

Crude Oil and the Politics of Nigerian Foreign Policy: Issues and Explanations

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Abstract

The paper examined the role of crude oil on Nigeria's foreign policy. The paper is qualitative in approach, historical and exploratory methods were used to analyze the data. The paper revealed that crude oil not only contribute in the economy of Nigerian state but also influences its foreign policy objective at the international system. The study found out that Crude oil sustains Nigeria's economy the over years 80% of revenue in Nigeria is derived from oil. This crude oil in Nigeria but ironically, the huge amount realized from the oil does not really translate to development and improvement of its foreign policy achievement. The paper concludes that Foreign policy not only shapes Nigeria's identity at large but also determines its place and its future in the world. Without exception, the foreign of states in today's world consider issues of production, exchange, technology, market alliance, economic development, political stability and predictability, quality of governance, and prevailing leadership and its qualities.

Keywords: Crude oil, Nigerian state, Foreign policy and Nigerian Economy

1. Introduction

Crude oil is a major source of energy in Nigeria and the world in general. It is the stronghold which shapes the Nigerian economy. Oil being the mainstay of the Nigerian economy plays a vital role in shaping the economic and political (foreign policy objectives) and destiny of the country (Odularu, 2008; Todaro and Smith, 2004). Nigeria years back was a major world supplier of crude oil, producing about two million barrels per day (bpd), and is an influential member of the Organization of Petroleum Exporting Countries- OPEC. Though become possible when crude oil was more salable in the international energy market. Crude oil is the most versatile fuel source ever discovered. It is situated at the core of modern industrial economy (Michael, 2004). It is probably the most important economic resource which in commercial quantities and if utilized, will attract capital, bring sustained revenue earnings, stimulate other downstream projects and provide employment opportunities. Properly diversified, it can also contribute significantly to both agricultural, manufacturing and other industries.

Since 1950s, crude oil has overtaken and played monumental roles in Nigeria's economy, accounting for about 90% of export and 90% of its total foreign exchange earnings. From 1970s oil contributes 80% of Nigerian government revenue. Out of a total 126.847 billion barrels held by the African continent, Nigeria currently holds 37.2 billion barrels, which translates to 29.3% of the continents reserve (Ubhenin, 2013). This earns Nigeria the status of the largest oil reserves in Africa. By 2011- 2014, Nigeria produces 2.51 million barrel per day (bpd) and shares 2.95% of world production. Nigeria has a daily crude export of 1.02 million barrels to US alone, and proven reserves of 37.20 million barrels and had estimates 180 trillion cubic feet (TCF) of natural gas reserves (Nigerian Economy Profile Report, 2014).

Sales of oil account for more than 90 percent of the nation's total foreign-exchange earnings, and therefore, the lion's share of the funds Nigeria puts into its multi-faceted development programs. As a result of this substantial contribution, Nigeria could well be described as an oil-based mono-cultural economy, and the country's fortunes often rise and fall with the price of oil. Nigeria can be also categorized as a country that is primarily rural, which depends on primary product exports (especially oil products).

Nigeria's exports of oil and natural gas at a time of peak prices have enabled the country to post merchandise trade and current account surpluses in recent years. Reportedly, 80 percent of Nigeria's energy revenues flow to the government, 16 percent covers operational costs, and the remaining 4 percent go to investors (Odularu, 2008).

The place of crude oil in National development has been recognized and articulated in Nigeria ever since the first National Development Plan (1962) was launched. According to Angeye (1985), the overriding strategy from the second National Development Plan (1970-1975) to the forth National Development Plan (1981-1985) has been to employ the resources realized from crude oil for the expansion of the productive capacity of the economy and thereby lay a solid foundation for self-sustaining growth and development in the shortest possible time.

Series of empirical studies have identified the contributions of crude oil in development of Nigerian state. Other studies examined its impacts on alleviating poverty and reducing unemployment budget increase

(Ibaba, 2009; Oluwaniyi, 2010; Obi, 2009; Afinotan, and Ojajorotu, 2009; Oluwaniyi, 2011; Kuku, 2012; UNDP, 2006; Adeyemo and Olu-Adeyemi, 2010). But few of these studies if any discuss on crude oil impacts to foreign policy goals which determined it relevant at the global political economy and foreign relations among super powers.

