investment (FDI) in Africa,¹² and it aims to be among the world's top 20 economies by 2020, although rising insecurity in the north, persistent corruption, and a challenging business environment threaten long-term growth.

When Goodluck Jonathan assumed power in February 2010 from the ailing President Yar'Adua, he vowed to continue his predecessor's various reform initiatives and made public commitments to "restoring Nigeria's image" abroad, both by continuing to act as a key partner in regional peace and counterterrorism efforts, and by ending the "culture of impunity" in Nigeria in terms of corruption and human rights concerns. Those initiatives are discussed briefly below.

Efforts to Combat Corruption

Corruption in Nigeria is "massive, widespread, and pervasive," according to the U.S. State Department, and by many accounts, the country's development will be hampered until it can address the perception of impunity for corruption and fraud.¹³ Human Rights Watch suggests that Nigeria's political system rewards rather than punishes corruption, which has been fueled by oil revenues for decades.¹⁴ Nigeria's ranking on Transparency International's Corruption Perceptions Index has consistently worsened in the past three years, after transiently improving in 2008 following President Yar'Adua's election.¹⁵

According to the Economic and Financial Crimes Commission (EFCC), a Nigerian law enforcement agency created in 2003 to combat corruption and fraud, billions of dollars have been expropriated by political and military leaders since oil sales began in the 1970s.¹⁶ The country's central bank governor recently estimated that Nigeria may lose more than 10% of its annual GDP through fraud.¹⁷ Several international firms have been implicated in Nigerian bribery scandals, including German telecom giant Siemens and the U.S. firm Halliburton and its subsidiary Kellogg, Brown, and Root, Inc. (KBR).¹⁸ Nigeria is known globally for cyber crimes, including "419 scams," so-named for the article in the country's penal code that outlaws fraudulent e-mails.

Successive presidents have taken a public stance against corruption, but some observers suggest that they have also used corruption charges to sideline critics and political opponents. President Yar'Adua campaigned on an anti-corruption agenda; in 1999 he was the first governor to publicly declare his assets. Upon assuming the presidency, he distanced himself from his predecessor, dismissing many of Obasanjo's political appointees and security chiefs and overturning several of the privatization agreements approved by the former president, amid charges of corruption associated with the sales. Yar'Adua also proposed, unsuccessfully, that the constitution be

¹² U.N. Conference on Trade and Development (UNCTAD), *World Investment Report 2012*, May 7, 2012.

¹³ State Department, "Nigeria," *Country Report on Human Rights Practices 2011*, May 2012.

¹⁴ HRW, *Corruption on Trial? The Record of Nigeria's Economic and Financial Crimes Commission*, August 2011.

¹⁵ The Corruption Perceptions Index measures the perceptions of business people and country analysts regarding the degree of corruption among public officials and politicians. A high score indicates greater levels of corruption.

¹⁶ Former dictator Sani Abacha reportedly stole more than \$3.5 billion during his five years as head of state (1993-1998). Some stolen funds have been repatriated, but other Abacha assets remain frozen abroad.

¹⁷ "Nigeria: Dazzling Statistics," *Africa Confidential*, Vol. 53 No. 14, July 6, 2012.

¹⁸ Halliburton and KBR have paid several hundred million dollars in U.S. and Nigerian fines, and in 2012 the former head of KBR was sentenced to prison in the United States, for bribing Nigerian officials in exchange for contracts worth over \$6 billion. The EFCC brought charges against former U.S. Vice President Dick Cheney in 2010 based on his tenure as Halliburton's chief executive; the charges were dropped after the company agreed to a \$250 million fine.

amended to remove an immunity clause that prevents the president, vice president, governors, and deputy governors from being prosecuted for corruption while in office.

Nevertheless, critics contend that executive interference with the EFCC continued during Yar'Adua's tenure, undermining the entity's investigations and derailing prosecutions. Donors were highly critical of the transfer and eventual dismissal of the EFCC's first chairman, Nuhu Ribadu, in late 2007.¹⁹ President Jonathan fired Ribadu's successor, who was implicated in corrupt practices, in late 2011, replacing her with Ribadu's former deputy, Ibrahim Lamorde. Advocacy groups welcomed Lamorde's appointment, but have called on Jonathan to increase the EFCC's independence, suggesting that the EFCC chairman "remains deeply vulnerable to the whims of the president and lacks security of tenure."²⁰ The U.S. government has also signaled its support for Lamorde, and has welcomed other recent anti-corruption initiatives by the government, including the passage of a Freedom of Information law in 2011, a recent parliamentary inquiry into fraud associated with the country's fuel subsidy program (see below), and the appointment of Ribadu to lead an independent audit of the oil and gas sector. The Jonathan Administration has also pledged to expand budget transparency by requiring legislators and other senior officials to publicly declare their assets.²¹

Petroleum and Power Sector Reforms

President Jonathan has pledged to reform the oil and gas industry, which has long been plagued by corruption. Nigeria's first female oil minister, Diezani Allison-Madueke, a former Royal Dutch Shell executive, is leading the government's efforts to pass and implement the ambitious Petroleum Industry Bill (PIB), which is aimed at increasing transparency in the industry, attracting investors, and creating jobs. Progress on the legislation has been halting. The PIB would restructure the Nigerian National Petroleum Corporation (NNPC), the parastatal that oversees regulation of the industry and has been criticized for its lack of transparency. Nigeria was designated compliant with the Extractive Industries Transparency Initiative (EITI), a global standard for transparency in the oil, gas, and mining sectors, in 2011, indicating that Nigeria had fulfilled the minimum criterion of annually declaring its extractive sector revenues. This does not necessarily suggest that Nigeria has taken aggressive steps to curb corruption in the sector. The United States and other donors have welcomed Jonathan's appointment in 2012 of former EFCC Chairman Nuhu Ribadu to lead a new task force to audit oil revenues.

