



Shell gives Nigerian work to militants' companies

By Dino Mahtani and Daniel Balint-Kurti in Lagos
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Royal Dutch Shell has admitted it has subcontracted work to companies run by Nigerian militant activists involved in a violent ethnic insurrection in 2003 that shut 40 per cent of the country's oil output.

The activists in question also have links to a rebel group, the Movement for the Emancipation of the Niger Delta (Mend), that has attacked Shell oil facilities this year, shutting down over a fifth of oil output in the world's eighth largest exporter.

Officials say subcontracting work to local strongmen is one method some oil companies have used to buy off militants threatening attacks on oil facilities in the Delta.

Shell disclosed to the Financial Times that it had used two companies, Shad-Ro services and Integrate Production System Surveillance (IPSS), for waste disposal and pipeline security work in the western Niger Delta region, which has been the focal point for this year's attacks.

Confirming the use of the two companies, Caroline Wittgen of Shell International said they had both been on a list of companies registered to work with the oil giant. But it was unclear whether Shell was using them at present.

Shad-Ro services is run by Shadrack Otuaro, half-brother of Kingsley Otuaro, the secretary general of the Federated Niger Delta Ijaw Communities (FNDIC), a militant group involved in the 2003 uprising. Many FNDIC officers were given jobs or paid off by their state governor to quell tensions after the insurrection.

The Otuaro brothers are key activist figures in the Delta area and recently attended an Abuja meeting with Nigeria's President Olusegun Obasanjo to discuss insecurity in the region. Earlier this year the government used FNDIC members to persuade Mend to release foreign hostages taken during attacks on oil facilities.

IPSS is run by Messio German, who works closely with Kingsley Otuaro, to undertake pipeline surveillance for Shell. Such contracts have been worth over \$100,000 a year since the contracts started in 2004, said Mr German.

He said Shell had paid IPSS "incident free" bonuses in the past.

All three men are currently engaged in political campaigns ostensibly on behalf of the Ijaw, the majority tribe in Nigeria's oil producing delta region.

Many Ijaw leaders say their people have been cheated out of their oil wealth by the government and oil companies while their people live in poverty among oil slicks and gas flares.

Chevron last year abandoned its previous corporate policies, saying it had led to or added to the "causes of conflict among communities". The company, which was heavily targeted during the 2003 uprising, released a new memorandum of understanding last year but many industry analysts say its new strategy is unclear.

FNDIC members, such as Kingsley Otuaro, have denounced Shell's corporate policies. Shell says it negotiates contracts in good faith and continues "to actively seek the involvement of local communities in the contracting process".

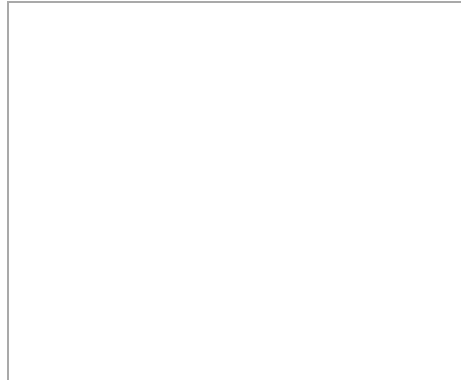
A report commissioned by Shell and leaked in 2004 said its corporate policies would force the company to abandon onshore operations in Nigeria by 2008.

Many analysts fear that heightened political tensions around national elections next year could spill into widespread chaos. FNDIC have been maintaining pressure on the government to give the Ijaw more political power and access to a greater share of the country's oil revenue.

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