The contribution of the oil industry to Nigeria's foreign exchange earnings cannot be overemphasized. For instance, crude oil export constituted only 10.2% of total Nigerian export in 1962 but by 1970 it had increased to 58%. By 1970 the petroleum industry had replaced primary exports as the single largest source of foreign exchange from 1978 to date, it has occupied between 92-93% of Nigerian's foreign earnings. The Nigerian economy is largely depended on its oil sector, which account for more than 80% of government revenue, over 90% of total exports and over 90% of the country's foreign exchange (Mohammed, 2001). For example, in Nigeria, its foreign relations have emphasized African issues and have become the avowed cornerstone of its foreign policy. Nigeria uses its enormous resources from crude oil to play a vital role in the independence of countries like Zimbabwe, Namibia, and South Africa among others. Nigeria also contributed financially to the frontline states of Zambia, Tanzania, and Mozambique. Nigeria also played a decisive and active role in African crucial issues such as the participation in peace keeping operations in Congo, Liberia and Sierra Leone under ECOMOG etc. Also, Nigeria has contributed substantially to the establishment of the OAU now AU, ECOWAS among several contributions through resources accrues from crude oil.

However, this contribution and availability of the crude oil in Nigeria connect the country to international energy market, where powerful nations like US, India, China, UK among several others through economic diplomacy transact businesses with Nigeria which result to achievement of its foreign policy objectives for example, the vision 2020 and ranking Nigeria as one of the fast growing economy in the world. Although issues of corruption, mismanagement and politics of resource control from the minority have been bane to development of domestic politics and thereby affecting its foreign policy achievement in Nigeria.

These large proceeds are obtained from the domestic sales and export of petroleum products, its effect on the growth of the Nigerian economy as regards returns and productivity is still questionable (Odularu 2008). Again, in spite of crude oil contributing huge amounts to the economy and improving foreign policy objectives in Nigeria, the country still experiences underdevelopment and political instability and other related problems due to corruption, lack of diversification to another sector and mismanagement of the enormous natural resources in Nigeria.

2. Theoretical and Literature Reviews

2.1 The Concept of Foreign Policy

Several attempts have been made to provide a generally accepted definition of foreign policy. However, as Aluko (1989) rightly observed, nobody has really formulated a universally acceptable definition of the concept and probably nobody will ever succeed in doing so.

According to Ujo, (1999) foreign policy can simply be defined as a course of action adopted by one state in relation to other states. Every state protects and projects its national interest in the relationship with other states (Ujo, 1996). This definition implies that the protection of the national interest is the major goals of every state in its foreign posture. Izah (1991) defines foreign policy as a coordinated strategy with which institutionally designated decision makers seeks to manipulate international environment in order to achieve certain national interest. Adeniji (1992) observed that foreign policy is 'in fact a projection of the country's national interest into the transnational arena and the consequent interaction of one with the other'. Wallace (1971) sees foreign policy as "that area of politics which bridges the all-important boundary between the nation-state and its international environment".

Olusanya and Akindede (1986) opines that foreign policy is the "country's national interest in its interaction with the outside world and relationship with specific countries in the international system". Frankel (1975) defined it 'as a dynamic process of interaction between the changing domestic demands and supports and the changing international environments'. Ukeje (1999), "foreign policy constitutes an endless dialogue between the powers of continuity and the powers of change". For London (1965), foreign policy "may be called the father of all things in international relations. Indeed, the fate of the world depends upon wise foreign policy". Some realists like Lippmann (1943) states that "a foreign policy consists in bringing into balance, with a comfortable surplus of power in reserve, the nation's commitments and the nation's power.

The above definitions shows that foreign policy to a large extent is conditioned by a country's domestic goal that is achievement of national interest. All foreign policy maneuvers are often usually or always targeted toward the attainment of these national goals otherwise referred to as national interest. What is imperative in a nation's foreign policy is the promotion and sustenance of her national interest. Although, national interest of a country is often not clearly defined in specific terms, yet, two broad views exist on this concept – the subjectivists and the objectivists. Graham Allison and Brecher represent the former, and maintain that national interest is not an objective truth that prevails whether or not it is perceived by members of a nation;

rather, it is a pluralistic set of subjective preferences that change when the requirement and aspirations of the nation's member change. On the other hand, Morgenthau, who is of the later school, is of the view that "the best interest of a nation is a matter of objective reality". Ukeje (1999) corroborates this position as he observed that policies which are designed to serve some interest in one period, under particular circumstances, may become largely irrelevant in another period during which different conditions prevail.

Legg and Robinson, (2003) defined foreign policy as a set of objectives with regard to the world beyond the borders of a given social unit and a set of strategies and tactics designed to achieve these objectives (Legg and Robinson cited in Alkali, 2003:29). Frankel (1967) on the other hand believes that foreign policy consists of decisions and actions which involve to some appreciable extent, relations between one state and others, Frankel (1967) cited in Alkali, 2003:29).

Foreign policy is defined also as, "a set of explicit objectives with regard to the world beyond the borders of a given social unit and a set of strategies and tactics designed to achieve these objectives." That is perception of the need to influence the behavior of a state or states of international organizations (Legg and Morrison, 1996). It is also a state's effort to spread propaganda on foreign countries and its support of cultural and scientific exchange.

