

The Geopolitical Dynamics of Oil and Gas: Nigeria's Strategic Role, Emerging Challenges, Economic Policies and Opportunities

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Abstract

The global oil and gas sector remains one of the most geopolitically influential industries, shaping international relations, trade flows, economic stability, and strategic alliances across regions. For resource-rich nations, control over hydrocarbons significantly determines their bargaining power, energy security posture, and diplomatic relevance in global affairs. As the world undergoes rapid shifts driven by energy transition and climate policies, understanding the geopolitical positioning of major producers has become increasingly important for policymaking and long-term economic planning. This research examines Nigeria's geopolitical standing within the global oil and gas market, exploring how its vast hydrocarbon reserves and strategic geographic location shape its influence in the sector. Nigeria, Africa's largest oil producer, makes a significant contribution to global energy markets through its crude oil and LNG exports, primarily to Europe and Asia. However, infrastructure deficits and security concerns hamper its full market potential. Similarly, the global energy transition, characterized by reduced dependence on fossil fuels and increased adoption of renewable energy, poses additional risks to Nigeria's oil-dependent economy. Despite these challenges, opportunities exist for Nigeria to reposition itself as a leader in natural gas exports and renewable energy investment. Leveraging strategic partnerships and participating in regional trade agreements can further enhance Nigeria's influence. This study highlights the necessity for reforms in governance, diversification, and the alignment of energy policy to ensure Nigeria's continued relevance in the evolving energy landscape.

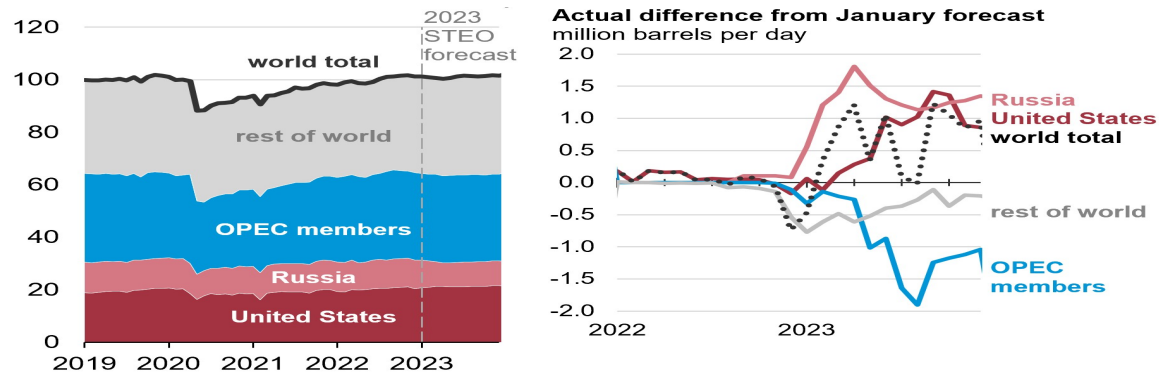
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1. Introduction

Geopolitics refers to the interplay of geography, economics, and politics in shaping the distribution of power and resources on a global scale. In the oil and gas sector, geopolitics is a critical determinant of energy security, market dynamics, and international relations (Wang, Ren, & Li, 2024). The significance of geopolitics in this domain arises from the uneven distribution of hydrocarbon reserves, the reliance of nations on these resources for economic growth, and the strategic importance of controlling energy supply routes (Klare, 2012). Similarly, the global crude oil market size was estimated to be approximately \$415 billion in 2023 and is predicted to increase from \$430 billion in 2024 to \$500 billion by 2032, at a CAGR of 4.2% during the forecast period (Osho, 2023). In contrast, the Asia Pacific market is expected to lead the global crude oil market, with a market share of approximately 54% in 2023. Countries rich in oil and gas reserves often hold substantial leverage in the international arena, influencing trade policies, alliances, and even conflicts. For example, the Organization of the Petroleum Exporting Countries (OPEC) wields considerable power in stabilizing or destabilizing global oil prices through production adjustments. The global crude oil production from January 2019 to December 2023, as depicted in Figure 1, is based on data from the U.S. Energy Information Administration's Short-Term Energy Outlook reports from January 2023 and January 2024. This data highlights trends in energy production over the five years, providing insights into fluctuations influenced by market dynamics, geopolitical factors, and economic conditions.



Data source: U.S. Energy Information Administration, *Short-Term Energy Outlook, January 2023 and January 2024*. Data values: Energy

Figure 1. Global Crude Oil Production Jan 2019-Dec 2023

The global energy market is not merely an economic construct but a political one, where decisions regarding resource exploration, production, and distribution are intertwined with state interests (Osho, 2025). Oil and gas geopolitics have been further complicated by the rise of renewable energy and climate change policies, which pressure traditional oil and gas producers to adapt while competing for diminishing market shares. In this context, the position of key oil-producing nations, such as Nigeria, becomes pivotal in understanding shifts in global energy politics (Osho & Oloyede, 2024). Figure 2 presents the global crude oil market share distribution by region, illustrating significant regional disparities in market dominance.



Figure 2. Global Crude Oil Market- Market Share by Region (%)

The Middle East and Africa hold the largest share at 45.7%, underscoring the region's pivotal role in global oil production and supply. North America follows with a substantial 28.9%, reflecting its strong oil industry, particularly in the United States and Canada. The Asia-Pacific region accounts for 15.8%, highlighting its growing energy demand, while Europe contributes 6.0%. Latin America represents the smallest share at 3.6%, indicating its relatively lower influence in global crude oil markets. This distribution emphasizes the concentration of oil resources and production capabilities in specific regions, shaping the dynamics of global energy trade.

Overview of Nigeria's Oil and Gas Industry

Nigeria is Africa's largest oil producer and holds the tenth-largest proven crude oil reserves in the world, estimated at 37 billion barrels as of 2023, and estimated to hold 209 Tscf of proven natural gas reserves, making it the eighth-largest gas reserve holder in the world and the largest in Africa (BP Statistical Review, 2023). Additionally, the country is rich in natural gas, with proven reserves exceeding 200 trillion cubic feet, making it a significant player in the global energy landscape. The oil and gas sector is a central pillar of Nigeria's economy, accounting for approximately 90% of its export revenues and 60% of government revenue (Osho,

2024). This dependency underscores Nigeria's opportunities and vulnerabilities in leveraging its resources for geopolitical influence. Production is primarily concentrated in the Niger Delta region, an area characterized by vast reserves but also plagued by environmental degradation, insecurity, and socio-political tensions (Adams, Osho, Woods, & Osho, 2006). Despite these challenges, Nigeria's Liquefied Natural Gas (LNG) projects, such as the Nigeria LNG Limited (NLNG), have positioned the country as a leading natural gas exporter with significant trade ties to Europe and Asia. Nigeria's membership in OPEC, dating back to 1971, has further elevated its role in global energy geopolitics. As a key player in the cartel, Nigeria plays a significant role in shaping decisions that impact oil prices and production quotas. However, its compliance with OPEC's directives has often been inconsistent due to domestic production challenges (Uwakonye, Osho & Anucha. (2006). Furthermore, the country's strategic location along the Gulf of Guinea provides access to major shipping routes, enhancing its geopolitical relevance in the global energy market (EIA, 2022). Hence, the primary objective of this research is to assess Nigeria's position within the complex framework of global energy geopolitics. This involves analyzing how Nigeria leverages its oil and gas resources to influence the global stage and examining the challenges that limit its geopolitical power. Specifically, the research will address the following questions: How does Nigeria's oil and gas sector contribute to its geopolitical standing? What internal and external challenges hinder Nigeria's ability to maximize its geopolitical potential? What opportunities exist for Nigeria to strengthen its role in the global energy transition?