Despite its status as one of the world's largest crude oil exporters, Nigeria imports an estimated \$10 billion in refined fuel annually for domestic consumption, and it suffers periodically from severe fuel and electricity shortages. In an effort to increase its refining capacity and halt oil imports by 2020, the government has granted permits for several new independently owned refineries. In 2010, Nigeria signed an agreement with China worth a reported \$23 billion for new refineries, and in July 2012 the government signed a memorandum of understanding with U.S.-based Vulcan Petroleum Resources for a \$4.5 billion project to build six refineries.

¹⁹ There was speculation that Ribadu's removal from office was linked to his effort to prosecute former Delta State Governor James Ibori, one of Yar'Adua's primary financial contributors, who may have embezzled over \$200 million while in office. First arrested in 2007 and later acquitted, Ibori was indicted again in 2010 but eluded capture and fled to Dubai, where he was arrested by Interpol. He was extradited in April 2011 to the United Kingdom, where he owned property and kept some of his assets; he was convicted in April 2012 on money laundering and fraud charges.

²⁰ HRW, *Corruption on Trial? The Record of Nigeria's Economic and Financial Crimes Commission*, August 2011.

²¹ U.S.-Nigeria Binational Commission, *Joint Communiqué*, June 2012.

For years, the Nigerian government has subsidized the price its citizens pay for gasoline (roughly 70% of which is imported), and economists have long deemed the subsidy benefit unsustainable. The subsidy's cost—roughly \$8 billion in 2011—was steep, comprising almost one-quarter of the government's annual budget. At the recommendation of the International Monetary Fund and others, in late 2011 President Jonathan cut the subsidy, causing the price of fuel for consumers to double in early January 2012 and sparking strong domestic opposition. In the face of mass protests and a nationwide strike, the government backtracked and reinstated a partial subsidy.²² Public scrutiny of the program has since increased, and in May a legislative inquiry revealed that an estimated \$7 billion allocated for the subsidy may have been misappropriated. The scandal prompted President Jonathan to replace several senior executives at the national petroleum company, which was implicated in the scandal. The lawmaker who led the probe, Farouk Lawan, was subsequently accused of taking a bribe from one of the companies involved in the fraud; Lawan claims he took the bribe as evidence.

The government plans to refocus funds saved by decreasing the fuel subsidy on improving health, education, and the nation's power supply. Jonathan has pledged to increase electricity generation tenfold over the next decade, and efforts to privatize power stations and distribution companies are underway, albeit behind schedule, despite objections from the country's trade unions.

In addition to its oil reserves, Nigeria has the ninth-largest natural gas reserves in the world and the largest in Africa, but they have provided comparatively little benefit to the country's economy. Many of Nigeria's oil fields lack the infrastructure to capture and transport natural gas. The government has repeatedly, but unsuccessfully, set deadlines for oil companies to stop "flaring" gas at oil wells (burning unwanted gas during oil drilling), a practice estimated to destroy roughly one-third of annual production and to constitute more than \$2 billion in lost revenue annually.²³ In 2011, President Jonathan announced a series of new agreements to develop gas processing facilities as part of a "gas revolution" designed to create new jobs and revenues, and to end flaring. Nigeria is in the process of increasing its liquefied natural gas (LNG) exports, which could surpass revenues derived from oil exports in the next decade.

Financial Sector Reforms

Successive Nigerian administrations have made commitments to economic reform, but their track record is mixed. According to the IMF, reforms initiated under the Obasanjo Administration and continued by his successors, most importantly the policies of maintaining low external debt and budgeting based on a conservative oil price benchmark to create a buffer of foreign reserves, lessened the impact of the recent global economic crisis on Nigeria's economy.²⁴ Oil revenues above the benchmark price have been saved since 2003 in an Excess Crude Account (ECA), although the government drew substantially from the account in 2009-2010 in an effort to stimulate economic recovery. The Jonathan Administration's efforts to create a sovereign wealth fund, which would draw seed money from the ECA, have met with some resistance from state governors, who benefit from the distribution of national oil revenues to state governments. The

²² See, e.g., "Removal of Fuel Subsidies in Nigeria: An Economic Necessity and a Political Dilemma," The Brookings Institute, January 10, 2012.

²³ U.S. Energy Information Administration, *Country Analysis Brief: Nigeria*, August 2011.

²⁴ International Monetary Fund, "Staff Report for the Article IV Consultation with Nigeria," January 27, 2011. The price benchmarks set by the Nigerian government are \$58/barrel for 2011, \$60 for 2012, and \$62 for 2013, far lower than current and projected global prices..

country has made significant gains in the past decade in paying down its external debt, which constituted more than one-third of GDP a decade ago, freeing funding for programs aimed at poverty reduction and reaching the country's Millennium Development Goals (MDGs).

Like his predecessors, President Jonathan has committed to reforms that aim to attract foreign investment, create jobs, and fuel development, and the U.S. government has been publicly supportive of his economic team.²⁵ In mid-2011, he appointed World Bank managing director Ngozi Okonjo-Iweala, who led efforts to reduce Nigeria's debt as finance minister under President Obasanjo, to resume her former post. Jonathan has retained Lamido Sanusi as governor of the central bank. Sanusi has led efforts to modernize the country's banking system, pushing reforms to tighten banking supervision.²⁶

Social Issues and Security Concerns

Islamic *Sharia* Law

Nigeria is home to one of the world's largest Muslim populations, vying with, and likely outpacing, Egypt as the largest on the continent. The north is predominately Sunni Muslim, and 12 northern states have formally adopted Islamic *sharia* law since 1999 to adjudicate criminal and civil matters for Muslims.²⁷ In some states, the introduction of *sharia* was a flashpoint between Muslims and Christians. The State Department reports that *sharia* "technically does not apply to non-Muslims in civil and criminal proceedings," although observers note that Islamic mores are often enforced in public without regard for citizens' religion. In some areas, state-funded vigilante groups known as *hisbah* patrol public areas and attempt to enforce *sharia*-based rulings. Many analysts nonetheless see the interpretation and implementation of Nigerian *sharia* as moderate in comparison to that of some other Muslim-majority countries.