Foreign policy as seen from power perspective is said to be the use of political influence by one state to induce other state (s) to exercise power in the manner it desires (Northedge, 1962). Northedge further argued that foreign policy decisions and actions are product of environmental factors both internal i.e. domestic and external. He said foreign policy is conceptualized as a measure of state capacity to influence the behavior, shapes decision or alter goals and objectives of other actors. These views could be said to be more or less emphasis on the power potentials and ability of a nation to pursue what the leaders conceived as good. And this, of course has to do with values which are often rooted in foreign policy, that in turn makes nationalism so intense with consequent difficult in conflict resolution between countries. A classic example was the ideological rivalry that existed between the then western Bloc led by the United State of America and the Eastern bloc represented by former Soviet Republic, all in the name of maximizing their values, potentials, protecting their sovereignty and superiority.

According to Akinboye (1966), the foundation of the state's foreign policies is her national interest, which in turn directs the course of the foreign policy. He further posited that, the foreign policy of a country is to achieve its National interest, which he regards as the totality or aggregate of interest of individual or group within a given nation state. Viewed from its classical perspective, National Interest encompasses the various strategies employed in the international attraction or states in order to ensure the preservation of the stated goals of the society.

In the light of the above, foreign policy can be defined as a measure of a state's capacity to influence the behavior, to shape the decision or to alter the goals and objectives of other states. In a nutshell, it is an extension of domestic policy. Foreign policy of a state concerns itself with the objectives, aspirations and actions of that state with respect to other states as well as with the domestic conditions under which such actions and objectives are formulated, projected and pursued.

Foreign policy is primarily designed to communicate a country's capacity to both potential and actual allies and to defend the vital interest of the country such as preservation of the nation's sovereignty, defense of its integrity, promotion of economic development, military, strategic and diplomatic interests, to increase and maintain power and prestige so as to influence international events. It is also designed to promote the domestic interests of that country. The foreign policy of any state grapples with the actions that state towards the external environment and the specific conditions under which these actions are formulated. Herman (1990) also defined foreign policy as a programme (plan) designed to address some problems or pursue goals that entail action towards foreign entities (Herman, 1990).

Furthermore, conventional wisdom has it that foreign policy is seen as those series of demands a sovereign state makes upon other states in the international system as well as series of responses a sovereign state offers to demands other state put before it. A set of meticulous, articulated goals and objectives a sovereign state seeks to actualize in the conduct of its interaction with other states, as the former seeks to protect and advance its national interest; A cluster of attitudes and disposition a state brings towards the international milieu which governs relations with the rest of the world (Ogunbanjo, 2002). In the light of the above, we can rationalize foreign policy to be the pursuit of national interest utilizing all means available to state actors as they engage in relation with one another. It is a system of action of one government towards another state or of government towards an international organization. They are designed to promote, protect and defend a nation's vital interest. It is a plan and behavior of one state towards another. It deals with the internal life and external needs of the state. In summary, as Holsti (1999) puts it, holds that foreign policy aims at enhancing a state's ability to achieve specific goals or set of objectives.

Nigeria has been a key player in international politics since the attainment of political independence in 1960. Therefore, the main thrust of her foreign policy over the years stood at the promotion of her national

interest and policy of afro centrism. Thus, almost all the regimes in Nigeria have tried to pursue the country's foreign objectives in virtually the same manner. This has been done from regime to regime with various adjustment and modifications, dependent on the orientations and peculiarity of the political leadership. Thus, it has been difficult to clearly ascertain the foreign policy posture of the country due to fact that out of her 56 years of existence, the country witnessed dynamic foreign policies of different military leadership for over 32 years.

In context of Nigeria's foreign policy, Aluko (1981) viewed Nigeria's resources (oil) as an important factor that led to its radical stance. Oil boom, as according to Aluko, made it possible for the government to embark on radical foreign policy. Though, he maintained that the personal idiosyncrasy, charisma and personal perceptions of leaders influenced Nigeria's foreign policy, but the boom was seen by him as the more contributing factor.

Izah (1991) analyzed some domestic issues that were used on the effect of Nigeria's civil war on Nigeria foreign policy. He was astonished by the generalization made by some foreign commentators that, "due to the fact that most African Countries gained their independence in the 1960's, they have limited history and knowledge in International Relations, therefore, they lacked efficient procedure of decision making process as such the leaders act in ways deemed fit and appropriate, in relation to foreign policy". He was convinced that the leaders acted differently because the International environment differs. Thus, those problems, to him, occurred because of diverse ethnic groups in Nigeria which made Nigeria foreign policy to face strong set back.

Osita (2010) looks at fifty years of Nigeria's relationship with the rest of the world and how it has generally reflected its efforts at promoting Africa's interests and at the same time grappling with its domestic development. That was why Nwachukwu (1991), in an address to the newly appointed Nigerian ambassadors of the military of External Affairs stated unequivocally that: "the ball game today in international relations is self and economic development".

