

# AN ANALYSIS OF THE LESSONS FOR LOCAL CONTENT POLICIES IN DEVELOPING OIL PRODUCING COUNTRIES - EXPERIENCES OF NORWAY, USA, UK & NIGERIA

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## NATURE OF THE PROBLEM

“**Enclave**” - The purchasing of materials and services are made from well-established suppliers from overseas.

- ❖ Exports significant quantities of oil drilled and imports skilled works from abroad
- ❖ Favouring **tried and tested suppliers** over local suppliers
- ❖ Rolls-Royce Case Study – United Kingdom

## Backwards & Forward Linkages

- ❖ Backward linkages – local employment, technology transfer, increase in local ownership

## Rosebank Field - Backward Linkages

- 450 UK-based full-time equivalents over
- 1,200 FTE jobs at its peak in the third quarter of 2025
- Suppliers Involvement Day in Aberdeen

- ❖ Forward Linkages – Refineries, production of fertilizer and petrochemicals

## Forward Linkages - Refineries in Nigeria

- 445,000 barrels of oil equivalent / day

## LOCAL CONTENT POLICY INSTRUMENTS

### Norway

- ❖ Joint Venture Agreement - Norwegian Petroleum Directorate through the Joint venture instrument, selects who the operator should be
- ❖ National Oil Company - Statoil
- ❖ Technology Agreement - 50% of research and development efforts relevant to field development take place in Norway

### UNITED STATES OF AMERICA

- ❖ Jones Act -American built, at least 75% owned by United State citizens, and crewed by United States citizens
- ❖ Increased employment and national security
- ❖ Increased cost – cheaper alternatives in Singapore, Korea

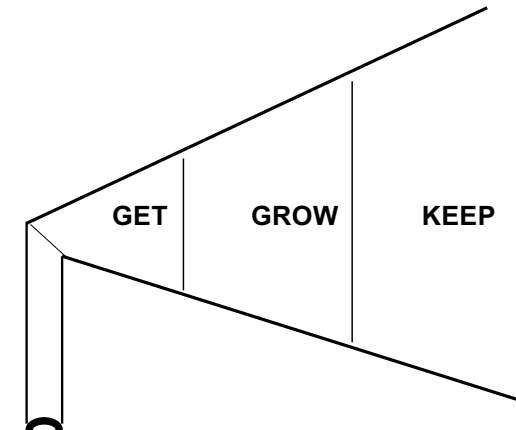
### UNITED KINGDOM

- ❖ Offshore Supplies Office
- ❖ Full & Fair Opportunity
- ❖ Memorandum of Understanding & Code of Practice - COP lists how prejudice is to be prevented, and the MOU outlines the goal of non-discrimination toward UK suppliers.

### NIGERIA

- ❖ Nigerian Oil and Gas Industry Content Development (Local Content Act) 2010
  - 5% of managerial roles must be filled by foreign nationals
  - 100% purchase of steel pipes, plates, pipeline systems, and risers must be made in Nigeria

## POLICY DESIGN



**GET-** Discovery of new fields – oil industry in its infancy stage

Attracting skilled international players

**Grow** – Creating backward and forward linkages  
Joint Venture Agreement| NOCs

**Keep** – Code of Practice & MOU |Legislation

## DISCUSSIONS & CONCLUSION

- ❖ The higher or stricter the restrictive policy (local content policy) = higher the cost oil = decrease in profit oil = the small government share in profit oil
- ❖ Local-content policies need to look beyond simple generation of economic rents to focus on the development of linkages, thus backward, forward and demand linkages.