Religious and Communal Tensions

The U.S. Commission on International Religious Freedom has recommended since 2009 that Nigeria be classified as a "Country of Particular Concern" for "severe, ongoing, and egregious religious freedom violations."²⁸ It is not currently designated as such by the Secretary of State. According to the Commission, as many as 14,000 Nigerians have been killed since 1999 in sectarian violence, and the commissioners argue that the Nigerian government has tolerated the

²⁵ Remarks by Assistant Secretary of State Johnnie Carson, "Nigeria, One Year After Elections," Center for Strategic and International Studies, April 9, 2012.

²⁶ In 2009 Sanusi instituted regulations that require banks to report large cash transactions between accounts if one of the account holders is considered to be "politically exposed." Bank audits ordered by Sanusi that year found 10 banks near collapse due to reckless lending. The government provided \$4 billion to rescue the banks, and in late 2010, under pressure from Sanusi, the legislature approved the establishment of the Asset Management Company of Nigeria (AMCON) to buy bad bank loans in exchange for government bonds, in an effort to get the banks lending again. By some estimates it may take a decade for AMCON to divest its toxic assets. AMCON bought non-performing loans from 9 rescued banks and margin loans from 12 other domestic banks.

²⁷ Nigerian law protects freedom of religion and permits states to establish courts based on common law or customary law systems. Non-*sharia* based common law and customary law courts adjudicate cases involving non-Muslims in these states, and *sharia*-based criminal law courts are elective for non-Muslims.

²⁸ U.S. Commission on International Religious Freedom, *Annual Report 2012*, May 2012.

violence, creating a culture of impunity that has emboldened Boko Haram and its sympathizers. The Commission's 2012 report notes the religious nature of the 2011 post-election violence, Boko Haram's attacks against Christians, and rising religiously-charged rhetoric as areas of significant concern. Other experts point to increasingly well armed militias, loosely organized along religious lines, in central and northern Nigeria.²⁹ The State Department, in its annual Religious Freedom report, states that "the government generally respected religious freedom in practice, although some local political actors stoked communal and sectarian violence with impunity."³⁰

Sectarian violence continues to be a particular problem in the central Nigerian city of Jos, the capital of Plateau State, which sits between the predominately Muslim north and Christian south. Tensions among communities in this culturally diverse "Middle Belt" are both religious and ethnic, and they stem from competition over resources—land, education, government jobs—between ethnic groups classified as settlers or as "indigenes" (original inhabitants of the state), with the latter designation conveying certain political and economic benefits. In Jos, the mostly Christian Berom are considered indigenes, and the predominately Muslim Hausa-Fulani, who were traditionally nomadic and pastoralist, are viewed as the settlers. In 2010, the Nigerian government established a special task force composed of both military and police to restore stability in the state; periodic outbreaks of violence have nonetheless continued, and have been exacerbated by attacks on churches attributed to Boko Haram.

Boko Haram and Militant Islam in Nigeria³¹

Boko Haram, a violent Salafist movement in the north, has grown increasingly active and deadly in its attacks against state and civilian targets in Nigeria, drawing on a narrative of vengeance for state abuses to elicit recruits and sympathizers. While its attacks have not exclusively, or even primarily, targeted Christians, attacks attributed to the group on churches in several north and central states are fueling existing religious tensions. The church bombings, which usually occur on Sundays or religious holidays to achieve maximum effect, have sparked deadly reprisal attacks by Christians against Muslim civilians. Such attacks may be part of a deliberate effort to foment instability, with the aim of discrediting and delegitimizing the government in these regions by exposing the weakness of its security apparatus and justice mechanisms.

Boko Haram emerged in the early 2000s as a small, radical Sunni Islamic sect that advocated a strict interpretation and implementation of Islamic law for Nigeria. Calling itself *Jama'a Ahl as-Sunna Li-da'wa wa-al Jihad* (JASLWJ; roughly translated from Arabic as "People Committed to the Propagation of the Prophet's Teachings and Jihad"), the group is more popularly known as *Boko Haram* ("Western education is forbidden"), a nickname given by local Hausa-speaking communities to describe its view that Western education and culture have been corrupting influences. It engaged in periodic skirmishes with police during its formative years, but the group's activities were limited in scope and contained within several highly impoverished states in the predominately Muslim northeast.

²⁹ Testimony of Darren Kew, in U.S. Congress, House Subcommittee on Africa, Global Health, and Human Rights, *The Crisis in Christian-Muslim Relations in Nigeria*, 112th Cong., July 10, 2012.

³⁰ State Department, *July-December 2010 International Religious Freedom Report*, September 13, 2011.

³¹ For more information on Boko Haram, see, e.g., Andrew Walker, *What is Boko Haram?* USIP, May 2012; Peter J. Pham, "Boko Haram's Evolving Threat," Africa Security Brief No. 20, April 2012; and Testimony of CRS Specialist Lauren Ploch, in U.S. Congress, House Homeland Security Subcommittee on Counterterrorism and Intelligence, *Boko Haram: Emerging Threat to the U.S. Homeland?*, 112th Cong., November 30, 2011.