It is pertinent to state here that, decisions and actions of the state in designing and implements are informed by its interests and are as a result of the interaction between and among various institutions within and outside given social unit as well as the events in the International environment. The result of this interaction largely determines the content and direction of foreign policy of a country at any point in time. Here, institutions such as Executive, National Assembly, Public and Private Interest and personalities among others are involved in the process (Obi, 2006).

In all the foreign policy of any country are the product of the people's domestic circumstance and a function of the people's domestic circumstances and function of their aspiration in the external environment. It is a dynamic process which reckons with the changing circumstance of the people pitted against the demands and sensitivities of the external environment. However, like all policies, foreign policy retains irreducible minimum standards or features, which the national will is ready to defend to the hilt. Among such features are the defense of the people's sovereignty and territorial integrity and the adoption of an ideology as a political posture (Nweke 1985).

It can therefore, be argued that the foundation of Nigerians foreign policy was laid before independence. This is because the organization and administration of the country's foreign policy machinery was concealed and planned prior to independence while the training of those who services have had the most profound effects on the conduct of Nigerians foreign policy took place during the pre-independence era of the fifties. Worthy to note is that the country was involve only in such external relation as from time to time, be entrusted to her by her majesty's government in the United Kingdom.

2.2 Determinants of Nigeria's Foreign Policy

The determinants of Nigeria's relations with other nations can be located in the changing foreign policy of the Nigerian state. Foreign policy is an embodiment of a Nation's aspirations and the means of achieving them. It is not an abstract term or exists in isolation; it is influenced by both the domestic and external environments.

To this effect, Foreign policy of a country is the product of both external and internal environmental factors surrounding the country (Alkali, 2003:29). Frankel (1967) went a little further to say that environment of a foreign policy decision is limitless theoretically, though in practice, the environment is circumscribed by the range of interests and the limitations of the power of every single state.

Foreign policies are designed to promote, and defend a country's national interest. The concept of national interest means different things to different people. For instance, conceiving a nation's power as the source of what is best for it and as the basis for making its value preferences and the range of conceivable interest is as broad as the fertile imagination of mankind. National interest is the key concepts in foreign policy. In essence, it amounts to the sum total of all national values- national in both meanings of the word, both pertaining to the nation and state.

An ideal foreign policy contains a systematic formulation of national interest in which inconsistent interests have been weeded out, and such interests judged against one another in terms of priorities, and also the interests as a whole, budgeted against the power of the state to achieve those interests. Once this process of

moldings national interests into an overall foreign policy is consummated, the state is presumably ready in its dealings with other states, to pursue a logical and consistent policy. Even though the foundation of a rational foreign policy is thus beset with difficulties, a nation must have some clear conception of the policy goals it desires. If its direction is not clear, it drifts in an ocean, at the mercy of the often turbulent currents international relations (Okoro, 2006).

To pursue and achieve these interests, a country must give serious consideration to the sum total of all tangible and intangible instruments of power available to a country in relation to other states. The tangible determinants of the state power includes the size of the population, its demographic configuration, natural resources and their distribution, the level of development, its military capacity and technological development.

According to Alkali (2003) to pursue these foreign policy objectives, states in international system whether small or big richer, strong or weak democratic or totalitarian system, within or poor, strong weak democratic or totalitarian system, within or outside established alliances use various methods and instruments of foreign policy to influence, sometimes even dictate the role, orientations, objectives and actions of other states.

The non-tangible basis of state power is no less important. This includes among others, the level of national consciousness, national cohesion and extent of the identification of the people towards the state values, interests, ideals and institutions which are often reflected in the morale and will of the people to commit them wholly to a national course (Alkali, 2003:30).

The absence or availability of all or some of these forces undermine or enhance the capability and influence of a nation in the international system. For instance, the structure of a nation's economy ranks very high in its foreign policy transactions. The stronger the economy, the more the strength of the foreign policy goals (Selim and Daramola 2006:314). As Garba (1977) put it, no nation can effectively pursue dynamic and independent foreign policy with a weak and dependent economy (Garba, 1977).

3. Crude Oil and its Role in Shaping Nigeria's Foreign Policy Objectives

Crude oil and petroleum are used interchangeably in this work. Oil as Angaye (1986) pointed, is a bituminous liquid consisting of a mixture of many substances, mainly the elements of carbon and hydrogen, and is hence known as hydrocarbon. Petroleum also contains very small amount of non-hydrocarbon elements, prominent among which are sulphur, nitrogen and oxygen (Angaye, 1986).