Understanding Nigeria's geopolitical standing requires a multidimensional approach, considering both domestic factors, such as governance, infrastructure, and security, alongside international dynamics, including trade relationships and shifting energy policies. The research aims to provide policymakers and stakeholders with actionable insights to enhance Nigeria's strategic influence in the oil and gas sector by addressing these issues. In the face of global energy transitions, Nigeria's future in energy geopolitics hinges on its ability to diversify its economy, address domestic inefficiencies, and adapt to the changing dynamics of global energy demand (Osho, Nazemzadeh, Osagie & Williford, 2005; Osho, 2019). As the world increasingly moves toward renewable energy, the geopolitical significance of oil and gas-producing nations like Nigeria will depend on their capacity to navigate these transformations effectively.

2. The Global Oil and Gas Geopolitical Landscape

The global oil and gas market is dominated by a diverse array of stakeholders, including national oil companies (NOCs), international oil companies (IOCs), and key geopolitical players. Among the NOCs, entities like Saudi Aramco, Gazprom (Russia), and CNPC (China) exert substantial influence due to their control over vast reserves and production capacities. For instance, Saudi Aramco remains the largest producer globally, underpinning Saudi Arabia's geopolitical leverage (BP Statistical Review, 2023). While increasingly focused on renewable energy investments, IOCs such as ExxonMobil, Shell, and BP continue to play a significant role in upstream and downstream operations. The world's incremental crude oil production from 2016 to 2021, as illustrated in Figure 3, provides insights into global supply changes over this period. This data reflects production adjustments influenced by market demand, geopolitical events, and industry regulations, shaping trends in crude oil availability.

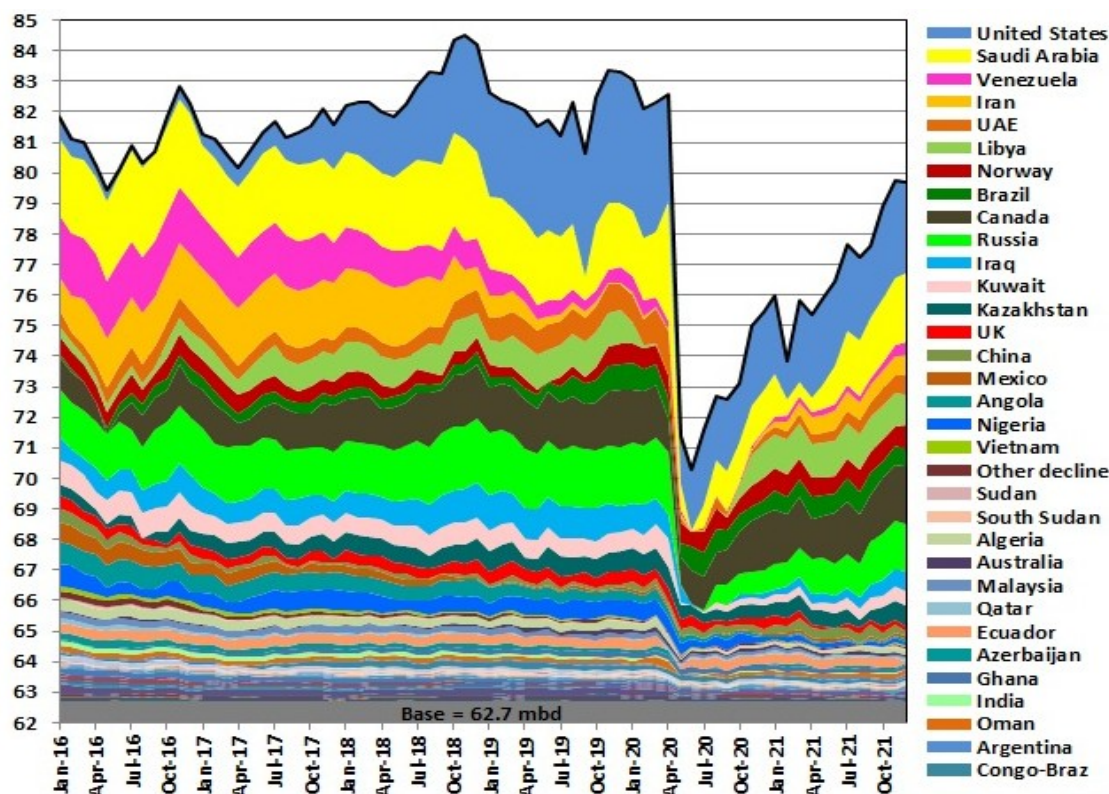


Figure 3. The World Incremental Crude Production (mb/d) 2016-2021

These corporations leverage advanced technologies and capital to explore and develop resources in politically and geologically complex regions. Additionally, energy-importing nations, notably the United States, China, and the European Union, shape the market by driving demand and setting policies that influence global trade dynamics. Emerging economies, such as India and Brazil, are also becoming critical players due to their increasing energy consumption and strategic investments in energy infrastructure. The growing influence of these nations is reshaping traditional power dynamics, shifting the focus toward Asia and Latin America as key regions in global energy geopolitics (IEA, 2022).

Emerging Trends in Energy Geopolitics

1. Renewable Energy Transition

The global shift toward renewable energy sources is altering the geopolitical landscape. Nations are increasingly investing in solar, wind, and hydrogen technologies to reduce their dependence on fossil fuels. For instance, the European Union's Green Deal and China's commitment to carbon neutrality by 2060 highlight a growing trend of energy diversification (IRENA, 2023). However, this transition poses challenges for traditional oil and gas producers, as declining demand for hydrocarbons threatens their economic and geopolitical stability. In response, countries such as Saudi Arabia and the United Arab Emirates are diversifying their energy portfolios by investing in renewable energy and technologies like carbon capture and storage (CCS). This strategic shift aims to maintain relevance in the evolving energy market while mitigating the risks associated with fluctuating oil prices (Osho, Osagie, & Adams, 2005).

2. Sanctions and Trade Wars

Economic sanctions have become a critical tool in energy geopolitics. For example, U.S.-imposed sanctions on Iran and Venezuela have significantly curtailed these nations' oil exports, disrupting global supply chains. Similarly, the Russia-Ukraine conflict has led to Western sanctions on Russian energy exports, forcing European

countries to seek alternative suppliers and accelerating the shift to renewables (IEA, 2022). Therefore, trade wars, particularly between the U.S. and China, further complicate the energy market. Tariffs and restrictions on technology transfer impact the development and distribution of energy resources, creating uncertainties that influence pricing and investment decisions.

