



ISSUE BRIEF

June 2026

Title: Oil Export Decline and Production Vulnerabilities in Nigeria: Issues for Legislative Attention

Authors:

Dr Etimbuk Obot, Dr Boniface Udoakang and Dr Dele Ishaka
Institute for Legislative and Democratic Studies (NILDS)

Executive Summary

Recent international trade data released by the United States Census Bureau and the Bureau of Economic Analysis indicate a decline in Nigeria's crude oil exports to the United States during the first quarter of 2026. U.S. crude imports from Nigeria reportedly fell from approximately \$681.40 million in Q1 2025 to about \$578.78 million in Q1 2026, representing a decline of more than 15 per cent in value terms. Export volumes also reportedly declined from 8.44 million barrels to 7.84 million barrels over the same period, while Nigeria's share of African crude exports to the United States weakened amid increasing competition from other producers, including Libya and Ghana.

At the domestic level, operational reports from Nigerian National Petroleum Company Limited indicate that crude production and evacuation activities were affected by pipeline disruptions, infrastructure leakages, and operational constraints, particularly the reported outage on the Trans Forcados Pipeline between February and March 2026.

The development comes at a critical time for Nigeria's economy, given the country's continued dependence on crude oil revenues for foreign exchange earnings, fiscal stability, debt servicing, budget implementation, and macroeconomic management. The decline also highlights broader concerns regarding Nigeria's production resilience, infrastructure reliability, export competitiveness, and preparedness for changing global energy market dynamics.

The situation exposes persistent structural vulnerabilities within Nigeria's petroleum sector, including recurring pipeline disruptions, inadequate infrastructure maintenance, operational shutdowns, and export logistics constraints. These challenges continue to undermine production stability, weaken Nigeria's competitiveness in international energy markets, and increase fiscal vulnerability due to overreliance on crude oil exports.

The development further underscores the urgent need for stronger legislative oversight over oil infrastructure management, sector governance, export resilience, and long-term economic diversification strategies aimed at reducing dependence on crude oil revenues.

Accordingly, the National Assembly, through its Committees on Petroleum Resources, Finance, and National Planning, may consider:

- Inviting NNPC Ltd., the Nigerian Upstream Petroleum Regulatory Commission, the Ministry of Petroleum Resources, pipeline operators, and export terminal operators to



provide detailed briefings on the causes of the recent decline in crude exports to the United States.

- Undertaking a comprehensive oversight review of Nigeria's crude oil production and evacuation infrastructure, including major pipelines and export terminals, to assess the impact of operational disruptions on production volumes and national revenue generation.
- Assessing the fiscal and macroeconomic implications of declining crude exports on foreign exchange earnings, budget implementation, debt servicing obligations, FAAC allocations, and overall economic stability.
- Reviewing the adequacy of pipeline security, infrastructure maintenance systems, and emergency response mechanisms to identify operational and asset protection gaps within the petroleum sector.
- Examining existing policies relating to domestic refining, petrochemical development, gas commercialisation, and export diversification to strengthen local value addition and reduce long-term dependence on crude oil exports.
- Mandating periodic reporting to the National Assembly on crude oil production performance, export trends, infrastructure integrity, operational disruptions, and revenue remittances to strengthen transparency and evidence-based oversight.
- Encouraging the development of a long-term national energy resilience and export competitiveness strategy that addresses evolving global energy transition policies and changing international market dynamics.

Background:

Recent international trade data released by the United States Census Bureau and the Bureau of Economic Analysis indicate that the United States imported approximately \$578.78 million worth of Nigerian crude oil in the first quarter of 2026, compared to \$681.40 million during the same period in 2025, representing a decline of over 15 per cent in value terms¹.

The report also shows that crude oil volumes exported from Nigeria to the U.S. declined from 8.44 million barrels in Q1 2025 to 7.84 million barrels in Q1 2026, while Nigeria's share of total African crude exports to the United States reportedly dropped significantly amid rising competition from other African exporters such as Libya and Ghana².

At the domestic level, operational reports from the Nigerian National Petroleum Company Limited (NNPC Ltd.) indicate that crude oil evacuation and production activities were negatively impacted by pipeline disruptions, infrastructure leakages, and operational constraints, particularly the reported outage on the Trans Forcados Pipeline between February and March 2026³.