Nation states, by their nature must interact with one another. The interaction can take different forms and be influenced by different motives. Foreign policy can be referred to as, the calculated steps taken by states which are intended to maximize the opportunities that are available outside their geographical boundaries (Oluwatosin, 2016). Foreign policy can also be seen as a reaction to external stimuli while reflecting on domestic realities.

Crude Oil right from the 19th and the early 20th century has been of prior importance particularly to states. One of the important of oil today is largely due to the fact that it is a source of energy which industrial and technological advance nations are very interested in it. This energy is used to power automobiles, trucks, airplanes, trains and ships around the world; it is used to fuel industrial manufacturing processes and provides heat, light and air conditioning for homes and businesses. Another importance is that, oil serves as lubricants for machines. When lubricants are applied to machineries, it reduces the friction between moving parts. There are various lubricants that are products of crude oil. Since the late 19th century, more than 90 percent of all lubricants have been obtained from oil, which are abundant and can be distilled and condensed without decomposing. It is also a form of revenue for states, the discovery of oil has increased the revenue of several nations, for example, the discoveries of oil in the Arabian Peninsula, the Niger delta of Nigeria and the Gulf of Mexico. It is also important because countries that possess oil and other forms of energy resources have considerable importance in international affairs due to the possession of oil and this contributes to their national interest at the international arena.

The field of International Relations has only recently begun to examine oil and its role in inter-state relations, focusing mainly on its use as a foreign policy tool. One commonly used technique is the manipulation of resources. Whenever one party control materials or funds, essential for the survival or well-being of another, threats of withholding them may be used as a weapon. In 1960, five of the world's largest oil-producing nations established the Organization of Petroleum Exporting Countries (OPEC); since then, the OPEC nations have exacted numerous concessions from various industrial nations by manipulating both the supply and price of crude oil and even sometimes trade embargo.

Again, Oil is also used as an instrument of coercion in foreign policy by the use of embargoes and import restrictions for political reasons or to protect or promote their interests. The US has historically imposed a greater number of oil embargoes than any other nation, including oil embargoes on Japan before World War II, on the Soviet Union in the 1960s, and on South Africa, Burma, Serbia, Haiti, Libya, Iraq, Iran, and Sudan in the last two decades. A number of Arab oil-producing states, mostly US allies, used oil as an instrument of coercion against Western countries in 1956, 1967, and 1973. Their objective, especially in 1967 and 1973, was to force

countries that supported Israel to change their foreign policies and put pressure on Israel to withdraw from territories it occupied during the 1967 war (Oluwatosin, 2016).

The determinant of the vibrant foreign policy is could be the consequence of their relations among powerful economic nations and this may also determine their coercive power among comity of nations in the world. Coercion, can be seen as the use of threats to influence another's behavior (usually a target state but occasionally a non-state actor) by making it choose to comply rather than directly forcing it to comply i.e. by brute force). Coercion can involve the use of deterrence, made to cause a target state to not take a particular action or compelling a target state to stop a current action or to undertake another. For example, since there is no central authority in the world, each nation retains the ability and "right" to use coercion against any other nation with which it has a dispute based on the level of power they possess. A wide variety of coercive means maybe and has been used. An example of such coercive action is the restriction, cutting or imposing fines on oil. For example, when the United States resupplied Israel with weapons during the Yom Kippur War of 1973, Arab oil-producing countries cut back their exports of oil to the United States and other Western Nations. Oil as an instrument of coercion in foreign policy involves the use of oil as a tool for power by a supplier country or countries that make a concerted effort to utilize the embargoing of oil to affect the foreign policy of the target country or countries. As such, using oil as an instrument of coercion of foreign policy can be considered a form of economic sanction. Oil as an instrument of coercion in foreign policy is effective if it results in a substantial alteration in the target's policy consistent with the initially stated goals. Though one can argue here that, Nigeria could not sanction any earring nation due to its much dependent on oil as a source of revenue.

However, since the discovery of oil as a source of energy, it has become an accepted truism that oil affects international relations. It has directly impacted on enormous percentage of the world's population, changing the fortunes of nations with vast oil reserves. It has also affected the foreign policies of many nations. USA, for instance, in its relation with oil producing and exporting countries, it has designed its foreign policy in such a way that it ensures continuous supply of the commodity, thereby catering for her short time and long term energy requirements.

As Muse (1999) noted that petroleum has proved to be the most versatile fuel source ever discovered, situated at the core of the modern industrial economy. In Nigerian also, just as petroleum fueled the economy as the major source of Nigeria's foreign policy earning it also plays an essential role in Nigeria foreign exchange especially during the oil boom of the 1970s and 1990s till date.

3.1 US and Nigeria

The U.S. remains Nigeria's largest customer for crude oil, accounting for 40% of the country's total oil exports; Nigeria provides about 10% of overall U.S. oil imports and ranks as the fifth-largest source for U.S. imported oil.