3. Resource Nationalism

Resource nationalism, wherein governments assert greater control over their natural resources, is a growing trend in many oil-producing countries. This approach often involves renegotiating contracts with IOCs, increasing taxes, and prioritizing domestic energy needs over exports. For instance, Mexico's recent energy reforms under President Andrés Manuel López Obrador emphasize state control over oil production, signaling a shift away from liberalized markets (EIA, 2022). While resource nationalism can bolster national sovereignty, it may deter foreign investment and hinder technological advancements, particularly in countries with limited expertise or capital. Similarly, the Organization of the Petroleum Exporting Countries (OPEC) has been a cornerstone of global oil supply management since its establishment in 1960. Comprising 13 member states, OPEC's primary objective is to stabilize the oil market by coordinating production levels among its members. The organization's influence peaked during the 1970s oil crisis, when production cuts led to significant price spikes, underscoring its geopolitical clout (Yergin, 2020). In recent years, OPEC has expanded its influence through the OPEC+ alliance, which includes non-OPEC producers like Russia. This coalition has proven instrumental in addressing market imbalances, particularly during crises such as the COVID-19 pandemic. For instance, the historic production cuts agreed upon in April 2020, amounting to nearly 10 million barrels per day, helped stabilize plummeting oil prices (IEA, 2022).

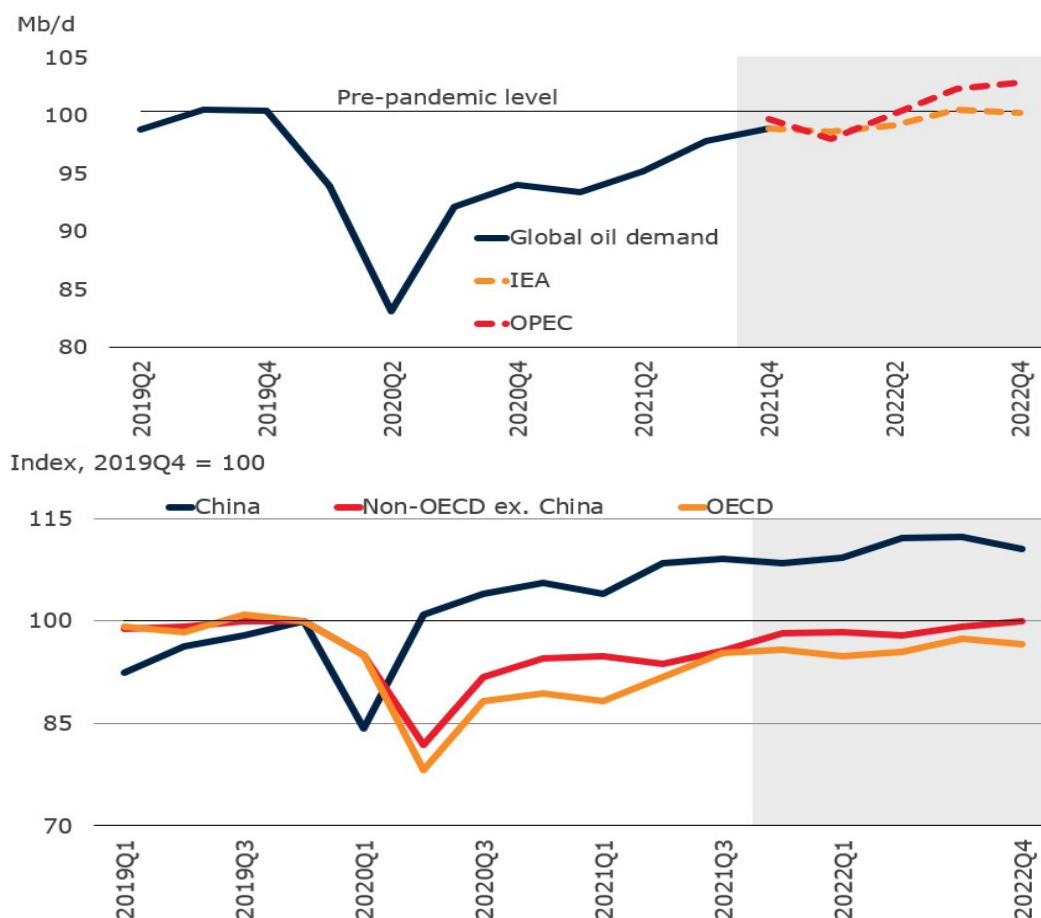


Figure 4. Oil Demand Forecast pre and post COVID-19 Pandemic

The COVID-19 pandemic significantly altered global oil demand, leading to shifts in consumption and market dynamics. Figure 4 highlights the forecasted oil demand before and after the pandemic, illustrating the impact of economic disruptions, lockdowns, and subsequent recovery phases on the energy sector. However, OPEC+ faces challenges in maintaining unity among its members. Disparities in production capacities, economic needs, and political interests often lead to tensions, as seen in disputes between Saudi Arabia and Russia over production quotas. Despite these challenges, OPEC+ continues to have a significant influence on global oil prices and production levels. The organization's role is also evolving in the context of the energy transition. As global demand for oil declines, OPEC+ members are exploring strategies to diversify their economies and maintain market relevance. This includes investments in renewable energy, petrochemicals, and downstream industries to offset the anticipated reduction in oil revenues (Osho, 2025).

3. Nigeria's Position in the Global Oil and Gas Market

Nigeria's emergence as a significant oil producer began with the discovery of oil in Oloibiri, Bayelsa State, in 1956 by Shell-BP. By the 1970s, the country experienced an oil boom that transformed its economic landscape. Oil rapidly became the cornerstone of Nigeria's economy, contributing over 90% of its export revenues and more than 60% of government income (Nwosu & Ogu, 2020). This reliance on hydrocarbons established Nigeria as a critical player in the global oil and gas market, but also generated several vulnerabilities linked to price volatility and resource mismanagement. The oil boom spurred significant infrastructure development and urbanization, but also exacerbated socio-economic inequalities and environmental degradation, particularly in the Niger Delta region. Over the decades, Nigeria's economic reliance on oil has persisted, limiting diversification and exposing the country to fluctuations in the global oil market. This dependency underscores Nigeria's precarious position in global energy geopolitics, where shifts in demand or supply can have profound domestic implications (Osho, 2025).

Nigeria's Contributions to OPEC and Global Energy Supply

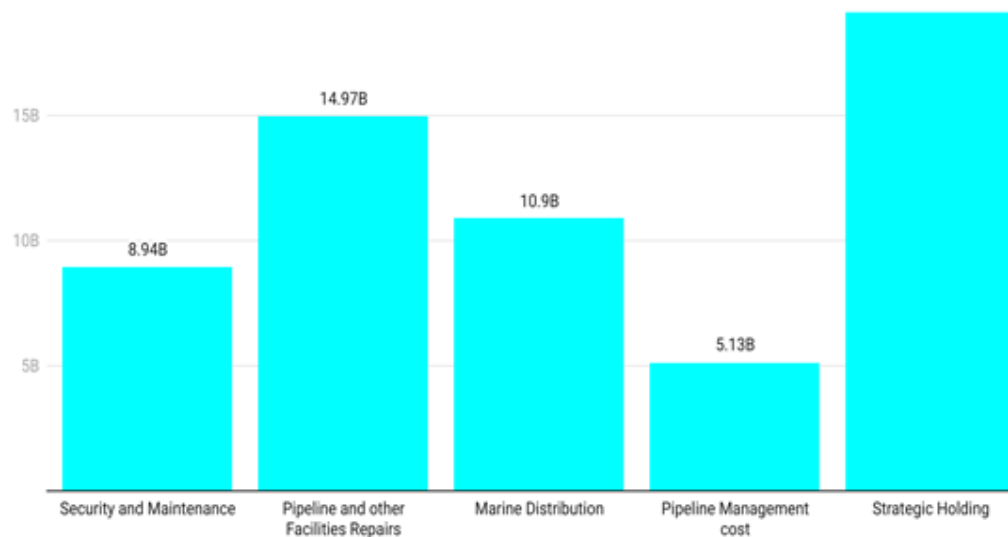
Nigeria became a member of the Organization of the Petroleum Exporting Countries (OPEC) in 1971, solidifying its role in global energy governance. As Africa's largest oil producer, Nigeria's contributions to OPEC have been substantial, although its production capacity has often been hindered by domestic challenges, including pipeline vandalism, oil theft, and underinvestment in infrastructure (EIA, 2022).