¹ Tunji, S. (2026, May 10). US buys \$578m Nigerian crude in three months – Report. Punch. <https://punchng.com/us-buys-578m-nigerian-crude-in-three-months-report/>

² ibid

³ ibid



The development comes at a critical period when Nigeria is heavily dependent on crude oil revenues for foreign exchange earnings, fiscal stability, debt servicing, budget implementation, and macroeconomic management.

The situation also raises broader questions regarding Nigeria's crude oil competitiveness, production resilience, export market diversification, infrastructure reliability, energy diplomacy strategy, and the long-term sustainability of the country's petroleum-dependent fiscal structure.

Issue:

The reported decline in United States crude oil imports from Nigeria highlights broader structural concerns within Nigeria's oil and export economy. Beyond the reduction in export volumes and market share, the situation points to persistent operational and infrastructure challenges affecting Nigeria's crude oil production and evacuation systems, including pipeline disruptions, leakages, and export logistics constraints. These disruptions continue to undermine production stability, weaken Nigeria's competitiveness in key international energy markets, and expose the country's heavy dependence on crude oil revenues for fiscal sustainability and foreign exchange earnings.

The development also raises concerns about Nigeria's preparedness for changing global energy trade dynamics, increasing competition from other oil-producing countries, and the long-term sustainability of an economy that remains significantly dependent on crude exports. The recurring production and evacuation challenges further suggest the need for stronger oversight of oil infrastructure management, sector governance, export resilience, and energy sector planning.

Rationale for Legislative Intervention:

Legislative intervention is necessary because crude oil exports remain central to Nigeria's national revenue generation, foreign exchange earnings, fiscal stability, and broader macroeconomic performance. Persistent production disruptions, declining export volumes, and growing competition in global oil markets could have significant implications for budget implementation, debt servicing, FAAC allocations, investor confidence, and overall economic stability.

Proactive oversight by the National Assembly is therefore important to ensure that operational failures, infrastructure vulnerabilities, and policy inconsistencies within the oil sector are addressed before they develop into more severe economic and fiscal risks. Legislative engagement can also help ensure that relevant institutions remain accountable, infrastructure investments are prioritised, and long-term strategies are developed to strengthen Nigeria's energy resilience and economic sustainability.

Recommendations to the National Assembly:

The National Assembly, through its relevant Committees on Petroleum Resources, Finance, and National Planning, is respectfully urged to:

1. Invite the Nigerian National Petroleum Company Limited (NNPC Ltd.), the Nigerian Upstream Petroleum Regulatory Commission (NUPRC), the Ministry of Petroleum Resources, pipeline operators, and relevant export terminal operators to provide a detailed



briefing on the recent decline in crude oil exports to the United States, including the operational, infrastructural, and market-related factors responsible for the development.

2. Undertake a comprehensive oversight review of Nigeria's crude oil production and evacuation infrastructure, particularly major pipelines and export terminals, in order to assess the impact of recurring pipeline disruptions, leakages, operational shutdowns, and infrastructure failures on crude production volumes, export performance, and national revenue generation.
3. Assess the fiscal and macroeconomic implications of declining crude oil export volumes and fluctuating international demand on Nigeria's foreign exchange earnings, budget implementation, debt servicing obligations, FAAC allocations, and overall economic stability.
4. Examine the adequacy of current pipeline security, infrastructure maintenance, and emergency response mechanisms with a view to identifying gaps in asset protection, operational resilience, and production continuity within the petroleum sector.
5. Review existing policies and regulatory frameworks relating to domestic refining, petrochemical development, gas commercialisation, and export diversification in order to strengthen local value addition and reduce Nigeria's long-term dependence on crude oil export revenues.
6. Mandate relevant petroleum and fiscal institutions to establish periodic reporting mechanisms to the National Assembly on crude oil production performance, export trends, infrastructure integrity, operational disruptions, and revenue remittances to enhance transparency, accountability, and evidence-based policy oversight.
7. Encourage the development of a long-term national energy resilience and export competitiveness strategy that addresses changing global energy market dynamics, evolving energy transition policies, and Nigeria's strategic positioning within the international oil and gas market.

Contact

National Institute for Legislative and Democratic Studies
National Assembly
Plot 307 Cadastral Zone
Umaru Musa Yar'adua Expressway, Airport Road

Abuja Nigeria

E-mail: info@nils.gov.ng

Website: <http://nils.gov.ng>

NILDS Liaison Office

Suite 214 Senate Wing
National Assembly Complex
Mobile: +234 806 694 5075