In July 2009, the government's attempts to stop Boko Haram's attacks on police stations and other government buildings resulted in the death of at least 700 people, a figure that likely includes not only militants, but also security personnel and bystanders. In the course of that violence, the group's leader, Mohammed Yusuf, a charismatic young cleric who had studied in Saudi Arabia, was killed while in police custody.³² A sizeable number of Yusuf's followers were also killed or arrested. The group appeared to dissipate after the heavy-handed security crackdown, but reemerged a year later, orchestrating a large-scale prison break in September 2010 that freed hundreds, including its own members. Some reports suggest that a small number of Boko Haram militants may have fled to insurgent training camps in the Sahel during this period.

Boko Haram's attacks have since increased substantially in frequency, reach, and lethality, now occurring almost daily in northeast Nigeria, and periodically beyond. Attacks attributed to the group since 2010 have increasingly featured improvised explosive devices (IEDs), car bombs, and suicide attacks. Boko Haram has primarily focused on state and federal targets, such as police stations, but has also targeted civilians in schools, churches, markets, and beer halls. The group has also conducted assassinations of local political leaders and moderate Muslim clerics. Bank robberies attributed to the group may contribute to its financing, although authorities warn that criminal groups may also be opportunistically posing as Boko Haram militants.

The bombing of the U.N. building in Abuja on August 24, 2011 marked a major departure from a previously exclusive focus on domestic targets. It was also Boko Haram's first clearly intentional suicide bombing. Boko Haram spokesmen claimed the attack was retribution for the state's heavy-handed security response against its members, referencing U.S. and international "collaboration" with the Nigerian security apparatus. The bombing may indicate an aspiration by some in Boko Haram to move beyond local politics toward an international jihadist agenda, or it may have been an effort to elicit foreign backing for the group's domestic agenda. The Nigerian government has also linked Boko Haram to the May 2011 kidnapping of two Europeans in northwest Nigeria; the two men were killed in a rescue attempt in early 2012.

By most accounts, Boko Haram is not a monolithic organization. According to U.S. officials, core Boko Haram militants may number in the hundreds, but the group also appears to draw support from a broader following of several thousand Nigerians, primarily young men from the northeast, who have expressed frustration with the lack of development, jobs, and investment in the north, and with the heavy-handed response of security forces to Boko Haram. Some analysts suggest that Boko Haram may be susceptible to fracturing, with a segment of the leadership working to build ties with the international Al Qaeda franchise, while others remain focused exclusively on a domestic agenda. The public emergence of a purported splinter faction in early 2012 has led some to contend that there are divisions among the hardliners. Efforts by various interlocutors to facilitate government negotiations with Boko Haram have, to date, been unsuccessful.

While Boko Haram currently appears to pose more of a threat to local stability, its expansion has amplified concerns among some observers and officials that Nigerians may be susceptible to recruitment by Al Qaeda or other groups aiming to use violence against government or civilian targets in Nigeria or abroad.³³ Potential ties with Al Qaeda in the Islamic Maghreb (AQIM) are of

³² "Islamic Death 'Good for Nigeria'," BBC, July 31, 2009.

³³ Prior to Boko Haram's reemergence, a Nigerian, Umar Farouk Abdulmutallab, attempted to detonate an explosive device onboard an American airliner bound from Amsterdam to Detroit on December 25, 2009. Abdulmutallab, son of a respected banker and former government minister, reportedly became radicalized while living abroad. Al Qaeda in the Arabian Peninsula (AQAP) claims to have sponsored the effort.

particular concern—the Commander of U.S. Africa Command, who has identified Boko Haram as a “threat to Western interests,” referenced indications in mid-2012 that the two groups “are likely sharing funds, training, and explosive materials.”³⁴ The increasing lethality and sophistication of Boko Haram’s attacks, as demonstrated in the killing of an estimated 200 people in coordinated bomb and gun attacks in the northern city of Kano on January 20th, has further raised the group’s profile among U.S. national security officials.

Some in Congress have pressed the State Department to designate Boko Haram as a Foreign Terrorist Organization (FTO), arguing that greater intelligence and security resources should be focused on the group.³⁵ Many Nigeria experts caution that the Nigerian government’s own response to Boko Haram has been, to date, heavy-handed and may actually fuel radical recruitment. Some argue that an FTO designation might be seen, by both the Nigerian government and the northern population, as an endorsement by the United States of “excessive use of force at a time when the rule of law in Nigeria hangs in the balance.”³⁶ Others suggest that Boko Haram’s shift toward Christian targets may be tactical, and caution that U.S. policymakers avoid taking positions that fuel perceptions that the United States has “taken sides” among Christians and Muslims.³⁷ State Department officials have acknowledged these concerns and called on the Nigerian government to “change their strategy with regard to Boko Haram from a primarily military response to one that also addresses the grievances felt by many in northern Nigeria.”³⁸ President Jonathan replaced his National Security Advisor and Minister of Defense in June 2012, citing the need for new tactics against the group. His appointment of a northerner as the new National Security Advisor may bring a different perspective to the government’s counterterrorism strategy and tactics in the north, although changes may meet with resistance from senior military officials.³⁹ Additional arguments against an FTO designation focus on concerns that the label would enhance Boko Haram’s status among international extremist groups and internationalize its standing, potentially serving as a fundraising and recruitment tool. In June 2012 the State Department designated three individuals linked to Boko Haram as Specially Designated Global Terrorists. It has yet to make a determination on a possible designation for the organization as a whole, but in doing so will weigh the potential benefits of an FTO designation against possible consequences for U.S. policy goals in the country and the wider region.