Table 1. OPEC Share of the World's Crude Oil Reserves in 2021

OPEC Members	Billion Barrels	Percentage
Venezuela	303.47	24.5
Saudi Arabia	267.16	21.6
Iran	208.60	16.8
Iraq	144.02	11.6
UAE	111.00	9.0
Kuwait	101.50	8.2
Libya	48.36	3.9
Nigeria	37.05	3.0
Algeria	12.20	1.0
Angola	2.52	0.2
Gabon	2.00	0.2
Congo	1.81	0.1
Total	1239.69	100.0

OPEC's share of the world's crude oil reserves in 2021 underscores the significant contributions of member countries to the global energy supply. Table 1 highlights these reserves, with Venezuela holding the largest share at 24.5%, followed by Saudi Arabia at 21.6%, and Iran at 16.8%, reflecting the strategic distribution of oil resources among OPEC nations. OPEC's strategy of managing oil prices through production quotas relies heavily on compliance from member states, including Nigeria. However, Nigeria's adherence to OPEC's directives has been inconsistent due to domestic pressures to generate revenue. Despite these challenges, Nigeria remains an influential voice within OPEC, advocating for policies that balance the interests of oil-producing and consuming nations.

Regarding global energy supply, Nigeria's daily crude oil production averaged 1.5 million barrels per day (bpd) in 2023, making it a vital contributor to international markets (BP Statistical Review, 2023). The country's vast natural gas reserves, estimated at over 200 trillion cubic feet, further enhance its strategic importance, with liquefied natural gas (LNG) projects, such as Nigeria LNG Limited, positioning the country as a leading exporter of LNG. The maintenance and repair of pipelines in Nigeria represent a significant financial burden driven by factors such as aging infrastructure, vandalism, and operational challenges. Figure 5 highlights the annual costs associated with these activities, emphasizing the need for strategic investments in pipeline security and modernization.



Source: *Export Dynamics: Major Trading Partners and Markets*

Figure 5. Cost of Maintaining and Repairing Pipelines in Nigeria within a year

Nigeria's crude oil exports are pivotal to its economy, with Europe, Asia, and the United States serving as its primary trading partners. Historically, the U.S. was a major importer of Nigerian crude, but the advent of shale oil significantly reduced this dependency. Nigeria has diversified its export markets in response, with India and China emerging as leading destinations for its crude oil (IEA, 2022). European nations remain key importers, driven by the compatibility of Nigerian crude with their refineries and geopolitical considerations. For instance, the European Union's pivot away from Russian energy following the Ukraine conflict has created opportunities for Nigeria to expand its market share. In Asia, demand from rapidly industrializing economies like India and China continues to grow, underscoring Nigeria's strategic importance in meeting global energy needs. Natural gas exports, particularly LNG, have also bolstered Nigeria's trade relationships (Osho, Oloyede, Adetosoye, Fernandes, & Samuel, 2005). The Nigeria LNG project has secured long-term supply contracts with European and Asian buyers, reinforcing the country's role as a reliable energy partner. However, the lack of sufficient infrastructure and regulatory hurdles limits Nigeria's ability to fully capitalize on these opportunities (Nwosu & Ogu, 2020).

Impact of Production Capacity and Proven Reserves on Geopolitical Influence

Nigeria's substantial proven oil and gas reserves underpin its geopolitical influence. With an estimated 37 billion barrels of crude oil reserves, Nigeria ranks among the world's top oil-rich nations, providing significant leverage in international energy markets (BP Statistical Review, 2023). This resource base enables Nigeria to shape global energy discussions, particularly within OPEC and regional bodies such as the African Petroleum Producers Organization (APPO). However, due to structural and operational challenges, Nigeria's production capacity has consistently fallen short of its potential. Nigeria's crude oil production fluctuated from 2021 to 2023 due to regulatory policies, market conditions, and operational challenges. Figure 6 highlights these variations, offering insights into the country's role in global oil supply and the factors affecting its production stability.

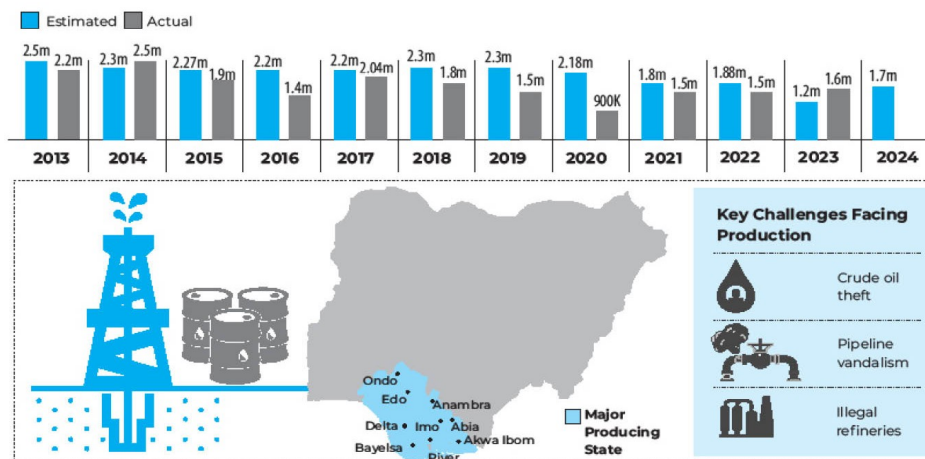


Figure 6. Nigeria Crude Oil Production 2021-2023

Additionally, aging infrastructure, limited technological advancements, and security concerns in the Niger Delta have constrained output, thereby diminishing Nigeria's ability to fully assert its influence. For instance, pipeline vandalism and oil theft result in significant revenue losses, estimated at over \$4 billion annually (EIA, 2022). Despite these challenges, Nigeria's role in supplying natural gas to Europe and neighboring African countries offers a pathway to enhanced geopolitical relevance. Projects such as the Trans-Saharan Gas Pipeline and the West African Gas Pipeline underscore Nigeria's potential to serve as a regional energy hub, fostering economic integration and energy security. In conclusion, Nigeria's global oil and gas market position is characterized by immense potential tempered by significant challenges. Its proven reserves and contributions to global energy supply underscore its strategic importance, while domestic inefficiencies and external market shifts highlight areas for improvement. Strengthening infrastructure, enhancing regulatory frameworks, and diversifying export markets are critical steps for Nigeria to solidify its geopolitical influence in an increasingly competitive global energy landscape.