The United States is Nigeria's largest trading partner after the United Kingdom. To boost it vibrant foreign policy, Nigeria has prioritised trade in its relations with the US. Since the return of democracy in 1999, there have been increased trade links between the two countries. Optimising the relationship to improve Nigeria's economy is central to Nigeria's foreign policy. There have also been persistent calls for US investments in Nigeria. Years back key US investors in the Nigerian oil sector include Exxon Mobil, Chevron and Western Geo-physical. Other US multinationals in Nigeria include the British American Tobacco Company, in the tobacco enterprise, and Citi Bank, in the banking sector. As expected, crude oil is at the centre of Nigeria's trade relations with the US, and Nigeria continues to be one of its major oil exporters.

Although the trade balance overwhelmingly favors Nigeria, thanks to oil exports, a large portion of U.S. exports to Nigeria is believed to enter the country outside of the Nigerian Government's official statistics, due to importers seeking to avoid Nigeria's excessive tariffs. To counter smuggling and under-invoicing by importers, in May 2001 the Nigerian Government instituted a 100 % inspection regime for all imports, and enforcement has been sustained. On the whole, Nigerian high tariffs and non-tariff barriers are gradually being reduced, but much progress remains to be made. The government also has been encouraging the expansion of foreign investment, although the country's investment climate remains daunting to all but the most determined. The stock of U.S. investment is nearly \$7 billion, mostly in the energy sector. Exxon Mobil and Chevron are the two largest U.S. corporate players in offshore oil and gas production. Significant exports of liquefied natural gas started in late 1999 and are slated to expand as Nigeria seeks to eliminate gas flaring by 2008.

Again, Nigeria on its part since the 1970s' "Oil Boom" has had over 93% of its export earnings and most of its source of income for foreign policy implementation from crude oil sales and the United States as its major buyer (Abiodun, 2011). It however becomes glaring that during Nigeria's new democratic dispensation, by repositioning Nigeria to be a good market place for America's manufactured products and making Nigeria's main source of income for foreign policy implementation (Crude Oil), a "priority for national security", America's influence on Nigeria's foreign policy would have to increase automatically. This however creates a stage for *real politic* between the two nations in their foreign policy formulations.

With a total shift in Nigeria's source of income from the "Oil Boom" era in the 1970s and the

country's continuous reliance on importation of goods and services, Nigeria has since remained a rentier, allocating and consuming state, leaving its fate totally in the hands of Crude. Oil Buyers and fluctuating prices of the commodity in the international market. Acknowledging the fact that the economic viability of a nation's resources goes a long way in determining the extent, to which its foreign policies are to reach.

3.2 Russia and Nigeria

Russia has always held a special place in the hearts of most Nigerians as the country that supported Nigeria during its bitter civil war between 1967 and 1970. Although no form of extreme cordiality in relations was developed after the civil war, the Soviet Union (and later Russia) continued to feature prominently in Nigeria's diplomacy. In March 2001, President Obasanjo visited Russia and both countries signed a Declaration on the Principles of Friendly Relations and Partnership, and a Programme on Cultural and Scientific Cooperation.

The relationship continued to progress, and in 2008, the two countries signed a series of Memorandum of Understandings (MOUs). The first of these agreements was to regulate the peaceful use of nuclear energy, while the second envisaged the participation of Gazprom, the Russian-based energy corporation, in the exploration and development of oil wells and gas reserves in Nigeria. By 2009, both countries had begun talking about further developing their relationship. Nigeria's former foreign minister, Ojo Maduekwe, and his Russian counterpart, Sergei Lavrov, met to discuss various areas of collaboration.

Specifically, Russia was interested in projects related to the development of Nigeria's infrastructure, the ferrous and nonferrous metals industry, electric power generation, including nuclear energy, and the extraction of hydrocarbon and other raw minerals. For its part, Nigeria was interested in the electricity sector.

Russian President Dmitry Medvedev's visit to Nigeria in 2010, the first such visit from a Kremlin leader to Africa's most populous nation, boosted their relationship significantly.

Both countries signed a deal to co-operate in developing nuclear energy, especially for the purpose of electricity. Another major project of interest to the Russians was the Trans-Saharan Gas pipeline, a project aimed at sending Nigerian gas to Europe, and supported by the EU as a way to diversify its energy resources. This is of considerable interest to Gazprom because of its belief that it is far behind its foreign competitors in Africa, especially when compared with companies such as Royal Dutch Shell, Chevron and Exxon Mobil. By 2010, both Nigeria and Russia had also started exploring discussions on space technology, nuclear energy and partnership in other technical fields. The countries have signed a nuclear agreement between the Nigerian Nuclear Regulatory Authority and the Russian State Atomic Corporation to explore and develop gas and hydrocarbon related projects in Nigeria. In the same year trade, between the two countries reached \$300 million, and Nigeria became Russia's second-largest trading partner in sub-Saharan Africa after South Africa. However, this amount is relatively insignificant compared with the relationship developing between Nigeria and the emerging powers (Abiodun, 2011).