³⁴ Testimony of General Carter Ham, in U.S. Congress, Senate Armed Services Committee, *Proposed FY2013 Defense Authorization as it Relates to the U.S. European and Africa Commands*, March 1, 2012; and Remarks by General Carter Ham at the Africa Center for Strategic Studies Senior Leaders Seminar, June 25, 2012.

³⁵ The FTO designation derives from authorities granted to the Secretary of State in the Immigration and Nationality Act, as amended. The designation triggers the freezing of any assets in U.S. financial institutions, bans FTO members’ travel to the United States, and criminalizes transactions (including material support) with the organization or its members. It is unclear, given the current lack of public information available on Boko Haram’s possible ties abroad, if these measures would have any impact on the group. FTO status might serve to prioritize greater U.S. security and intelligence resources toward the group, although this is not a legal requirement of the designation. Legislation in the 112th Congress, including S. 3249, H.R. 5822 and H.R. 4310, the National Defense Authorization for FY2013, would each require the Secretary of State to report on whether Boko Haram meets the criteria to be designated as an FTO.

³⁶ Letter to Secretary Clinton by 21 American academics with Nigeria expertise on May 2012.

³⁷ D. Kew, op. cit.

³⁸ Testimony of State Department Coordinator for Counterterrorism Daniel Benjamin, in U.S. Congress, House Foreign Affairs Committee, *LRA, Boko Haram, al-Shabaab, AQIM and Other Sources of Instability in Africa*, April 25, 2012.

³⁹ Jonathan’s former National Security Advisor, who, like Jonathan, was from the Niger Delta, was seen by some as out of touch with northern perceptions of the Boko Haram crisis. The new appointee, retired Col. Sambo Dasuki, is a cousin of an influential Muslim leader in Nigeria, the Sultan of Sokoto, and has close ties to senior northern politicians.

Conflict in the Niger Delta

Nigeria's oil wealth has long been a source of political tension, protest, and criminality in the Niger Delta region, where most of the country's oil is produced.⁴⁰ Compared to Nigeria's national average, the region's social indicators are low, and unemployment is high. Millions of barrels of oil are believed to have been spilled in the region since oil production began, causing major damage to the fragile riverine ecosystem, and ultimately to the livelihoods of many of the Delta's 30 million inhabitants.⁴¹ Gas flares have further plagued the Delta with acid rain and air pollution, limiting locals' access to clean water and destroying fishing stocks that the majority of Delta inhabitants depended on to make a living.

Conflict in the Niger Delta has been marked by the vandalism of oil infrastructures; massive, systemic production theft locally known as "oil bunkering," often abetted by state officials; protests over widespread environmental damage caused by oil operations; kidnapping for ransom; and public insecurity and communal violence. The demands of the region's various militant groups have varied, but often include calls for greater autonomy for the region and a larger share of oil revenues. Militant groups like the Movement for the Emancipation of the Niger Delta (MEND) have used the kidnapping of oil workers and attacks on oil facilities to bring international attention to the Delta's plight. These attacks have periodically cut Nigeria's oil production by as much as 25%, and have been blamed for spikes in the world price of oil. Nigeria's deep-water production has also proven vulnerable to militant attacks, and the threat of sea piracy is high. By some estimates, up to 10% of Nigeria's oil has been stolen annually, and local politicians have reportedly financed their campaigns through such criminal activities.⁴²

Successive Nigerian governments have pledged to engage the Delta's disaffected communities, but few of their efforts met with success until 2009, when President Yar'Adua extended an offer of amnesty to Delta militants. Under the offer, those who surrendered their weapons, renounced violence, and accepted rehabilitation were granted a presidential pardon, along with cash and job training. According to Nigerian government estimates, more than 20,000 have benefitted from the program, which is costing the government roughly \$400 million a year, though it is unclear whether all were directly involved in militancy. The activities of criminal gangs have continued.

President Jonathan has continued to allocate significant financing for "post-amnesty" interventions and development projects in the Delta, targeting transport, education, and health infrastructure. Concerns remain regarding the government's ability to spend the funds effectively in a region where corruption is, at all levels, endemic, and some Nigerian politicians from other regions have criticized the cost of the program.⁴³ Some of the oil-producing states have reported

⁴⁰ In the early 1990s, activists from the Ogoni ethnic group drew international attention to the extensive environmental damage done by oil extraction in the Niger Delta. Author and activist Ken Saro-Wiwa, president of the Movement for the Survival of the Ogoni People (MOSOP), and 14 others were accused in 1994 of involvement in the murder of several prominent Ogoni politicians. They pled not guilty, but Saro-Wiwa and eight others were convicted and sentenced to death. Their executions sparked international outrage against the regime of dictator Sani Abacha, and the United States recalled its ambassador in response.

⁴¹ For more information, see UNEP, *Environmental Assessment of Ogoniland*, 2011; UNDP, *Niger Delta Human Development Report*, 2006; Amnesty International, *Petroleum, Pollution, and Poverty in the Niger Delta*, June 2009; and Paul Francis, Deirdre Lapin, and Paula Rossiasco, *Securing Development and Peace in the Niger Delta*, Woodrow Wilson Center for Scholars, 2011.

⁴² HRW, *Criminal Politics: Violence, "Godfathers" and Corruption in Nigeria*, Vol. 19, No. 16(A), October 2007.

⁴³ Xan Rice, "Nigerian Rebels Swap Weapons for Welding," *Washington Post*, July 5, 2012.

revenues of over \$2 billion per year but have dismal records of development or service delivery.⁴⁴ The federal government's commitment and ability to deliver on promised infrastructure improvements and job creation will be critical to addressing regional grievances. Observers caution that unless the root causes of conflict are addressed, the Delta will remain volatile.