4. Geopolitical Challenges Facing Nigeria

Internal Factors

1. Security Concerns

Nigeria's oil and gas sector faces significant security challenges, particularly in the Niger Delta region, where militancy and pipeline vandalism have persisted for decades. Groups such as the Niger Delta Avengers and other armed factions disrupt oil production by targeting critical infrastructure, often demanding greater resource control or reparations for environmental damage (EIA, 2022). These activities significantly reduce Nigeria's output, costing the government billions annually in lost revenue and discouraging foreign investment.

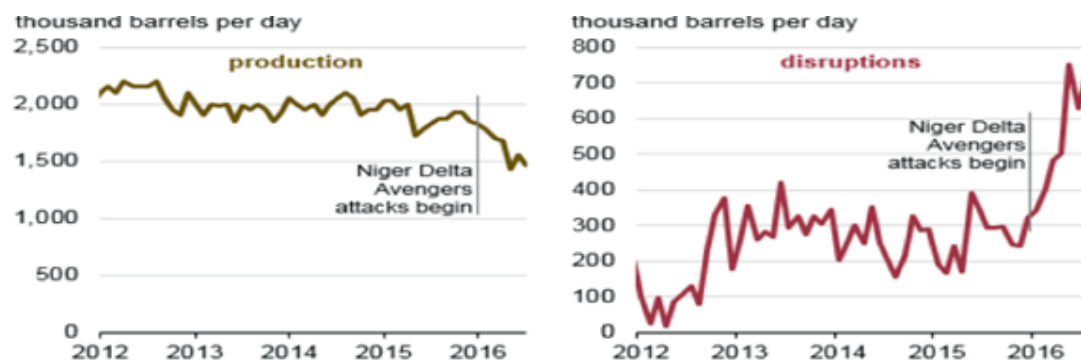


Figure 7. Nigeria Crude Oil Production and Disruptions (Jan 2012- May 2016)

Nigeria's crude oil production and disruptions from January 2012 to May 2021 have been influenced by various factors, including security challenges, regulatory changes, and market dynamics. Figure 7 highlights these trends, providing insights into the impact of production interruptions on the country's overall oil output and economic stability. Pipeline vandalism remains a pervasive issue, with over 200,000 barrels of oil stolen daily through illegal tapping (Nwosu & Ogu, 2020). This undermines economic stability and creates environmental hazards, thereby exacerbating tensions within local communities and governments. Long-term solutions remain elusive despite efforts to address these issues through amnesty programs and increased security measures. Pipeline infrastructure in Nigeria has faced significant challenges, with numerous points of damage occurring between 2021 and 2023 due to vandalism, aging infrastructure, and operational issues. Figure 8 highlights the extent of these damages, emphasizing the need for improved security measures and maintenance strategies to ensure pipeline integrity.

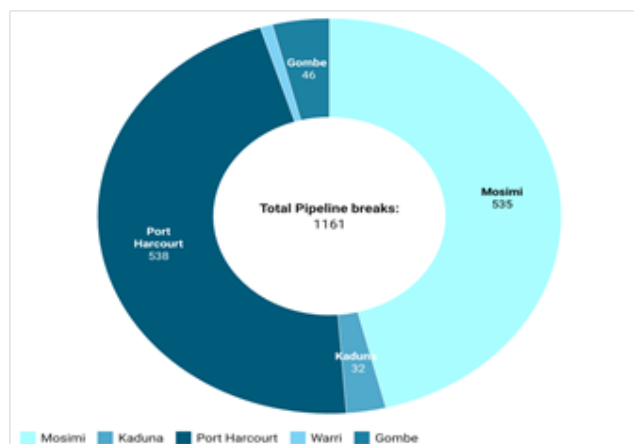


Figure 8. Total Pipeline Points Damaged in Nigeria 2021-2023

2. Corruption and Governance Issues

Corruption has been a persistent problem in Nigeria's oil and gas industry, undermining the sector's potential and exacerbating economic inequality. Mismanagement of oil revenues, opaque licensing processes, and illicit financial flows have hindered the country's development. For instance, a 2020 audit by the Nigeria Extractive Industries Transparency Initiative (NEITI) revealed discrepancies amounting to billions of dollars in unremitted funds (NEITI, 2020). Poor governance extends to regulatory inefficiencies and delays in policy implementation. The passage of the Petroleum Industry Act (PIA) in 2021 was a significant milestone aimed at reforming the sector. Still, its effectiveness has been hampered by bureaucratic inertia and resistance from vested interests. Addressing corruption and improving governance are essential for Nigeria to maximize the benefits of its vast hydrocarbon resources.

External Factors

1. Competition with Other African Oil Producers

Nigeria faces increasing competition from other African oil producers such as Angola, Algeria, and Ghana. Angola, for instance, has positioned itself as a major oil exporter with a more stable investment environment, attracting foreign players like TotalEnergies and Chevron. Similarly, Algeria's proximity to European markets and extensive gas reserves make it a key competitor in the natural gas sector (BP Statistical Review, 2023). This competition challenges Nigeria's market share, particularly in Europe and Asia. Nigeria must address internal inefficiencies, improve production capacity, and diversify its energy exports to remain competitive. Strengthening regional cooperation through organizations like the African Petroleum Producers Organization (APPO) could also enhance Nigeria's influence and mitigate competition. Africa's upstream investment is crucial in shaping the continent's energy sector, influencing exploration, production, and overall economic growth. Figure 9 highlights these investment trends, showcasing the financial commitments and strategic developments driving the region's oil and gas industry.

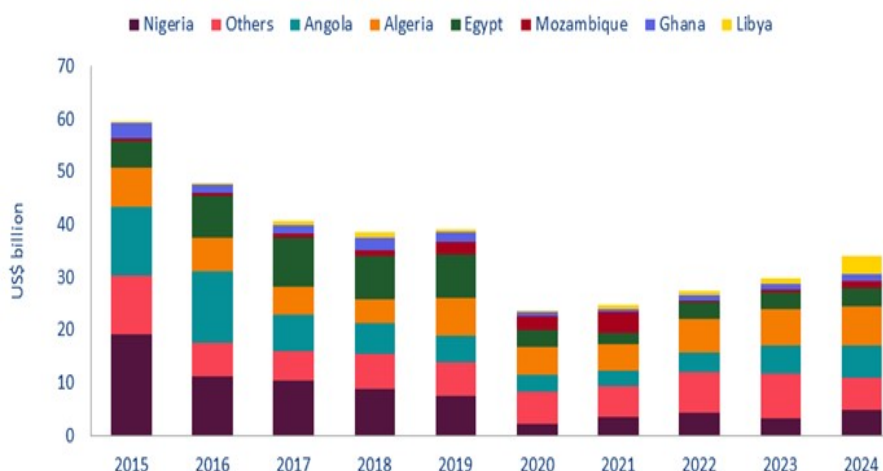


Figure 9. Africa Upstream Investment

2. Influence of Global Energy Transitions

The global shift toward renewable energy and reduced dependence on fossil fuels poses a significant challenge for Nigeria. Countries worldwide are implementing policies to achieve carbon neutrality, diminishing the long-term demand for oil and gas. For example, the European Union's Fit for 55 initiative and China's 2060 carbon-neutrality target highlight the accelerating pace of energy transitions (IRENA, 2023). This trend poses a threat to Nigeria's economic stability, given its reliance on oil and gas as a primary source of revenue. Diversifying the economy and investing in renewable energy projects are critical for adapting to these changes. Projects like solar farms in Northern Nigeria and partnerships to develop green hydrogen present opportunities for Nigeria to participate in the global energy transition.

