

Oil from Nigeria, Angola and Congo: contracts and practices

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The African oil traded from Geneva comes mainly from Nigeria, Angola, the Republic of the Congo, Gabon, Equatorial Guinea and Chad. It changes hands according to practices that the cases described in Part H have brought into the open. The national oil companies sell their share of production through term contracts awarded to approved traders, through tenders of varying transparency, or through contracts exchanging crude for refined products, which Nigeria has used in a controversial manner to supply its domestic fuel market.¹ Geneva traders are among the principal holders of these contracts. The prefinancing they grant, described in Chapter III, is often the consideration for them.

Practices have evolved under pressure from the cases, from non-governmental organisations and from transparency initiatives. Several producing countries now publish the results of their tenders and the names of the buyers of their oil, within the framework of the Extractive Industries Transparency Initiative. For their part, several traders publish their payments to national oil companies. In Nigeria, the swap contracts have been reformed.² This progress remains partial, since the cases tried in Geneva have shown that corruption accompanied the award of contracts in several of these countries. The Geneva trader who buys African oil therefore works in a framework that is more transparent than it was fifteen years ago, and still exposed.

1 Notes

1. TheCable, 29 January 2024, “Despite claiming to have ended DSDP, NNPC swapped \$755m crude in November 2023”: Direct Sale Direct Purchase regime introduced in 2016 to replace the offshore processing agreements; announcement by NNPC management of the termination of the DSDP contracts during 2023 and the move to cash tenders

(October 2023); swaps still under way in November 2023 for 9 million barrels (USD 755.74 million), with counterparties including Mercuria, Sahara Energy, Oando and Mocoh SA; EITI warning of a possible suspension of Nigeria. ↩

2. EITI, “Transparency in the first trade” (eiti.org): the 2013 EITI Standard required the publication of first sales between national oil companies and traders, a requirement broadened in the 2019 Standard; nearly half of the USD 2,500 billion reported by EITI countries comes from these first sales; Ghana and Nigeria among the six countries regularly publishing volumes sold and amounts received; NRGI, Big Sellers, June 2019 (NNPC USD 10.9 billion in sales in 2016); TheCable, 29 January 2024 (EITI warning to Nigeria). ↩

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