Abuses by Security Forces

Nigerian security forces, particularly the police, have been accused of serious human rights abuses, and activists suggest that the government has done little to address issues of impunity and corruption within the Nigerian Police Force.⁴⁵ In 2007, the U.N. Special Rapporteur on Torture reported that "torture is an intrinsic part of how law enforcement services operate within the country," and called on the Nigerian government to criminalize the practice.⁴⁶ The State Department's annual human rights reports document numerous instances of "politically motivated and extrajudicial killings by security forces, including summary executions ... torture, rape and other cruel, inhuman, or degrading treatment of prisoners, detainees, and criminal suspects," and a variety of other offenses. The 2011 report notes the use of excessive and sometimes deadly force by security personnel, both military and police, to stem civil unrest and interethnic violence. The prison system has also drawn criticism; Amnesty International alleges that more than half the country's inmates had never been convicted of a crime, some awaiting trial for up to 10 years.⁴⁷

In May 2009, Nigeria's Joint Task Force (JTF), a special combined military and police unit established in 2004 to restore order in the Delta, launched a new offensive against the militants. The ensuing fight, combined with JTF air and land strikes against militant camps, displaced thousands, according to Amnesty International.⁴⁸ Armed conflict between security forces and militia has decreased with the amnesty program, although periodic skirmishes continue. The JTF has also been deployed to the northeast to address the Boko Haram threat, and has been implicated in the deaths of civilians and extrajudicial killings there. In its reporting, the State Department notes serious abuses by both police and soldiers related to the 2009 Boko Haram uprising and "credible media reports" that police executed the group's leader. Nigerian officials have acknowledged some abuses; in 2010 the country's police minister called the situation "condemnable and unacceptable," but few security personnel have been prosecuted for abuses.⁴⁹

HIV/AIDS, Education, and Population Growth

Nigeria's HIV/AIDS prevalence rate of 3.6% is relatively low in comparison to Southern African nations with adult seropositivity rates of 10 to 25%. However, the West African nation comprises nearly one-tenth of the world's HIV/AIDS infected persons with more than three million people

⁴⁴ Francis, Lapin, and Rossiasco, *Securing Development and Peace in the Niger Delta*, Woodrow Wilson Center, 2011.

⁴⁵ Recent reports on abuses include *Arbitrary Killings by Security Forces*, by Human Rights Watch; *Killing at Will: Extrajudicial Executions and Other Unlawful Killings by the Police in Nigeria*, by Amnesty International; and *Criminal Force: Torture, Abuse, and Extrajudicial Killings by the Nigerian Police Force*, by the Open Society Justice Initiative and the Network of Police Reform in Nigeria.

⁴⁶ United Nations Press Release, "Special Rapporteur on Torture Concludes Visit to Nigeria," March 12, 2007.

⁴⁷ Amnesty International, "Nigeria: Criminal Justice System Utterly Failing Nigerian People; Majority of Inmates Not Convicted of Any Crime," February 26, 2008.

⁴⁸ Amnesty International, "Hundreds Feared Dead and Thousands Trapped in Niger Delta Fighting," May 22, 2009.

⁴⁹ "Nigeria Condemns Police 'Killing'," BBC, March 5, 2010.

infected, the largest HIV-positive population in the world after South Africa. Nigeria's population is expected to double by the year 2025, which is likely to multiply the spread of HIV. In addition to the devastation HIV/AIDS continues to cause among Nigeria's adult population, over 40% of the current population is under the age of 15. With almost a third of primary-school-aged children not enrolled in school and a large number of HIV/AIDS-infected adults, Nigeria faces serious challenges and significant obstacles in the education and health care sectors.

International Relations

Nigeria has been an important player in regional and international affairs since the 1990s, although domestic challenges may distract the Jonathan Administration from playing a more robust regional role in the near term. The government has mediated political disputes in Togo, Mauritania, Liberia, Sudan, and Cote d'Ivoire, and has been engaged in regional efforts to resolve the political crisis in Mali. Nigeria was critical of the international community for "contradictions" in its reaction to the recent crises in Cote d'Ivoire and Libya, questioning the comparatively robust Western response to protect civilians in Libya.⁵⁰ Nigerian troops played a vital role in peacekeeping operations in Sierra Leone and Liberia. Nigerian police, military observers, and experts are also deployed in U.N. missions in Cote d'Ivoire, the Democratic Republic of Congo, Haiti, Timor-Leste, Sudan, South Sudan, and Western Sahara.

The country is a member of the Organization of the Petroleum Exporting Countries (OPEC) and the Economic Community of West African States (ECOWAS). The United States is the top destination for Nigerian exports, followed by India, Brazil, Spain, and France. China is the lead source for Nigerian imports, followed by the United States, the Netherlands, South Korea, and the United Kingdom.⁵¹ Nigeria has become a top destination for Chinese investment on the continent.

Issues for Congress

Administration Policy on Nigeria

After a period of strained relations in the 1990s, when Nigeria was under a military dictatorship, U.S.-Nigeria relations steadily improved under President Obasanjo, and they have remained robust under Presidents Yar'Adua and Jonathan. Diplomatic engagement is sometimes tempered, however, by Nigerian perceptions of U.S. intrusion in regional or domestic affairs, and by U.S. concern with human rights, governance, and corruption issues. President Barack Obama's Assistant Secretary of State for African Affairs has often referred to Nigeria as "probably the most strategically important country in Sub-Saharan Africa," and the Administration considers Nigeria to be a key ally.⁵² In addition the strategic role their country plays in the region and in global forums, Nigerians comprise the largest African diaspora group in the United States.

⁵⁰ "Nigeria Lashes at World's Focus on Libya While I. Coast Burns," AFP, March 22, 2011.