3. Sanctions, Trade Wars, and Shifting Alliances

Geopolitical tensions, including sanctions and trade wars, have a significant impact on Nigeria's oil and gas industry. For instance, U.S. sanctions on Venezuela and Iran have reshaped global energy flows, creating opportunities and challenges for Nigerian exports. Similarly, the Russia-Ukraine conflict has disrupted traditional supply chains, prompting European countries to seek alternative energy sources. While this shift has opened doors for Nigerian LNG exports to Europe, it also puts pressure on the country to meet rising demand amid domestic constraints (IEA, 2022).

Shifting alliances in global trade further complicate Nigeria's position. The U.S.-China trade war, for instance, influences energy market dynamics, as China's growing demand for African oil could either bolster Nigeria's exports or exacerbate competition with other producers (Osho, 2025). Nigeria's ability to navigate these geopolitical complexities depends on its diplomatic agility and strategic partnerships. Nigeria's geopolitical challenges stem from both internal vulnerabilities and external pressures. Security concerns, corruption, and governance issues undermine its domestic oil and gas industry, while the competition, energy transitions, and global tensions reshape its external environment. Addressing these challenges requires a multifaceted approach, including strengthening institutional frameworks, diversifying the economy, and leveraging regional and international partnerships to foster growth and development. By doing so, Nigeria can bolster its resilience and maintain its relevance in the evolving global energy landscape.

5. Opportunities for Nigeria in Global Energy Geopolitics

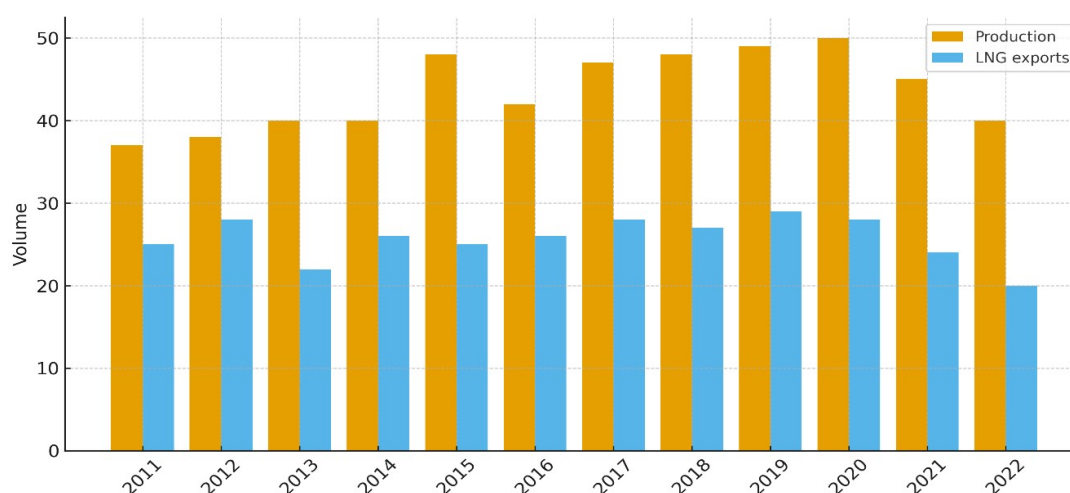
Diversification of Oil and Gas Exports

One of Nigeria's most promising opportunities in global energy geopolitics is diversifying its oil and gas exports. Historically, Nigeria has relied heavily on a few major markets, including Europe, the United States, and Asia. However, emerging markets and regional trade partnerships offer new prospects. For example, the increasing

demand for oil in African nations such as Ghana, Senegal, and South Africa presents an untapped opportunity for Nigeria to expand its influence (Nwosu & Ogu, 2020). Additionally, the European Union's pivot away from Russian energy due to the Russia-Ukraine conflict has created opportunities for Nigeria to position itself as a reliable supplier. Nigeria can strengthen its role as a preferred exporter to European markets by investing in infrastructure upgrades and improving production consistency. Such diversification enhances economic resilience and reduces dependency on traditional trade partners, providing greater geopolitical leverage.

Potential for Natural Gas as a Transition Fuel

The global shift towards cleaner energy sources allows Nigeria to capitalize on its vast natural gas reserves. As a lower-carbon alternative to coal and oil, natural gas is widely regarded as a transition fuel in the global energy transition. Nigeria's proven natural gas reserves, estimated at over 200 trillion cubic feet, position it as a critical player in this space (BP Statistical Review, 2023). Projects like Nigeria LNG (NLNG) have already established the country as a leading exporter of liquefied natural gas. NLNG's long-term supply contracts with European and Asian buyers underscore the growing demand for Nigerian gas. Furthermore, regional pipeline projects such as the West African Gas Pipeline (WAGP) and the proposed Trans-Saharan Gas Pipeline (TSGP) offer additional avenues for Nigeria to supply gas to neighboring countries and Europe. These projects enhance economic integration and bolster Nigeria's geopolitical significance in global energy discussions.



Source: Energy Institute

Figure 10. Nigerian Gas Production and LNG Exports (bn m3)

Nigeria's gas production and LNG exports have been key components of the country's energy sector, contributing to both domestic supply and international markets. Figure 10 shows the trends in gas production and LNG exports, providing insights into Nigeria's role in the global natural gas industry and its export dynamics.

Leveraging Partnerships with Emerging Markets

Nigeria's strategic partnerships with emerging markets, particularly China and India, offer significant opportunities in global energy geopolitics. Both nations are among the world's largest energy consumers, with rapidly growing economies that demand reliable energy supplies. India, for instance, has consistently been one of Nigeria's largest crude oil importers, accounting for approximately 20% of its oil exports in recent years (IEA, 2022). China's Belt and Road Initiative (BRI) provides another avenue for collaboration. The country can enhance its production capacity and export potential through Chinese investments in Nigeria's oil and gas infrastructure, such as refinery upgrades and pipeline construction. These partnerships also create opportunities for technology transfer and capacity building, enabling Nigeria to address some operational inefficiencies that have historically hindered its energy sector.

Participation in Regional Initiatives

Nigeria's active participation in regional initiatives, such as the African Continental Free Trade Agreement (AfCFTA), presents opportunities to strengthen its role in the African energy market. AfCFTA aims to create a single market for goods and services across 54 African countries, fostering economic integration and boosting intra-African trade. This framework enables Nigeria to expand its energy exports to neighboring countries, capitalizing on its position as Africa's largest oil producer. Nigeria's natural gas resources can also support regional electrification projects, addressing energy poverty across the continent. By aligning its energy policies with AfCFTA's objectives, Nigeria can solidify its leadership role in Africa's energy geopolitics. Nigeria's vast energy resources and strategic geographic location present numerous opportunities to enhance its influence in global energy geopolitics. Nigeria can strengthen its position in a rapidly evolving global energy landscape by diversifying exports, capitalizing on natural gas as a transition fuel, leveraging partnerships with emerging markets, and participating in regional initiatives. However, realizing these opportunities requires addressing existing challenges, such as infrastructure deficits and regulatory inefficiencies, while fostering collaboration with international and regional stakeholders.