Although, it is believed that Russia's main focus in its relations with Nigeria is on nuclear energy, gas and oil exploration. Russian President Medvedev pointed out, during his visit to Nigeria, that if his country carries out its plans, 'Russian investment in Nigeria can reach billions of dollars.' Indeed, figures provided by the Russian Ambassador to Nigeria, Alexander Polyakov, in January 2010, reflected that the balance of trade between Nigeria and Russia reached the \$1.5 billion mark in 2009 (Abiodun, 2011).

3.3 China and Nigeria

Recently, China has become deeply involved in Nigeria. Although the relationship has many dimensions, its main focus has been trade. This has grown extensively, ranging from oil and gas to telecommunications and railways. By 2009, Nigeria was among the leading two-way trade partners of China in Africa, alongside countries such as Angola, South Africa and Sudan; and the second-highest African importer from China, after South Africa.

Shortly after the return of democracy to Nigeria, the two countries signed several economic agreements. These include agreements covering consular matters; co-operation against illicit trafficking; abuse of narcotic drugs and psychotropic substances; and the diversion of precursor chemicals, which were signed in June 2002. Other agreements included an exchange of notes on the provision of goods between the two countries and an agreement on tourism co-operation.

The volume of trade between Nigeria and China increased from \$178 million in 2001, to \$1.44 billion in 2009. This rose further to \$1.169 billion in 2002, \$1.86 billion in 2011 \$2 billion in 2013 and to \$2.83 billion in 2015 (Abiodun, 2011; Wikipedia, 2016). China is one of Nigeria's top-ten trading partners and has established 30 companies in Nigeria. Some of these are solely owned and others are jointly owned with Nigerians. These companies are involved in the construction, oil and gas, technology, service and education sectors of the Nigerian economy.

Although China has a range of interests in Nigeria, its main trade interest is oil. This is also a natural resource endowment that has been at the forefront of controversy in Nigeria, largely because the resource has

been mismanaged. Several oil deals have been signed over the last few years, the most significant being the agreement that involved China investing \$4 billion in Nigeria's infrastructure in return for the first refusal rights on four oil blocks in 2010.

Such infrastructure includes China's building of a power generating station that would add substantial megawatts to Nigeria's power sector. This investment inevitably put China on a collision course with Nigerian militants fighting the Nigerian state over the management of oil in the country's Niger Delta.

In January 2006, China's national offshore oil company, the China National Offshore Oil Corporation (CNOOC), acquired a \$2.3 billion majority stake in Akpo, a major oil field. CNOOC also acquired a 45% stake in Oil Prospecting Licence 246, worth \$2.7 billion in offshore deep water oil fields operated by Total, the French oil giant.⁵¹ This is reported to be CNOOC's largest foreign investment to date. CNOOC paid \$424 million for financing, operating and capital expenses. It was arranged that profits would be shared with the Nigerian National Petroleum Corporation on a ratio of 70:30 in favour of CNOOC. CNOOC also agreed to spend \$2 billion to build refineries and downstream infrastructure in Nigeria (Abiodun, 2011).

China has also increased its volume of agricultural exports from Nigeria. A state owned company, Genetic International Corporation of China (GICC), bought its first consignment of 100 000 tonnes of fresh cassava chips from Nigeria, in July 2005. This deal continued over a period of six months on a monthly basis. GICC has also begun to import cocoa beans and rubber directly from Nigeria. China also imports sesame seeds from Nigeria. There are currently over 500 Chinese experts and technicians working in various fields of agriculture in 20 Nigerian states. Chinese firms have been trooping into Nigeria to conduct business. In April 2005, ZTE Corporation, a Chinese telecommunications firm, entered a deal with Nigerian Telecommunications Limited to expand Nigeria's Code Division Multiple Access network following a successful 10 000-line trial in Maiduguri, Borno State. The China Civil Engineering Construction Corporation built the Nigerian Communications Commission building in Abuja. Huawei, a giant Chinese telecommunications company, is also engaged in the country (Abiodun, 2011).

However, all the trading relations between Nigeria and other powerful nations is the outcome of crude oil deposit in Nigeria which motivated them to partner with Nigeria for exchange of good and services with crude and thereby to promote Nigeria's foreign policy goals among comity of nations.

For almost twenty years (1970s - 1990s), the virtual obsession was to analyze the consequences of oil on Nigeria, using different models and theories. A set of radical-oriented writers was concerned with the nationalization that took place during the oil shock as well as the linkages between oil and an activist foreign policy. Regarding the latter, the emphasis was on OPEC, Nigeria's strategic alliance formation within Africa, the vigorous efforts to establish the Economic Community of West African States (ECOWAS), and the country's attempts to use oil as a political weapon, especially in the liberation of South Africa from apartheid.

