



# Nigeria: Violent risk update

## Removal of fuel subsidy increases risk of property damage and militant activities

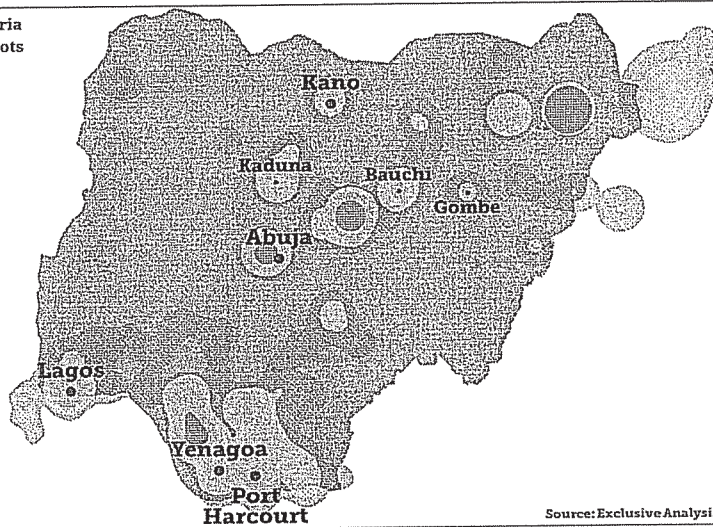
Since the January 1 removal of fuel subsidies, which more than doubled the cost of petroleum products in Nigeria, protests have broken out in at least six major cities, including Abuja, Kano and Lagos. On January 9, in Kano, local press said five people had been killed and some 30 injured when policemen allegedly opened fire on demonstrating protesters. On January 3, an Exclusive Analysis source in the Niger Delta reported ex-militants had joined protests in Port Harcourt and Yenagoa.

### Earmarking funds

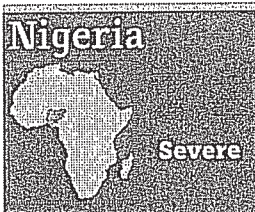
If the violence and death toll in protests rises, parliament, which resumed in the second week of January, is increasing likely to consider earmarking funds for fuel subsidies, albeit at a lower rate, when it approves the 2012 budget. Until a concession on fuel subsidies is made, protests are likely to escalate, presenting heightened risks of collateral harm to individuals and surrounding property, as well as disruption to road transport.

Protesters are also increasingly likely to target petrol stations, government buildings and tele-

Map: Nigeria risk hotspots



Source: Exclusive Analysis



communications operators. Damage to telecoms assets would also be likely if the authorities were to put in place a ban on SMS and BlackBerry services.

In the Niger Delta, renegade militants are likely to exploit the unrest to increase oil bunkering activities, raising the risk of pipeline vandalism.

Although Nigeria's president, Goodluck Jonathan, has repeatedly stated the action will not be reversed, the growing unrest is agitating insecurity stemming from the Boko Haram insurgency. The perceived failure of the government to confront the Islamist group is likely to lead to an increase in vigilante attacks by civilians. This is

particularly the case following Boko Haram's December 25, 2011 bombings of various churches, which killed close to 50 people.

Sectarian violence between Muslims/northerners and Christians/southerners has the potential to lead to a civil war.

### Reduction in support

If the government increases the prominence of northerners in the cabinet and/or backtracks on policies such as the sovereign wealth fund or Petroleum Industry Bill, which includes the removal of the fuel subsidy, Boko Haram is likely to see a marked reduction in support and therefore capability. This would probably reverse the group's growth in the past year, which has seen it expand its geographical reach and target set from targeting military and government in Borno and Bauchi to more ambitious attacks, such as the suicide bombing of the UN headquarters in Abuja in August 2011. Boko Haram is unlikely to be able to secure sufficient support from Al-Qaeda in the Islamic Maghreb to compensate for this loss.

A Boko Haram ultimatum for the more than five million southerners residing in the north to leave expired on January 4. In the coming months, further Boko Haram attacks on un-Islamic targets (including bars, banks and Christian as well as Western assets) are likely, leading to retaliatory actions by affected communities against Muslims.

Historically, sectarian violence in Nigeria has escalated quickly, causing high casualties, business disruption and damage to assets like retail and residential property. The most severe violence in 2012 is likely to be in the east, particularly Kano, Kaduna, Bauchi and Gombe, Plateau, Anambra, Bayelsa and Delta. Bystanders risk becoming caught up in the violence.

*Exclusive Analysis is a specialist intelligence company that forecasts commercially relevant political and violent risks worldwide. Exclusive Analysis will soon be launching its new platform, Foresight Country Risk—an online risk model specifically tailored to meet the requirements of risk insurers.*



Abuja, violent protests against the removal of fuel subsidy in Lagos, Nigeria  
AP Photo/Sunday Alarab