6. Nigeria's Policy Framework and Strategic Alliances

Evaluation of Nigeria's Energy Policies and Their Alignment with Geopolitical Trends

Nigeria's energy policies have evolved to address the challenges and opportunities of global energy geopolitics. The Petroleum Industry Act (PIA), enacted in 2021, represents a significant reform aimed at enhancing transparency, improving regulatory frameworks, and attracting foreign investment. By restructuring the Nigerian National Petroleum Corporation (NNPC) into a commercially viable entity (Osho, 2025), the PIA seeks to align the country's oil and gas sector with global best practices (NEITI, 2022).

The Nigerian Gas Master Plan (NGMP) is another critical policy aimed at optimizing the utilization of natural gas. This policy aligns with global trends that emphasize natural gas as a transitional fuel in the shift to renewable energy. Through initiatives such as the National Gas Expansion Program (NGEP), Nigeria aims to boost domestic and export markets for gas, positioning itself as a regional leader in the liquefied natural gas (LNG) market (BP Statistical Review, 2023). However, challenges persist. Regulatory inefficiencies, delayed implementation of reforms, and inadequate infrastructure have limited the full realization of these policies. Nigeria must address these gaps to remain competitive while fostering policies anticipating future geopolitical shifts, such as the increasing role of renewables and digitalization in the energy sector.

Role of Public-Private Partnerships in Enhancing Production and Exports

Public-private partnerships (PPPs) have become integral to Nigeria's strategy for enhancing production and exports in the oil and gas sector. These collaborations provide the capital, expertise, and technology needed to address the industry's infrastructure and operational challenges. For instance, the Nigeria LNG (NLNG) project, a joint venture between NNPC and international oil companies like Shell and TotalEnergies, exemplifies the success of PPPs in driving export growth and fostering global partnerships (IEA, 2022). Likewise, establishing modular refineries through PPPs aims to reduce dependency on fuel imports and enhance domestic refining capacity. These initiatives also contribute to job creation and the development of local content, thereby strengthening Nigeria's economic resilience. However, ensuring the success of PPPs requires addressing issues such as bureaucratic delays, corruption, and the need for more precise policy guidelines to attract foreign investors.

Building Alliances Through Regional Bodies

Nigeria's participation in regional organizations such as the Economic Community of West African States (ECOWAS) and the African Union (AU) plays a pivotal role in its geopolitical strategy. These alliances offer a platform for advancing Nigeria's energy interests and fostering regional integration. Through ECOWAS, Nigeria has played a pivotal role in initiatives such as the West African Gas Pipeline (WAGP), which supplies natural gas to neighboring countries, thereby enhancing energy security and promoting regional economic development. Similarly, the African Continental Free Trade Agreement (AfCFTA) allows Nigeria to expand its energy exports

and collaborate on infrastructure projects, such as regional power grids and renewable energy installations (AU, 2023).

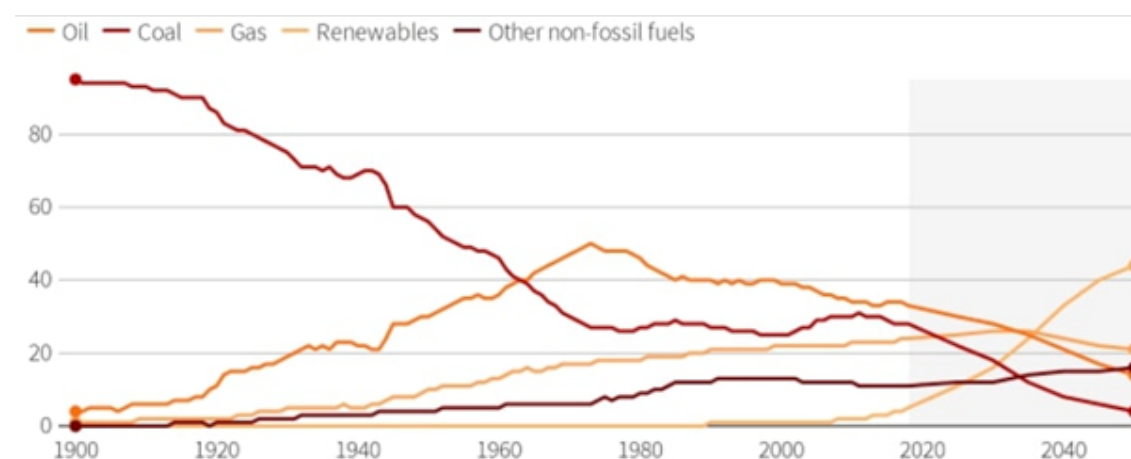
The African Union's Agenda 2063 emphasizes the importance of regional energy cooperation, underscoring Nigeria's pivotal role in achieving Africa's energy security objectives. By leveraging these platforms, Nigeria can strengthen its geopolitical influence while addressing common challenges such as energy poverty and climate change. Therefore, Nigeria's policy framework and strategic alliances are critical to successfully navigating the complexities of global energy geopolitics. Policies like the PIA and NGMP demonstrate the country's commitment to reforming its energy sector, while PPPs and regional collaborations enhance its production and export capabilities. To maximize these opportunities, Nigeria must address existing policy and infrastructure gaps, foster greater regional integration, and adapt to emerging trends in the global energy landscape. By doing so, Nigeria can solidify its position as a major player in the global energy market (Oluchukwu et al., 2025).

7. The Future of Nigeria in Global Energy Geopolitics

Implications of the Global Energy Transition on Nigeria's Oil-Dependent Economy

The global energy transition poses significant challenges and opportunities for Nigeria, given its heavy reliance on oil revenues. As countries strive to reduce carbon emissions and adopt renewable energy sources, demand for fossil fuels is expected to decline. According to the International Energy Agency (IEA), global oil demand could peak by the early 2030s, driven by advancements in electric vehicles, energy efficiency, and policy shifts toward clean energy (IEA, 2023). This trend has profound implications for Nigeria, which derives over 70% of its government revenue and 90% of its foreign exchange earnings from oil. A decline in global oil demand could exacerbate fiscal deficits, reduce foreign investments, and heighten economic vulnerability. The situation is further compounded by the lack of diversification in Nigeria's economy, making it ill-equipped to withstand sustained shocks in the oil market (Nwosu & Ogu, 2020).

However, the transition also offers opportunities for Nigeria to reposition itself. By leveraging its vast natural gas reserves as a cleaner energy source, the country can play a key role in the intermediate phase of the global energy transition. Additionally, adopting policies that prioritize economic diversification and sustainable development will be crucial in mitigating the adverse effects of the transition. The global energy mix has undergone significant shifts over time, influenced by technological advancements, policy changes, and market demands. Figure 11 highlights historical trends and projected changes, offering insights into the transition towards renewable energy sources and the evolving role of fossil fuels.