⁵¹ CIA, "Nigeria," *The World Factbook* 2012.

⁵² State Department, "Remarks by Ambassador Carson on Secretary Clinton's Africa Trip," July 30, 2009; Remarks by Assistant Secretary Carson, "Promise and Peril in Nigeria: Implications for U.S. Engagement," at CSIS, April 9, 2012.

The United States has been supportive of Nigerian reform initiatives, including anti-corruption efforts, economic and electoral reforms, energy sector privatization, and programs to promote peace and development in the Niger Delta. In 2010, the Obama and Jonathan Administrations established the U.S.-Nigeria Binational Commission (BNC), a strategic dialogue to address issues of mutual concern; its working groups meet regularly. The State Department maintains 10 “American Corners,” located in libraries throughout the country, to share information on American culture and values with Nigerians, and it plans to expand its presence in the country, possibly through a new consulate in the northern city of Kano to increase outreach in the north, although security concerns may slow the move.

U.S.-Nigeria Trade and Maritime Security Issues

Nigeria is an important trading partner for the United States and is the largest beneficiary of U.S. investment on the continent. Given Nigeria ranking as one of Africa’s largest consumer markets and its affinity for U.S. products and American culture, opportunities for increasing U.S. exports to the country, and the broader West Africa region, are considerable, although U.S. imports from Nigeria, totaling more than \$33 billion in 2011, currently far outweigh exports, estimated at almost \$5 billion in 2011.⁵³ The Obama Administration aims to double U.S. exports to Nigeria by 2015 through the President’s National Export Initiative. The country is eligible for trade benefits under the African Growth and Opportunity Act (AGOA). AGOA-eligible exports, nearly all of which are petroleum products, account for over 90% of exports to the United States.

Nigeria vies with Venezuela to be the United States’ fourth-largest source of imported oil (behind Canada, Mexico, and Saudi Arabia). U.S. imports account for over 40% of Nigeria’s total crude oil exports, making the United States Nigeria’s largest trading partner. U.S. energy companies may face increasing competition for rights to the country’s energy resources; China, for example, has offered Nigeria favorable loans for infrastructure projects in exchange for oil exploration rights. The U.S. Export-Import (Ex-Im) Bank signed an agreement in October 2011 with the Nigerian government that aims to secure up to \$1.5 billion in U.S. exports of goods and services to support power generation reforms. A U.S. trade delegation composed of government officials, Ex-Im Bank executives, and energy companies traveled to Nigeria in February 2012 to discuss the participation of American companies in the development of Nigeria’s energy infrastructure.

Gulf of Guinea crude is prized on the world market for its low sulphur content, and Nigeria’s proximity to the United States relative to that of Middle East countries makes its oil particularly attractive to U.S. interests. The United States has coordinated with Nigeria through various regional forums and maritime security initiatives.⁵⁴ Nigeria’s waters have been named among the most dangerous in the world; the country ranked first in global pirate attacks until it was overtaken by Somalia in 2008, according to the International Maritime Bureau. Nigeria is also considered a growing transshipment hub for narcotics trafficking, and several Nigerian criminal organizations have been implicated in the trade. The U.S. Navy has increased its operations in the Gulf of Guinea in recent years and in 2007 launched the African Partnership Station (APS).⁵⁵ APS

⁵³ U.S. Commercial Service, *Doing Business in Nigeria: 2011 Country Commercial Guide for U.S. Companies*.

⁵⁴ For further information on maritime and port security issues in the region, see, e.g., the Atlantic Council, *Advancing U.S., African, and Global Interests: Security and Stability in the West African Maritime Domain*, November 30, 2010; and CDR Michael Baker, “Toward an African Maritime Economy,” *Naval War College Review*, Vol. 64, Spring 2011.

⁵⁵ Under APS, U.S. and partner naval ships deploy to the region for several months to serve as a continuing sea base of operations and a “floating schoolhouse” to provide assistance and training to the Gulf nations. Training focuses on (continued...)

deployments have included port visits to Nigeria and joint exercises between U.S., Nigerian, European, and other regional navies.

Nigeria's Role in Regional Stability and Counterterrorism Efforts

Nigeria plays a significant role in peace and stability operations across Africa, and the United States provides the country with security assistance focused on enhancing its peacekeeping capabilities. Bilateral counterterrorism cooperation has reportedly improved in the aftermath of the December 2009 airliner bombing attempt, although some Nigerian officials remain sensitive to perceived U.S. interference in internal affairs. The Nigerian government has coordinated with the Department of Homeland Security, the Federal Aviation Administration, and the International Civil Aviation Organization to strengthen its security systems, and the country now uses full body scanners in its international airports. Nigeria is a participant in the State Department's Trans Sahara Counterterrorism Partnership (TSCTP), a U.S. interagency effort that aims to increase regional counter-terrorism capabilities and coordination. A recent anti-terrorism capabilities assessment conducted by the State Department deemed Nigeria "at high or critical risk" of terrorist threat in more than a dozen categories, including land and maritime border security, critical infrastructure security, and explosive incident countermeasures. The Obama Administration has committed through the BNC dialogue to support Nigerian efforts to increase public confidence in the military and police to respond more effectively to the threat posed by extremists. As noted above, the State Department has designated three individuals linked to Boko Haram as Specially Designated Global Terrorists.⁵⁶

