

Jonathan signs oil and gas local content bill into law

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•Sets up content development and monitoring board to enforce new law

Acting President Goodluck Jonathan has directed that exclusive consideration should henceforth be given to indigenous service companies which demonstrate ownership of equipment, Nigerian personnel and capacity to execute jobs in the Nigerian oil and gas industry.

Speaking at the signing into law of the Nigerian Oil and Gas Industry Local Content Development Bill 2010, Jonathan said the full implementation of the law will make indigenous participation in the nation's oil industry obligatory.

The new law will "address the compelling need for us as a nation to have indigenous participation in the oil industry", emphasizing that it shall "apply to all matters pertaining to Nigerian content in respect of all operations or transactions carried out or connected with the Nigerian Oil and Gas Industry." "Therefore, all regulatory authorities, operators, contractors, sub-contractors, alliance partners and other entities involved in any project, operation, activity or transaction in the Nigerian Oil and Gas Industry shall consider Nigerian content as an important element of their overall project development and management philosophy for project execution."

He stated that the Nigerian content development and monitoring board established in accordance with the Local Content Act will make procedures to guide, monitor, coordinate and implement the provisions of the new law to ensure and enforce measurable and continuous growth of Nigerian content in all oil and gas operations in the country.

The acting president noted that even though the law as presently passed may not be totally perfect, "we are surely on the road to greater security through ownership and participation as well as industrial technology development". The initiator of the bill,



Lee Maeba, a serving senator, said the new petroleum industry law would help sanitize the oil and gas sector of the economy.

Fielding questions from State House correspondents after the signing into law of the bill by Acting President Goodluck Jonathan, at the Presidential Villa, Abuja, yesterday, Maeba said he was moved to initiate the bill when he discovered that there were no existing laws guiding the activities of oil and gas companies in

the country. "I saw that there is no law guiding the activities of the Nigerian companies in the oil and gas industry and because of that there has been capital drift with all types of companies all over the world coming to Nigeria to do jobs that

Nigerian companies have the adequate capacity to do and that is why there is poverty in Nigeria in spite of the fact that we are the six largest producer of crude oil," he explained.

Maeba explained that the bill "touches on the whole aspect of the industry. Apart from the fact that every multinational company must domicile a minimum of 10 percent of their annual profit in Nigerian banks and that means that the Nigerian banks will have more money to fund investment in the country, local insurance companies must do all aspect of insurance in the oil and gas industry unless where in the opinion of the Nigerian insurance commission, the capacity of the Nigerian company has been exhausted.

"Nigerian companies must do all issues of legal services and every company executing a project in a community must establish in that community. This will ensure that the project office is in that community so that the people in that community would not have to travel to Abuja to look for contract done within their community and that is community development."

He maintained that "that alone will stem and quell much of the problems in the Niger Delta. The bill is rich and we congratulate the National Assembly and then welcome Nigerian companies into real business".

"With this inspiration I moved this bill and also traveled around the world to compare content development in the oil and gas industries around the world and it was ready in 2007 but we could not pass it because of some factors that I could not control. But luckily I was elected back into the Senate in 2007 and I started all over again and the National Assembly appreciated the fact that there must be a way, which is meant for Nigerians, and the one meant for the expatriates so that we can stimulate the economy and so today the bill has been signed by the acting president into law. So I am very very happy," he said.

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