Source: BP 2020 Energy Outlook, Note: Figure in BP's Rapid scenario percentage
Figure 11. Historical and Projected Shifts in Global Energy Mix

Investments in Renewable Energy to Remain Relevant in a Low-Carbon Future

To maintain its relevance in the global energy landscape, Nigeria must accelerate investments in renewable energy. The country has significant renewable energy potential, particularly solar, wind, and hydropower. For instance, the International Renewable Energy Agency (IRENA) estimates Nigeria's solar energy potential exceeds 400,000 terawatt-hours per year, making it a viable alternative to traditional fossil fuels (IRENA, 2023). Ongoing projects, such as the Nigeria Electrification Project (NEP) and partnerships with organizations like the World Bank, underscore the government's commitment to expanding access to renewable energy. Furthermore, decentralized energy solutions, including mini-grids and solar home systems, can address energy poverty while reducing greenhouse gas emissions. Private sector involvement is equally critical, driving investments in renewable energy infrastructure and signaling a shift toward a greener energy future. Nigeria can position itself as a leader in Africa's renewable energy market by creating an enabling environment for such investments through incentives, streamlined regulations, and public-private partnerships (Ojumu & Osho, 2023).

Scenarios for Nigeria's Geopolitical Standing in the Next Two Decades

1. Optimistic Scenario: Regional Energy Leader

In this scenario, Nigeria successfully implements reforms to diversify its economy, capitalize on its natural gas reserves, and become a hub for renewable energy investments. By leveraging regional frameworks, such as the African Continental Free Trade Agreement (AfCFTA), and expanding partnerships with emerging markets, Nigeria solidifies its position as a regional energy leader. Increased political stability and improved governance further enhance its geopolitical influence.

2. Status Quo Scenario: Marginalization

Failure to adapt to global energy trends could result in Nigeria's marginalization in the global energy market. Prolonged dependency on oil, coupled with inadequate investments in renewable energy and infrastructure, leaves the country vulnerable to declining revenues and reduced geopolitical relevance. Additionally, intensifying competition from other African energy producers, as well as limited progress in addressing corruption and insecurity, exacerbates the country's challenges (Adams, Osho, & Coleman, 2008).

3. Pessimistic Scenario: Economic and Political Instability

In the worst-case scenario, Nigeria's inability to adapt to the energy transition leads to severe economic decline. Declining oil revenues, rising debt, and socio-political unrest create a vicious cycle of instability. Regional competitors and global players are bypassing Nigeria for more stable and sustainable energy markets, thereby diminishing its influence in global geopolitics. Henceforward, Nigeria's future in global energy geopolitics will be shaped by its ability to adapt to the evolving energy landscape. While the global energy transition poses significant risks to its oil-dependent economy, it also presents opportunities for diversification and innovation. By investing in renewable energy, leveraging natural gas as a transition fuel, and fostering strategic partnerships, Nigeria can navigate the challenges ahead and maintain its geopolitical relevance. The choices made today will determine whether Nigeria emerges as a regional leader or risks marginalization in the decades to come.

8. Conclusion

Nigeria's geopolitical standing in the oil and gas sector reflects its vast natural resources and the challenges of effectively leveraging them. As Africa's largest oil producer and a significant member of OPEC, Nigeria holds considerable influence in the global energy market. However, its reliance on hydrocarbons and internal challenges such as corruption, security issues, and inadequate infrastructure have constrained its potential. Without significant reforms and investments, the global energy transition toward renewable energy sources further threatens Nigeria's economic stability and geopolitical relevance. Despite these challenges, Nigeria's abundant natural gas reserves and strategic geographic location present opportunities for repositioning itself as a key player in the transition to cleaner energy. Additionally, regional integration through bodies such as ECOWAS and the African Union (AU) provides opportunities for Nigeria to strengthen its influence on the African continent. Success will depend on its ability to address existing barriers and align its policies with emerging global energy trends (Uwakonye, Osho, Adams, & Haj, 2020). The following are strategic recommendations:

Strengthening Governance and Transparency in the Energy Sector

Enhancing governance and transparency is crucial for realizing Nigeria's full potential in the energy sector. Implementing the Petroleum Industry Act (PIA) is a step in the right direction; however, its success depends on effective enforcement and regular reviews. Strengthening institutions like the Nigerian Extractive Industries Transparency Initiative (NEITI) can ensure accountability in revenue management and contract negotiations (NEITI, 2022). Additionally, addressing corruption through robust legal frameworks and empowering anti-corruption agencies will improve investor confidence. Transparent allocation of oil blocks, reduction of bureaucratic bottlenecks, and fair royalty systems can attract foreign direct investment (FDI) and enhance Nigeria's standing as a reliable energy partner.

Enhancing Energy Infrastructure and Technology

Investing in modern energy infrastructure and technology is crucial for enhancing production capacity and minimizing operational inefficiencies (Dieli, Kato, Osho, & Cleveland, 2019). Nigeria's refineries remain underutilized, resulting in a significant reliance on fuel imports. Upgrading existing and developing new modular refineries through public-private partnerships (PPPs) can enhance domestic refining capacity and create jobs (IEA, 2022). Technological advancements, including digital oilfield technologies, artificial intelligence, and blockchain, can enhance exploration, production, and supply chain management. Partnering with technology-driven countries and multinational corporations can facilitate knowledge transfer and capacity building, ensuring Nigeria remains competitive in the evolving energy landscape (Osho, 2024).

Pursuing Diversification Within and Beyond Hydrocarbons

Economic diversification is vital for reducing Nigeria's dependency on oil revenues. Nigeria should focus on expanding its natural gas exports and investing in renewable energy projects within the energy sector. The Nigeria Gas Master Plan and the National Gas Expansion Program provide frameworks for positioning natural gas as a transition fuel (BP Statistical Review, 2023). Beyond hydrocarbons, Nigeria must prioritize agriculture, manufacturing, and technology sectors to create alternative revenue streams. Policies promoting industrialization, export diversification, and entrepreneurship will bolster economic resilience and reduce vulnerability to oil price shocks. Regional trade agreements, such as the African Continental Free Trade Agreement (AfCFTA), can facilitate market access and promote economic growth.

Future Research Directions

Future research could investigate how Nigeria can utilize advanced digital technologies, such as artificial intelligence, big data analytics, and blockchain, to enhance transparency, operational efficiency, and security in the oil and gas sector. Studies may also explore Nigeria's potential role in the geopolitics of global LNG supply as Europe and Asia diversify their energy sources in response to political instability and decarbonization commitments. Further work could assess how regional energy cooperation through AfCFTA and ECOWAS can reshape intra-African energy trade and strengthen Nigeria's strategic influence. Additional research may analyze the long-term economic implications of declining global oil demand on Nigeria's fiscal stability, employment, and foreign investment flows. Future investigations could evaluate renewable energy integration pathways that position Nigeria competitively in a low-carbon global economy. Comparative studies between Nigeria and emerging African producers, such as Mozambique, Tanzania, and Angola, may reveal strategic lessons for improving governance and attracting investment. Ultimately, research on climate resilience, environmental governance, and community engagement in the Niger Delta could offer valuable insights into sustainable energy development and conflict mitigation.

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