However, in contemporary foreign relations the development of national economies requires the assembling of resources from other states and the expansion of market across international borders, that is to say, pragmatic consideration for promoting accelerated economic growth through economic diplomacy requires relating Nigeria's domestic needs to international economic scene. In this respect, foreign policy becomes the inevitable tool or mechanism to satisfy the transformation yearning and expectations of the people. It is for this reason that any definition of foreign policy as it applies to Nigeria must of necessity show the positive linkage between foreign policy and national economic transformation. It is therefore not surprising that this work operationalizes Handreda's conception of foreign policy. He conceives foreign policy as a coordinated decision which makers seek to manipulate the international environment in order to achieve certain national objectives (Sampson and Barledum, 2014).

In order to achieve the above mentioned foreign policy objectives as strategy to enhance transformation agenda, the successful execution of national economic transformation as well as the attainment of the country's strategic economic goals is critically linked to a new strategic foreign policy which emphasizes economic diplomacy. The major proponent of this concept is Ike Nwachukwu. This concept is anchored on the use of foreign policy to achieve national economic development and economic goals. In the Nigerian context, according to Nwachukwu, economic diplomacy comprises:

- i. A well-defined and coordinated economic development strategy as an essential element of sustainable and effective defense system.
- ii. A realignment of Nigeria's foreign policy with the dynamics of our internal realities and
- iii. A re-direction of Nigeria's foreign policy to give as much emphasis to the pursuit of economic interest as is given to political one (Nwachukwu, 1982). Nwachukwu, believes that foreign policy should reflect changing as well as adapting to the realities of a rapidly changing international environment with less emphasis on commitment to eradicate apartheid which was at its twilight; the nation's interest should rather be elevated. While declaring that "we should be guided by our past, our foreign policy should reflect our changing national circumstances", the perception is that Nigerian's foreign policy should take another systematic dimension which will routinely provide additional basis for supporting economic development programs". This position is very

important owing to the centrality of Nigeria's position in the energy market at international political economy and its relations to super powers as a result of exports of crude oil.

On the whole, Nigeria has maintained a cordial relationship with all the traditional powers since the return of democratic rule to Nigeria. Despite these close links and their historical ties, another set of countries have come to play important roles in the country's foreign diplomacy. In the last decade, emerging powers like China, India and Brazil have become key actors in Nigeria's foreign policy. This is not only because of the increasing economic power of these countries but also because of their willingness to engage with Nigeria regarding its vast economic and human resources.

4. Conclusion

Foreign policy not only shapes Nigeria's identity at large but also determines its place and its future in the world. Without exception, the foreign of states in today's world consider issues of production, exchange, technology, market alliance, economic development, political stability and predictability, quality of governance, and prevailing leadership and its qualities. Issues that were one in the exclusive domain of internal affairs are now put forward to external relations. Thus, some nations have and can make up for some gross domestic deficiency by constructing and nurturing strategic alliances. Thus, the analysis demonstrates the fact that foreign policy could be used as instrument or vehicle for achieving the much needed development package in Nigeria. It is an expose of a new strategy representing a shift of the democratic era from the orthodox or reactive notion of foreign policy since independence. The dynamics of this new paradigm (economy diplomacy) lie on the quest to create a strategically systematized foreign policy mechanism both at formulation and implementation to reflect the domestic realities in the country and to align same with the external factors to generate economic growth and improve foreign policy goals.

5. Recommendations

- i. The Nigerian economy is burdened with heavy reliance and dependence on petroleum revenues which has left the country vulnerable to major global fluctuations in prices, especially in 2016. The crude oil prices averaged was \$97 per barrel in 2008, and reached now a peak of about \$50 per barrel. The crash resulted in governments at the state and federal levels to resort to internal and external loans to maintain expenditures at levels of recent oil boom period. Therefore, efforts should be made at all levels of government to focus on non-oil based economic activities. Rather than crowding out other productive sectors of the local and national economy, and focusing on the centralization of government revenues, there should be policies to decentralize such revenues in order to make levels of government derivation emerge from the different states instead of total reliance on oil. Incidentally, Nigeria is blessed with varieties of natural resources that can transform state of development in all states.
- ii. There is need for the current administration to embark on economic diplomacy and vibrant foreign policy in order to place Nigeria high at the international political economy.
- iii. There is need for Nigerian government to focus more on domestic policies which could be translate to external policies instead of focusing more on African affairs or the African centre piece of her foreign policy.
- iv. There is need for Nigerian government to at least place oil embargoes on countries that are not having much contribution to her growth and development.

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