U.S. Assistance to Nigeria

Nigeria is the second largest recipient of U.S. bilateral foreign assistance in Africa, following another strategic partner, Kenya. In Nigeria, the United States is the largest bilateral donor, providing roughly \$600 million annually (see **Table 1**).⁵⁷ Improved health and education services, democratic governance, agriculture and economic reform, improved education and health services, professionalization and reform of the security services, and HIV/AIDS have been the main areas of focus for U.S. assistance programs in recent years. Governance aid focuses on the justice and electoral systems, on advancing anti-corruption efforts, and on initiatives to make governance structures more responsive and accountable. U.S. economic growth assistance supports programs that aim to increase agricultural productivity and build trade and investment capacity. This funding also aims to address climate change, including through efforts to increase the production of clean energy and reduce gas flaring. Nigeria is a focus country under the President's Emergency Plan for AIDS Relief (PEPFAR) and the President's Malaria Initiative (PMI), and Nigerian farmers benefit from agriculture programs under the Feed the Future (FtF) initiative that focus on building partnerships with the private sector to expand exports and generate employment. In the Niger Delta, USAID has paired with Chevron on a four-year, \$50

(...continued)

maritime domain awareness and law enforcement, port facilities management and security, seamanship/navigation, search and rescue, leadership, logistics, civil engineering, humanitarian assistance and disaster response.

⁵⁶ These individuals are Abubakar Shekau, Boko Haram's most visible leader, and Khalid al-Barnawi and Abubakar Adam Kambar, both of whom have ties to Boko Haram and close links to AQIM, according to the State Department.

⁵⁷ For further information on current U.S. assistance programs, see, e.g., Testimony of USAID Assistant Administrator for Africa Earl Gast, in U.S. Congress, House Subcommittee on Africa, Global Health, and Human Rights, *U.S. Policy Toward Nigeria: West Africa's Troubled Titan*, July 10, 2012.

million program (of which USAID is contributing half) to improve agricultural development as well as civil society and governance capacity. In the north, USAID is implementing “flagship” education, health, peace, and governance programs designed to concentrate resources, build partnerships, and achieve maximum impact in two states: Bauchi and Sokoto.

Security cooperation has increased since the mid-2000s,⁵⁸ and the State Department’s FY2013 security assistance request, which focuses on military professionalization, peacekeeping support and training, and land and maritime border security, includes \$1 million in Foreign Military Financing (FMF) and almost \$1 million for military education and training. U.S. officials have stressed the importance of civilian oversight of the military, and respect for human rights and the rule of law, in their engagements with Nigerian military officials.⁵⁹ In addition to peacekeeping support provided through the State Department’s African Contingency Operations Training and Assistance (ACOTA) program, Nigeria also benefits from security cooperation activities with the California National Guard through the National Guard State Partnership Program. U.S. counterterrorism assistance to Nigeria includes programs coordinated through TSCTP and other regional State Department initiatives, as well as through Department of Defense funds. U.S. support for Nigerian law enforcement has been limited due to human rights concerns.

Congressional Engagement

Terrorism-related concerns have dominated congressional action on Nigeria in the 112th Congress, although Members also continue to monitor human rights and humanitarian issues, developments in the Niger Delta, and Nigeria’s energy sector in the context of world oil supplies. As international media attention on Boko Haram grew in the wake of the August 2011 U.N. bombing, the House Homeland Security Subcommittee on Counterterrorism and Intelligence held a hearing to examine the group’s potential to commit acts of terrorism against U.S. interests or against the United States. In a related report, the committee raised concerns about the dearth of information available on the group and the potential to underestimate Boko Haram’s potential threat to U.S. interest. The report suggested that the U.S. government expand military and intelligence support, as well as diplomatic engagement with Nigeria, and examine whether Boko Haram should be designated as a Foreign Terrorist Organization (FTO).⁶⁰ Subsequent legislation has been introduced to press the State Department on the FTO issue. In congressional testimony on worldwide threats, the Director of National Intelligence (DNI) declared Nigeria to be “critical to U.S. interests,” highlighting three key challenges the country faces in 2012—“healing political wounds” from the 2011 election, “managing the chronic unrest” in the Niger Delta, and addressing the threat posed by Boko Haram, the last of which he identified as “most pressing.” He expressed concern that Boko Haram may be interested in hitting additional Western targets in Nigeria.⁶¹ The Africa subcommittees in both houses held hearings on Nigeria in 2012 to consider U.S. policy on governance, security and trade issues in the country. Congressional attention to these and other issues is expected to continue through the remainder of the 112th Congress.

⁵⁸ U.S. security cooperation with Nigeria was restricted until the transition to civilian rule, and it was suspended in the early 2000s when Nigeria hosted exiled Liberian President Charles Taylor.

⁵⁹ Remarks by Ambassador Terence P. McCulley at the National Defense College in Abuja, April 26, 2012.

⁶⁰ U.S. Congress, House Homeland Security Subcommittee on Counterterrorism and Intelligence, *Boko Haram: Emerging Threat to the U.S. Homeland*, committee print, 112th Cong., November 30, 2011.

⁶¹ Testimony of Director of National Intelligence James R. Clapper, in U.S. Congress, Senate Select Committee on Intelligence, *Current and Projected National Security Threats to the United States*, January 31, 2012.

Table 1. State Department and USAID Assistance to Nigeria

(\$ in thousands)	FY2011 Actual	FY2012 Estimate	FY2013 Request
Development Assistance	55,791	50,291	50,200
Foreign Military Financing	1,212	1,000	1,000
Global Health and Child Survival - State	471,227	441,227	438,600
Global Health and Child Survival - USAID	101,971	132,000	108,900
International Military Education and Training	1,013	870	750
International Narcotics Control and Law Enforcement	1,250	0	0
Nonproliferation, Antiterrorism, Demining and Related Programs	0	0	0
TOTAL	632,464	625,388	599,450

Source: State Department Congressional Budget Justifications for Foreign Operations.

Figure 2. Map of Nigeria



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